

RePro | Real-Life Business Projects in
Project | Multicultural Student Centered Learning



RePro Case

RePro Case: FAIRKAUF



Instructor's Manual

Important notice:

- This case study consists of **four sections** that can be solved independent of each other (see FAIRKAUF_Case.pdf).
- Starting point of each section is the initial case, i.e. "Part I: **The Initial Situation of FAIRKAUF**".
- For responding to Part IV (= "Study proposal for primary analysis"), students require, in addition to the initial case, also the "**Actual Problem Areas**" as delineated in Part II.
- This manual comprises an **answer key** merely intended for the lecturing professor.

FAIRKAUF

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Answer key (Part I)

Listed below are possible questions that students may propose:

1 Business model

- What are crucial requirements for implementing an adequate merchandise management system?
- What is the likelihood that another company will adopt a similar business model?
- What core competency does FAIRKAUF possess?

2 Internal organization

2.1 Human resources

- Why does FAIRKAUF provide employment for two very diverse groups of people (physically and mentally challenged vs. long-term unemployed people) even though problems or friction are likely to occur due to their heterogeneity? Would it be more effective to support only one of these groups?
- What kind of positions do these groups of employees have in the company? Are long-term unemployed people assigned more demanding tasks, whereas mentally people are assigned simple tasks?
- Has FAIRKAUF found an approach (e.g. trainings, financial aid) for allowing these heterogeneous groups of employees to develop a mutual understanding for one another?
- What is FAIRKAUF's recruiting strategy for ensuring a minimum of human resources (e.g. in the event that employees find employment in the first labour market)?
- What kind of working hours have been stipulated (e.g. shift work, core hours)?

- What is FAIRKAUF's payment system for employees? Are employees from each respective group (e.g. skilled employees with training, physically challenged people, long-term unemployed people) compensated differently?
- What disciplinary measures does FAIRKAUF take in response to a misconduct of an employee (e.g. if long-term unemployed people do not apply themselves or remain absent from work)?
- What measures does FAIRKAUF take to improve the prospects and the commitment of its employees (e.g. bonuses, special payments)?
- What is the age distribution of employees within the company?
- Employing physically challenged people is likely to increase the risk of absenteeism (especially as a result of sickness). How does FAIRKAUF compensate for this risk in order to ensure the performance of tasks that are indispensable for business operations?
- Will the demand for skilled employees change following the transformation into a limited private company?

2.2 Organizational structure

- Why have employees been distributed unevenly within the company? Bear in mind that only one employee is in charge of order processing, while another one is assigned to the goods delivery reception.
- Who is in charge of the disposition of employees? What employees are responsible for storage, the repair shop, moving assistance, assembly etc.?
- Why do none of the stores have on-call duty, even though incoming donations and reselling rates are known to be fluctuating?
- What approaches does FAIRKAUF take to shed light on internal structural problems?
- How are propositions for optimization currently being implemented?
- While lacking the required internal structures, how is FAIRKAUF going to be self-sufficient in acquiring and reselling its goods efficiently in the future?
- Is it possible to make the processes of booking new orders and processing donations leaner?
- Would it be feasible for FAIRKAUF to offer apprenticeship training positions? What are the possibilities for further training in order to provide individual employees with qualifications necessary for the first labour market?
- How effective is controlling (i.e. operations management and financial controlling)?
- What are the consequences of forming a non-profit limited private company for the organizational structure? What are the resulting benefits and drawbacks?

2.3 Personnel management

- How are decisions that will crucially affect business operations assessed and evaluated?
- Who is involved in the decision-making process? Only management? What about employees? Are there differences with respect to what each voice (of the company's employees) counts?
- How does FAIRKAUF ensure that all tasks that are indispensable for business operations will be performed in due time?
- What are the preconditions for forming a non-profit limited private company?
- What consequences will the formation of a non-profit limited private company bring for personnel management? What will be the resulting benefits and drawbacks?

2.4 Selling

- Are the stores in Almenhof and Waldhof at a disadvantage as a result of their remote location (especially since they require a longer drive)? What means of transportation have socially underprivileged people at their disposal (e.g. Do they own a car? How do they move about the city centre area?)
- Why will the store in F2 be closing? Who will bear the costs for this?
- How will the company manage to increase turnover with salespeople who are unfamiliar with the merchandise and with no customer support?
- To what extent do the shortcomings of employees (especially with respect to false estimations regarding the value of individual items of merchandise, excessive price reductions, missing knowledge) affect turnover? Can the company rectify this situation by offering training?
- Is it advisable for each store to specialize in certain products or certain ranges thereof in order to ensure that salespeople will be able to develop the required expertise?
- Does the company have sufficient storage capacity for acquiring additional goods? If necessary, how could this problem be solved?
- How much time passes between booking new orders and reselling merchandise? What is the processing time? What is the turnover rate?
- Apart from department stores, what are viable selling alternatives? Would it be reasonable for FAIRKAUF to offer products on Ebay, my-Hammer.de or even on its own Internet portal?

3 Marketing

- How does FAIRKAUF communicate its business philosophy “FAIR trade, FAIR procurement, FAIR negotiation” outward?
- What marketing strategy has FAIRKAUF developed?
- Does FAIRKAUF have a slogan?
- How does FAIRKAUF incorporate its objective to conserve the environment into a marketing strategy?
- Should FAIRKAUF attempt to identify new target groups (e.g. students)?
- How or in what way can FAIRKAUF realize a corporate identity concept? Would it be beneficial – and affordable – to have uniform working clothes?
- Does FAIRKAUF as a non-profit limited private company need to be prepared for changes to its competitive environment?
- How does FAIRKAUF detect possible inventory fluctuations? Who is responsible for that?
- What can the social environment of each FAIRKAUF store be characterized?
- Is FAIRKAUF competing with IKEA (in Waldhof) (e.g. in terms of low-price offers for furniture)?
- Are the opening hours of the stores suited to customer needs?
- FAIRKAUF primarily caters to two target groups: American soldiers and socially underprivileged people. What will likely be the consequences if one of these target groups diminishes or even disappears (e.g. due to the closing of American barracks)?

4 Donations and costs

- How can FAIRKAUF extend financial aid (e.g. by expanding social service activities)?
- How does FAIRKAUF spend the funds it receives as an integration company?
- What will likely be the consequences if the application for financial aid as a non-profit limited private company is rejected?
- Are there any other potential sources of funds besides donations?
- Is FAIRKAUF entitled to rebates from the waste incineration plant? Does FAIRKAUF have its own freight vehicles?
- How and in what way does FAIRKAUF acquire subsidies?
- How will FAIRKAUF continue to adhere to its business philosophy of supplying people in need with inexpensive goods if the number of donors drops off or the volume of donations dwindles?
- What payment arrangements does FAIRKAUF have to offer?
- Where do the funds derive from that FAIRKAUF uses for the training of employees and social services?

FAIRKAUF

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Answer key (Part II)

Central issue: primary versus secondary research

Two general approaches lent themselves to responding to the questions raised by this issue:

- conducting **secondary research** (“desk research”) by resorting to existing data and / or
- conducting **primary research** (“field research”) by collecting relevant data by means of an oral or written survey.

What speaks in favour of **desk research** – for a summary of pros and cons see Figure 1 – is that data access can be acquired in a quick and cost-effective manner, since there are numerous company internal and external sources collecting and providing data.

