

# Market Research

## Testing the Steelscreen Concept

KUNDSKAPARNA

# THE ANALYSIS PROJECT

The subject of the analysis was to determine the demand for a web based marketplace for steel and metals among the traders in Europe; and also how they believe such a marketplace ought to function.

# AREAS OF INQUIRY

- How do traders use the Internet today, at home and at work?
- What advantages and disadvantages do they see in web based trading?
- How do they picture the development of trading on the Internet; in general and metal trading in particular?
- Is there an interest in buying steel and metal on the Internet?
- Does the Internet solve any particular problem?
- What kinds of steel and metal products are best suited for trading on the Internet?
- Does the identity of the supplier have any significance when trading steel or metal?
- Ought the marketplace be independent of suppliers?
- Are there any other fields of business that ought to be connected to Steelscreen (logistics, welding consumables etc) ?
- How do traders like to get more information about Steelscreen? (web site, e-mail, personal meeting etc)
- Background facts (turnover, age, gender etc.)

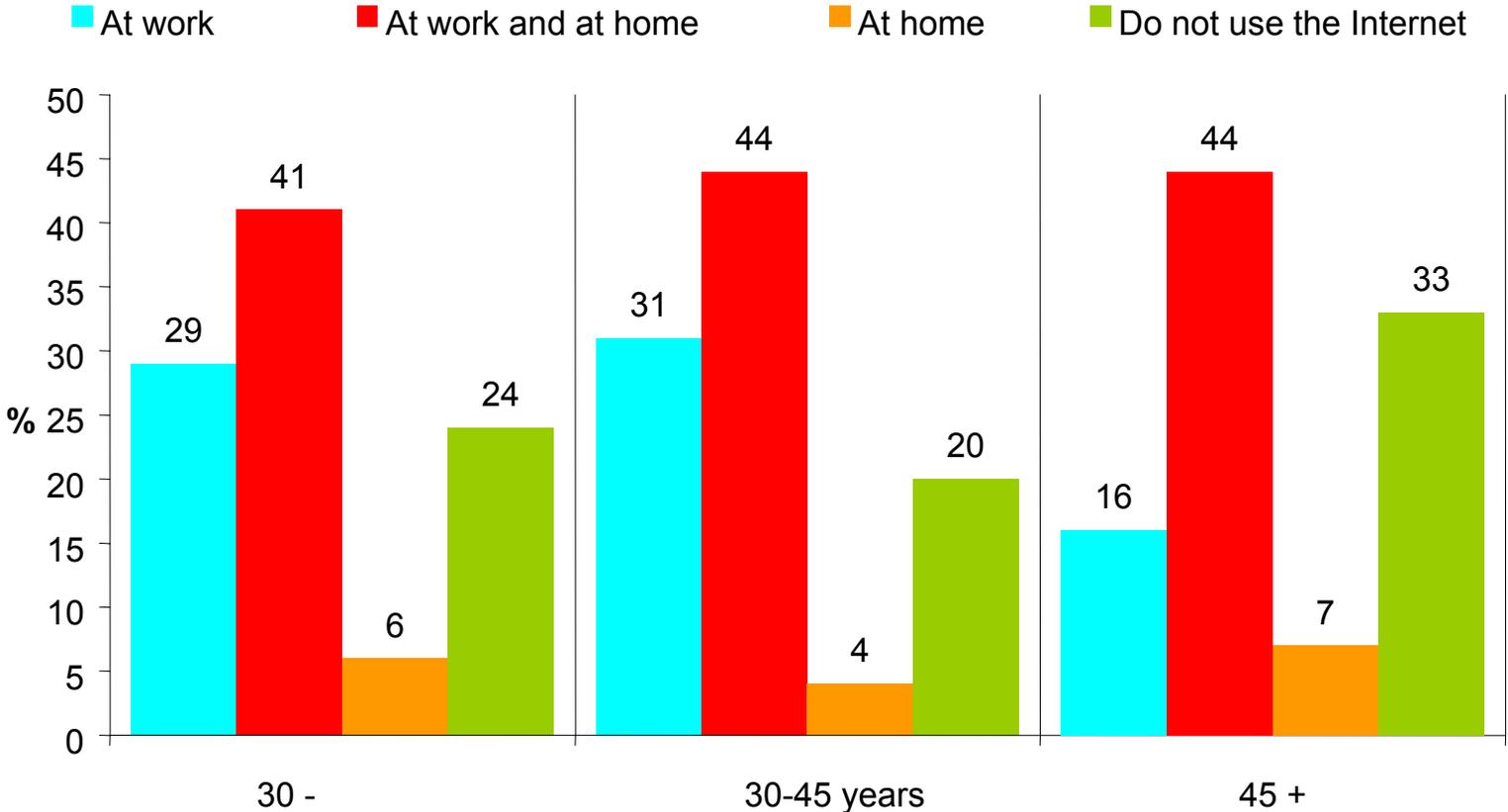
# INTERVIEW WORK REPORT

	<b>Total</b>	<b>Swe.</b>	<b>Nor.</b>	<b>Den.</b>	<b>Fin.</b>	<b>Ger.</b>	<b>Eng.</b>	<b>Swi.</b>	<b>Hol.</b>	<b>Spa.</b>	<b>Ita.</b>
Gross selection	272	24	14	15	21	42	18	22	16	33	67
Do not speak English etc	38	0	0	0	0	14	0	3	0	0	21
No phone number	58	0	0	0	0	5	0	3	0	17	33
Do not buy steel or metal	13	0	1	1	0	2	1	4	2	2	0
The company closed down	7	3	1	0	0	0	2	0	0	1	0
Duplicate	4	0	0	0	0	1	1	1	0	0	1
Vacation/business trip	8	0	1	1	0	1	1	0	0	1	3
Net selection	144	21	11	13	21	19	13	11	14	12	9
Not reached	19	3	0	1	6	3	1	0	3	2	1
Refused interview	13	3	1	2	0	1	2	1	0	2	1
Interviews	111	15	10	10	15	15	10	10	11	8	7
Response rate	77,62%	71,42%	90,90%	76,92%	71,42%	78,94%	76,92%	90,90%	78,60%	66,66%	77,77%

