

DIGITAL MARKETING AGENCY FOR INDUSTRIAL ENTERPRISES

Business Plan

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<p>Abstract</p> <p>The bachelor's thesis was implemented with the goal of supporting the author in developing a business plan for establishing a digital marketing agency for industrial and manufacturing companies. In addition, the aim was to identify if the business idea would be relevant with a help of market research, industry analysis, and market analysis.</p> <p>In a bigger scale, the core objective of the work was to develop a detailed business plan that would assist the business idea for a successful launch and mitigate possible risks within business operations. In addition, the focus was to prove that there was a market need for digital marketing services among industrial companies and to develop services not only to fulfill those needs but also to bring additional value and result-proven outputs.</p> <p>The thesis structure contains the three general parts such as the theoretical framework explaining sources and methodology used, variety of market research works to prove that the relevance of the business model, and a business plan consisting of different subchapters and evaluations.</p> <p>The theoretical framework is based on western marketing research explorations, business planning books, and online resources. The final business plan was created in connection with a business idea planned to be launched in the middle of 2018 in Kuopio, Finland. The plan contains different but interdependent chapters representing the whole business concept comprehensively. It consists of company and management information, a description of services offered, industry & market analysis, marketing & operational plan, financial analysis, and projections. The intention of the author was that the completed business plan, along with the market research and additional information, would be used as a practical guide to establishing a digital marketing agency of the new format already in 2018.</p>			
<p>Keywords Business Planning, Digital Marketing, Agency, Start-up, Industrial Marketing, SEO, SMM</p>			

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Appendix 1 Questionnaire

1 Introduction

Among different business sectors, Finland is a country popular worldwide for its successful industrial and manufacturing companies such as Ponsse, Kone, Metso, and more. There is no surprise that worldwide recognition required a lot of diligent work, outstanding quality of products, and marketing efforts. These days, traditional marketing and advertising are becoming less popular day after day. In 2016, total advertisement spendings in Finland increased by 0.9%. However, the digital advertisement has grown significantly faster than any other type of advertising, by 12.6%. (Interactive Advertising Bureau Finland, 2017). This shows that the future of marketing and advertising is the internet, especially for industrial companies. In the United States of America and England, digital marketers have realized to serve industrial companies totally different from companies working in business-to-consumer sectors. In Finland, there is a big number of industrial companies registered on the market and demand digital marketing services for internalization and business development purposes, but there is no digital marketing agency ready to exist only for serving needs of industrial and manufacturing companies.

The author of the thesis has always believed that digital marketing for industrial companies should be implemented differently. From both full time and freelance experience of digital marketing for industrials, the author realized the total difference in buying cycle, objectives, and language used by business-to-business sectors. Till these days market of Finland, especially North Savo region has not got any digital agency to serve only industrial companies speaking their own language and staying knowledgeable about industrial buying cycle. The author considered that by having the agency of industrial marketing on the local market, it will help to convert industrial small and medium-sized companies of Finland into world popular niche players rapidly.

Thus, the thesis topic was discovered, and the thesis plan has outlined to develop a thesis focused on creating a work to prove the relevance of the concept of the digital marketing agency for industrial companies and to join the journey of the business planning by working on theoretical sources, research works, and development of business plan and concept.

2 Theoretical Framework

The thesis is composed to assist the author in establishing the digital marketing agency of a new format. The main uniqueness of the start-up is its narrow focus on the single niche of industrial and manufacturing companies. The most appropriate tool for establishing a digital marketing agency is chosen to be the business plan that is backed by research studies to prove the relevance of business idea in a real life.

The main target of the thesis is to develop a detailed business plan that would get business idea ready for launch and mitigate possible risks within business operations. In addition, the thesis has an aim to prove the market need of digital marketing services for industrial companies and develop services ready not only to fulfill those needs but also to bring additional value and result-proven outputs. Thus, the central part of the thesis is the business plan for an idea of digital marketing agency for industrial and manufacturing companies.