Primary sources for internal research often include:

- Financial accounting (Financial reporting) and
- Activity-based cost accounting (Management accounting).

Figure 1: Pros and cons of secondary research

Pros	Cons
<ul style="list-style-type: none">• Time saving approach• Cost saving approach• In many case decisive starting point for primary research	<ul style="list-style-type: none">• Problem-related data may not be available or only in a highly aggregated format.• The systematic gathering and interpretation of secondary data is only rarely practicable.• Data may be partially unspecific.• Secondary information is often mostly of qualitative nature.• External data sources can also be accessed by competitors.• There is often no comparable data about competitors available (for benchmarking).

Additional data usually comes from each **business department** (e.g. marketing and sales department, human resources department), e.g.

- market data from field sales managers,
- customer inquiries,
- trade fair reports,
- information from internal databases (customer database, product database, order database, turnover database, contact database, selling database) that, ideally, is consolidated in a data warehouse. This data is based on
 - o field sales reports,
 - o customer profile reports,
 - o data from barcode scanning cash registers,
 - o customer surveys,
 - o invoice data,
 - o registration data.

In view of the situation described in the initial case (“The Initial Situation of FAIRKAUF“), it is highly unlikely that the company in question will systematically gather such data. However, FAIRKAUF might have available a **directory** listing of all people and institutions that have donated money or goods in the past few years. If that was indeed the case, FAIRKAUF in addressing **all previous donators** could undertake a rather significant primary statistical analysis. In view of the crucial significance of “procurement as a bottle-neck factor”, such a study will be instrumental for FAIRKAUF to be acquainted with the characteristics of donators, i.e. their motivation, the form and value of their donation, incentive schemes for raising their willingness to make donations, etc. In this way, FAIRKAUF would be able to answer a lot of those questions regarding procurement that have been raised in the earlier outline of the actual problem areas. Based on these, FAIRKAUF could conceive a bundle of appropriate measures that are going to help the company to appeal more effectively to the wishes of donators.

Apart from company internal information, it is company **external information** that should be considered for tackling the central issues of FAIRKAUF. In general, this information includes:

- addresses,
- official statistics,
- professional journals and other publications (e.g. newspapers),
- annual reports,
- catalogues of customers / suppliers / competitors,
- internet,
- trade fair catalogues,
- price lists,
- brochures.

For further information, it would be possible to consult experts who have specialized in marketing research, in the compilation of industry sector data and/or in interfactory comparative studies, e.g.

- databases,
- Chamber of Handicraft,
- Chamber of Commerce and Industry,
- credit institutions,
- official institutions and government agencies (e.g. Federal Statistical Office, Regional Statistical Office, Ministry of Economics).

With the continuing pullout of US troops in mind, some of these sources could be useful to identify new target groups or customer segments.

Moreover, the German Federal Employment Agency no longer refers social welfare recipients to FAIRKAUF, which causes the present customer potential to erode. **New potential target groups** would include students, student interns or immigrants. For an analysis of this potential, important data could be retrieved from databases provided by the Federal Statistical Office, Mannheim's municipal authorities or the university registrar, e.g. information about the population distribution, the proportion of immigrants resident in those city areas that are in the vicinity of stores, the number of students etc.

Apart from that, it might be useful to resort to **databases** of the Caritas Association or similar organizations. For drawing out further customer potential, it is recommended to look on the Internet or consult chambers that may provide information on non-profit companies.

Before starting any approach of targeting (new) customer segments, FAIRKAUF ought to devise a strategy for finding these segments and **appealing** to them – e.g. with appropriate advertising. In addition, FAIRKAUF needs to check up on **customer ratings** about the current FAIRKAUF concept. Apart from the range of products, the customer rating should also take into account customer satisfaction regarding opening hours, sales campaigns, advertising, product availability, expertise and friendliness of salespeople, prices and the interior design of stores etc. Answers to this kind of questions, however, require a primary statistical survey. FAIRKAUF may contemplate doing an oral in-store survey of customers. As employee satisfaction is concerned, an oral survey may also be useful to collect suitable data for analysis.

As for **sales channels**, FAIRKAUF, **in addition** to stores, may also consider rag fairs / flea markets, classified ads in newspapers, antiques markets, and particularly, the Internet (e.g. myHammer.de or Ebay). It would be possible to determine the customer potential of e-commerce to a large extent by “desk research”. Ebay's selling tool “Andale”, for example, sheds light on those products which potential buyers are particularly interested in, as well as the prices which they are willing to pay. By

means of secondary statistical analysis, FAIRKAUF could conduct price research, thus testing which of the donated products were actually marketable and which ones were likely to flop. In conducting a survey, however, as a means of primary statistical analysis, FAIRKAUF could ascertain which sales channel customers prefer (e.g. stores, rag fairs etc.).

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Answer key (Part III)

1 Strengths and shortcomings of stores inferable from macroeconomic analysis

1.1 Waldhof

The store's attractive location can be regarded as a vital strength. Despite the proximity of other trading companies, such as IKEA or ALDI (discount store), the Waldhof store does manage to reach many of its targeted customers, e.g. socially underprivileged people. It is located in an area with a comparatively high proportion of social welfare recipients (ranging from 3.5% in Waldhof and Käfertal to over 10.5% in Schönau and Luzenberg); this particular group of people, supposedly with limited financial means at their disposal, therefore needs to rely on inexpensive products. As for the expansion of business operations, a catchment area of 31,882 inhabitants and a proportion of immigrant residents of 10% hold a chance for FAIRKAUF. Likewise, another advantage of this location is the US army base in the not-so-distant municipality of Sandhofen. Owing to the low density of population, the Waldhof store in the North of Mannheim has available larger sales and storage areas at more favourable terms, and moreover, far more parking spaces than, for example, the store in Luisenring. Of all the stores, it is therefore best suited for selling large and bulky objects (e.g. furniture incl. small parts). The proximity to the waste incineration plant located on Friesenheimer Insel, thus allowing the direct (i.e. requiring a short route of transportation) disposal of waste (particularly from the in-house repair shop and apartment clearances), can also be regarded as an advantage of location.

It is particularly the lack of focus on specialty products that is among the store's shortcomings. The spectrum of products on offer ranges from ordinary furniture to antiques, diverse electric appliances, household articles, clothes, books, as well as to CD and records. It is therefore inevitable for salespeople to be lacking an in-depth knowledge of these products; above all, there is the growing danger of accumulating "non-

sellers". FAIRKAUF is, by no means, supposed to excessively limit its product range; far from it, the main store in particular must attend to offer a preferably broad (but well-defined nonetheless) product range.

1.2 Luisenring

Among the strengths of the store is the central location, whereby many customer segments can be reached. Luisenring is located in a socially deprived area, with 7% of the population on social welfare. It seems, therefore, reasonable to infer that these people only have limited financial means at their disposal, and consequently, tend to rely on inexpensive products. In any case, the store's catchment area of 63,913 inhabitants and a proportion of immigrant residents of 21% (mainly of Turkish and Italian descent) hold promise for FAIRKAUF to extend the business. The store's major shortcoming, however, is the bad parking situation. FAIRKAUF only manages to attract walk-in customers as a result of this, thus failing to tap the full customer potential. In order to adapt the store's product range to these circumstances, FAIRKAUF ought to limit the offerings to CDs, clothing, diverse accessories, smaller household / electric appliances or other small parts (e.g. small pieces of furniture).