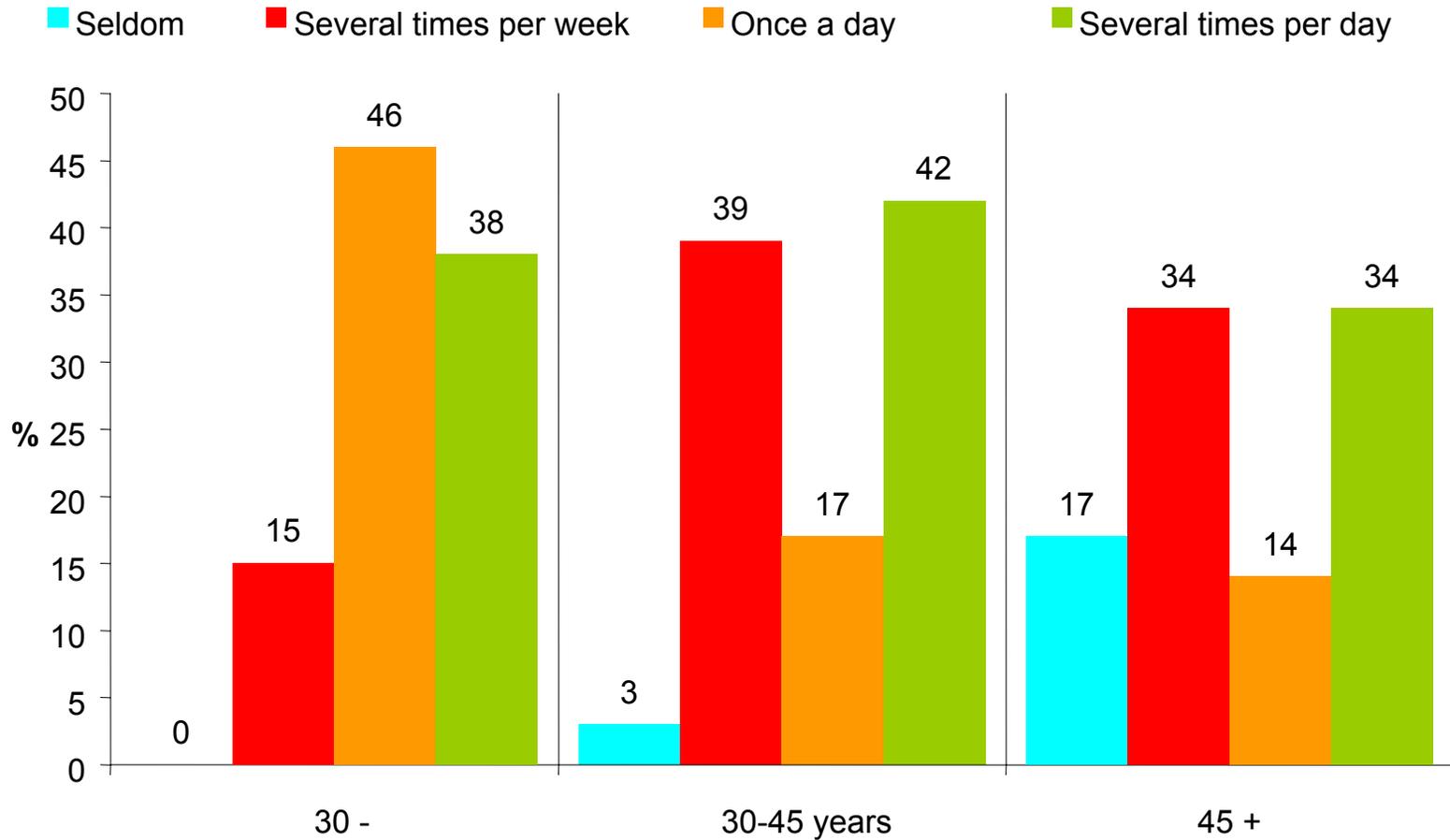
# BACKGROUND FACTS

- ◆ Average age: 43 years
- ◆ 93% men, 7% women
- ◆ Position: Senior buyer, buying engineer, production manager.
- ◆ Turnover: 90% over 20 Million SKr per year
- ◆ Volume: 76% buy more than 200 tons per year

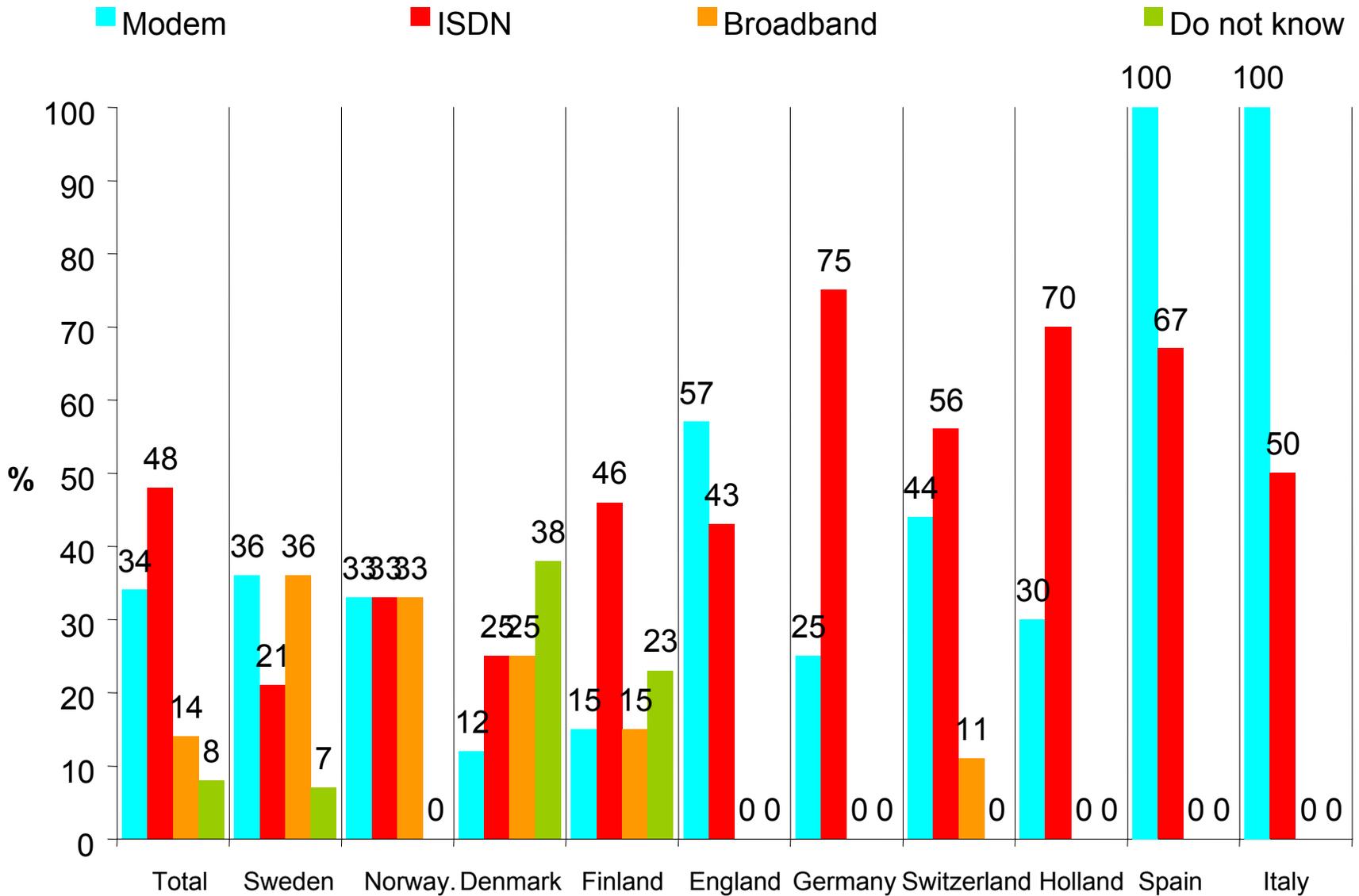
# WHERE DO TRADERS USE THE INTERNET?



