Cermedes

APPLIED MARKET & BUSINESS STRATEGY

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Class Exercises

Cermedes at a Crossroads

Framing Our Strategy Around Kotler's 4Ps

85 Employees in **Hamburg**

Maker of high quality DIY power tools

Drills - Hammer Drills - Grinders

Once a trusted local brand…

Now facing stagnant performance amid evolving market trends

We'll examine Cermedes through Kotler's 4Ps:

- Product:
  - Modernizing the portfolio
- Pricing:
  - Evolving the pricing strategy
- Place:
  - Expanding distribution channels
- Promotion:
  - Repositioning the brand
- (+ Tech & Growth as enablers)

Cermedes: Recharging for Growth

EXECUTIVE SUMMARY

KEY ISSUES

- Aging Product Line
- Limited Innovation
- Pricing Pressures
- Untapped Trends
- Traditional Channels

PROJECT RE:CHARGE

- **Product:** Relaunch CoreLine, introduce SmartEco & Pro Series (cordless, smart, ergonomic)
- **Price:** Shift to value-based & psychological pricing with clear tiering
- **Place:** Launch web-shop, enter Amazon, pilot shop-in-shop model
- **Promotion:** Reposition under “Tools That Last”, focusing on durability, inclusivity, and repairability
- **Enablers:** Smart manufacturing upgrade, digital CRM, phased EU expansion

STRATEGIC SOLUTION

EXPECTED OUTCOMES

- Renewed Competitiveness
- Broader Market Reach
- Profitable Growth

Strategic Roadmap

PROJECT RE:CHARGE

KEY FOCUS AREAS

Time Horizon

Short-Term (2025–2026)

Product Relaunch
Market Repositioning
Digital Setup

Relaunch CoreLine cost-efficient tools
Launch SmartEco cordless line
Initiate “Tools That Last” campaign
Open webshop, pilot Amazon sales
Introduce CRM & digital after-sales

Mid-Term (2027–2028)

Launch Cermedes Pro Series (B2B segment)
Invest in smart factory upgrades (automation, lean cells)
Expand to Nordics & Benelux via e-commerce & distributors
Scale CRM loyalty programs & service subscriptions

Premium Expansion
Smart Manufacturing
Regional Growth

Long-Term (2029–2030+)

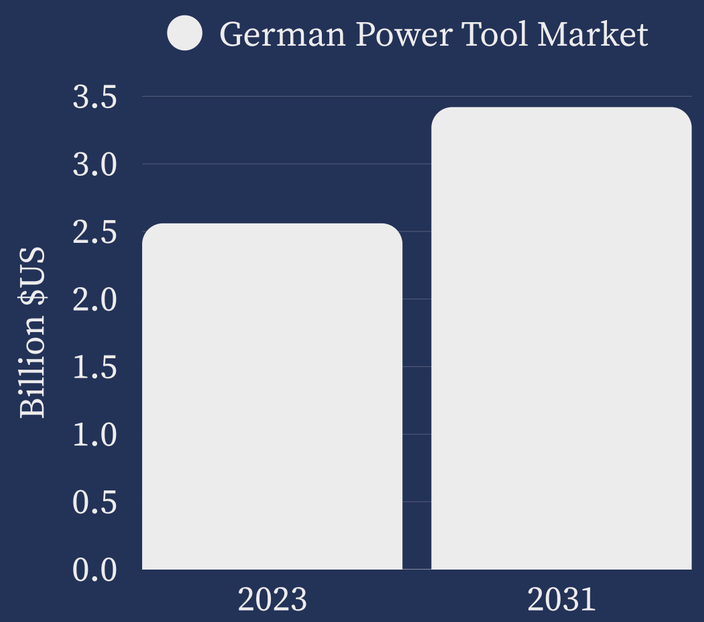
EU Leadership
Platform Ecosystem
Operational Excellence

Launch new IoT-enabled, AI-driven tools
Optimize digital / physical customer lifecycle
Consider global expansion or licensing

Market Overview & Trends

DIY POWER TOOLS MARKET: A CHANGING LANDSCAPE

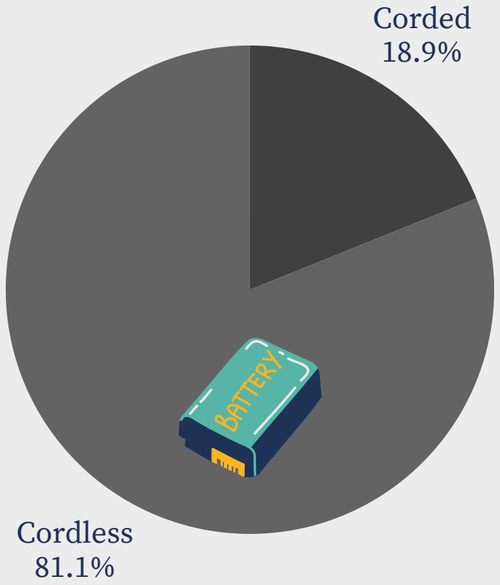
Market Size & Growth



~3.71% CAGR

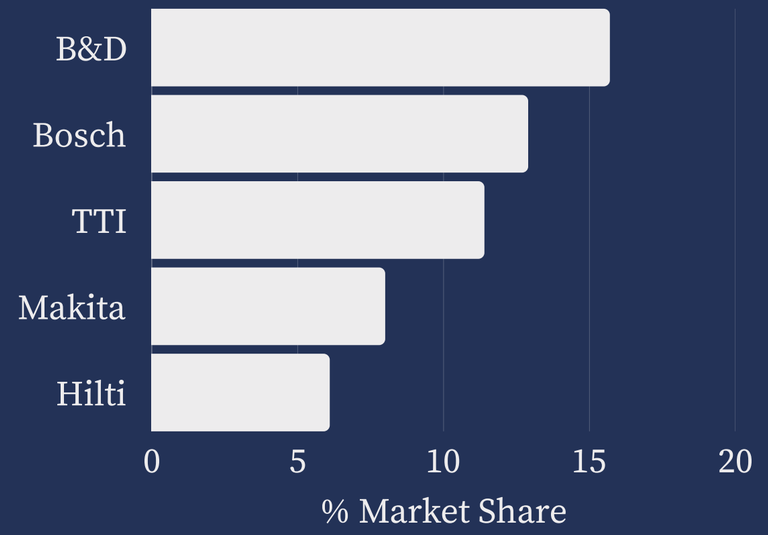
$3.42B by 2031

Consumer Trends



- IOT Enabled Tools
- Data Analytics
- Enhanced Safety
- Ergonomic Design

Competitive Landscape



- Competitors have **broader products & high innovation budgets**
- Low-cost imports **increase price competition**

Cermedes Performance & Competitiveness

"STAGNATING SALES AND ERODING EDGE"

Product Competitiveness

- Portfolio limited to corded tools
- Lacks innovative features
  - Brushless motors
  - IoT functions

Cermedes tools are durable and high-quality, but perceived as traditional and less convenient in an era favoring cordless mobility

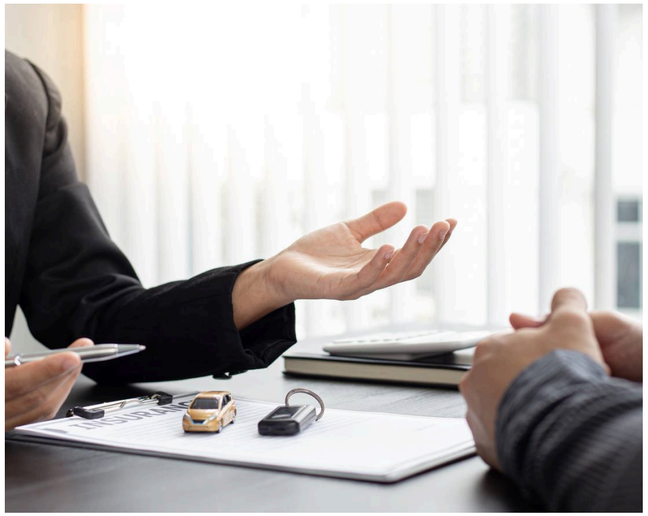
Flat Sales

Revenues Plateau
~€30.7M last year *

Decline in sales **over the past 3 years ***

Pricing Position

- Mid-premium wholesale prices (€42–85 per unit) *
- Higher than budget imports but slightly under top-brand pricing.
- Current pricing may not fully communicate superior quality yet could be undercut by cheaper rivals.
- Risking a value-perception gap



*** According to Company Report**

SWOT Analysis

CURRENT STATE ASSESSMENT

STRENGTHS

- Strong engineering quality
- German-made brand reputation
- Loyal B2B relationships
- Satisfied end-users on quality
- Solid manufacturing infrastructure

WEAKNESSES

- Narrow product range
- Minimal marketing capabilities
- Inflexible pricing strategy
- Small scale limits R&D and economies of scale
- Local production raises costs

OPPORTUNITIES

- Growing DIY market segments
- Rising demand for cordless/IoT tools
- E-commerce channels to reach consumers directly
- Potential EU expansion
- Sustainability trend favors durable
- Repairable tools – aligns with Cermedes' values

THREATS

- New entrants and international competitors expanding into Europe with cheap imports could steal market share
- Changing consumer values could render Cermedes products obsolete

So Far…

Cermedes enjoys a legacy of quality but is **losing competitiveness** due to outdated products and go-to-market approach. The situation calls for a bold transformation – updating the **product strategy, pricing, distribution, and marketing** to address the identified complications.

» Next, we delve into **each area to formulate solutions starting with the Product**

Are Cermedes' Products Still Competitive?