1.3 Almenhof

The availability of parking spaces is one of the store's strengths. The remote location is at the same time a liability, since the store fails to reach all customer segments, and moreover, hardly attracts walk-in customers. The store's catchment area includes 53,866 inhabitants and a proportion of immigrant residents of 12%. In the close vicinity of the store live a relatively large percentage of people over 55 years old (namely 31% of the overall resident population). Thus, typical target groups of FAIRKAUF are not as strongly represented. The Almenhof store, as opposed to other stores, is not located in a socially deprived area; in fact, there lives a relatively large quantity of affluent residents in the surrounding area (who, presumably, attach more importance to a company's reputation and the image of their products). The density of social welfare recipients in this catchment area is below 3.5% almost everywhere. It is therefore reasonable to assume that residents in Almenhof have relatively little interest in second-hand goods. The offering of more valuable products (e.g. antiques), on the other hand, may promise to be more successful.

2 Conceivable target groups inferable from macroeconomic analysis

All three sociodemographic criteria under examination in the macroeconomic analysis shed light on to what extent the focus on specific target groups may prove to be successful.

2.1 Age

What is striking in the catchment area of the Almenhof store is the relatively small proportion of residents under 26 years old (as compared to the stores in Waldhof and in Luisenring), whereas the proportion of the over-55-year-olds (31%) is significantly higher (e.g. than the 24% in Luisenring). Thus, the population living in the vicinity of the Almenhof store tends to be “older”, while it tends to be “younger” in the catchment areas of the stores in Luisenring and Waldhof. It would be possible for FAIRKAUF to account for the unequal age distribution by way of marketing (e.g. product range, pricing, customer approach). Conceivable would be the offering of furniture primarily for younger customers in the Waldhof store, while the Almenhof store would focus on furniture for elderly customers.

2.2 Income

The proportion of social welfare recipients gives an indication of the “prosperity” in the catchment areas.

- A relatively large proportion of residents around the Waldhof store, in fact, account for the typical clientele of FAIRKAUF. This targeted group of customers has to make ends meet with relatively little income, and consequently, – e.g. when buying furniture – is dependent on inexpensive offerings.
- The larger part of the population in the catchment area of the Luisenring store also needs to rely on low priced offerings, since it is reasonable to assume that in municipalities with a high average density of social welfare recipients, most people tend to have a low income at their disposal or depend on state benefits. These are, after all, poorer municipalities.
- The larger part of the population living in the vicinity of the Almenhof store is relatively affluent (with a high average income), which may be likely to affect product demand, buying power and price sensitivity.

2.3 Proportion of immigrant residents

When it comes to marketing, FAIRKAUF also ought to take into consideration the relatively large proportion of immigrant residents, since the culture-specific buying or consumer behaviour of foreigners may be likely to significantly differ in certain aspects from that of Germans (e.g. with respect to product choice, quality consciousness, price sensitivity etc.). In view of the large percentage of residents of either Turkish or Italian descent – accounting for 36 % and 13 % of the non-German population, respectively –, with their respective cultural peculiarities (e.g. Muslim and Italian Mediterranean culture, respectively), FAIRKAUF ought to attend to the needs of these customer groups as well, when implementing new ideas in the Luisenring store.

In this context, it may be helpful to refer to the results of a broadly conceived study conducted by Geert H. Hofstede, a Dutch scientist of organizational theory¹. He made the most comprehensive effort so far to operationalize culture. According to this, “typical Turks”, who account for the largest group of immigrant residents in Mannheim, are characterized by the following cultural peculiarities:

- power distance,
- collectivism,
- uncertainty avoidance.

From this, in turn, the following suggestions for devising target-specific marketing strategies can be derived:

- So members of cultures with high power distance, as numerous studies have shown, tend to attach above-average importance to status symbols (e.g. pricey or branded products).
- Collectivism is a dimension indicating the strength of group affiliation. Collectivist societies are known to attribute a more important role to informal communication channels than individualist ones. Collectivist consumers rather rely on word-of-mouth advertising than on institutionalized forms of market communication (e.g. brochures, radio advertising or the like).
- Since Turks and, by the way, also Italians tend to exhibit a relatively strong tendency of uncertainty avoidance, FAIRKAUF ought to pursue a consistent branding strategy in each case (e.g. using FAIRKAUF for the company brand); for branding fulfils the function of reducing the perceived buying risk. Further marketing measures appropriate for reducing uncertainty include branded products, certificates of authenticity, warranties or the right to return the product.

Italians, on the other hand, are characterized by:

- individualism,

¹ <http://www.geert-hofstede.com>

- masculinity,
- uncertainty avoidance.

Masculinity, for example, is the dimension indicating the strength of traditionally attributed gender roles. It provides a point of reference for communication strategies to be devised in consideration of the family patterns of buying decisions; the same applies to the gender-specific identification of opinion leaders (men vs. women as decision makers for product purchase).

This short description is intended to merely illustrate the diversity of possibilities and indications that arise from macroeconomic analysis, in general, and culture-specific analysis, in particular.

FAIRKAUF

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Answer key (Part IV)

1 Planning a survey of FAIRKAUF customers

A primary statistical analysis is suitable, particularly, for finding answers to the following questions raised in the outline of the problem areas:

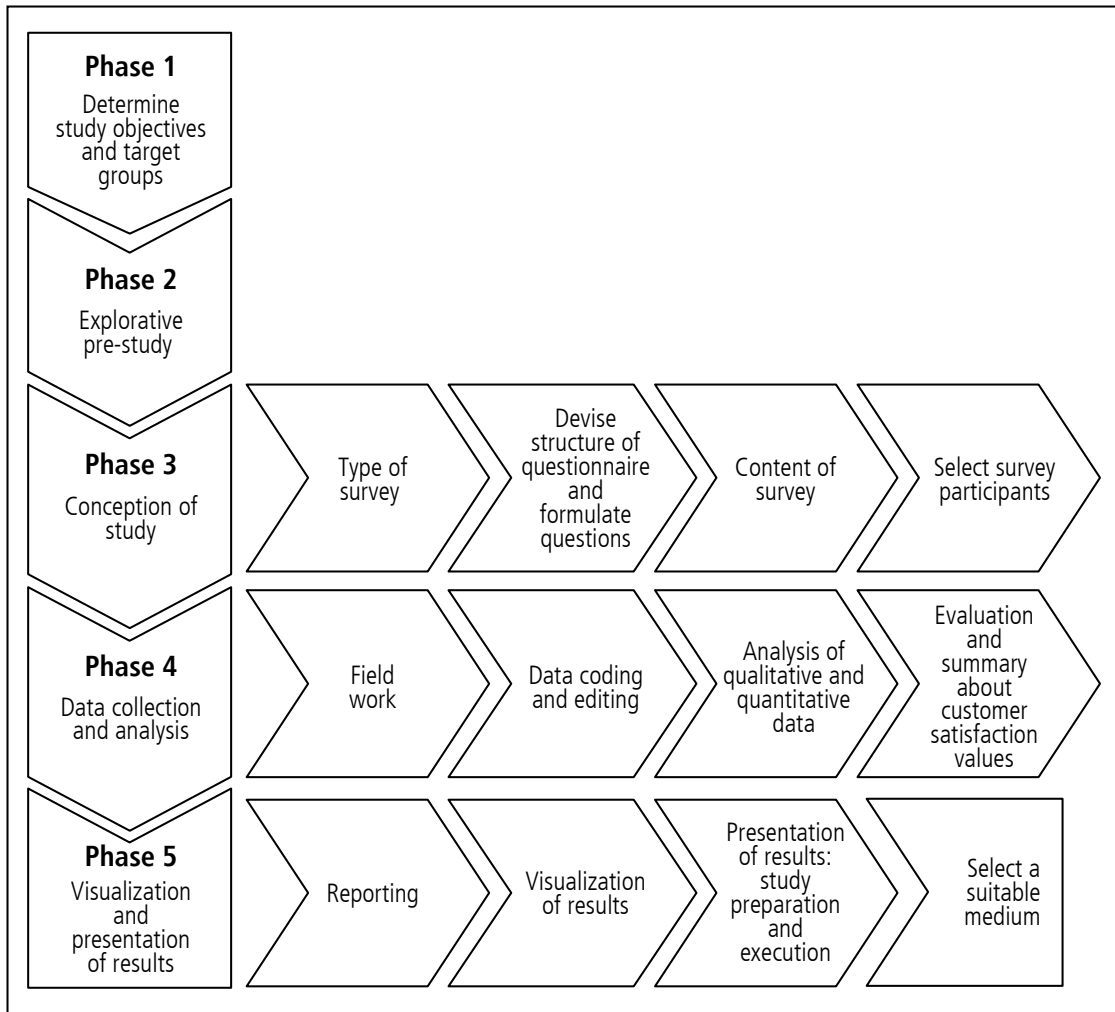
- What are the **characteristics** of (potential) donators (e.g. their motivation, the form and value of their donation etc.)?
- Which product segments should be considered for (potential) **target groups**?
- What **measures** should FAIRKAUF take for a targeted approach of previous customers or (potential) target groups (e.g. advertising)?
- Which **sales channels** do FAIRKAUF's target groups prefer (e.g. stores, Ebay, rag fair)?