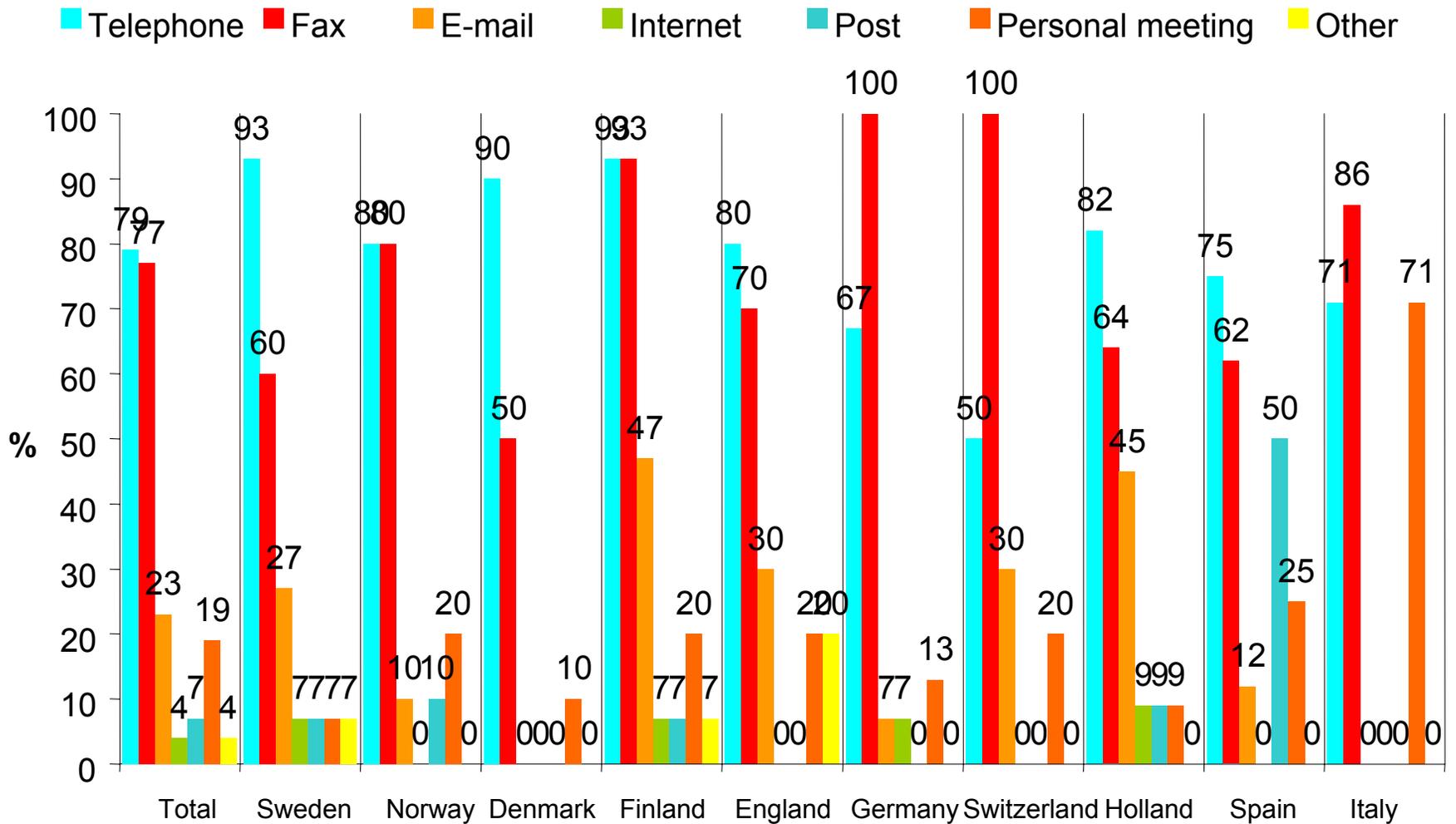
# HOW OFTEN DO TRADERS USE THE INTERNET?