The thesis structure and roadmap of the thesis consists of three parts. The first part of the thesis represents theoretical framework and theory overview focusing on academical applicability. The theoretical cornerstone should assist further coming parts for well-detailed planning and implementation. When the theoretical framework is assigned, and different sources are evaluated, the need for additional data of relevance of business idea is required. Thus, the next after theoretical framework thesis includes the chapter of market research designed to leave out all disbelief in the given business model. When the theoretical part has assigned the methodology of a thesis, and research has proven the reliance on the business model, the section of a business plan to come.

Concerning implementation of research works, it starts by choosing between exploratory and confirmatory researches that differ whether the aim of the research is to explore or confirm (McQuarrie 2012, 5). Thus, having clear objectives defined in Research Problem & Objectives Chapter, there is a confirmatory research required to avoid time-consuming market exploring. One of the main research technique for the confirmatory purpose is quantitative research. This type of research can be counted in amounts and quantities focusing on facts gathered that may contribute identifying right needs in the market. (Glynn, Dylan, Fischer & Kerstin 2010, 47).

Describing overall research process, there are three main tools are used for better market understanding such as secondary research. Secondary research is planned to collect external data complied by the third parties such as reports written by consulting firms, implemented researches, , and more (McQuarrie 2012, 7). The survey is aimed at gathering direct answers for direct questions regards presence of need in the market and for developing products according to the target market needs and wants.

Observing theoretical framework applied to business plan development, there is no surprise that this is an effective tool for planning and developing a business idea from thoughts to a detailed plan. However, Pinson states that there are three general purposes of the business plan such as to act as a guide for business operations, as an official documentation while applying for financial support and investments, and as a practice of entrepreneurship. The last option means that during the development of business plan, the entrepreneur has a chance to develop business idea detailed and to look at the plan maximum critically. (Pinson, 2000). In case of strategic view on the purpose of the business plan, it may be seen as one of the best tools preparing entrepreneur to overcome challenges and lead the business to previously planned objectives and success.

While observing different business plans and theoretical sources, there are many different suggestions can be applied to structuring the business plan. By developing a business plan of croschannel agency it was important to search for the three main features by working on the right business plan structure and content. Those three features included simplicity of business plan for a smooth reading experience, an accuracy of content, and applicability for business operations on today's market. Thus, the Bruce R. Barringer has been chosen as the main advisor of the business plan structure and content. The author represents different content models in his source published in 2015 that usefully matched all demanding criteria. (Barringer, 2015) As a result, the structure of the business plan was developed to include following:

- **Business Plan Cover Page** for better representation of the business idea in the early stages
- **Executive Summary** to summarize the most important parts of the plan on one page
- **Company Description** to provide reader with general information on the business idea
- **Product & Services** to develop and assign services to the local market efficiently
- **Industry Analysis** to prove the relevance of online advertising over other channels
- **Market Analysis** to explore the local market and competitive situation on it
- **Marketing Plan** to develop right promotional tools and marketing background
- **Management & Organisation** to accommodate managerial studies on organization of the agency
- **Operations Plan** to organize the smooth workflow of daily agency operations
- **Financial Plan & Projections** for detailed analysis of resources agency posses and needed

All of the assigned business plan chapters must be developed complementary. Only tight interdependence of business plan chapters may guarantee the integrity of business plan data. In addition, to focus on guiding the reader through the business idea smoothly to its evaluation and realization. If the author succeeds to find the complete solutions assigned above for each specific chapter, the main goal of the business planning can be achieved. The successfully achieved goal is represented by the completeness and applicability of the work for successful launch already in 2018.

3 MARKET RESEARCH

Digital Marketing services' demand grows rapidly what creates opportunities for establishing digital agency almost in every Finnish region. On the other hand, high interest has created the environment that makes the regional markets saturated without any further growth for local marketing agencies already operating almost with every digital-oriented industrial company in the area.

These two points of view are ambivalent and require a proper research to find out if there is a need for more digital marketing agencies in the region of Northern Savonia and if industrial, manufacturing companies would be more satisfied with services focused only on their fields and needs. The Market Research chapter has to analyze existing research works same as to plan and implement quantitative research to identify right objectives and research problem.