The **five-stage flow sheet** as shown in Figure 2 might present itself as a suitable starting point. In the following, however, the emphasis is on Stage 3 (= conception of survey).

2 Determining target group(s) for survey (= Phase 1)

In principle, the target groups as shown in Figure 3 lend themselves to the survey of FAIRKAUF customers. In the present case, it would be advisable to interview representatives of each of the three groups because of their unique perspective on FAIRKAUF. This is even more important since, according to the outlined problem areas, FAIRKAUF should approach current target groups more effectively and identify new customer segments. Moreover, the survey should include (potential) **donators**, since not only does FAIRKAUF need to find new market outlets, but it also has to ensure procurement of products.

Figure 2: Planning a survey of FAIRKAUF customers



3 Explorative pre-study (= Phase 2)

Before finalizing a study approach, an **explorative pre-study** is recommended for elucidating and structuring the existing problem areas. What can be determined in this way are

- **customer expectations** about FAIRKAUF itself as well as its products and services,
- **attributes** (price, product quality, etc.) that influence customer buying behaviour.

The following two methods may be productive for this:

- (1) the **semi-structured interview** with the goal to obtain in-depth information,
- (2) the **group interview** for gaining broad insight. Suitable would be, for instance, a group consisting of approx. 10 customers and “non-

customers” with a heterogeneous sociodemographic background (i.e. different age, gender, income, profession, level of education).

Figure 3: Possible target groups for FAIRKAUF survey

Group	Survey objective
Potential customers	<ul style="list-style-type: none"> • Identifying new potential customers • Acquiring new customers <p>Identifying potential for improvement by means of benchmarking (i.e. comparing the company’s performance and processes in relation to the outstanding performance of competitors and / or market leaders in other industry segments.)</p>
Current customers	<ul style="list-style-type: none"> • Customer loyalty • “Cross selling” <p>(i.e. harnessing the full customer potential more effectively by offering the whole range of products, and thus, thinking in terms of a customer relationship instead of one-time shopping.)</p>
Former customers	<ul style="list-style-type: none"> • Disclosing weaknesses • Winning back former customers

4 Conception of study (= Phase 3)

In another step, the approach for the survey of FAIRKAUF customers has to be **specified**. In the process, there are **four** central **issues**:

- (1) Which **type of study** is to be used: written, oral or telephone survey?
- (2) In what way are the **questionnaire** to be **structured** and the **questions** to be **formulated** (open-ended, closed-ended)?
- (3) What is concretely the **purpose** of the **survey**?
- (4) What are the criteria for selecting **survey participants**?

4.1 Type of survey

In principle, there are three types available for the survey of FAIRKAUF customers: written, oral or telephone survey (see Figure 4).

4.1.1 Written survey

In this case, the questionnaire is either distributed or sent to respondents. They complete the questionnaire and return it. A fundamental problem of written surveys – see Figure 5 for a summary of the main pros and cons – is the rather low **returning (response) rate**, which may possibly compromise the **representativeness** of results.

In the present case, it seems to be **inappropriate** to resort to a written survey, for the target group of FAIRKAUF is particularly comprised of socially underprivileged people; in this segment, the proportion of people with a comparatively low level of education is likely to be higher.

Figure 4: Overview of types of survey

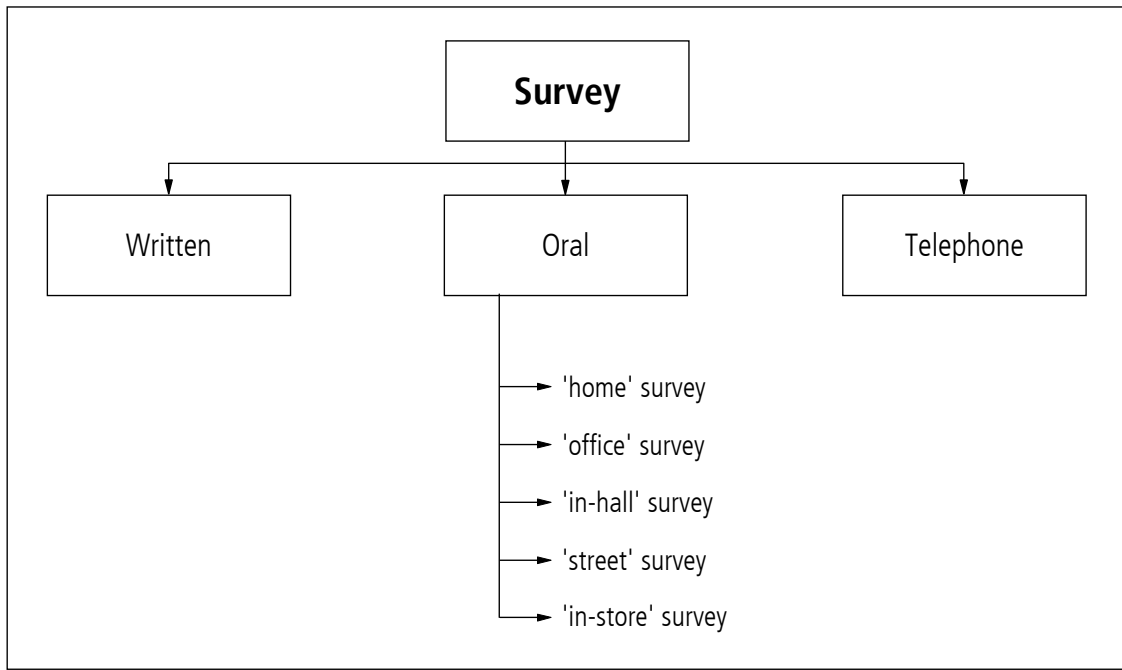


Figure 5: Pros and cons of a written survey

Pros	Cons
<ul style="list-style-type: none"> • Prompt reply from many respondents • Enough time for respondents to contemplate their reply • Since there is no interviewer required: <ul style="list-style-type: none"> - the survey is easier to organize - the interviewer bias, and thus, the (almost entire) risk of socially desirable answers can be eliminated - the survey incurs relatively low costs, which is an advantage particularly in large survey areas 	<ul style="list-style-type: none"> • Dwindling willingness of respondents when completing longer questionnaires or replying to sensitive questions (e.g. income) • Spontaneous replies are impossible to obtain • Little possibility of random sample checks (i.e. there is no guarantee of the genuineness of a reply) • Tendency of rather low returning rates (dependent on the topic of the survey, among other things)