# INTERNET CONNECTION

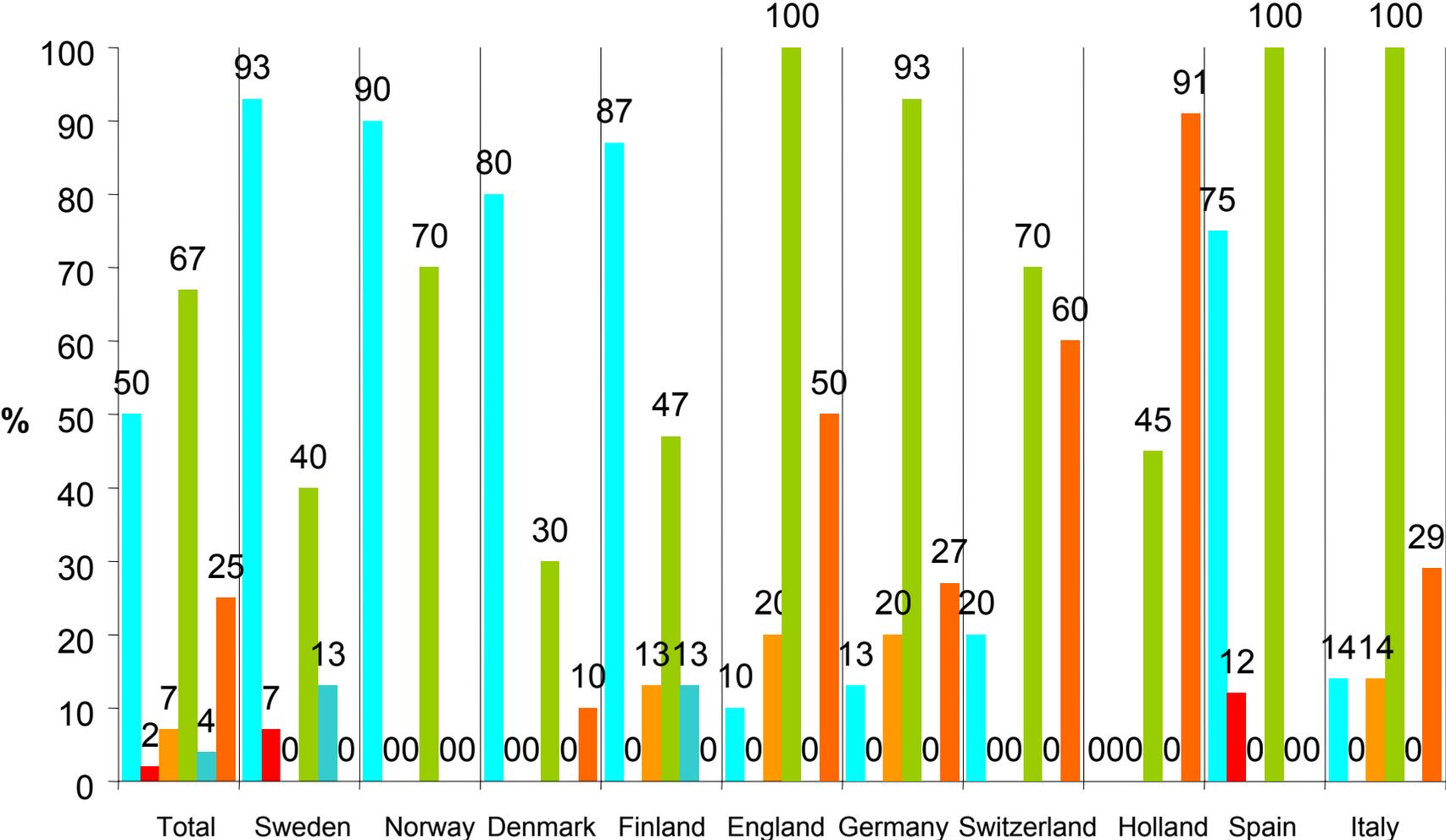


# BUSINESS CONNECTIONS TODAY



# BUSINESS ACTORS ONE TRADES WITH

- Wholesale dealers
- Service Centers
- Traders/Agents
- Producers
- A combination
- Other



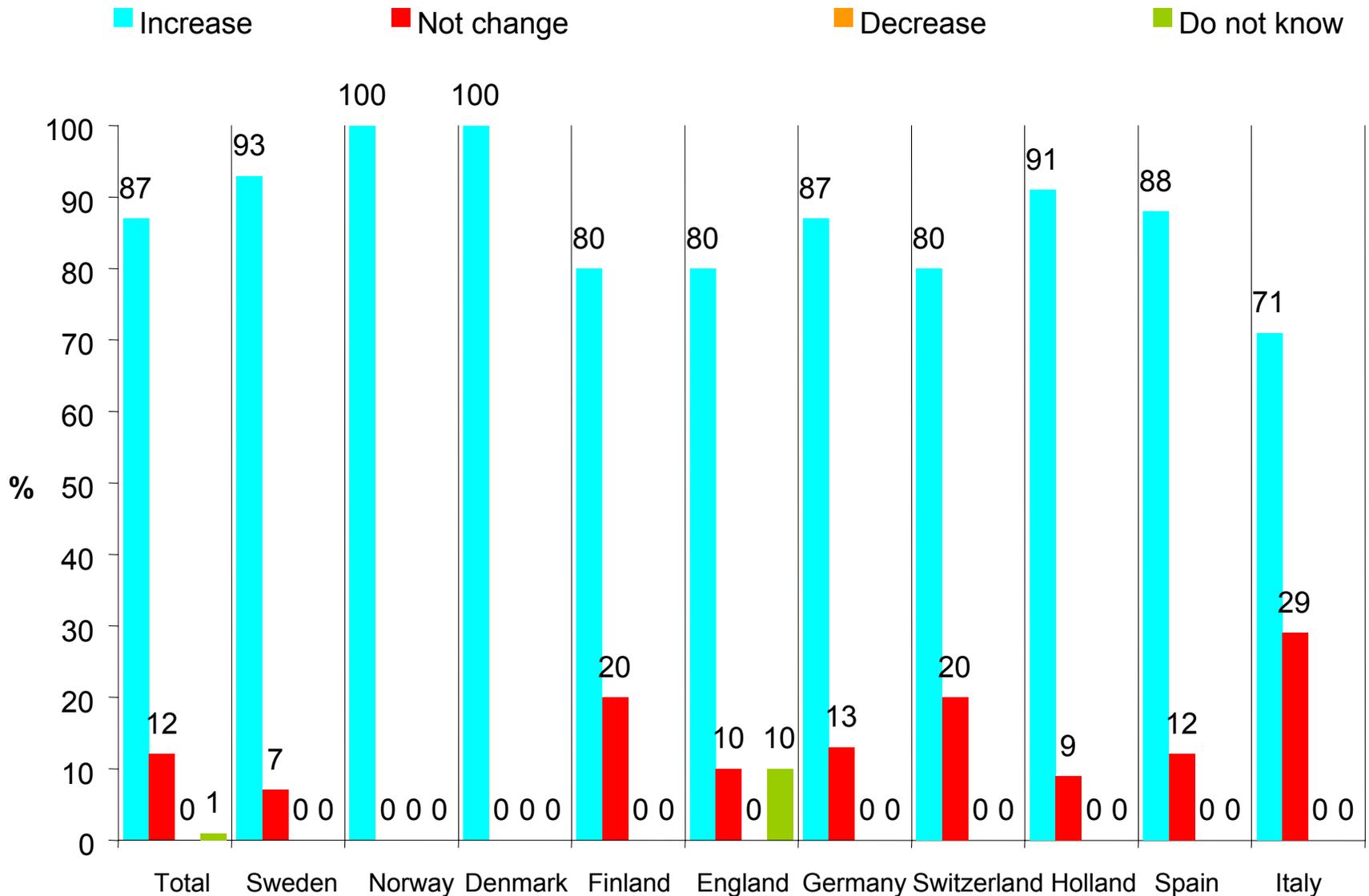
# ADVANTAGES OF E-COMMERCE

- ◆ It is fast. 40%
- ◆ Easy to find information. 32%
- ◆ Lower cost. 18%
- ◆ No advantages. 17%
  
- ◆ Other answers:
  - “Status of stock can be seen.”
  - “Gives a better general view of the market.”
  - “Cuts out paperwork.”

# DISADVANTAGES OF E-COMMERCE

- ◆ Security. 34%
- ◆ Unreliable deliveries. 14%
- ◆ No disadvantages. 13%
- ◆ Other answers:
  - “The personal contact is lost.”
  - “There is more risk of mistakes when you do not talk to someone.”
  - “Unreliable quality.”