3.1 Research Problem & Objectives

Mentioning early notes regards start-up operations, the case company crosschannel agency would focus on monthly-packaged ROI-driven marketing and simplicity rather than one-stop sales of "outstanding" designs and strategies with workshops. That is why there is research objective is to identify what types of services industrial companies require to save their time and improve digital marketing channels for efficient customer acquisition.

To conclude, the central research problem discovered is *uncertainty of existence of industrial company's needs for b2b-focused digital marketing services in the researching market*. After all, "the key issues to be focused on in a research project" (Thomas & Hodges, 2010) are research objectives determined such:

- To identify presence of dissatisfaction with existing digital services among local companies
- To identify presence of demand for industrial digital marketing services in the local market

3.2 Research Design

3.2.1 Market Segmentation

The importance of market segmentation is proved by the better relevance of the data gathered. According to popular authors: "Market segmentation is the process of splitting customers, or potential customers, in a market into different groups, or segments." (McDonald & Malcolm 2012, 9-10). Since market research is focused on identifying needs and situation of potential customers of the case company, the market would be segmented into a group of potential customers looking at the research questions from the buyer's point of view.

The main market segment is industrial and manufacturing companies located in Northern Savonia, Finland. The first type of market segmentation used is geographically breaking down all existing industrial companies by location. Although, this approach does not provide segmentation according to business type, size, industry, etc. In 1984, Bonoma & Shapiro proposed a solution aimed at segmenting industrial organizations naming this method firmographics. Firmographics is also described as a feature based segmentation promoting three variables such as company size (either in terms of turnover or number of employees), company location (country and/or region), and company activity or industry sector (B2B Market Segmentation Report, Circle Research Limited). Those entities can be identified by feature based segmentation method:

1. Company size: 0.5 – 100 million euro of turnover, 10 – 100 employees
2. Company location: Northern Savonia, Finland
3. Industry sectors: According to Standart Industrial Classification TOL 2008
 - 1) Forestry & Logging (02 TOL 2008)
 - 2) Mining & Quarrying (05-09 TOL 2008)
 - 3) Manufacturers (10-33 TOL 2008)
 - 4) Construction (41-43 TOL 2008)
 - 5) Transportation & Storage (49-52 TOL 2008)
 - 6) Financial & Insurance Activities (64-66 TOL 2008)
 - 7) Professional, scientific, and technical activities (69-74 TOL 2008)

To market research will be aimed to attract up to 10 industrial companies from target industries. However, the number of companies taking part in research may vary due to the availability of local industrial companies during the research conducting time. The main respondents are executives responsible for marketing decisions such Business Development Directors, Coordinators of Marketing, Digital Marketing, Social Media or Sales.

3.2.2 Research Methodology

According to McQuarrie, Marketing Research Toolbox studies implemented in 2012, represented four stages of the planning process to be followed for the successful planning phase of the marketing research. (McQuarrie, 2012) The planning process included problem definition, the creation of right questions, matching questions with right researching techniques, and final designing of the research study. The table below not only defines those four important stages but also focusing on issues to be resolved at each given stage.

TABLE 1. Planning Process for Marketing Research (McQuarrie, 2012.)

Stage	Issues to be Resolved
1. Identification and articulation of the decision problem	Who is decision maker? What are alternative ways to state the problem? Is this a decision can be addressed though market research?
2. Identification of the key questions that must be answered before a decision can be made	What specific questions are most pertinent? Is there many questions or one questions? Can this question be answered with time and money available?
3. Identification of research techniques that would be appropriate for answering these questions	One research technique or several?
4. Design of the research study	What specific objectives should guide the research? Who should participate? Estimate needed budget, time frame, and other resources.

Starting with a problem identification, the decision makers are potential customers and participants identified in 3.2.1 Market Segmentation. Secondly, there are no alternative ways of stating the problem and regards addressing decision though market research is available. The second step of the planning process is the identification of key questions that are obviously achievable with financial and material resources in use. The key questions will be following:

- Are research participants satisfied with the variety of digital agencies on the market?
- Would participants cooperate with industrial marketing agency rather than traditional one?