4.1.2 Telephone survey

Telephone survey lends itself to whenever asking only few **questions** that can be **readily answered**, preferably centering on facts. As for

FAIRKAUF, this method seems to be rather inappropriate for at least three reasons:

- Some of the direct marketing companies tend to **abuse** an alleged telephone survey for a sales pitch, which has led to a growing scepticism toward this type of survey in parts of the population.
- FAIRKAUF customers are expected to express their opinion on contentedness and significance, which may be rendered comparatively **difficult** over the phone.
- Due to their financial situation, lots of typical FAIRKAUF customers may **not** even **own a telephone**.

4.1.3 Oral survey

For this type of survey, interviewer and respondent directly face each other (= **face-to-face interview**), which offers various alternative options (see Figure 4):

- home interview: The interview is conducted in the apartment of the respondent.
- office interview: This type of survey is recommended for interviewing experts, commercial clients or executive managers from top management.
- in-hall interview: Interviews take place in a test lab (e.g. a rented room in a shopping mall).
- street interview: Interviews are conducted at a heavily frequented location (e.g. at a street corner, in a pedestrian precinct).
- in-store interview: The interview is conducted in the shopping place, i.e. FAIRKAUF in this case.

In general, there are **two options** of conducting an **oral survey** – see Figure 6 for the pros and cons. Practical in the present case, however, is only the **standardized interview** whose content and sequence of questions are predetermined. The interviewer, having to read out the questions and document the answers exactly, will be able to exert relatively **little influence** on the respondent. This method is particularly suited for representative studies involving a greater number of respondents.

In the second option – the **free interview** – , the manner of formulating questions, the sequence of questions and any further explanation are left to the discretion of the interviewer. This approach, where course and content of the interview are roughly specified (in an **interview guide**), has the intrinsic advantage of allowing the interviewer to **engage** with the respondent more profoundly and thoroughly (e.g. in order to gain new insights into a set of problems). For this reason, the free interview is appropriate particularly whenever **experts** or manager representatives from upper management are to be interviewed.

Figure 6: Pros and cons of an oral survey

Pros	Cons
<ul style="list-style-type: none"> • Higher willingness of respondents to reply in oral surveys than in written ones, since the interviewer, among other things, will be able to dispel psychological inhibitions and doubts of respondents in a direct conversation • Controllable interview situation • Fewer risks of misunderstanding (for both interviewer and respondent) thanks to the possibility of return questions 	<ul style="list-style-type: none"> • Relatively high costs • Tendency of requiring a higher expenditure of time • Interviewer (unintentionally) exerts influence on the respondent, thus tending to provoke socially acceptable answers (interviewer bias)

4.2 Structure of questionnaire and formulation of questions

4.2.1 Structure of questionnaire

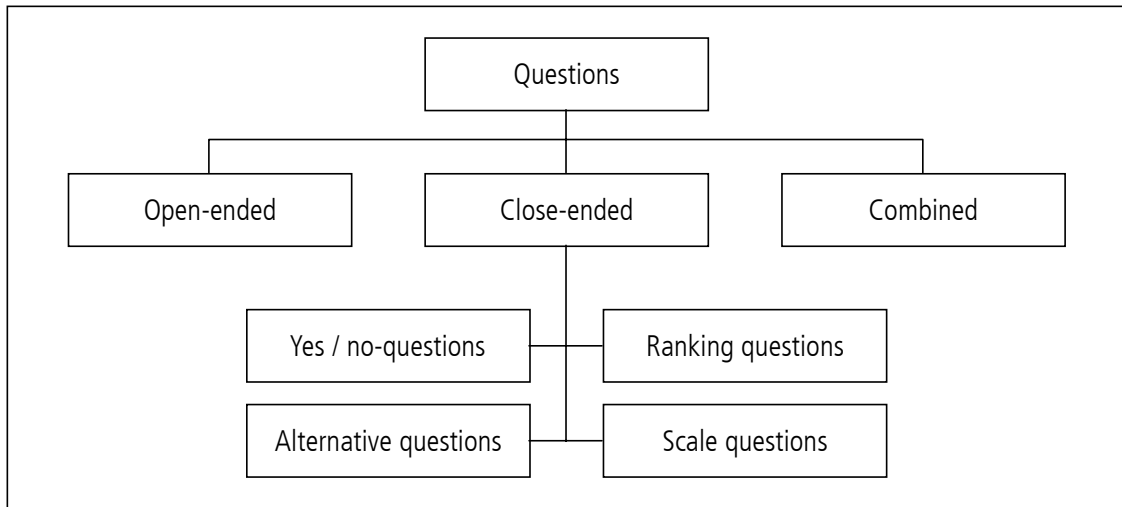
The following (typical) **structure** may be useful for any questionnaire directed to either (potential) **FAIRKAUF customers** or (potential) **donators**:

- (1) **Icebreaker questions** (introductory / first contact questions) are used for introducing the interview, alleviating the respondent's feelings of insecurity, and creating a relaxed atmosphere (warming-up).
- (2) **Pertinent questions** refer to the actual subject of the study and compose the main body of the survey.
- (3) **Control questions** (plausibility questions) may be useful for verifying the consistency of replies by respondents. For this, a modified question identical in content is placed in a different position in the questionnaire. This type of question, however, should be used very sparingly, since respondents who discern the "principle" often react with frustration: they feel irritated and, in fact, frequently terminate the interview.
- (4) **Personal questions** are placed at the end of the questionnaire, not least because it is only in the course of the interview that the very trust of the respondent required for obtaining replies to sensitive issues (e.g. income, age, education) can be established. The importance of sociodemographic data (e.g. age, income, household size) pertains to the subsequent characterization of customer segments (e.g. satisfied vs. dissatisfied FAIRKAUF customers).

4.2.2 Formulation of questions

There are **three modes** available for questioning (see Figure 7): the open-ended question, the closed-ended question, and a combination thereof.