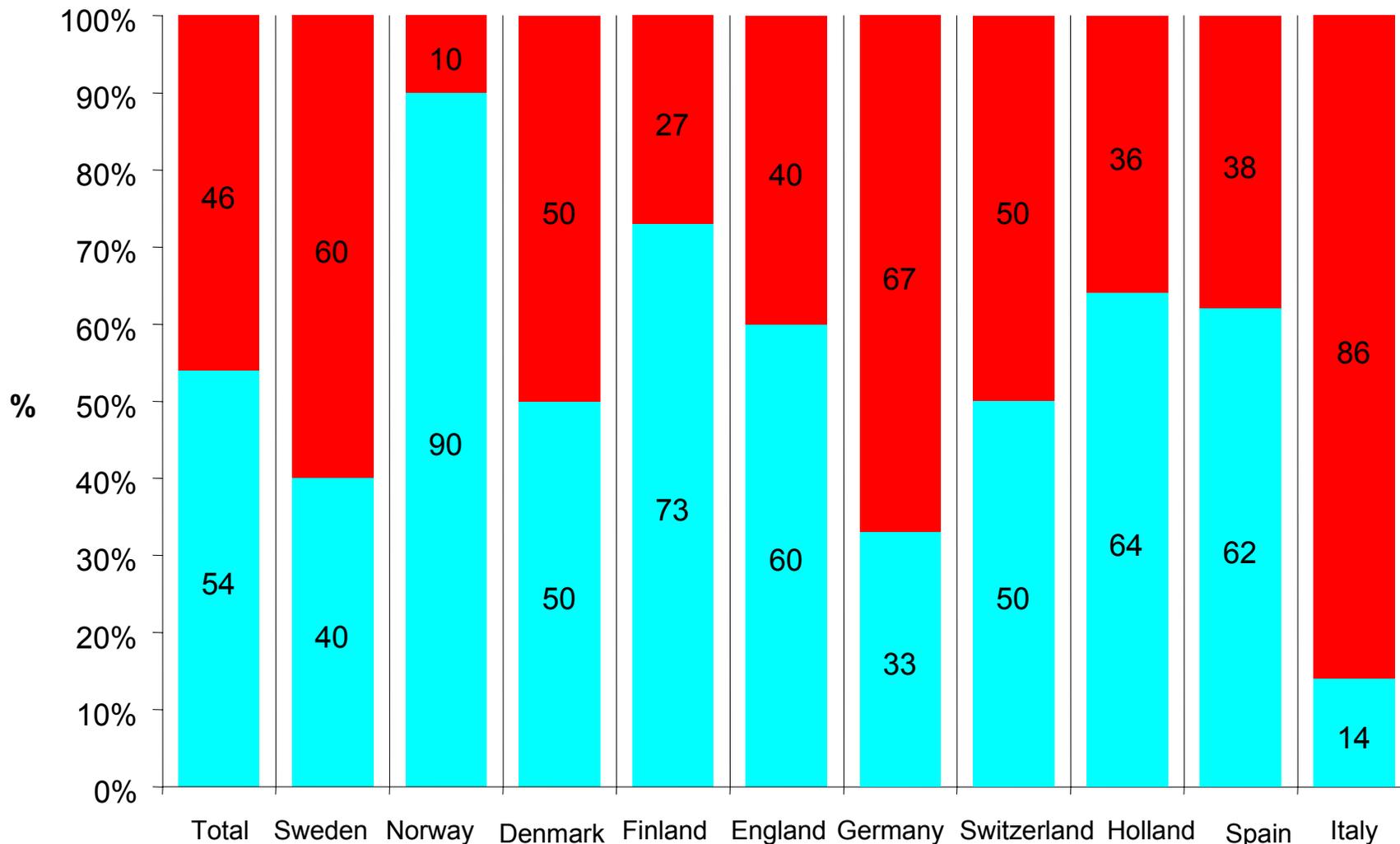
# WILL E-COMMERCE WITH METALS...



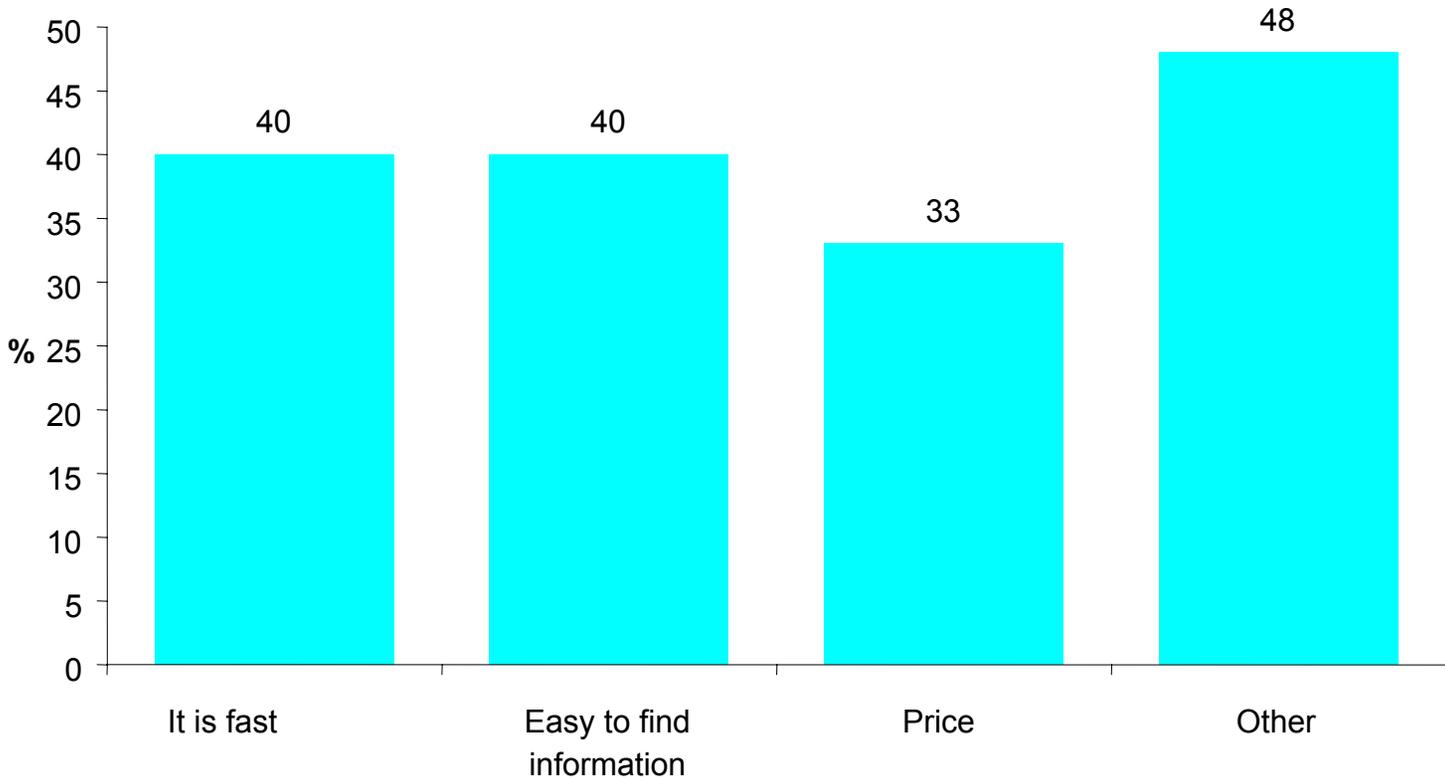
# WOULD YOU CONSIDER TRADING AT A SITE LIKE STEELSCREEN?