The last stage of Planning Process is the design of research study powered by specific objectives listed bellow:

- To identify presence of dissatisfaction with existing digital services among local companies
- To identify presence of demand for industrial digital marketing services in the local market

Both objectives and research questions address segmented participants described in 3.2.1 Market Segmentation. Research does not require any financial resources. In regards to the timing, there are three weeks of time required broke down into three stages of planning, conducting secondary research & survey, and data analyzing & summary.

3.2.3 Questionnaire Design

The Questionnaire Design holds a single need for self-administered questionnaires rather than structured interviews because of clear implications on survey design. Eventhough, this type of questionnaires is demanding due to the fact that respondents might start to fill in the questionnaire they may give up if they find it hard work to complete. Author of "Guide to the design of questionnaires" Dr Thomas Burgess suggests including pro-forma with few essential details to fill such as Name and Organisation to increase respondent rate (Dr Thomas Burgess, 2001). That is why, questionnaire starts with pro-forma with obligatory fields of Name, Title, and Organisation. In addition to pro-forma, there is progress bar that shows the percentage of survey covered that may decrease chances of giving up the survey by respondents and reward notice in the beginning with a promise of some remuneration while completing the research.

After respondent left name and organisation working for, survey is being proceed to the next stage of main questions. This phase includes three steps to be completed (Dr Thomas Burgess, 2001):

1. Determination of questions to be asked
2. Selection of the question type for each question and wording specification
3. Design of the question sequence and overall questionnaire layout

The first phase of questions determination is targeted to properly state research issues for establishing link between research aims and individual questions. To generate focus for each question in details, the process is followed with a description of question focus, type, and possible answers. The main focus of research questions vary from question to question, however it has an aim to identify presence of demand for industrial digital marketing services in the local market, to analyse presence of possible dissatisfaction with existing digital services among local companies, and analysis of services options to serve existing needs best.

Design and layout of the survey are simple and short. Most of the respondents would receive survey invitation during the working hours and that is why questionnaire is planned not to be time-consuming and disturbing. To shorten the length of the survey, there are no subheadings provided. The survey possesses simple language and short sentences to establish a tone of the friendliness of the questioning process.

The visual appeal of the survey is represented at the main website of crosschannel agency created with a use of embedded code options of webpropol services. The web page of the survey does not have any additional information and consists only of the main navigation bar, simple company style background, questionnaire, and progress bar, so the survey would not seem endless for respondents.