Figure 7: Modes of questioning



- (1) **Open-ended questions** have no predetermined answer categories (e.g. “What are, in your opinion, the strengths of FAIRKAUF?”), therefore enabling non-biased replies. In this way, it is then easier to uncover new aspects of a given problem.
- (2) **Close-ended questions** have predetermined answer categories, with the choice of answer categories necessarily adjusted to the aptitude of respondents to differentiate these categories. The following types are available:
 - **Yes / no questions** (Nominal scale: merely classifying, no valuation)
 - o Example: “Did you buy any products at FAIRKAUF in the last four weeks?”
 - o Answer categories: Yes / No
 - **Alternative questions** (Nominal scale: merely classifying, no valuation), with one or more answers to be selected from a predetermined range of possible answers
 - o Example: “On which day of the week do you usually shop at FAIRKAUF?”
 - o Answer categories: Monday, Tuesday, Wednesday etc.
 - **Assigning a ranking** (Ordinal scale: unspecified intervals)
 - o Example: “Which of the following sources of information do you usually use to find out about second-hand products? Please put the listed sources (leaflet, newspaper, flyer etc.) into a ranking order from 1 to 10 in accordance with your preferences.”
 - o Answer category: rank 1, 2, 3, ..., 10
 - **Scale questions** (Interval / ratio scale)
 - o Example of an **interval scale** (= constant intervals; e.g. temperature): „When looking back to your previous shopping experiences

at FAIRKAUF: How satisfied are you, in general, with their services?”

o Answer categories:

very dissatisfied	dissatisfied	rather dissatisfied	neither / nor	rather satisfied	satisfied	very satisfied
-3	-2	-1	0	+1	+2	+3

- o Example of a **ratio scale** (= with a definite zero point; e.g. length, weight): “How many people live in this household?”
- o Answer categories: e.g. 1, 2, 3, 4, 5 etc.

Generally, the interview should **mainly** contain **closed-ended** questions, since answering, coding and evaluating these questions cause only little effort. Note: As a **rule of thumb**, use 80% of closed-ended questions and 20% of open-ended ones.

4.3 Content of survey

The focus of this analysis ought to be on questions regarding the contentedness of FAIRKAUF customers. Apart from the various dimensions of customer satisfaction, the survey ought to ask for **further factors** appropriate for shedding light on the background and the behaviour of FAIRKAUF customers, e.g.

- **duration** of consumer relationship with FAIRKAUF,
- time of **last shopping** at / visit to FAIRKAUF,
- **reason** for last shopping at / visit to FAIRKAUF,
- positive or negative **experiences** with FAIRKAUF,
- customer **complaint** behaviour und complaint handling satisfaction,
- **benchmarking** (e.g. mentioning an exemplary competitor),
- **requests** for FAIRKAUF,
- **sociodemographic** characteristics (e.g. gender, age)

4.4 Selection of survey participants: Sampling method

The central question of this paragraph is the following: What is the minimum requirement of survey participants for a representative study, and what are the criteria for selecting them? Answering this question presupposes the initial decision whether a complete survey (interviews with nearly all FAIRKAUF customers) or a partial survey (interviews with part of the clientele) will be practical.

- A **complete survey** is recommended for a manageable group of customers. Besides, the company ought to be acquainted with its customers, which presumably does not apply to FAIRKAUF.
- Therefore, the company ought to resort to a **partial survey**, which, incidentally, suggests itself because of the expenditure of time and costs

involved. For taking the relevant samples, various methods may be used (see Figure 8).

4.4.1 Random sampling

By using any of these methods, the interviewer is giving each population element the same calculable, non-zero chance of being chosen for the sample. The drawing of elements, however, necessarily presupposes a **complete directory** of the **population** (e.g. customer database).

- **Lottery sampling** involves picking a slip of paper ticket or the like from a container, which is why it is too laborious for larger samples.
- When using **random numbers**, the interviewer allocates each element to a number; whereupon, in a second step, those elements are being selected by means of a random generator. This method tends to be too laborious, as well, and thus, little practical.
- An easily manageable method is **systematic random sampling** (= selecting every n-th element of the list). Assuming that a company had available an alphabetical customer database containing 5,000 addresses, in order to draw a sample of 1,000 people, every fifth address would be selected (i.e. selecting every 5th element of the list).

As for the present case, this presupposition, however, may only apply to donators (depending on the number of donators, a complete survey may even be possible). Random sampling methods cannot be used for a customer survey anyway, since a complete directory of registered FAIRKAUF customers is lacking.

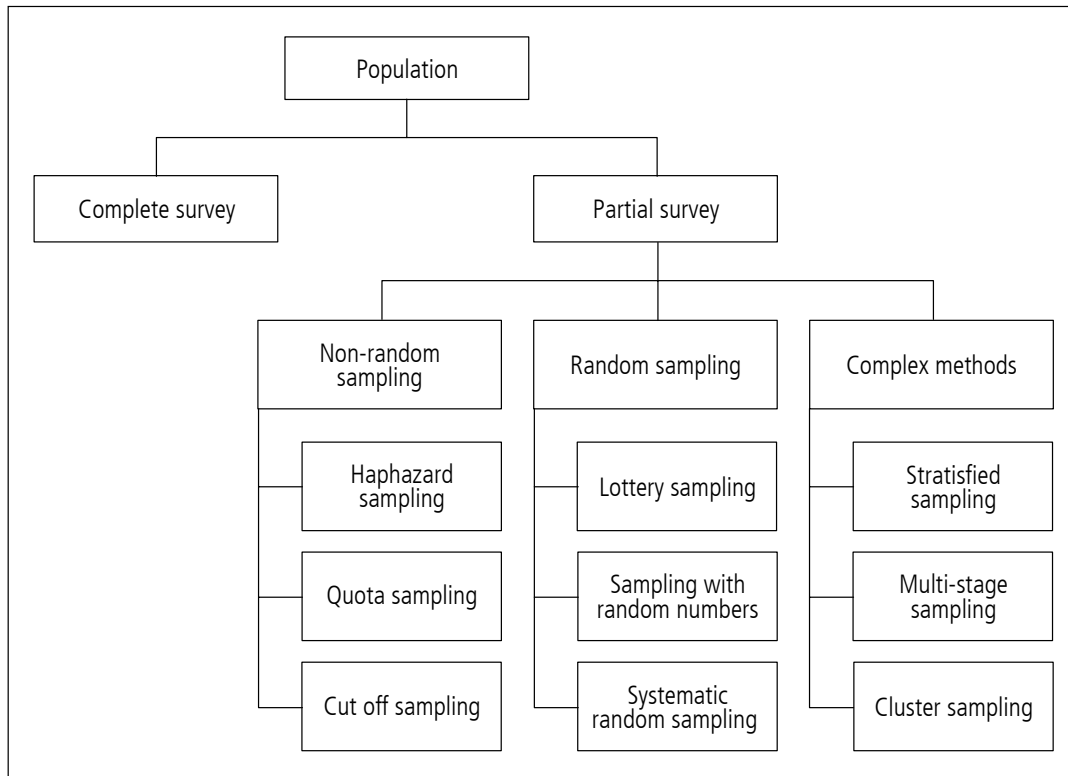
4.4.2 Non-random methods

Haphazard and deliberate samplings are examples of non-random methods.

- When choosing **haphazard sampling**, the interviewer requires no sampling plan, but instead selects sample elements at random. It would be possible, for example, to interview customers who are visiting any of the FAIRKAUF stores at a specific hour of the day. Depending on the time of day, the majority of customers encountered then will likely be either employed people, senior citizens, pupils or university students whose statements, however, would by no means reflect the opinion of all FAIRKAUF customers. Consequently, the representativeness of such results would be rather limited.
- On the other hand, when resorting to **deliberate sampling** for a partial survey, the interviewer needs to understand the structure of the population:
 - o **Cut off sampling** only takes the most important elements into account (e.g. customers exceeding a specific volume of purchases).

- o As for **quota sampling**, the interviewer has a number of criteria with corresponding predetermined quotas that must be considered for the selection of survey participants.