Yes

No



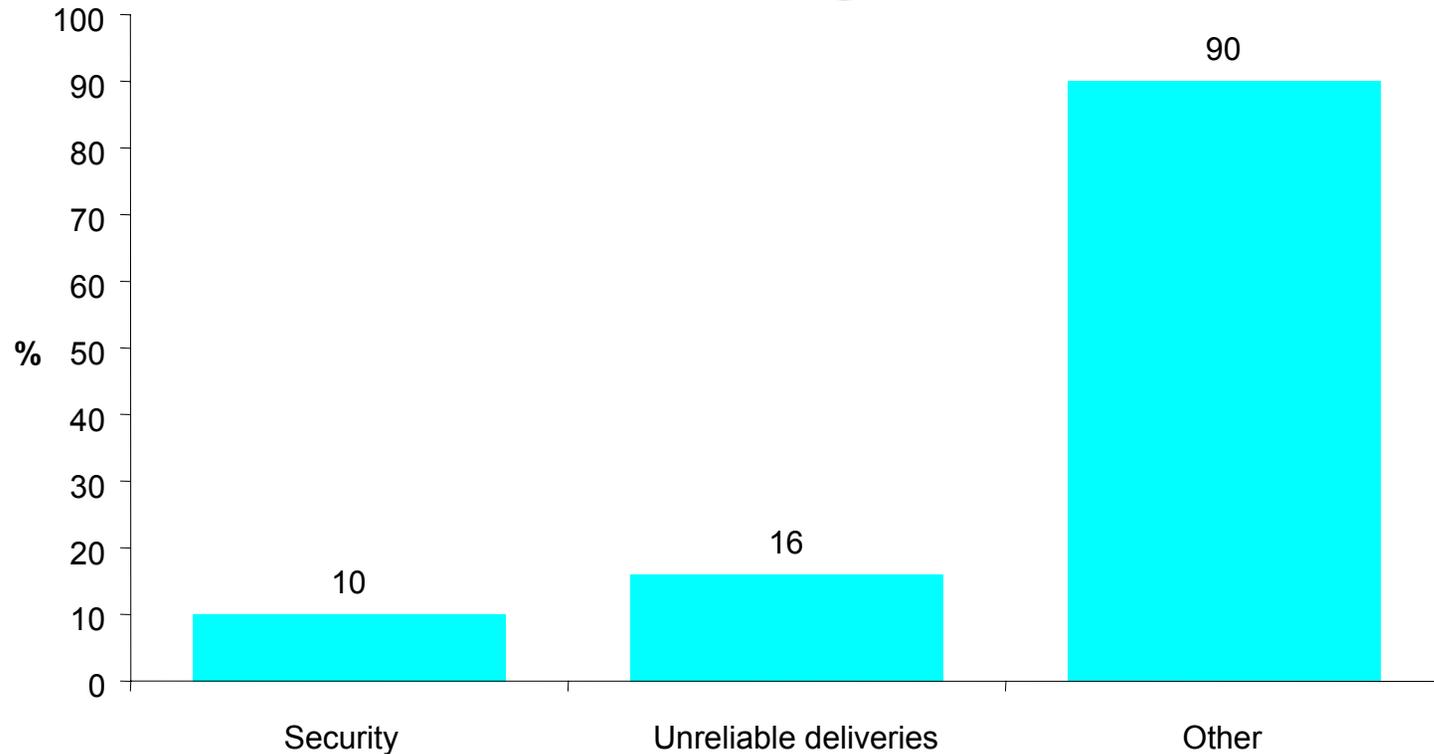
# WHY?



## ◆ Other answers:

- “You come into contact with companies you did not know about.”
- “Simplifies the routines.”
- “I’m open to anyone as long as the e-commerce works safely.”
- “I want to test it and see how it works.”

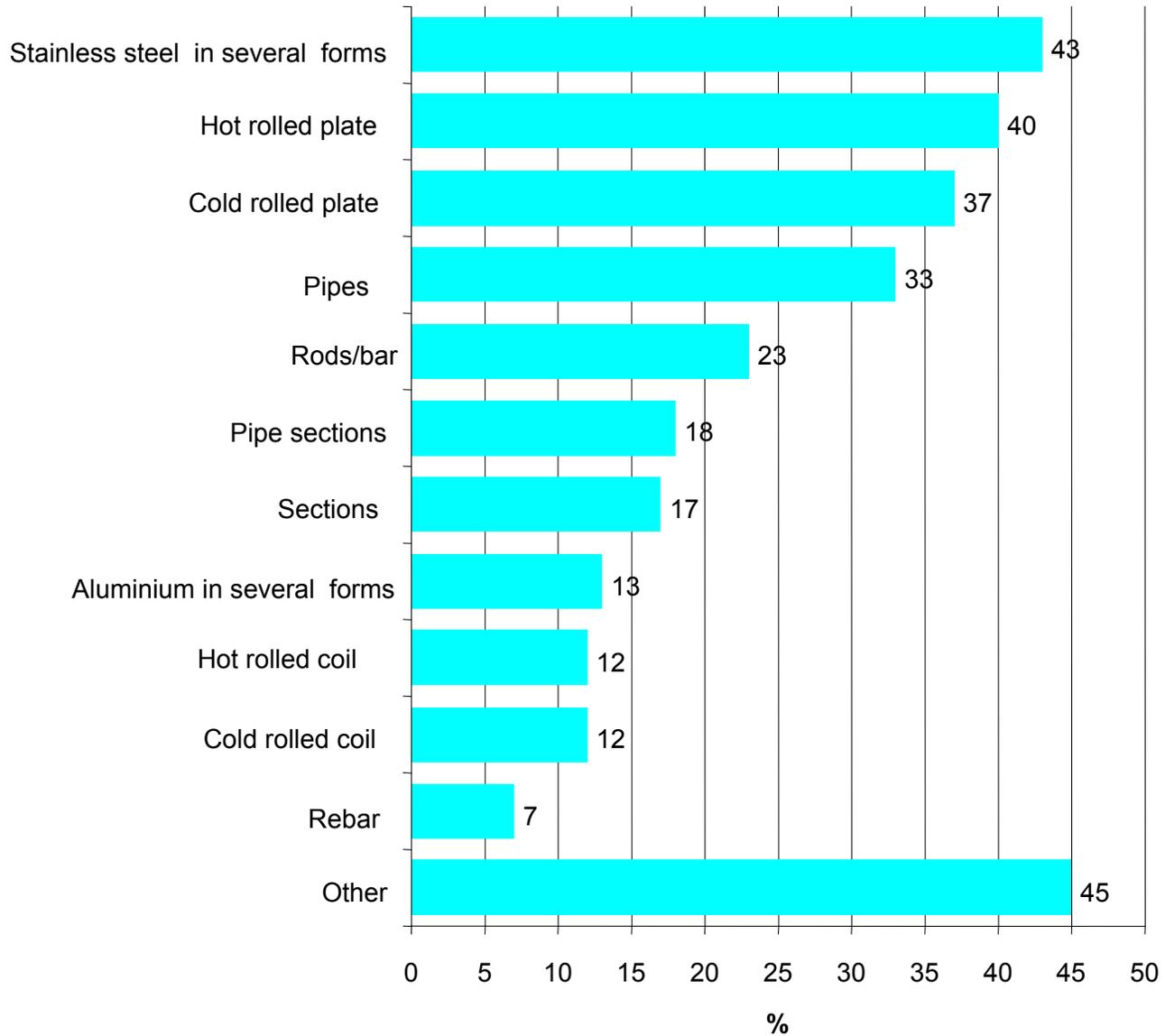
# WHY NOT?