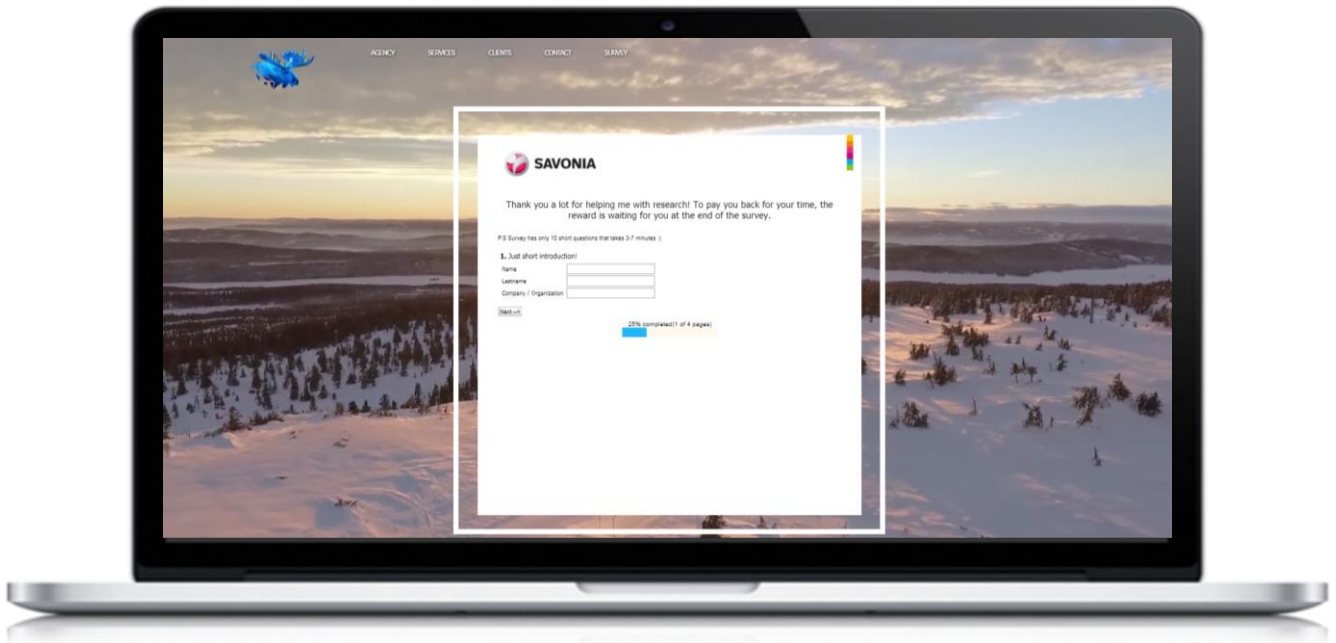


IMAGE 1. The Design and Look of the Survey (crosschannel.agency web page, 2017)

3.2.4 Timeline & Budget

The implementation of market research does not require colossal spendings and can be compensated with only costs of hosting of website crosschannel.agency during the month of October 2017 to successfully present questionnaire placed on the page with extended URL: /survey of the main website crosschannel.agency. The amount of hosting spendings is 20 EUR.

Timeline of the research implementation requires three full working weeks. The first week of research is spent on inviting and informing respondents. The week after, there are follow up invitation messages to be sent and reporting the answers received. The third last week is spent on data analyzing and conclusions.

3.3 Data Analysis & Reporting Results

3.3.1 Research Results & Interpretations

The invitation for the given survey was sent to 10 industrial companies targeting mainly the executives responsible for business development and marketing. Unfortunately, only nearly half of the respondents participated in the survey and provided market research with positive for crosschannel agency answers.

The importance of the digital marketing for industrial marketers was proved by this question where all 4 respondents claimed digital marketing as an important tool. ("Do you think that digital marketing is important for your industrial business?" 75% - highly important, 25% - important, 0 - not important).

In the second question, all companies admitted using digital marketing tools in the future. ("Does your company plan to use more digital marketing tools in the future? 100% - yes, 0% - no"). The focus of the question was in the identification of the presence of demand for industrial digital marketing services in the local market that was positively proved same as in the first question.

After two positive answers in a row, 3 out of 4 respondents answered that services of local digital marketing agency did not attract any clients to their business, and only one participant responded positively. ("If you ever used services of the digital agency, did it help you to attract new clients?" 75% - no, 25% - yes).

The next question provided with information where almost all answers were the same. In the opinion of local industrial marketers, prices of local digital agencies are expensive for 3 of the participants. However, one participant sees prices as "okay". ("The Prices local digital agencies ask are?" 75% - expensive, 25% - okay).

This fifth part of the survey was focused on exploring what exactly is more important for respondent by purchasing a web development services. Simplicity and smart sales-orientation or outstanding design and animation. The 75% of answers agreed that simplicity and sales-orientation is a much powerful feature, however, only one respondent did not choose any side.. ("Having a website, simplicity and smart sales-orientation is more important than outstanding design and animation?" 75% - agree, 25% - neither agree or disagree, 0% - disagree).

To conclude following information, there is a specific focus of the questions was identified on the early stages of research design having a doubt regards presence of dissatisfaction with existing digital services among local companies. As a result, most of the respondents concluded that prices of local agencies expensive, services purchased did not help to attract new clients, and that industrials would rather demand the simplicity and result orientation in purchased services rather than outstanding design and animation based on the answers of central questions.