Figure 8: Overview of selected sampling methods



Example: There are an assumed number of 60 people of 4 different age groups (< age 21, age 21-40, age 41-60, > age 60) that are supposed to be interviewed. For **reflecting** the real **composition of customers**, the groups of participants younger than 20 and older than 60 are each merely to account for 20%, while the other two age groups are to account for 10% (age 21-40) and 50% (age 41-60) of participants in the sample. Moreover, with respect to the composition of customers, the interviewer ought to make sure to inquire as many women as men (50% / 50%). On the basis of these **specifications**, the **quota plan** as seen in Table 1 can be drawn up. In accordance with this table, the interviewer has to make sure to merely interview three male and three female participants from the group of 21 to 40 year olds. As for the age group of the 41 to 60 year olds, however, the interviewer needs both 15 male and 15 female participants.

In the present case, quota sampling seems to be most practical for the customer survey. It is an easy method to plan and implement, even though “filling” residual quotas sometimes turns out to be difficult.

Moreover, it is necessary to understand the composition of the population, and in this regard, find **relevant quota criteria**. In order to get insight on a quota arrangement, it would be recommended to record all the customers of FAIRKAUF stores regarding the criteria to be used in the quota plan over a certain period of time (e.g. one week). The distribution observed over this period of time then yields the structure of the quota plan. Appropriate criteria for a quota arrangement include age and gender, since both can be readily recorded as neither criteria necessarily requires an inquiry (the age could “roughly be estimated”).

Table 1: Example of a quota plan as a basis for quota sampling

Age group	Gender		Total
	Male (= 50%)	Female (= 50%)	
< age 21 (= 20%)	6	6	12
age 21 – 40 (= 10%)	3	3	6
age 41 – 60 (= 50%)	15	15	30
> age 60 (= 20%)	6	6	12
Total	30	30	60

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Appendix:

Questionnaire for the survey of FAIRKAUF customers

Part I:

Questionnaire for the general survey

Part A

1. Have you ever donated furniture?

- yes no

2. Have you ever dissolved a household?

- yes (continue with question 3) no (continue with question 6)

3. Who helped you dissolving your household?

- Family/ friends (continue with question 6) I commissioned a company (continue with question 4)
 Nobody (continue with question 6) Other: _____ (continue with question 6)

4. Where did you find out about the apartment clearance company?

- Multiple answers possible -

- Family/friends Flyers/Handouts Yellow Pages
 Internet Phone directory assistance Newspaper
 Other, namely _____

5. What criteria did you base your choice of apartment clearance company on?

6. What are your expectations of an apartment clearance company?

Please put the criteria below in the order of importance (from 1= very important to 5 = unimportant)

- Punctuality Good price/performance ratio Diligence
 Working efficiently Other: _____

7. Which of the following three alternatives would you prefer if you had to dissolve your household?

Alternative 1: I would commission a professional apartment clearance company that would compensate me with € 500 for the remaining items in the apartment.	Alternative 2: I would commission a non-profit organization and donate the remaining items in the apartment for resale.	Alternative 3: I would commission a professional company that would clear the apartment free of charge without compensating me for the remaining items.
---	--	--

- Alternative 1 Alternative 2 Alternative 3

8. Did you know that the Caritas Association accepts items from your apartment clearance and even undertakes the pickups?

yes

no

9. Have you ever heard of Fairkauf?

yes
(continue with question 10)

no
(continue with question 11)

10. Which of the Fairkauf stores do you know?

11. What kind of services do you think Fairkauf provides?

Part B

12. Have you ever purchased used goods?

yes
(continue with question 13)

no
(continue with question 14)

13. Where did you purchase used goods before?

(multiple answers possible)

AS N.

Markthaus

Beate

Black Helen

Second Hand Boutique

Fairkauf

Ebay

Struwwelpeter

Geli Klamöttche

Fashion Kids

Second Hand Store

Palos N.

Flea Market

Trendkids and Woman

Stadel – Di Salvo

La Luna

Classified ad in newspaper

Zazulak

Classified ad in "Sperrmüll" (= Newspaper for classifieds in Mannheim)

Other, namely _____

14. How often did you purposely go to a second hand store in the past 12 months?

approximately _____ times

15. How much money do you spend on average in a second hand store?

approximately _____ Euro

16. Which of these products have you already purchased in a second hand store?

- multiple answers possible-

- | | |
|--|---|
| <input type="checkbox"/> Antiques | <input type="checkbox"/> Pictures |
| <input type="checkbox"/> Books | <input type="checkbox"/> CDs, records & other sound storage media |
| <input type="checkbox"/> Electric devices (e.g. washing machine, TV) | <input type="checkbox"/> Glassware |
| <input type="checkbox"/> Premium clothing (e.g. fur coats) | <input type="checkbox"/> Children's accessories |
| <input type="checkbox"/> Clothing | <input type="checkbox"/> Collectibles |
| <input type="checkbox"/> Kitchen accessories | <input type="checkbox"/> Furniture |
| <input type="checkbox"/> Porcelain | <input type="checkbox"/> Toys |
| <input type="checkbox"/> Other, namely _____ | |

17. Which of these products should definitely be offered in a second hand store?

Please mark the six product groups that ought to be available in any case.

- | | |
|--|---|
| <input type="checkbox"/> Antiques | <input type="checkbox"/> Pictures |
| <input type="checkbox"/> Books | <input type="checkbox"/> CDs, records & other sound storage media |
| <input type="checkbox"/> Electric devices (e.g. washing machine, TV) | <input type="checkbox"/> Glassware |
| <input type="checkbox"/> Premium clothing (e.g. fur coats) | <input type="checkbox"/> Children's accessories |
| <input type="checkbox"/> Clothing | <input type="checkbox"/> Collectibles |
| <input type="checkbox"/> Kitchen accessories | <input type="checkbox"/> Furniture |
| <input type="checkbox"/> Porcelain | <input type="checkbox"/> Toys |
| <input type="checkbox"/> Other, namely _____ | |

18. Would you be more inclined to make purchases in a second hand store that belonged to a non-profit organization?

- yes no

Part C

19. Which sources of information to you use when you want to purchase used goods?

- multiple answers possible-

- | | |
|---|--|
| <input type="checkbox"/> Acquaintances/friends/family | <input type="checkbox"/> Federal employment agency |
| <input type="checkbox"/> Flyers/Brochures | <input type="checkbox"/> Yellow pages |
| <input type="checkbox"/> Internet | <input type="checkbox"/> Social welfare office |
| <input type="checkbox"/> Phone directory assistance | <input type="checkbox"/> Newspaper |
| <input type="checkbox"/> Other, namely _____ | |

20. Have you ever purchased anything from Fairkauf?

- yes no
(continue with question 21) (continue with question 26)

21. How often did you shop at Fairkauf in the past 12 months?

Approximately _____times

22. How did you find out about Fairkauf?

- multiple answers possible-

- | | |
|---|--|
| <input type="checkbox"/> Acquaintances/friends/family | <input type="checkbox"/> Federal employment agency |
| <input type="checkbox"/> Flyers/Brochures | <input type="checkbox"/> Yellow pages |
| <input type="checkbox"/> Internet | <input type="checkbox"/> Social welfare office |
| <input type="checkbox"/> Phone directory assistance | <input type="checkbox"/> Newspaper |
| <input type="checkbox"/> Other, namely _____ | |

23. In which of the Fairkauf stores did you shop?

- multiple answers possible-

- | | | |
|-----------------------------------|--|-------------------------------------|
| <input type="checkbox"/> Almenhof | <input type="checkbox"/> Büchershop F2 | <input type="checkbox"/> Luisenring |
| <input type="checkbox"/> Waldhof | | |

24. How do you rate the connectivity of Fairkauf stores to the road network and public transportation system?

very bad	bad	rather bad	neither / nor	rather good	good	very good
-3	-2	-1	0	+1	+2	+3

25. If you think back to your previous shopping experiences at Fairkauf, how satisfied have you overall been so far?

very dissatisfied	dissatisfied	rather dissatisfied	neither / nor	rather satisfied	satisfied	very satisfied
-3	-2	-1	0	+1	+2	+3

Part D

The following information will be treated with the utmost discretion and will be used for statistical purposes only.