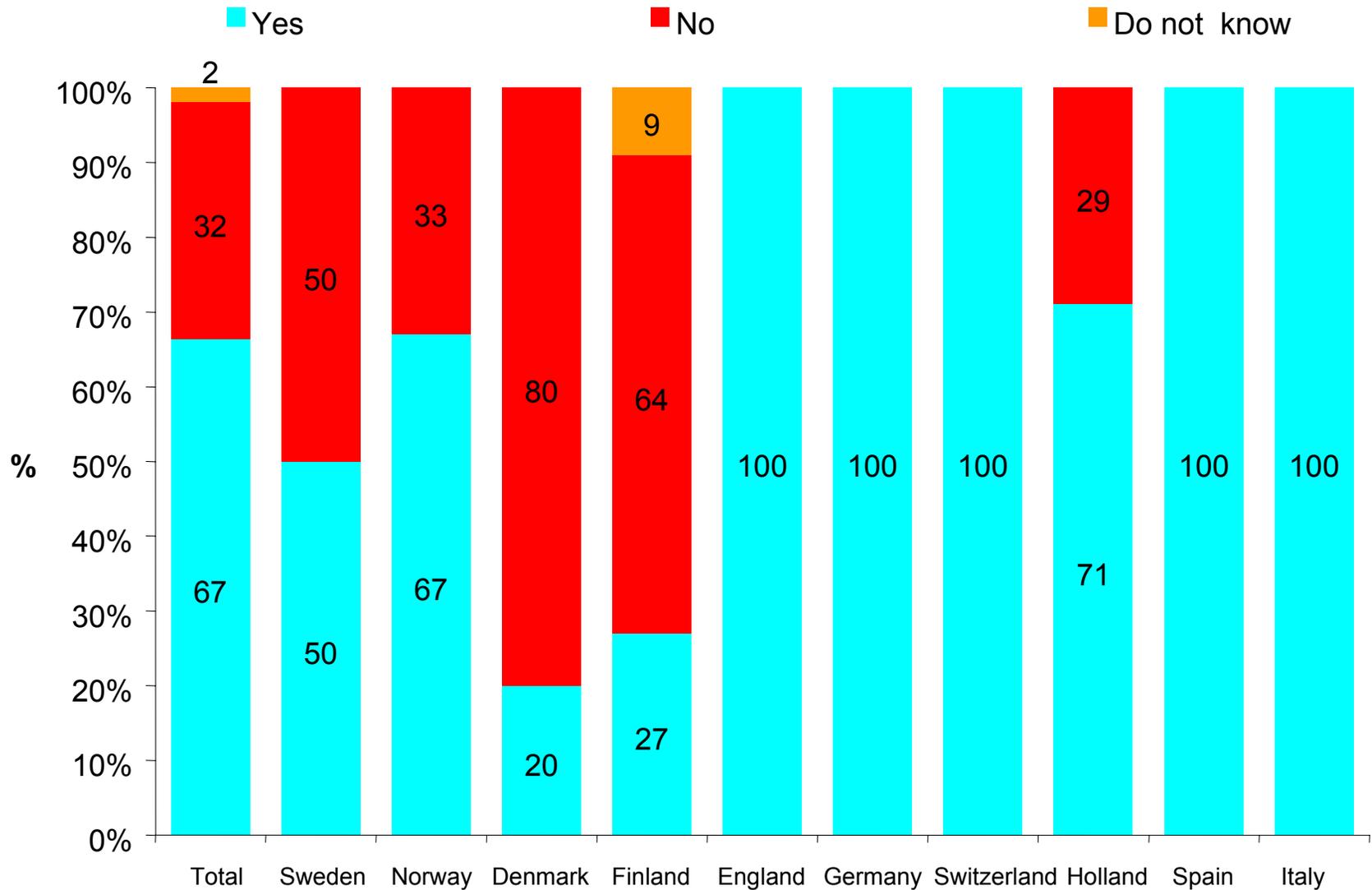
## ◆ Other answers:

- “Since transportation is the big expense I don’t think this will be more effective. There’s also a greater risk of getting bad quality steel.”
- “I’d rather have the personal contact.”
- “Today we have so many technical discussions before we reach a decision, so at the moment it’s not an issue. We have to develop more.”