One of the questions had the most promising for crosschannel agency information showing that all participants would rather choose industrial-focused agency over multifunction one. ("Choosing same good and priced digital agency, would you choose multipurpose marketing agency or industrial-focused?" 100% - industrial-focused, 0% - multipurpose).

The other promising information for the case company crosschannel was telling that all of the respondents would like to see more digital agencies in Savo region focusing on industrial companies. ("Should we have more digital agencies in Savo focusing on industrial companies and offering result-oriented solutions?" 100% - yes, 0% - no).

The last question provided readers with different options, however, the aim of the question was to investigate how important is a monthly payment option for the client. As a result, only 1 company mentioned monthly payment plan as a totally not important feature while selecting digital marketing services. ("Purchasing social media marketing services, to which extent certain feature is important?").

The last three questions had also an objective to confirm the presence of demand for industrial digital marketing services in the local market what was successfully achieved backing by the data of answers given on three last questions. All participants positively answered on having more industrial focused agencies in Kuopio, Finland and willingness to choose exactly this type of the agency by choosing a digital marketing partner.

3.3.2 Considerations

The implemented research work and questionnaire collected data from 4 respondents representing managerial levels of local industrial companies. On the stage of research planning and design, the main goal of the research work was to confirm the willingness of participants to cooperate with crosschannel agency in the nearest future. In addition, the aim was to prove the certain type of dissatisfaction of digital marketing services already existing on the market.

Evaluating the implemented survey and collected responses, the willingness of local industrials to see digital agency of industrial marketing is positive according to the data collected. The dissatisfaction of the local digital marketing services is not strong, however, exist and open a door for opportunities towards interesting competition.

3.4 Secondary Research

3.4.1 Research Questions & Preliminary Sources

Supporting an aim to prove the growing demand of the industrial companies, there is sectorial demand needed to be explored. This helps not only with proving the claims of growing demand for future business operations of the agency, but also the change that happened in the marketing history when heavy industrials previously only relying on safe person-to-person communication suddenly started observing potential partners online with a use of social media, search engines, online industry publications, and more. To prove certain standpoint, the sectorial demand focuses on confirmation of increased interest among companies of industrial sectors. The preliminary sources of researching this question have a much wider range of studies developed previously such as publications, research reports, and articles. The most relevant of all reviewed sources is “[The 2017 State of B2B Digital Marketing](#)” developed by Wpromote (ex. Demandwave) in 2016 that possesses responses from 179 industrial marketers across a wide range of industries.

In addition to sectorial demand investigation, secondary research assists the evaluation of digital marketing agencies mostly located in The USA and The United Kingdom that successfully changed their operations from multi-purpose marketing studios into agencies serving only industrial and manufacturing establishments. Those agencies increased their turnover and acquired a much bigger market share. That is why the given study has an objective to prove the relevance of the model of digital industrial marketing agency backed by the facts of western companies that faced success by putting their trust in the given and new for the market of digital agencies model.

3.4.2 Sectorial Demand

The Sectorial Demand is all about industrial marketers and how they used, use, and will use the services of digital agencies. To prove the sectorial demand there are certain methods needed to identify either the demand of industrial companies grow or not. Regards the secondary research, it requires the use of studies previously researched by third parties. In the given case, a number of relevant studies are very limited due to research specifications such as small target group and narrow niche meaning that third-party resource must have exploratory works addressing the directors and marketers of the industrial companies with a sound share of the manufacturing sector. In addition, there is another need for resources when it comes to the question of novelty requiring studies no older than 2 years. That is why the most relevant research suitable for all of the research needs is “[The 2017 state of B2B Digital marketing](#)” conducted by Wpromote digital agency previously popular by the name of Demandwave. The research includes the survey that received 179 responses from B2B marketers across a wide range of industries

especially manufacturing. The job titles of respondents were mostly directors, marketing managers, VP, C-Level, and individual contributors.

The research of the Demandwave conducted up to 30 questions. One of the main questions represented was the question #3 presented in the figure below. This exact question has the highest importance level due to its confirmation of confidence in digital channels that remains strong because of the fact that nearly half of the marketers plan to increase their digital marketing budget in the soonest future. The percentage of respondents who have an issue to decrease it is only 6%.