Feature	cermedes	BOSCH / AEG / makita
Power Source	Corded only	Cordless (Li-ion) ✅& Corded
Smart Tech	None	Integrated IoT systems (e.g. Milwaukee One-Key, Bosch Toolbox app) ✅
Battery Ecosystem	None	Shared across product lines (e.g. Bosch's Power for All) ✅
Perceived Quality	High (durability, Made in Germany)	High (durable and innovative; ergonomics & features prioritized)
Customer Segment	DIY user	Professional & DIY

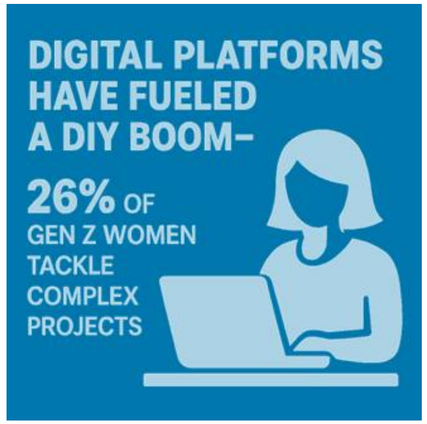
Not Fully Competitive

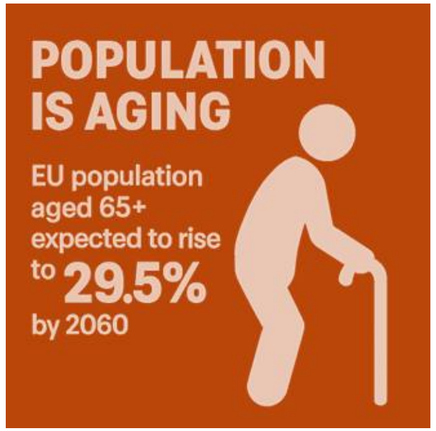
To lead the next era, Cermedes must:

- Develop portable & ergonomic product lines
- Explore smart capabilities
- Preserve quality, evolve design

Missed Segments = Missed Growth: A Closer Look

Today, Cermedes primarily serves traditional DIYers and tradespeople—typically men aged 35–60—who value power and durability, and shop through hardware stores or professional channels.





Missing Segments	**Women DIYers** **Tech-Savvy DIYers**	**Aging craftsmen**	**Facility Maintenance Firms**
Needs and Wants	• **Lightweight** tools • Intuitive operation • **Smart integrations** • **Cordless** tools with connectivity	• Low-strain, **ergonomic** design • Easy-access controls • Safety focus	• **Durable**, pro-grade tools • Fast service & replacement support • Brand reputation

1. https://pmc.ncbi.nlm.nih.gov/articles/PMC4963195/
2. https://www.hulkapps.com/blogs/ecommerce-hub/the-rise-of-social-media-home-improvers-a-new-era-of-diy-confidence
3. Europe Facility Maintenance Service Market Size, Forecast | LinkedIn

Refresh or Replace? Portfolio Change Recommendations

Project RE:CHARGE

Cordless lineup

- Expand cordless power tool range to address key portfolio gaps
- Join cross-brand battery alliances to ensure compatibility and accelerate R&D

Smart tools & IoT

- Add smart features (e.g., Bluetooth tracking) to premium models
- Leverage IoT trends to attract tech-savvy users and professional fleet managers

Ergonomic series

- Introduce lighter-weight, easy-grip, and low-vibration designs
- Target aging users and comfort-focused DIYers

Adjacent categories

- Enter garden tools by leveraging the DIY channel
- Use shared battery platforms to expand the product ecosystem and enable cross-selling

Rationalize existing products

- Phase out low-performing or overlapping models
- Prioritize hero products

Repositioning Cermedes in the Market

Current Position

Unclear brand identity beyond "reliable German tools." Cermedes hasn't articulated a strong unique selling proposition to consumers; it risks being seen as a generic or outdated local brand without clear differentiation in the marketplace.

Brand Activation Ideas

- **Awareness:** Sponsor a home renovation TV show to build emotional connection and mainstream visibility.
- **Performance:** Highlight tool durability & run live “power vs. weight” demos
- **Imagery:** Feature diverse real users (e.g. women, seniors) in brand storytelling
- **Judgment:** Launch sub-lines like X-Power (cordless) & Eterna (ergonomic)
- **Resonance:** Build loyalty via a “Cermedes Circle” club & host DIY competitions.

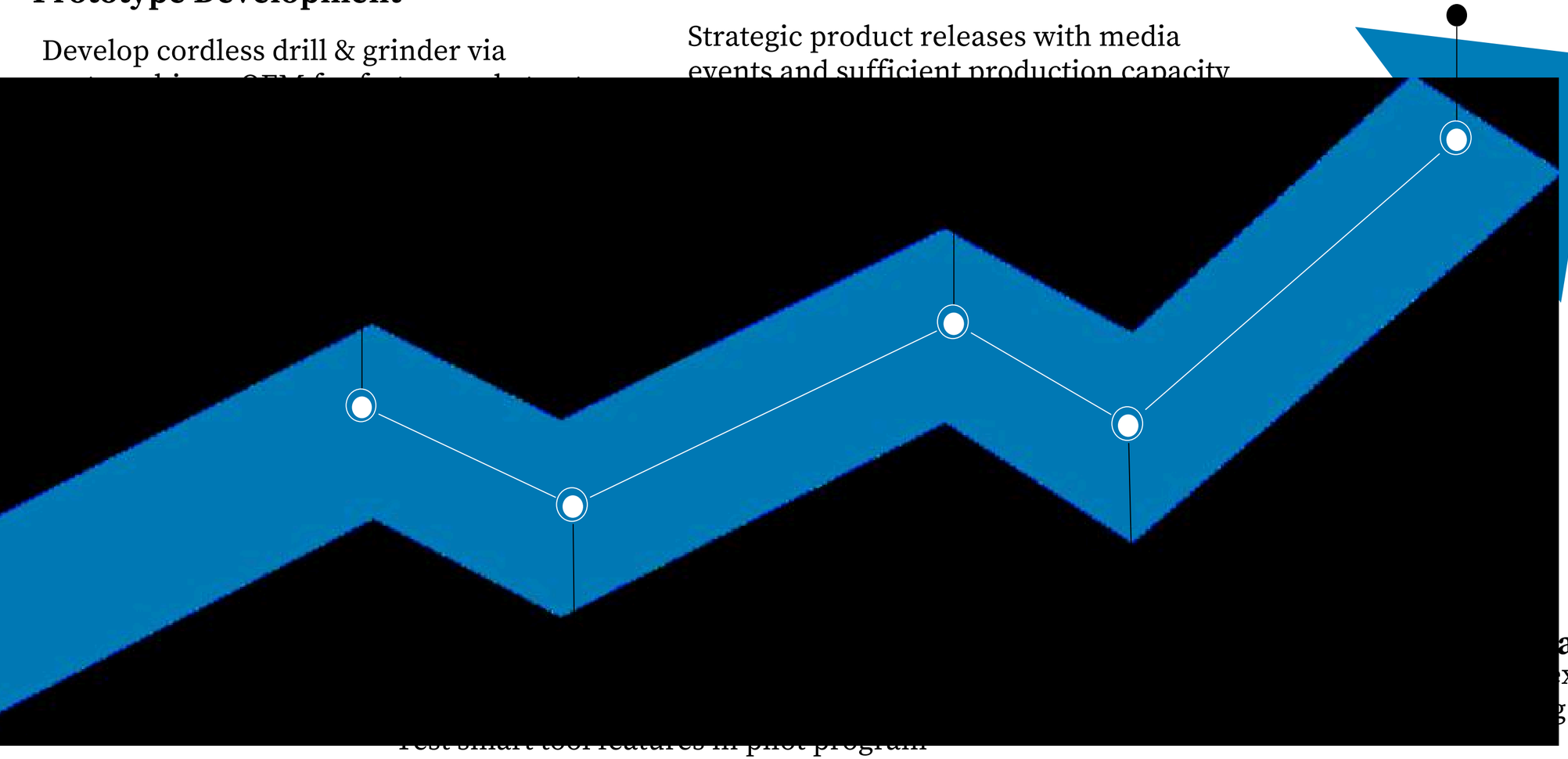
Value Proposition Statement 2.0

“Cermedes delivers durable, professional-grade tools - engineered in Germany and reimagined for today’s diverse DIYers.”

From Ideas to Market: New Product Implementation

Year 1 Q1 – Q3
Prototype Development

Develop cordless drill & grinder via



Test smart tool features in pilot program
- Limited edition drill with sensors
- Engage diverse DIYer panel for beta testing
- Iterative prototype improvements

Year 2 Q2
Launch & Market Activation

Strategic product releases with media events and sufficient production capacity

ation
xtensions
g scale-up coordination

Year 3
Target Outcome

Complete portfolio modernization with 50% cordless or revamped products aligning with market direction.

- Restored product competitiveness
- Portfolio refreshed for growth
- Market-aligned innovation pipeline
- Enhanced brand positioning

So Far…

We have seen that Cermedes must evolve its product mix – adding cordless and smart tools, targeting new customer segments, and repositioning the brand. These moves address whether products are competitive (now on track to be) and how the portfolio should change (diversify and modernize).

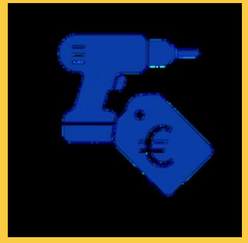
» Next, we tackle the **Price**

How Does Cermedes' Pricing Stack Up?
Analysis of Cermedes Pricing Strategy

Current Price Structure:

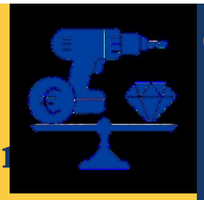
- **Whole Sale Price:** €42 – €85 across different product models.
- **Estimated Retail Price Range:** Approximately €70 – €140 (based on standard wholesale-to-retail markup).
- **Channel Focus:** Primarily sold through DIY stores.

Price Elasticity:



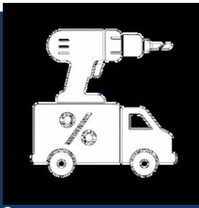
- **Consumer Perception:** Recognized quality, but "pricey".
- **Discounting Risk:** By weak brand erodes perceived value.