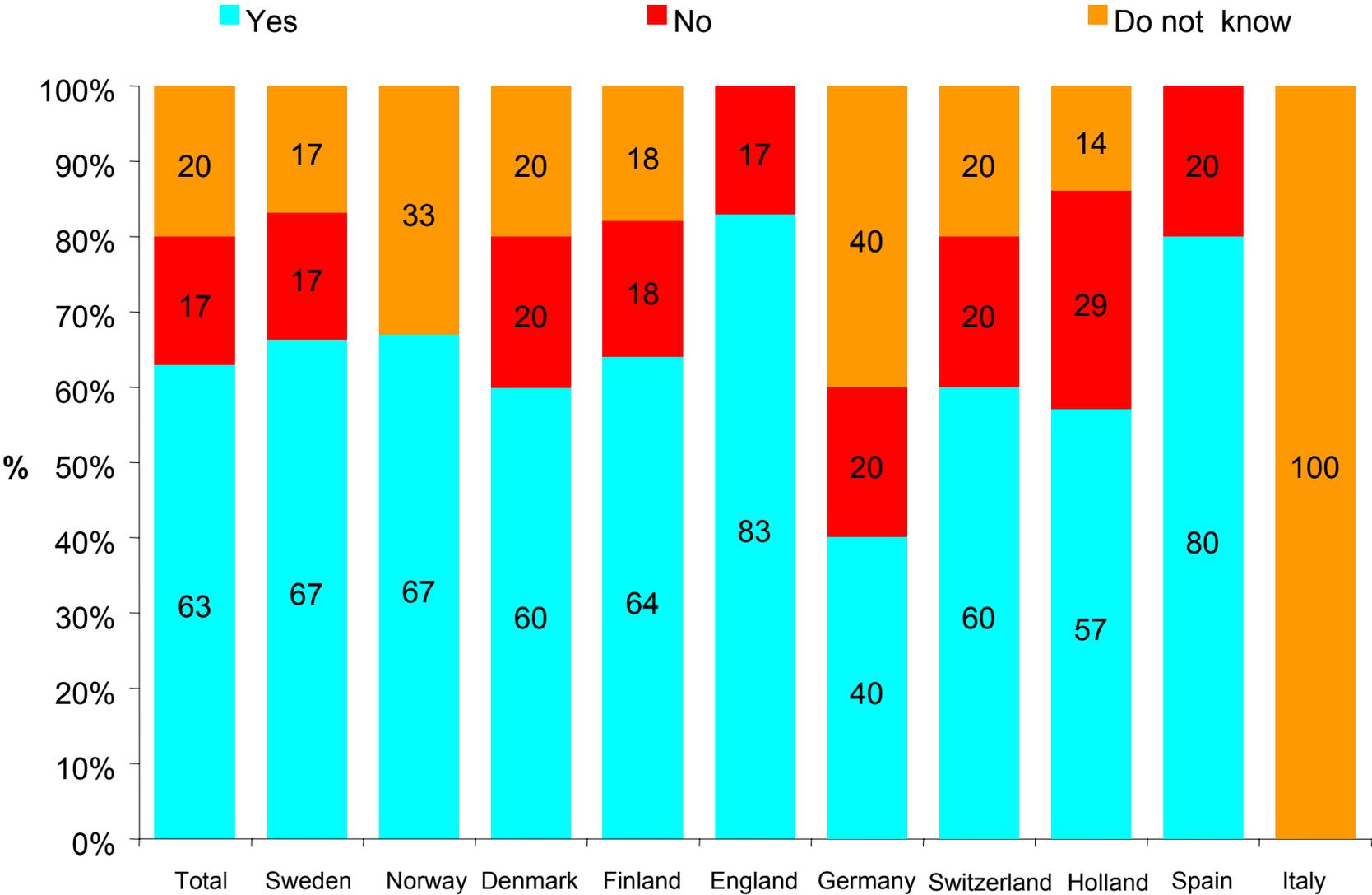
# PRODUCTS



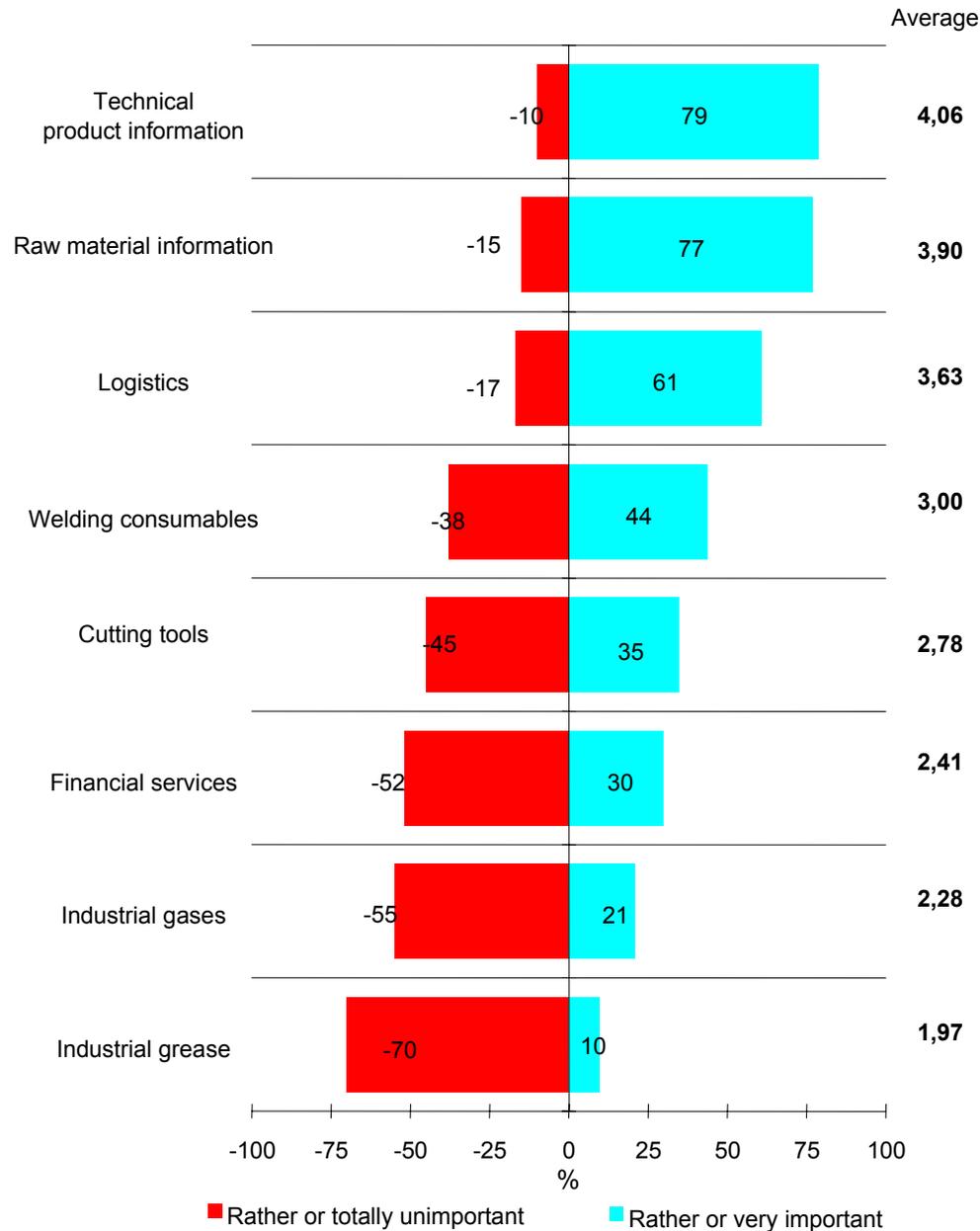
# DOES THE IDENTITY OF THE SUPPLIER MATTER?



# SHOULD STEELSCREEN BE INDEPENDENT?



# ADDITIONAL LINES OF BUSINESS



# CONCLUSIONS AND RECOMMENDATIONS

- ◆ Most people think that metal trading on the Internet will increase. However, few see any immediate advantages in the new technology. The traders are satisfied with today's buying process, and ascribe the expected increase in e-commerce to IT development in general.
- ◆ Steelscreen's task will be to add customer values in this new channel.
- ◆ Why should you buy metal on the Internet?
  - ◆ It is the future
  - ◆ Easy to find information.
  - ◆ Do not want to be left behind.

Not good enough!

# CONCLUSIONS AND RECOMMENDATIONS

- ◆ Steelscreen has to prove to future customers that e-commerce saves time and money.
- ◆ A great barrier against e-trading metals is that buyers are afraid to abandon the personal contact with suppliers. To make traders use Steelscreen it has to have a vivid brand with a “face” and stand for certain values. Buyers have to trust Steelscreen concerning:
  - ◆ Reliable deliveries
  - ◆ Best price
  - ◆ Quality
  - ◆ Able to solve complex problems

# CONCLUSIONS AND RECOMMENDATIONS

- ◆ Steelscreen must not forget brand building within traditional channels: a strong trademark there is essential for future buyers to find the web site. Steelscreen must own the concept of “metal trading on the Internet”.
- ◆ Our view is that the web site should be constructed so that a personal relationship between the buyer and Steelscreen is created. One way to do this would be to have a virtual person hosting the site, such as Hera Qraft or Miss Boo.