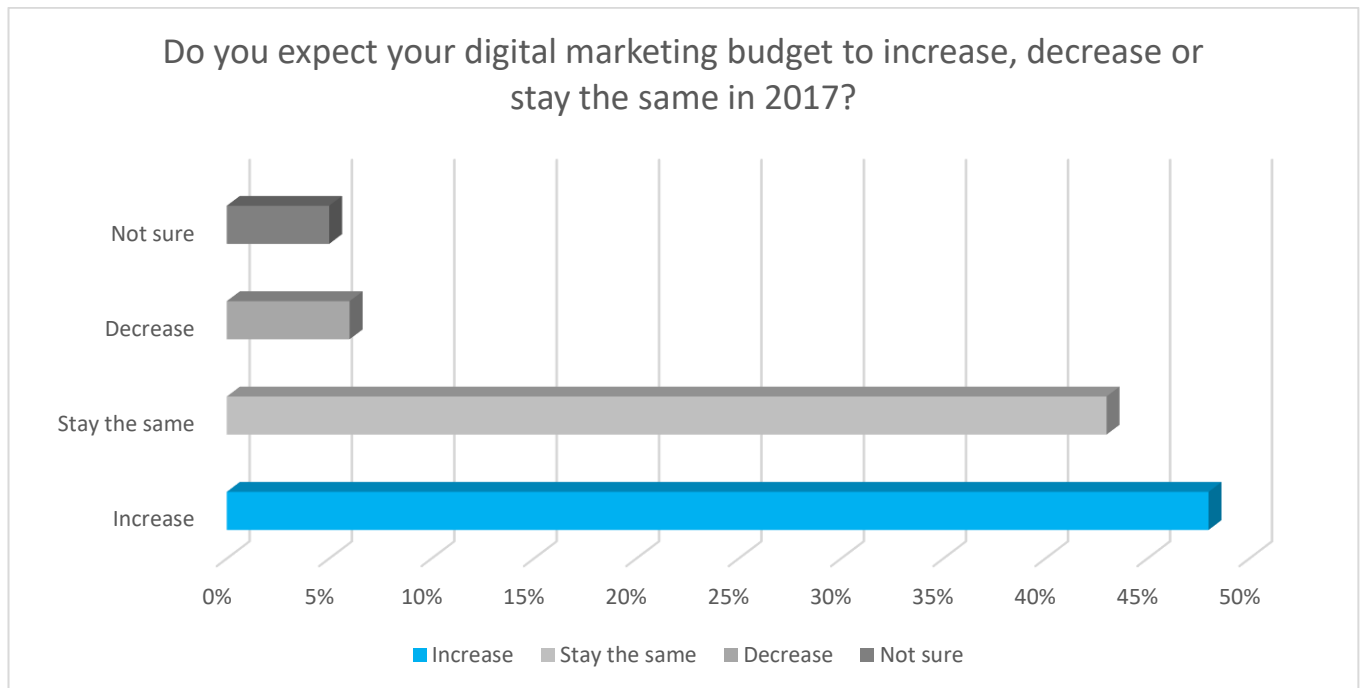


FIGURE 1. The 2017 State of B2B Digital Marketing research, survey question #3 (Wpromote Limited ex. Demandwave, 2016)

Despite the fact of the increase of digital marketing budget, the need for hiring an agency for demanding internet marketing needs is declining. In the same report of the Demandwave agency, the figure #3 presents the data that B2B marketers are nearly split and more than a half (53%) of them do not hire any digital agencies for those rapidly growing digital needs just explained in the previous chapter. On the other hand, 47% of the companies still outsource services. This given data has a certain value for pricing and product development of crosschannel.agency services by breaking down the positive answers by the type of the services companies more willing to outsource. Before the implementation fo secondary research, the focus of digital services was web development and social media. Luckily, the secondary research shows that [demand for outsourcing paid search services is 11% higher than social media](#) that totally changes the focus and direction of services agency would be willing to offer.

