

Press Release

Loewe is the most market-oriented company in Germany

BBDO Consulting presents a study of the market orientation of German companies / Loewe is first while Sartorius and Henkel are ranked two and three in the top 20.

Düsseldorf, 26 April 2007 – The international business consultancy arm of the German BBDO Group, BBDO Consulting, together with the Department for Innovative Brand Management of the University of Bremen, has investigated the factors contributing to the success of market-oriented companies. Market orientation refers to a company's ability to consistently adapt all aspects of its management to the market. Number one on the list of top 20 companies is Loewe, with Sartorius and Henkel in second and third place respectively. The results in brief: market orientation creates value and positively influences performance on the stock market, innovation and customer satisfaction. Moreover, a company's market orientation is independent of market growth as well as pricing levels and pressure in the market. Thus market-oriented businesses can achieve premium pricing and a bigger market share even in declining sectors.

Market orientation is key to a company's sustainability

- Market orientation increases a company's capacity to innovate through consistent adaptation to market developments and customer demand.
- Market orientation improves the performance of companies on the stock market and is an indicator of their market value.
- Market-orientation leads to greater employee loyalty and thus to greater productivity.
- Market-orientation leads to greater satisfaction and thus to greater customer loyalty.

The results in detail

The study is based on comparisons between the six top companies and the worst 50 among the 254 surveyed. It makes it emphatically clear that market orientation pays; market orientation can be quantified and has a strong value-creating effect on company and stock market performance. In five years, the top six achieved a 46% higher total shareholder return (share price rises and dividends) than the worst performing 50 of the companies surveyed. Comparing the most market-oriented 30% of companies with the rest of those listed there is a remarkable difference of 285%.

Market orientation is the result of an appropriate and consistent course of action. In order for an integrated business management system to be implemented, marketing should be the direct responsibility of the CEO or CMO.

The effects of market orientation are many and various: the top ranked companies distinguish themselves from the rest by their exceptional innovativeness. At the same time, the top

performers value their research & development budget allocation - in relation to their total turnover – higher by 96% than the average of the bottom 50 companies. The study shows clearly that market-oriented businesses have more satisfied and more loyal customers. An added bonus for market-oriented companies is motivated workers who identify strongly with the company.

Top 20 ranking of the most market-oriented businesses

Rank	Firm	Sector
1.	Loewe AG	Retail, consumer goods
2.	Sartorius AG	Industrial and capital goods
3.	Henkel KGaA	Healthcare, pharmaceuticals, chemicals, biotechnology
4.	Oldenburgische Landesbank AG	Banking and financial services
5.	Air Berlin PLC	Transport und logistics
5.	Bayer CropScience AG	Healthcare, pharmaceuticals, chemicals, biotechnology
7.	Bayer Material Science AG	Healthcare, pharmaceuticals, chemicals, biotechnology
8.	BMW AG	Automotive
9.	Celesio AG	Retail, consumer goods
9.	Christ Juweliere (Douglas Holding AG)	Retail, consumer goods
11.	Frosta AG	Retail, consumer goods
11.	TELES AG Informationstechnologien	Telecoms, high-tech, IT
13.	Müller - Die lila Logistik AG	Transport and logistics
13.	SolarWorld AG	Industrial and capital goods
13.	WASGAU Produktions & Handels AG	Retail, consumer goods
16.	VK MÜHLEN AG	Retail, consumer goods
16.	cash.life AG	Banking and financial services
18.	DIS Deutscher Industrie Service AG	Service provider
18.	Erlus AG	Industrial and capital goods
18.	aleo Solar AG	Energy, utilities, new energy sources

Market-oriented companies operate with a transparent communications structure across all departmental boundaries. The winners of this study, for example, are able to communicate relevant information regarding competition and customer satisfaction promptly throughout the company. The study emphasises the enormous difference between the best and the worst: the marketing information system of the top six is better developed by more than 200% than that of the bottom 50 companies.

The study disproves the theory that small companies are closer to their customers than big ones, since market orientation increases with the size of the business. Companies with more than 10,000 employees achieve the highest average score, and those with fewer than 50 employees the lowest. Any advantage that small market-oriented companies have in being able to process and react to information regarding customer demand and competition more quickly and efficiently is evidently more than compensated for. This is the result of greater professionalism in the field of marketing, better resources and a better integration of business, marketing, sales and branding strategies in big companies. Thus, the business and marketing strategies of the most market-oriented companies are 112% more coordinated than those of the 50 worst.

The top three, Loewe, Sartorius and Henkel, distinguish themselves primarily by the efficient coordination of their overall company strategy with their marketing, sales and branding strategies. After a company crisis in 2003/2004, Loewe repositioned itself as a premium brand for LCD television, organised sales through qualified retail partners in the “shop-in-shop” system and established marketing at a senior management level. Strongly integrated trade communications further contribute to market orientation.

Golden Rules

- **Market orientation is a matter for the boss.** Market orientation must be established at the highest level of management (CEO or CMO) in order that the potential of market orientation is fully exploited.
- **Knowledge is market power.** Those companies who don't know what the market wants will miss the boat. Promoting good information management contributes to market orientation.
- **All departments must pull together.** A company can only work in a market-oriented way if all departments are coordinated.
- **A strategy must set the tone for the whole company.** The overall business strategy must be 100% in line with the marketing, sales and branding strategies.

"The results highlight the benefits of a move towards market-oriented company management. In terms of their performance, the top companies are streets ahead of the worst in the study. The study also demonstrates how market orientation drives the total shareholder return if it is established as an integrated management tool at a senior management level," says Udo Klein-Bölting, CEO of BBDO Consulting.

Survey design

The study was conducted in collaboration with the University of Bremen's Department for Innovative Market Management during Q2 and Q3 in 2007. The data was collected by means of a 15-minute telephone or online survey, using a standard questionnaire that was answered by the strategic business units of listed German companies. The response rate was 25% (sample N= 1000 businesses polled.) The companies surveyed were distributed equally across all sizes of business from the DAX 30, TecDAX, M-DAX and S-DAX. The healthcare / pharmaceuticals / chemicals, industrial and capital goods and the telecoms / high tech / IT sectors are most represented.

BBDO Consulting

BBDO Consulting is the top international management consultancy for market-oriented business management. Together with its clients, BBDO Consulting develops and implements strategies for market adaptation and translates them into tangible, behaviour-influencing principles and systems. International blue chip clients and market leaders have trusted its unparalleled expertise in the areas of strategic brand and customer management since the company's inception in 2000. BBDO Consulting builds upon the comprehensive know-how of its staff from both consultancy and industry. Excellent knowledge of local markets combined with a global outlook contributes to their success in offices in Düsseldorf, Johannesburg, London, Madrid, Moscow, Munich, Shanghai, Tel Aviv and Zurich. BBDO Consulting is part of BBDO Worldwide, one of the leading international agency networks with over 290 offices in 77 countries.

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