Competitive comparison:



- **Competitive Positioning (Price):** Above: Top-tier professional brands like Bosch (priced higher) Below: Bargain no-name tool brands (priced lower).
- **Market Tier Positioning:** Positioned as a mid-to-high-end brand. Caught between low price & premium features.
- **Value Perception:** Occupies a space offering better quality/features than budget options, at a more accessible price point than professional-grade tools.
- **Risk:** Weak if value perception is not clear.

Channel Margins:



- **Wholesale Model:** Sells primarily via wholesalers.
- **Distribution Margin:** Gives ~30-40% margin.
- **Reduced Control:** Less influence over final retail prices & promotional discounts.
- **Competitor Advantage:** Direct-selling competitors (online) have more pricing flexibility.
- **Margin Capture:** Direct competitors retain more margin themselves.

"Cermedes occupies an attractive mid-to-high price position, but lacks the brand strength and channel control to fully defend or leverage it."

Rethinking Pricing: A Strategic Shift for Cermedes

Aligning pricing with product tiers, customer segments & brand positioning

Value-based pricing:

Strategic Shift: Move from cost-plus pricing to value-based pricing.

Pricing Basis: Set prices based on customer-perceived value.

Key Action (Flagship Products):

- **Communicate Higher Value:** Emphasize benefits (e.g., multi-use battery, longevity).
- **Premium Positioning:** Price slightly below top brands.

Target Audience: Attract buyers seeking quality at a good value.

Good-Better-Best tiers:

Tiered Product Lines: Introduce segmented ranges with differentiated pricing.

Tiers & Pricing:

- **"Basic" Series:** Corded tools at entry-level prices for price-sensitive DIYers.
- **"Advanced" Series:** Cordless/ergonomic tools at mid-premium price.
- **"Pro X" Series:** Smart/heavy-duty tools at premium price for enthusiasts/professionals.

Purpose: Serve multiple customer segments & prevents brand dilution.

Competitive price benchmarking:

Continuous Tracking: Monitor competitor pricing constantly.

Core Model Strategy: Ensure core models offer:

- **Price Advantage:** ~5-10% lower than competitors, OR
- **Value Justification:** Price parity supported by extra features/warranty.

Realignment Action: If analysis shows products are overpriced, implement one-time price adjustments to regain competitiveness.

Promotional pricing tactics:

Targeted Discounts: Use limited-time offers instead of broad price cuts.

Loyalty/Referral Programs: Offer incentives (e.g., "Buy 3, Get 1 Free" for professionals) to drive volume.

Protect List Prices: Avoid publicly lowering standard prices to maintain brand value.

Avoid Price Wars: Steer clear of reactive discounting that erodes premium perception.

Add Value: Focus on bundled accessories or extended warranties instead of just cutting prices.

Pricing Strategies For Growth

Maintain premium for new innovations

- Premium pricing for new cordless innovations
- Price ~10% below Bosch
- Well above no-name brands
- Signals quality & funds R&D
- Requires convincing value communication
- Boosts brand equity & margins

Adjust legacy product pricing

- Gradual 5% price increase post-rebranding
- Leverage "Made in Germany" quality perception
- Test price tolerance with loyal customers
- Pursue manufacturing cost reductions (Segment 4)
- Boost unit margins by adjusting both pricing and production costs
- Conduct Economic Value Estimation* of each product for better pricing

ROI projections

- 5% price increase on top drill (€65→€68 wholesale)
- Could add ~€300K annual profit (if volume maintained)
- Assumes inelastic demand (strong quality perception)
- 10% price cut on slow selling products might stimulate +15% volume

Psychological pricing and margin impact

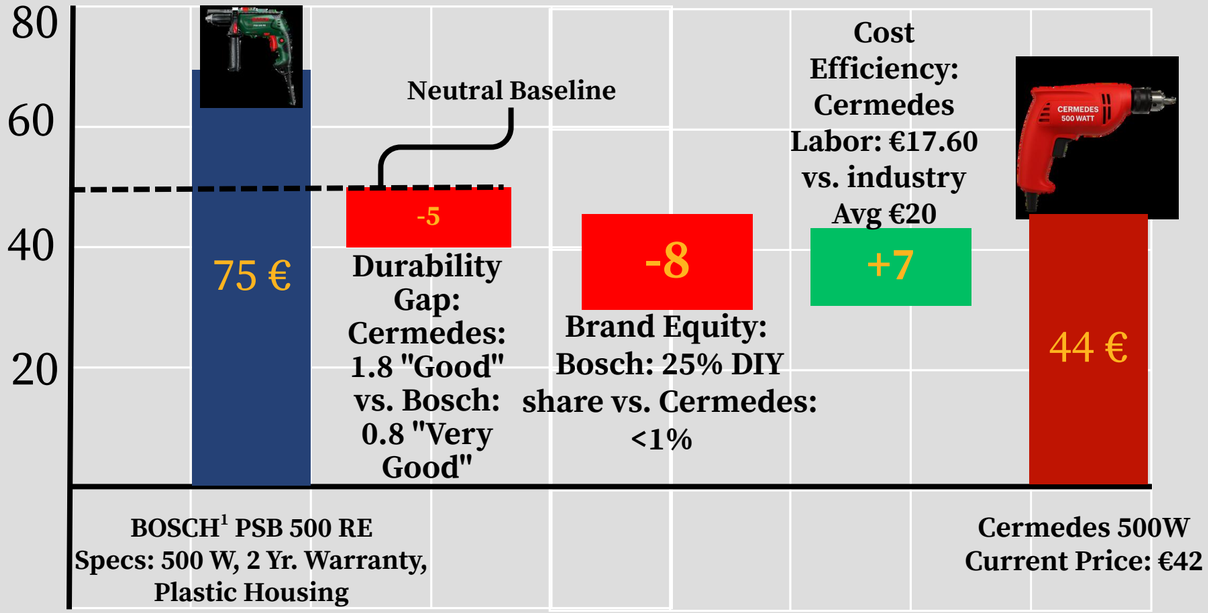
- Set attractive price points (e.g. €99 vs. €105)
- Offer bundle deals (e.g., drill + bits)
- Sell new products direct online
- Capture ~20-30% extra margin (vs. wholesale)
- Fund marketing/financing deals (e.g., installments)

*Based on the book “The Strategy and Tactics of Pricing” by Thomas T. Nagle and Georg Müller

Economic Value Estimation* Of Cermedes Products

Current Price Assessment

Cermedes 500 Watt Drill Vs Bosch PSB 500 RE



- Optimal pricing achieved.
- Cermedes 500 Watt should be sold at 44 Euros at a profit rather than at a loss.
- Focusing on durability can reduce the gap and increase the price.
- Similar analysis be done for all Cermedes products (old and new).

EVE (Economic Value Estimation) quantifies the added value of a product over the best alternative to guide strategic pricing decisions.

1-Whole sale prices calculated as per https://www.amazon.de/ by deducing normal margin of 20-30%

*Based on the book "The Strategy and Tactics of Pricing" by Thomas T. Nagle and Georg Müller

Future Product Line At Cermedes

Cordless. Smart. Ergonomic. Cermedes Enters the Future of DIY Tools

So Far…

We have seen that Cermedes' product pricing can be tuned to bolster its market position – combining premium pricing for its enhanced value and smart adjustments to stay competitive.

» Next, we focus on the **Place: Manufacturing & Distribution**

Manufacturing & Distribution at Cermedes

Cermedes Operations-Current State & Key Challenges

Facilities & Workforce

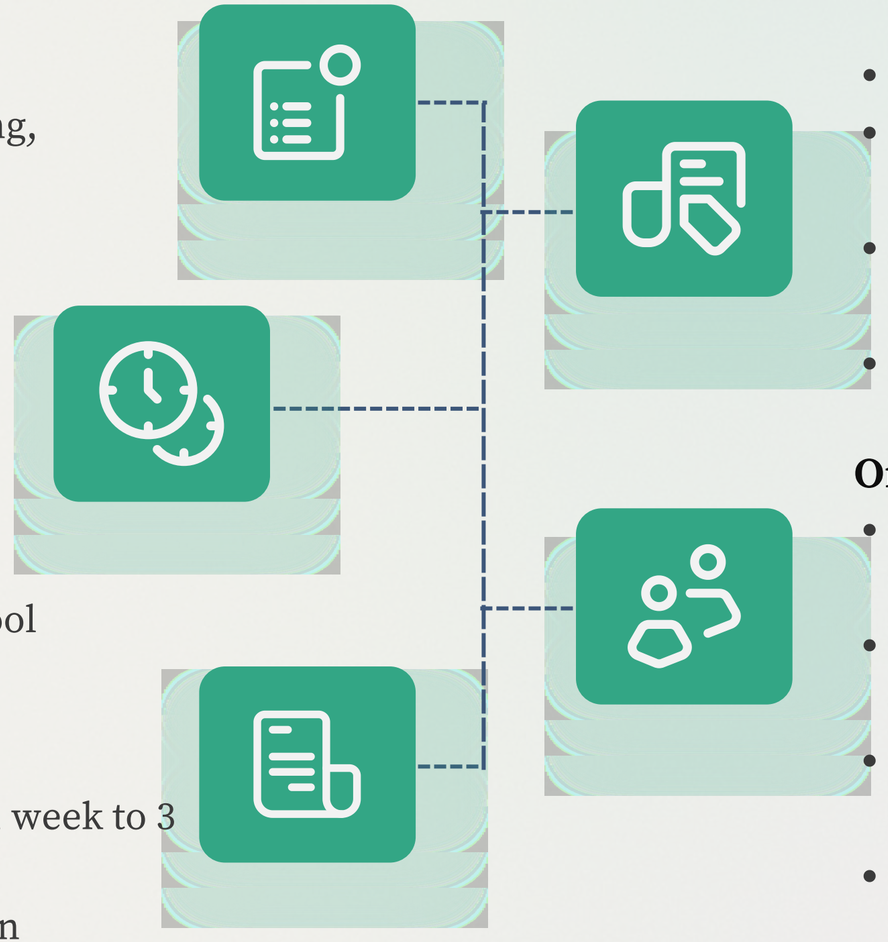
- Single site in Hamburg (2,090 m^2 + 600 m^2 warehouse).
- Producing ~480,000 units/year.
- 85 employees — 61 on production.
- Small teams for injection molding, packing, maintenance.
- Low automation; high labor dependency.