26. Gender

male female

27. Marital status

single married divorced widowed

28. Age

_____ years

29. Occupational group

Blue-collar worker White-collar worker Civil servant
 Self-employed Housewife/Househusband Unemployed person
 Retiree Social welfare recipient Student
 Apprentice/trainee Other, namely: _____

30. Monthly net household income

(Total income of all household members after taxes, social security benefits etc.)

up to 500 EUR 1.501 – 2.000 EUR 3.001 – 3.500 EUR
 501 – 1.000 EUR 2.001 – 2.500 EUR 3.501 – 4.000 EUR
 1.001 – 1.500 EUR 2.501 – 3.000 EUR 4001 EUR and more

31. Place of residence / municipality

All information will be treated with the utmost discretion.

Thank you very much for your support! Your help is highly appreciated.

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Part II:

Questionnaire for the in-store survey

1. How often did you shop at Fairkauf in the past 12 months?

Approx. _____ times

2. How did you find out about Fairkauf?

- multiple answers possible -

- | | |
|---|--|
| <input type="checkbox"/> Acquaintances/friends/family | <input type="checkbox"/> Federal employment agency |
| <input type="checkbox"/> Flyers/Brochures | <input type="checkbox"/> Yellow pages |
| <input type="checkbox"/> Internet | <input type="checkbox"/> Social welfare office |
| <input type="checkbox"/> Phone directory assistance | <input type="checkbox"/> Newspaper |
| <input type="checkbox"/> Other, namely: _____ | |

3. What is your motivation for shopping at Fairkauf?

a.) I go to Fairkauf because of their good price/performance ratio.

I disagree completely	I disagree	I rather disagree	Neither/nor	I rather agree	I agree	I agree completely
-3	-2	-1	0	+1	+2	+3

b.) I go to Fairkauf because the store's proximity is convenient.

I disagree completely	I disagree	I rather disagree	Neither/nor	I rather agree	I agree	I agree completely
-3	-2	-1	0	+1	+2	+3

c.) I go to Fairkauf because I was instructed by the social welfare office.

I disagree completely	I disagree	I rather disagree	Neither/nor	I rather agree	I agree	I agree completely
-3	-2	-1	0	+1	+2	+3

d.) I go to Fairkauf to look for antiques and collectibles.

I disagree completely	I disagree	I rather disagree	Neither/nor	I rather agree	I agree	I agree completely
-3	-2	-1	0	+1	+2	+3

e.) I go to Fairkauf to meet friends and acquaintances.

I disagree completely	I disagree	I rather disagree	Neither/nor	I rather agree	I agree	I agree completely
-3	-2	-1	0	+1	+2	+3

f.) I go to Fairkauf for supporting a non-profit organization.

I disagree completely	I disagree	I rather disagree	Neither/nor	I rather agree	I agree	I agree completely
-3	-2	-1	0	+1	+2	+3

4. Which of these products have you already purchased at Fairkauf?

- multiple answers possible-

- | | |
|--|---|
| <input type="checkbox"/> Antiques | <input type="checkbox"/> Pictures |
| <input type="checkbox"/> Books | <input type="checkbox"/> CDs, records & other sound storage media |
| <input type="checkbox"/> Electric devices (e.g. washing machine, TV) | <input type="checkbox"/> Glassware |
| <input type="checkbox"/> Premium clothing (e.g. fur coats) | <input type="checkbox"/> Children's accessories |
| <input type="checkbox"/> Clothing | <input type="checkbox"/> Collectibles |
| <input type="checkbox"/> Kitchen accessories | <input type="checkbox"/> Furniture |
| <input type="checkbox"/> Porcelain | <input type="checkbox"/> Toys |
| <input type="checkbox"/> Other, namely _____ | |

5. What products should Fairkauf add to its range of products?

6. If you think back to your previous shopping experiences at Fairkauf, how satisfied have you overall been so far?

Very dissatisfied	dissatisfied	Rather dissatisfied	neither / nor	Rather satisfied	satisfied	Very satisfied
-3	-2	-1	0	+1	+2	+3

7. How satisfied are you with Fairkauf in terms of the following service criteria?

Please inform us of your satisfaction by means of the evaluation grid below.

	Satisfaction							Quest. 8
	Very dissatisfied	dissatisfied	Rather dissatisfied	Neither/nor	Rather satisfied	satisfied	Very satisfied	
Opening hours	-3	-2	-1	0	+1	+2	+3	<input type="checkbox"/>
Price/performance ratio	-3	-2	-1	0	+1	+2	+3	<input type="checkbox"/>
Store atmosphere	-3	-2	-1	0	+1	+2	+3	<input type="checkbox"/>
Friendliness of salespeople	-3	-2	-1	0	+1	+2	+3	<input type="checkbox"/>
Expertise of salespeople	-3	-2	-1	0	+1	+2	+3	<input type="checkbox"/>
Range of products	-3	-2	-1	0	+1	+2	+3	<input type="checkbox"/>
Interior design of the sales area	-3	-2	-1	0	+1	+2	+3	<input type="checkbox"/>

8. Please mark the two performance features most important to you at Fairkauf



The following information will be treated with the utmost discretion and will be used for statistical purposes only.

9. Gender

- male female

10. Marital status

- single married divorced widowed

11. Age

_____ years

12. Occupational group

- | | | |
|---|---|--|
| <input type="checkbox"/> Blue-collar worker | <input type="checkbox"/> White-collar worker | <input type="checkbox"/> Civil servant |
| <input type="checkbox"/> Self-employed | <input type="checkbox"/> Housewife/Househusband | <input type="checkbox"/> Unemployed person |
| <input type="checkbox"/> Retiree | <input type="checkbox"/> Social welfare recipient | <input type="checkbox"/> Student |
| <input type="checkbox"/> Apprentice / trainee | <input type="checkbox"/> Other, namely: _____ | |

13. Monthly net household income

(Total income of all household members after taxes, social security benefits etc.)

- | | | |
|--|--|--|
| <input type="checkbox"/> up to 500 EUR | <input type="checkbox"/> 1.501 – 2.000 EUR | <input type="checkbox"/> 3.001 – 3.500 EUR |
| <input type="checkbox"/> 501 – 1.000 EUR | <input type="checkbox"/> 2.001 – 2.500 EUR | <input type="checkbox"/> 3.501 – 4.000 EUR |
| <input type="checkbox"/> 1.001 – 1.500 EUR | <input type="checkbox"/> 2.501 – 3.000 EUR | <input type="checkbox"/> 4001 EUR and more |

14. Place of residence / municipality

All information will be treated with the utmost discretion.

Thank you very much for your support! Your help is highly appreciated.



Education and Culture

Leonardo da Vinci

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