Manufacturing Inefficiencies

- Low automation; manual lines risk bottlenecks.
- High German labor & energy costs inflate unit cost.
- Limited readiness for cordless or smart tool production.

Supply Chain Risks

- 3+ motor suppliers with lead times from 1 week to 3 months.
- Lean logistics staffing increases disruption vulnerability.
- Just-in-time model raises exposure to global delays.



Distribution Limitations

- 70% of revenue via wholesalers, 30% via specialty retail.
- No D2C, CRM, or e-commerce platform.
- No end-user data for feedback or personalization.
- Distributor margins cut profitability; low pricing control.
- Channel conflict risk if online sales expand.

Organizational Constraints

- Small management team stretched across functions.
- Hard to manage parallel upgrades (CRM, tools, factory).
- Regulatory burden adds cost (waste, energy, compliance).
- Limited resources for training or process overhaul.

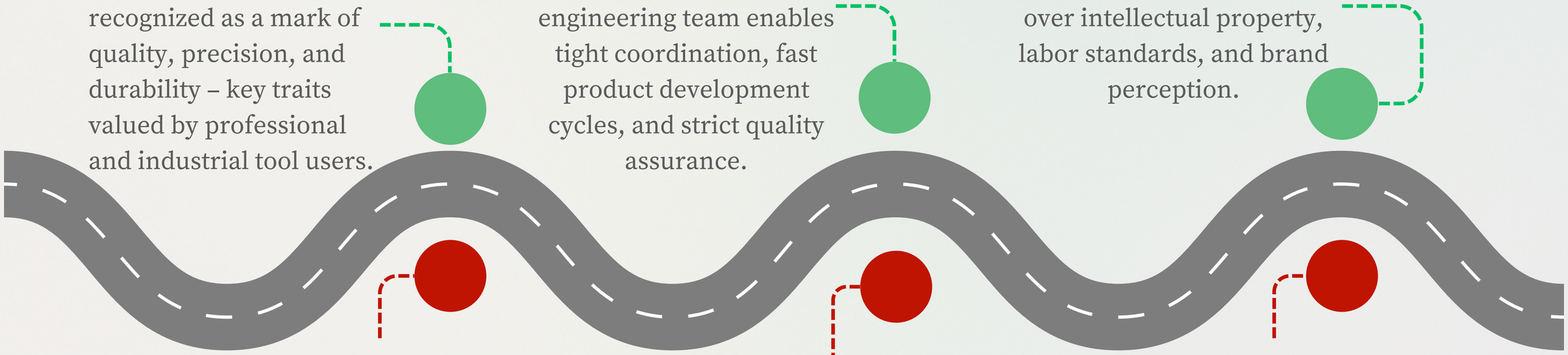
Cermedes' Manufacturing Strengths and Global Comparison

ASSET – Quality & Brand

"Made in Germany" is internationally recognized as a mark of quality, precision, and durability – key traits valued by professional and industrial tool users.

The Hamburg plant's proximity to Cermedes' engineering team enables tight coordination, fast product development cycles, and strict quality assurance.

Domestic production gives Cermedes greater control over intellectual property, labor standards, and brand perception.



LIABILITY – Cost & Scale

German labor costs are among the highest in Europe. Minimum wages, social security contributions, and energy prices inflate unit cost.

Competitors (e.g. Bosch, Stihl) are moving assembly and low-complexity processes to Eastern Europe (Romania, Czechia) or Asia (China, Vietnam) to scale operations.

Cermedes' Hamburg site (~480,000 units/year) may hit capacity limits with any significant demand spike – necessitating CAPEX or external partnerships.

German manufacturing is a brand pillar, but also a structural cost burden.

A hybrid strategy is recommended: maintain core production and final assembly in Hamburg to protect brand integrity, while using outsourcing and process upgrades to manage costs.

Manufacturing Strategy

Project RE:CHARGE: Smarter, Scalable, Cost-Efficient

Smarter Production

- Introduce robotics and sensor-based quality checks.
- Use automated screw-fastening to reduce manual labor.
- Goal: Fewer errors, faster production, ready for smart tools.

Strategic Partnerships

- Keep final assembly & motor QA in Germany (brand quality).
- Outsource casings & batteries to reliable partners.
- Partner with OEMs to speed up cordless tool launches.

Smart Expansion

- Option 1: Expand Hamburg plant (€4M investment).
- Option 2: Build EU satellite plant for cost savings.
- All tools branded “Engineered in Germany” to retain premium image.
- All hybrid manufacturing will maintain "Engineered in Germany" branding to preserve premium market positioning.

Distribution Strategy

From Legacy Channels To Direct & Digital

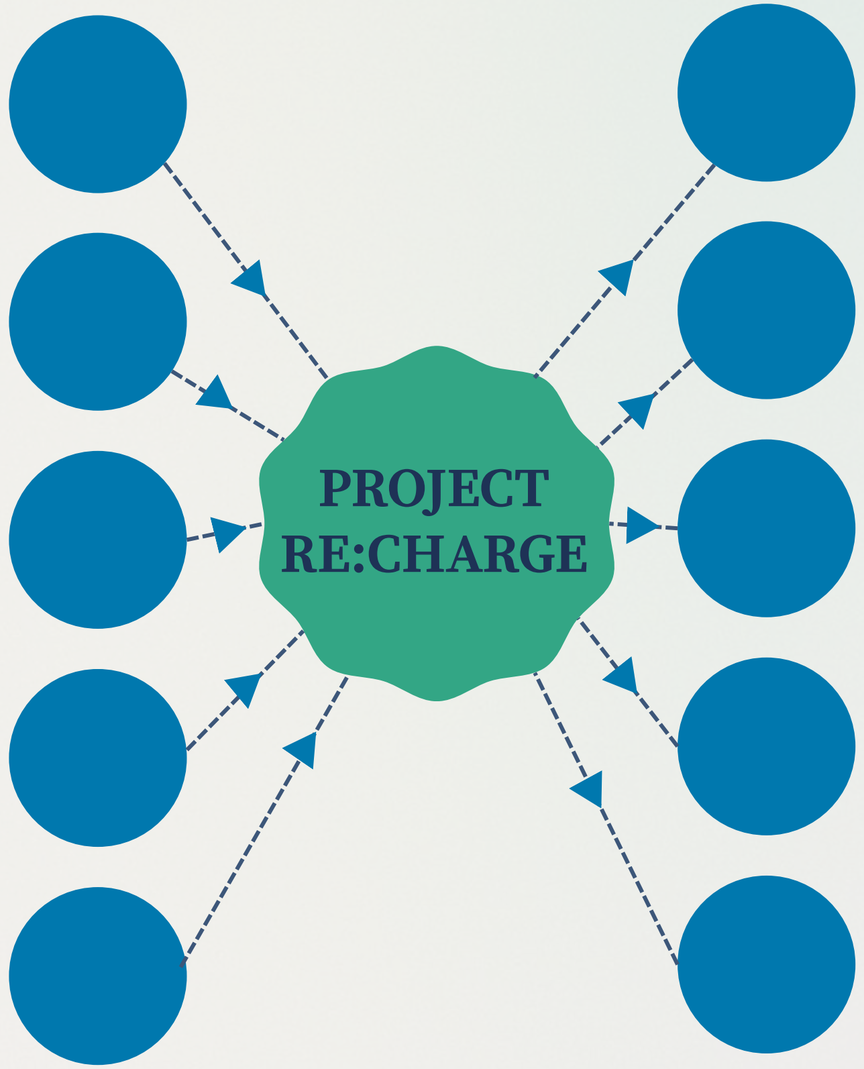
Traditional Channels
4 wholesalers & 6 retailers dominate distribution

Lack of E-Commerce
No web shop or marketplace presence (e.g., Amazon)

No CRM Data
No direct access to customer insights or usage behavior

Margin Losses
Distributor cut ~20–30% of potential profits

Channel Conflict Risk
D2C shift may alienate current partners



Direct E-Commerce (D2C)
Launch Cermedes.com: full range, specs, support, reviews.
Add Amazon/eBay with same/next-day delivery options.

Omni-Channel Differentiation
Pro tools stay exclusive to dealers.
DIY & new lines (e.g., garden tools) go D2C.
Align messaging across channels to protect margins.

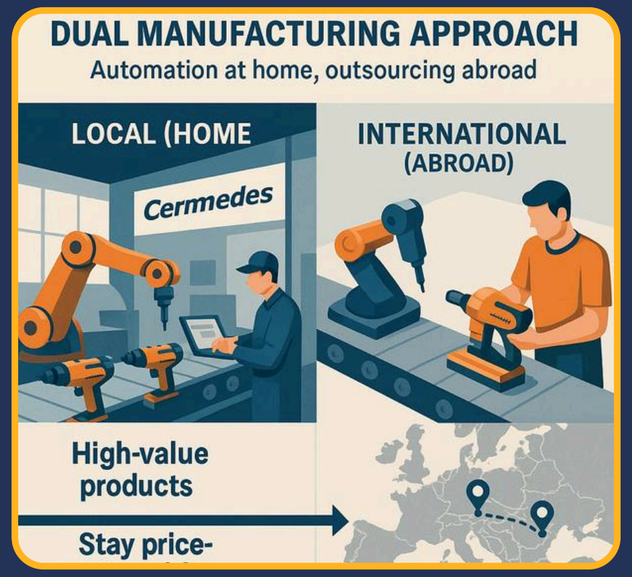
CRM & Feedback Loop
Deploy CRM (Work Package 4.1): track buyer behavior, warranty, satisfaction.
Enables lifecycle marketing, retention, and tool upgrade prompts.

Retail Expansion
LaunPartner with Bauhaus, Obi, Hornbach.
Launch branded kiosks and POS displays.

Logistics Infrastructure
Set up central EU hub (Leipzig/Maastricht) with 3PL support.
Real-time inventory, dynamic routing, international fulfillment readiness.

So Far…

Cermedes should maintain local manufacturing for high-value products but adopt a dual approach with automation at home and outsourcing abroad to stay price-competitive.



» Next, we focus on the **Marketing Communications & Brand Revitalization**

Marketing Communications & Brand Revitalization at Cermedes

Why didn’t Cermedes’ Ads Hit the Mark?

Review of Past Marketing & Advertising

Minimal marketing investment

- Cermedes focused on B2B sales and product quality instead of consumer marketing
- No strong campaigns or significant ad spend to build brand visibility
- A very small marketing team limited outreach and impact

Message & creative issues

- Ads were product-centric and spec-heavy, focused on features, not emotions
- Traditional media use (trade magazines, brochures) lacked modern engagement
- Limited representation: Messaging likely excluded women and younger DIYers

Lack of digital presence

- No strong presence on social media, influencer channels, or tutorial content
- Competitors dominated platforms like YouTube with demos and DIY partnerships
- Cermedes was invisible in the digital research journey, losing trust and relevance

Cermedes didn’t fail because of a bad slogan — it lacked a clear brand narrative & didn’t adapt to how modern consumers engage with products

Root Cause: No Brand Story, No Engagement

Adapting to Shifts: Gender, Sustainability & DIY Culture

EVOLVING CUSTOMER VALUES

PROJECT RE:CHARGE

Gender Inclusivity

- Women's DIY participation rose nearly 20% - advertising must feature all capable DIYers, not just men
- Use inclusive language and imagery across all marketing campaigns
- Address specific needs without patronizing (lighter tools, ergonomic designs)
- Follow successful examples like Home Depot's "**DIY Like Her"** campaign

Sustainibility & Values

- Promote durability = less waste = more sustainable
- Highlight eco-friendly practices (sourcing, emissions)
- Support repairs, recycling, and tool-sharing initiatives
- Campaign idea: **“Tools that last – for a better planet”**

DIY Community Culture

- Engage with authentic online DIY communities
- Provide tutorials, sponsor contests, host local workshops
- Inspire and empower users beyond just selling products

Brand Tone

- Move from technical to inspirational tone
- Focus on emotional connection and empowerment
- Example transformation: "1200W motor" becomes "Build your dream project - our tools will make it last"

Revitalize the Brand: Tools That Last – Campaign Plan

MARKETING STRATEGY & CAMPAIGN THEME

Campaign Concept: Tools That Last

- **Quality**: Real customer stories
- **Inclusivity**: Diverse DIYers in action
- **Innovation**: “Cordless freedom, lasting power”
- **Sustainability**: Less waste, tree-planting tie-in

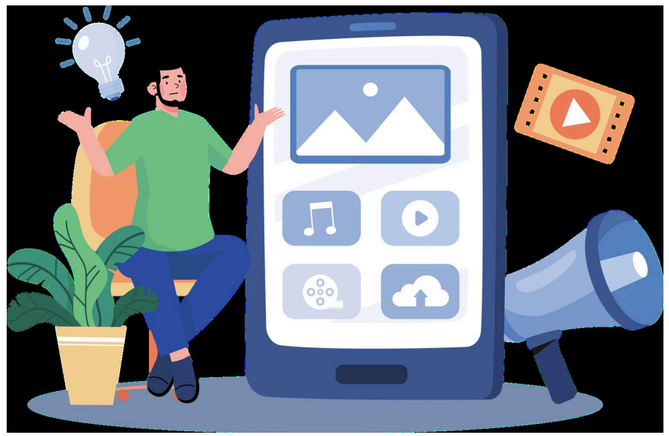
Key Messages

Quality & Durability

Inclusivity

Green Angle

Innovation



Channels & Touchpoints

Digital Marketing First

- Social media launch (YouTube tutorials, Instagram DIYs, Facebook community)
- Influencer partnerships (diverse DIY YouTubers)

In-store & Print

- Packaging with “Tools That Last” badge + value message
- POS displays featuring real users
- Print ads in DIY magazines

Trade Shows & Events

- Demos at expos (e.g., Maker Faire, home shows)
- Contest: Share your longest-lasting DIY project to win a Cermedes kit

Building Brand Equity through Integrated Marketing

BRAND EQUITY & MEDIA PLAN

Rebuilding Brand Equity

- Ensure consistent messaging across all touchpoints
- Build trust and pride in the brand
- Track progress via surveys (awareness, quality perception, loyalty)

Content Marketing

- Launch online content hub (how-to guides, tool care)
- Use SEO to attract DIY searches and build authority

Budget & ROI Focus

- Increase marketing spend to ~8–10% of sales
- Track ROMI: leads, conversion rates, awareness growth
- Leverage analytics & CRM for optimization

Smart Media Mix

- 40% Digital (social, search, influencers)
- 30% In-store/trade (POS, retailer co-ops)
- 20% Traditional (print, TV)
- 10% Events/PR

Fix Past Gaps

- Clear brand story: **“Lasting quality for all”**
- Align with modern values and digital behavior
- Drive growth via stronger customer acquisition & loyalty

Marketing Mix Summary – Promotion

ALIGNING THE 4 PS FOR COHESIVE BRAND POSITIONING

PRODUCT

Quality & innovation driving value

PRICE

Value-based tiered pricing — **“Worth it”** messaging

CERMEDES BRAND POSITIONING

PLACE

Easy availability in-store & online

PROMOTION

“Tools That Last” campaign, inclusive ads, digital-first focus

» Next, we will tie these **4Ps into a broader turnaround plan**

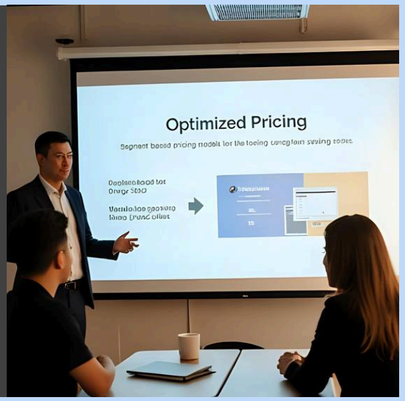
Turnaround Strategy Summary
RE:CHARGE Cermedes: Strategic Pillars

CERMEDES needs a strategic reset across key business dimensions.

Innovate Products
Ergonomic, cordless, smart tools for DIY and pro segments.

Reposition Brand
Inclusive, value-focused campaigns (e.g. "Tools That Last").

Optimize Pricing
Segment-based, value pricing & long-term savings messaging.



Expand Channels
E-commerce + retail alliances + event marketing.

Go Beyond
Go Digital, Go Global – CRM, IoT, new EU markets.

Strategic Roadmap
Growth, Technology, & Implementation

To operationalize the turnaround, CERMEDES translates the classic 4Ps—Product, Price, Place, and Promotion—into five strategic investment pillars.

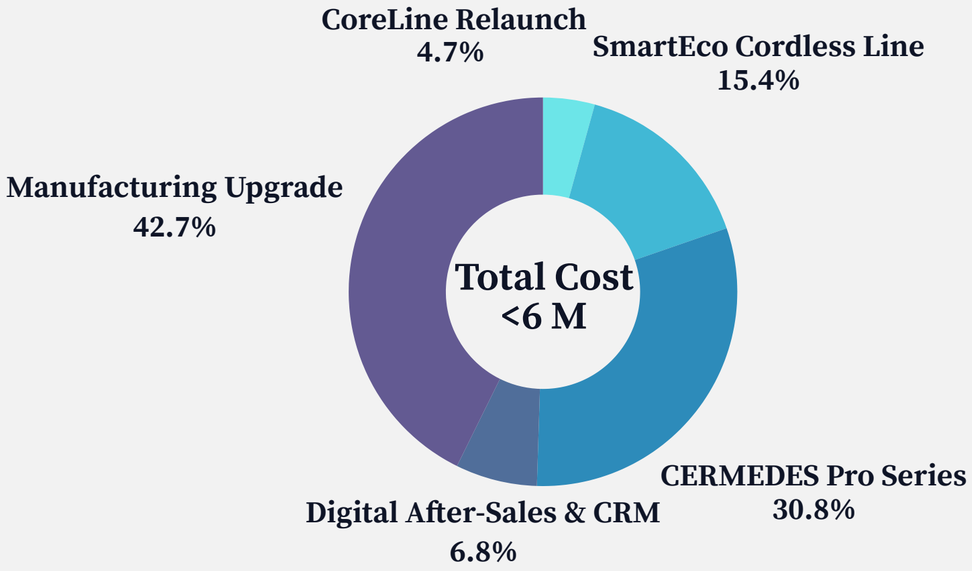
These pillars serve as the financial and executional core of the transformation. The plan is designed to evolve CERMEDES into a digitally fluent, tiered-brand ecosystem that scales across markets and segments by 2030.

The strategy is structured across three core dimensions: Implementation Roadmap, Strategy-Specific Financial Tables, and 4P-Aligned Strategic Logic.

Strategy	End of 2026	End of 2027	End of 2028	End of 2029	End of 2030
CoreLine Relaunch	Rebrand & relaunch 3 corded SKUs	Expand SKUs, bundles, enter retail chains	Launch in Austria & Switzerland with promotions	Add QR guides; CRM-linked loyalty bundles	Automate demand forecasting via CRM
SmartEco Cordless Line	Develop 2 flagship tools (Power-for-All-Alliance)	Launch in DACH & Benelux	Launch app with diagnostics, enter Nordics	Tool+service subscriptions in Scandinavia	Loyalty-based upgrade cycle
CERMEDES Pro Series	Research phase with B2B firms	Research phase with B2B firms & pilot scope	Pilot smart diagnostic tool in DE/NL	Expand suite, launch Pro Portal for B2B	Win contracts with facility groups; Top 3 in NW Europe
Digital After-Sales & CRM	CRM pilot for warranty & purchase tracking	Launch chatbot + service alerts	Loyalty program & automated campaigns	CRM-integrated diagnostics & predictive maintenance	CRM enables pricing optimization & upselling
Smart Manufacturing Upgrade	–	Begin ergonomic workcell redesign	Invest in smart assembly for Pro line	Train teams in digital workflows	Reach 20% efficiency gain, apply for EU green funding

Financial Analysis of Strategies

Strategy	Cost	ROI	Breakeven	Feasibility	Implementation	P Focus	Use Case
CoreLine Relaunch	€250K	18% over 18 months	Year 2	Very High	Easy	Product (reliability), Price (cost leader)	DIY first-time buyers, Central Europe volume
SmartEco Cordless Line	€500K	8–9% over 8 years	Year 8	High	Medium	Product (tech + ergonomics), Place (e-comm + retail)	Mid-tier DIYers, urban professionals
CERMEDES Pro Series	€1.8M	35% by Year 5	Year 4	Medium	Hard	Product (B2B smart tools), Place (direct B2B)	Property maintenance firms in NW Europe
Digital After-Sales & CRM	€400K	20% + savings + lifetime value gains	Year 3	High	Medium	Promotion (personalization), Price (data-led tiers)	All segments via app, email, campaigns
Manufacturing Upgrade	€2.5M	20% cost savings long-term	Year 5	Medium	Hard	Product(fit-for-future), Place (EU origin)	Core production hub (Hamburg), smart tooling lines



4P-Aligned Strategic Logic

Element	Positioning Strategy
CoreLine	Low-price, high-volume targeting entry-level/first-time DIY users
SmartEco	Mid-price, high-value targeting price-sensitive but quality-conscious consumers
Pro Series	High-price, low-volume B2B model with strong per-unit margins (for professional use)
CRM Tools	Drives segmentation, personalized bundles, and service-driven upselling
Manufacturing	Supports scale and flexibility while protecting margin via smart production investments

International Expansion Strategy
“Threat or Opportunity? Going Global With Cermedes”

“International growth is currently off the table.”
CEO, CERMEDES
But, for how long?

Domestic-only strategy is risky → **EU rivals are expanding fast** → **By 2030+ Goal: Internationalization**

CERMEDES should expand in **3 phases** based on **Uppsala Internationalization Model** (low-risk expansion strategy):

Phase 1 (Year 1–2)
DACH, Benelux. Use distributors & multilingual e-commerce.

Phase 2 (Year 3)
Scandinavia. Test Sweden & Denmark with retail partners + Amazon.

Phase 3 (Year 4+)
Evaluate UK/France or JV in Eastern Europe.

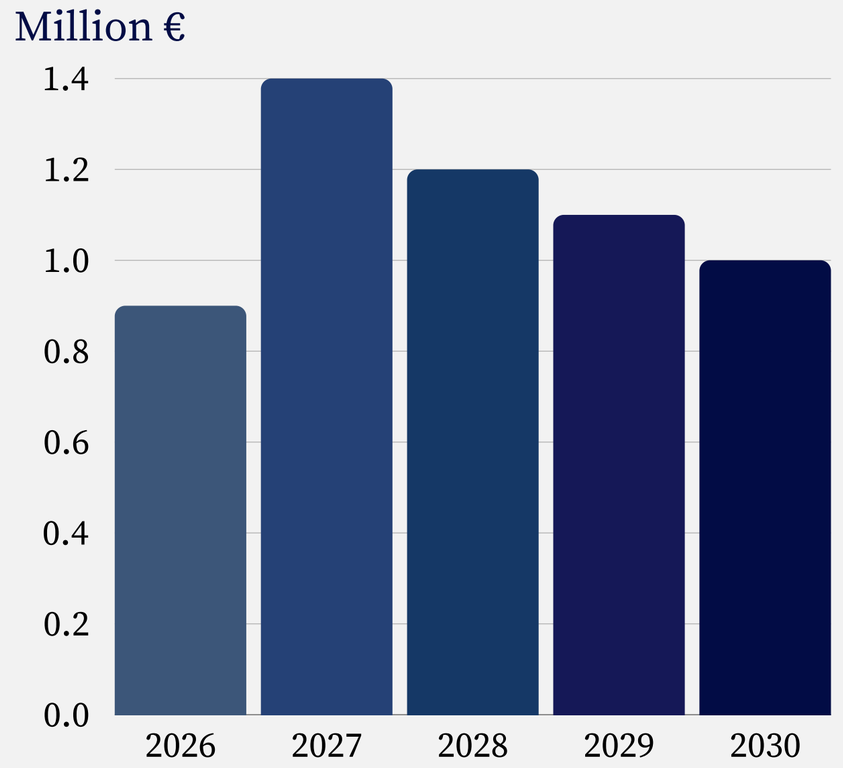
Why Expansion?
Reduce risk and access new customer bases.

International Expansion Strategy - “Market-by-Market Roadmap”

Country	End of 2026	End of 2027	End of 2028	End of 2029	End of 2030
Germany	E-shop & CRM launch; validate SmartEco & Pro internally	Expand 2-day delivery; retail support via trade shows	Launch subscription-based after-sales bundles	Begin B2B licensing for Pro tools with property firms	Establish shared service & sales HQ; full omnichannel
Austria	Market research; launch via distributor	Retail alliances (e.g. Hornbach), POS presence	Integrate e-shop + 2-day fulfillment from DE	CRM-based loyalty offers & direct service expansion	Test cordless subscription bundles
Switzerland	Partner scouting, limited online product testing	Retail presence via regional players (e.g. Coop Bau+Hobby)	Expand CRM; launch product guarantee & diagnostics	Pro tool entry via select B2B firms	Cross-border logistics optimization
Netherlands	Launch multilingual e-shop (NL), CRM pilot	Use Amazon NL + hardware store alliances (e.g. Praxis)	Begin SmartEco sales + SmartEco app soft launch	Local logistics hub serves BE/NL; test cordless + Pro bundle	Hire local lead; expand licensing network
Belgium	Distributor setup; CRM pilot (Flanders region)	Use Amazon, retail alliances (Brico); CRM expansion	Diagnostics-enabled SmartEco rollout	Loyalty campaigns; increase local after-sales staffing	Full e-shop, NL logistics integration
Sweden	—	—	Light direct export via Amazon; agent/distributor tests	Launch B2C campaigns, test Pro Tool demand via pilot users	Open e-shop SE; hire regional lead
Denmark	—	—	Launch SmartEco via Amazon and local online retailers	Distribute Pro tools via local agent model	Convert agents to full distributors
Norway	—	—	Explore Amazon + distributor combo (parallel with Denmark)	Build loyalty pipeline; initiate CRM targeting	Evaluate full retail or licensing options
France	—	—	—	Evaluate JV/licensing models; IP registration	Launch official e-shop, activate JV/licensing
UK	—	—	—	Setup B2B licensing; introduce SmartEco Pro via indirect distributor	Connect UK to EU support hub; CRM rollout
Eastern Europe	—	—	—	Evaluate low-cost Pro and CoreLine opportunity; study distributors	Localized e-store (basic offering); CRM pilot

Internationalization Financial Breakdown by Year

Year (End of)	Cost	Expected ROI	Feasibility	Implementation	Key Value Driver
2026	€900K	10–12% (early traction)	High	Medium	Digital infrastructure launch; CRM pilot; DACH/Benelux e-shop
2027	€1.4M	15–18% (channel scaling)	High	Medium	Entry into AT/CH/NL retail; Amazon/retail expansion; fulfillment scaling
2028	€1.2M	18–22%	Medium-High	Medium	Nordic expansion via digital & agents; SmartEco launch; localized logistics hub
2029	€1.1M	25–28%	Medium	Medium-Hard	Legal/IP + licensing setup; France/CZ/PL groundwork; Pro tool pilot in new regions
2030	€1.0M	30–35%	High	Medium	Full digital rollout; JV/licensing activation & regional team hiring
Total	**€5.6M**	**Avg. 24–30% ROI**	**High**	**Phased & Scalable**	**Export revenue scale-up, cross-EU brand footprint, digital monetization**



Component	Range	Assumptions
E-shop & CRM localization	€100K–€200K	Translation, UX adaptation, CRM support, GDPR compliance
Partner onboarding (distributors)	€50K–€100K	Contract setup, initial incentives, legal review
Digital marketing & launch assets	€75K–€150K	Country-specific campaigns, Google/Facebook Ads,
Legal, IP, JV Setup (Year 4–5 only)	€100K–€200K	Legal due diligence, licensing agreements, IP registration
Logistics & fulfillment expansion	€100K–€250K	Regional hub leasing, 2-day delivery, packaging compliance
Local hiring	€75K–€120K	Regional sales managers, e-support, compliance reps

Insight:
Given **CEO Nicole Richter's** cautious stance on international expansion in 2025, and based on her concerns **(lack of CRM, weak digital infra, no innovation culture),** Year 1 of implementation should begin in late 2026, after one year of internal readiness (late 2025 = preparation phase).

Timeline & Detailed Implementation Roadmap
Focus: Property Maintenance Sector

The **property maintenance** sector represents a high-margin, B2B growth engine for CERMEDES, complementing its traditional DIY base with recurring revenue, smart tool adoption, and deep CRM integration.

End of 2026
Co-create with the professionals

- Early co-development begins with German maintenance teams to define Pro tool specs; CRM-based feedback shapes ergonomic and technical needs.

End of 2027
Launch the Pro line

- First cordless Pro drill and additional models launch in Germany, Austria, and Benelux via select B2B resellers.

End of 2028
Go smart with diagnostics

- Smart diagnostic tool introduced; bundled offers and predictive maintenance features piloted with mid-sized service providers in DE & NL.

End of 2029
Scale with strategic contracts

- Multi-year supply deals signed with large facility firms; rollout of B2B CRM loyalty program and digital service portal.

End of 2030
Lead the maintenance market

- CERMEDES becomes a top 3 brand in NW Europe's property maintenance sector; smart tools drive 40%+ of B2B tool revenue.

€3.6M Total Cost
Avg. 25–30% ROI
Year 4–5 Breakeven

Analyzing Business Strategies
A SWOT for Future Success

Timeframe	Strategies Focus	Strengths	Weaknesses	Opportunities	Threats
Short-Term(2025–2026)	• CoreLine Relaunch • SmartEco Launch • Value-Based Pricing • E-Com & Rebranding	-Known quality (Made in Germany) -Mid-tier pricing flexibility -Fresh brand message -Battery alliance access	-Outdated product perception -No CRM/eCom infra -Lean team, low R&D	-Tap growing DIY & cordless market -Direct sales (D2C) margin gain -Inclusive branding	-Fierce price competition -Channel conflict risk -Digital rollout delays
Mid-Term(2027–2028)	• Cermedes Pro Series • CRM & After-Sales • Manufacturing Upgrade • Nordic Expansion	-B2B contracts for Pro tools -CRM data for upselling -Smart factory savings	-Long B2B sales cycle -Omnichannel complexity -Training & tech lag	-Loyalty programs & diagnostics -Scalable smart production -Expand into high-value EU markets	-Tech breakdowns -Compliance/data risks -Strong pro-tool rivals
Long-Term(2029–2030+)	• Full Product Line Maturity • EU Footprint • Brand Equity • Global Scalability	-Trusted brand with diverse tools -Advanced CRM & factories -EU-wide presence	-High innovation costs -Market saturation in EU -Margin pressures	-Move into global/JV markets -License tech & services -Subscription models	-Disruptive tech from rivals -Regulatory shifts -Customer fatigue

Let's RE:CHARGE

as the

Toolmaker of Tomorrow!!

Appendix

Internationalization
Key Assumptions and Considerations on Phases & Cost structure

1. Per-Country Breakdown
- Each country (Germany, Austria, Netherlands, etc.) will be assessed individually.
- Entry could occur on the same year, but with different entry modes, distribution channels, and ramp-up plans.

2. Financial Realism
- Application of market-based cost benchmarks.
- Total internationalization investment over 5 years will be in the €5–7 million range, broken down by year with rationale.
- Cost categories will include: market research, legal/IP, CRM localization, staffing, logistics setup, campaign budgets, partner incentives, etc.

3. Baseline Capabilities
- CRM and e-shop in Germany are live from Jan 2026.
- Power-for-All alliance and SmartEco tools will launch in Q4 2026.
- Internationalization begins in Q3 2026, starting with indirect and non-traditional entry modes.

4. Product Sequencing
- All new tools (SmartEco, Pro, etc.) first launch and are validated in Germany.
- Only after success will they roll out to other markets (with at least 6–12 month lag).
- Corded (CoreLine) used in value-focused markets; Cordless & Smart tools prioritized for urban/Nordic/Western markets.

How Were the Estimated Costs Calculated?
- CERMEDES as an SME: Medium-sized manufacturer with moderate international experience but high digital maturity in Germany.
- Gradual internationalization: Entry occurs in waves, starting digitally in culturally and geographically closer markets, then expanding toward more complex ones.
- Digital-first channels: Initial years prioritize e-shops, CRM, and Amazon (lower entry costs) before scaling into physical retail and logistics hubs.
- Product readiness: Tools (CoreLine, SmartEco, Pro) will be developed or piloted in Germany, minimizing product development cost abroad.
- Costs are per region, not per product: A blended total includes market entry, setup, and go-to-market per region/year.

Sources & Benchmarks
- EU SME Internationalisation Support Reports (European Commission, 2022)
- Enterprise Europe Network Cost Profiles (EU-wide SME platform)
- McKinsey: “Scaling Digital Exports in Europe”, 2021
- Deloitte SME Go-to-Market Playbooks (2020–2023 editions)

Cost Breakdown Of Cermedes Smart Eco Series

Cost Category	€ /Unit	Total Cost (€)
Battery (18 V Li-Ion, ~1.5 Ah)	12.00[1]	1,200,000
Motor & Electronics	8.00[2]	800,000
Gearbox & Chuck	5	500,000
Housing (inc. transparent shell)	3	300,000
PCB & Control Board	4	400,000
Branding & Packaging	3	300,000
Quality Control & Testing	2	200,000
Marketing & Sales	4	400,000
Logistics & Distribution	2	200,000
Customer Support & Warranty	1.5	150,000
Fixed Costs (R&D, tooling, etc.)	6	600,000
Total Production Cost	**50.5**	**5,050,000**
Wholesale Price	**80**	**8,000,000**
Gross Profit	**29.5**	**2,950,000**
Profit Margin	**36.90%**	

1. **https://about.bnef.com/insights/commodities/lithium-ion-battery-pack-prices-see-largest-drop-since-2017-falling-to-115-per-kilowatt-hour-bloombergnef/**
2. **https://precisionminidrives.com/brushed-dc-motor**

Breakeven Analysis Of Cermedes Smart Eco Series

Fixed Costs	Quantity/Unit	Cost Price / Unit (€)	Total (€)
Plant & Machinery Investment	—	5.3	530,000/yr
— Construction & Equipment Setup	—	3,000,000 amortized/10yr	—
— Installation & Utilities Setup	—	500,000 amortized/10yr	—
Staff Salaries & Benefits	25 FTE	60,000	1,500,000/yr
Overhead: Utilities, Insurance, QC	—	8.00/unit	800,000/yr
Total Annual Fixed Costs	—	—	**2,830,000**
Variable Costs (per unit)			
— Production Cost	per unit	50.5	5,050,000 (at 100K)
Sales Price	per unit	80	8,000,000 (revenue)
Contribution Margin	—	29.5	—
Annual Break-even (Units)	—	—	**≈96,000 units**
Annual Profit @100K units	—	—	**670,000**
Profit Margin (Net)	—	—	**8.40%**
Cumulative Payback	—	—	~8 years

Cermedes Local vs. International Distribution Strategy

Characteristic	Local (Germany)	International (EU Markets)
Channels	🏭 Wholesalers 🛒 Retailers 🖥️ Webshop 📦 Amazon	🌍 Cross-border D2C 🤝 Local distributors
Customer Reach	🌆 Urban coverage + 🌾 Rural coverage	🗺️ Adjacent market entry 🚀 New expansion
Logistics	📦 Hamburg warehouse 🚚 Local fleet	⚙️ EU hub 📦 Micro-warehousing
Marketing	🎪 In-store demos 🤝 Co-branding	📱 Digital campaigns 🎪 Trade shows
Regulatory	✅ Domestic standards 📜 Certified	🌐 Manual translation 🔌 Plug adjustment
Growth	📊 Market share focus 🔝 Consolidation	💹 High EU potential 📈 Scalability
CRM & Data	🖥️ Direct CRM setup 📋 Local analytics	🌐 Cross-border CRM 🔗 Data integration
Sales Target	📊 70% B2B 📱 30% digital	💶 20–25% EU revenue 📌 New market share

Project Charter

Project Name: RE:CHARGE

Project Manager & Sponsor: Nikole Richter

Approval Date: 03.07.2025

Last Revision Date: 04.07.2025

Targets:

1. Modernize Product Line – Launch cordless, ergonomic, and IoT-enabled tools to meet market demands.
2. Expand Distribution – Add e-commerce (D2C) and partner with major DIY retailers (e.g., Bauhaus, Amazon).
3. Revamp Pricing – Implement value-based and tiered pricing to capture different customer segments.
4. Reposition Brand – Rebrand with inclusive, digital-first campaigns under the "Tools That Last" theme.
5. Optimize Manufacturing – Automate processes and pursue hybrid production to reduce costs and scale.

Non-Targets:

1. No immediate global expansion – International growth deferred until digital and CRM readiness is achieved (post-2026).
2. No in-house battery development – Cermedes will join existing alliances instead of developing proprietary battery tech.
3. No direct channel disruption – Avoids alienating wholesalers by carefully segmenting D2C and retail efforts.

Stakeholders:

1. Nicole Richter (CEO) – Project sponsor and strategic decision-maker
2. Management Team – Responsible for product, pricing, marketing, and operations execution
3. Employees (Production & Support) – Involved in manufacturing and customer service changes
4. Wholesalers & Retail Partners – Key distribution channels, affected by D2C expansion
5. DIY Customers & Professionals – Target users for new product lines and brand messaging
   OEM & Alliance Partners – Technology and production partners (e.g., Power-for-All alliance)

Deliverables:

1. New Product Line – Cordless, ergonomic, and smart-enabled tools
2. Value-Based Pricing Model – Tiered structure (Basic, Advanced, Pro X)
3. E-Commerce Platform – Fully functional D2C webshop and Amazon presence
4. Rebranding Campaign – "Tools That Last" marketing with inclusive messaging
5. CRM System – Digital platform for customer data, loyalty, and feedback
6. Manufacturing Upgrade Plan – Automation roadmap and cost reduction strategy
7. EU Expansion Roadmap – Phased entry strategy for Benelux, Nordics, and beyond

Risks:

1. Channel Conflict – D2C expansion may strain relationships with existing wholesalers.
2. Implementation Delays – Manufacturing upgrades or CRM rollout could face delays.
3. Brand Perception Gap – Rebranding may fail to shift consumer perception if not executed well.
4. Price Sensitivity – Value-based pricing could reduce volume if customers resist higher prices.
5. Supply Chain Disruptions – Global sourcing may lead to component delays or cost fluctuations.
6. Internal Capacity Limits – Small management team may struggle to handle transformation workload.

Work Breakdown Structure (WBS)

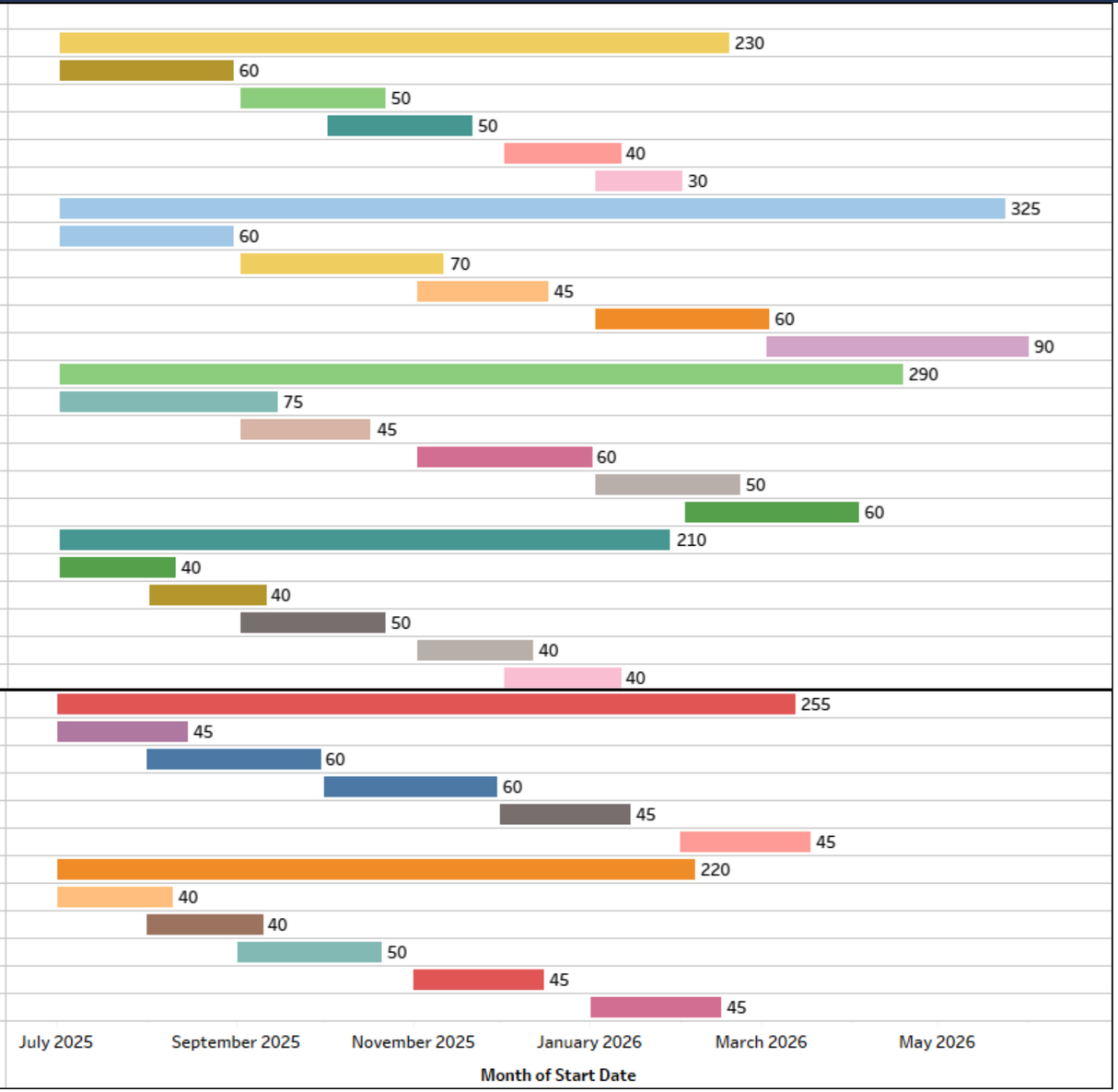
Short Term Implementation Plan (2025-26)

1	2	3	4	5	6
Project Management	**Manufacturing & Production Modernization**	**Product Development (Cordless, Smart, Ergonomic)**	**Digital CRM & E-Commerce Setup**	**Distribution & Logistics**	**Marketing & Brand Activation**
Project Charter Definition & Approval	Assessment of Current Hamburg Plant Capabilities	Prototype Design: Cordless Drill, Grinder, Hammer	CRM System Architecture & Vendor Selection	Hamburg Warehouse Reorganization & Safety Review	Campaign Planning: 'Tools That Last' Theme
Cross-functional Team Alignment & Governance Setup	Design & Implementation of Ergonomic Workcells	Integration with Power-for-All Battery Alliance	Customer Data Integration & Warranty Sync	3PL Partner Onboarding & Leipzig/Maastricht Hub	Inclusive Brand Messaging Development
Project Milestone Planning & Budget Allocation	Outsourcing Agreements for Casings & Batteries	Smart Feature Testing (Sensor, Bluetooth) & Diagnostics	E-commerce Platform Development (Web & Amazon)	Inventory Optimization for 5 Priority EU Markets	Digital Launch with Influencer Partnerships
Risk Register Setup & Mitigation Strategy	Automation Pilot: Smart Assembly for Cordless Tools	Ergonomic Tool Redesign (Weight, Grip, Vibration)	Service Chatbot & Feedback Loop Mechanisms	Sales Forecasting Integration with CRM Tools	Retail POS & Print Rollout (DIY Chains)
Weekly Reporting, Review Cadence & Stakeholder Communication	Hybrid Production Model Rollout (Germany + OEMs)	Pilot Production, QA & Pre-Launch Certifications	GDPR Compliance & Data Protection Implementation	Distributor Compliance & Returns Management	Event Marketing: DIY Contests, Trade Fairs

GANTT Chart (WBS)

Short Term Implementation Plan (2025-26)

WBS Code	Project	Department
1	Project Management	PMO
1.1	Project Charter Definition & Approval	PMO
1.2	Cross-functional Team Alignment & Governance Setup	PMO
1.3	Project Milestone Planning & Budget Allocation	PMO
1.4	Risk Register Setup & Mitigation Strategy	PMO
1.5	Weekly Reporting, Review Cadence & Stakeholder Communication	PMO
2	Manufacturing & Production Modernization	Production
2.1	Assessment of Current Hamburg Plant Capabilities	Production
2.2	Design & Implementation of Ergonomic Workcells	Production
2.3	Outsourcing Agreements for Casings & Batteries	Production
2.4	Automation Pilot: Smart Assembly for Cordless Tools	Production
2.5	Hybrid Production Model Rollout (Germany + OEMs)	Production
3	Product Development (Cordless, Smart, Ergonomic)	Product R&D
3.1	Prototype Design: Cordless Drill, Grinder, Hammer	Product R&D
3.2	Integration with Power-for-All Battery Alliance	Product R&D
3.3	Smart Feature Testing (Sensor, Bluetooth) & Diagnostics	Product R&D
3.4	Ergonomic Tool Redesign (Weight, Grip, Vibration)	Product R&D
3.5	Pilot Production, QA & Pre-Launch Certifications	Product R&D
4	Digital CRM & E-Commerce Setup	IT/Digital
4.1	CRM System Architecture & Vendor Selection	IT/Digital
4.2	Customer Data Integration & Warranty Sync	IT/Digital
4.3	E-commerce Platform Development (Web & Amazon)	IT/Digital
4.4	Service Chatbot & Feedback Loop Mechanisms	IT/Digital
4.5	GDPR Compliance & Data Protection Implementation	IT/Digital
5	Distribution & Logistics	Operations
5.1	Hamburg Warehouse Reorganization & Safety Review	Operations
5.2	3PL Partner Onboarding & Leipzig/Maastricht Hub	Operations
5.3	Inventory Optimization for 5 Priority EU Markets	Operations
5.4	Sales Forecasting Integration with CRM Tools	Operations
5.5	Distributor Compliance & Returns Management	Operations
6	Marketing & Brand Activation	Marketing
6.1	Campaign Planning: 'Tools That Last' Theme	Marketing
6.2	Inclusive Brand Messaging Development	Marketing
6.3	Digital Launch with Influencer Partnerships	Marketing
6.4	Retail POS & Print Rollout (DIY Chains)	Marketing
6.5	Event Marketing: DIY Contests, Trade Fairs	Marketing



Risk Management

#	Risk Description	Root Cause	Impact	Probability	Risk Level	Mitigation Strategy	Responsible
1	Delay in Ergonomic Plant Construction	Permit processing or contractor delays	Timeline shift (90 days)	High	🔴 High	Apply early for permits; prequalify multiple construction vendors	Wilfried Glau (Production)
2	Resistance from internal workforce to ergonomic automation	Fear of job loss / lack of clarity	Productivity drop	Medium	🟠 Medium	Internal communication & retraining campaign	Boris Knecht (HR)
3	CRM system integration fails or delays launch	Poor vendor coordination or underestimated scope	Launch delay, loss of sales	High	🔴 High	Phased rollout, buffer timeline, 3rd-party audit,	Matthias Schilling (IT)
4	Power-for-All battery standard misalignment	Engineering misinterpretation of partner specs or IP issues	Prototype rejection	Medium	🟠 Medium	Joint technical workshops & pre-integration testing. Building own batteries or finding trusted battery suppliers of fixed specs.	Tobias Hartmann (Dev)
5	GDPR/data compliance breach during eCommerce rollout	Insufficient controls in IT systems	Fines, reputation damage	Low	🟡 Low	Legal compliance audit; CRM user roles and logs	Eva-Maria Schildhauer (IT)
6	Benelux retail onboarding delays	Local compliance or legal paperwork	Market access slowed	Medium	🟠 Medium	Pre-check legal conditions and distribute onboarding kits early	Thomas Gust (Sales)
7	Budget overrun in campaign ‘Tools That Last’	Influencer costs, underestimation of reach needs	Brand ROI may suffer	Medium	🟠 Medium	Use micro-influencers, monitor CPL and pause underperforming ads	Pamela Havekorst (Mktg)
8	Customer feedback loop post-launch not implemented properly	Delayed app or low engagement	No product insight captured	High	🔴 High	Launch CRM-connected feedback portal and incentivize participation	Nicole Richter (PMO)