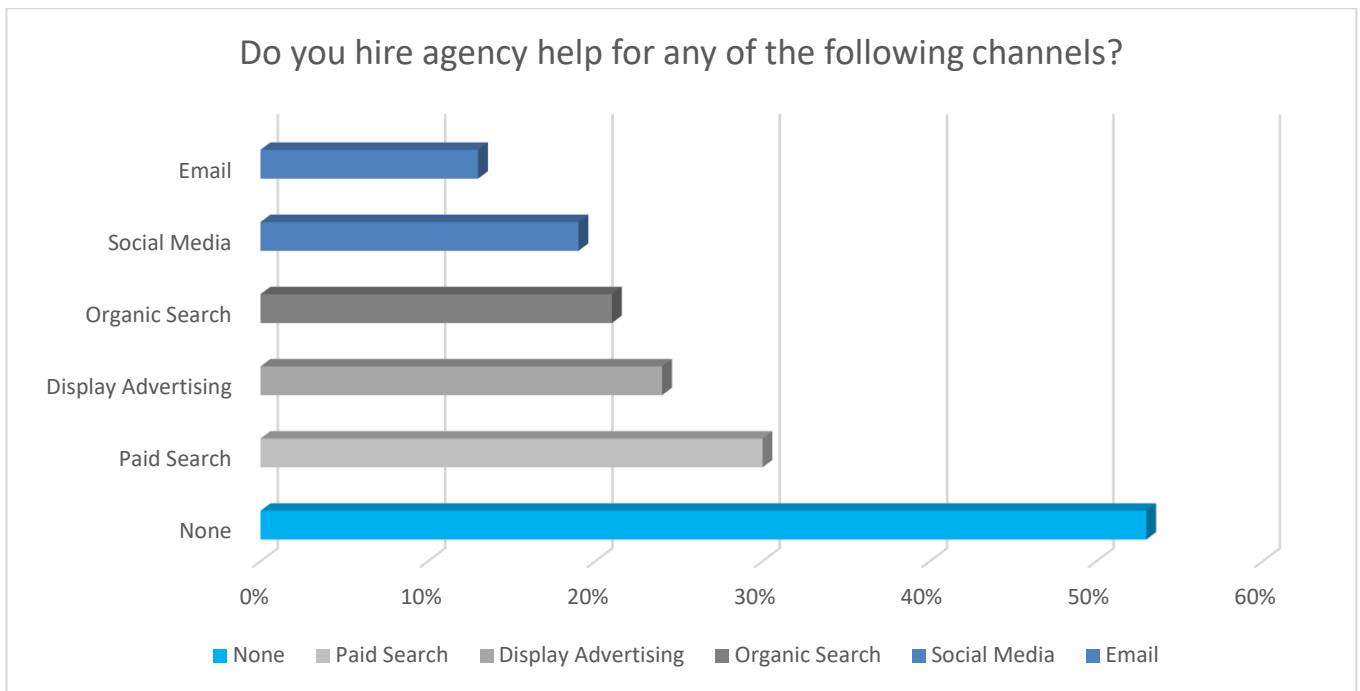


FIGURE 2. The 2017 State of B2B Digital Marketing research, survey question #11 (Wpromote Limited ex. Demandwave, 2016)

In addition, the given report not only specifies the demand analytics but also the statistics of the revenue returned to the industrial companies achieved with different channels. Thus, the question #18 of the same report (Wpromote Limited ex. Demandwave, 2016) presents the answers for the question: Which of the following social media channels have generated revenue for you? As a result, it is obvious to see LinkedIn as a leader with a 43% of the answers, while the most remarkable result received by Facebook. In the clear majority of B2B marketing theories and books, Facebook is almost always presented as a weak for industrial needs platform better specializing in business-to-customer marketing. Even though, [Facebook has the second position according to this survey question with a result of 25% while the second B2B online marketing theory leader Twitter only got 20%](#). Not only this breaks the world-popular theories but also tells that the high percentage of the niche users does not count forecasts of the return on investment. That is why this survey question has also affected the service development of the case agency increasing the importance of Facebook network much higher.

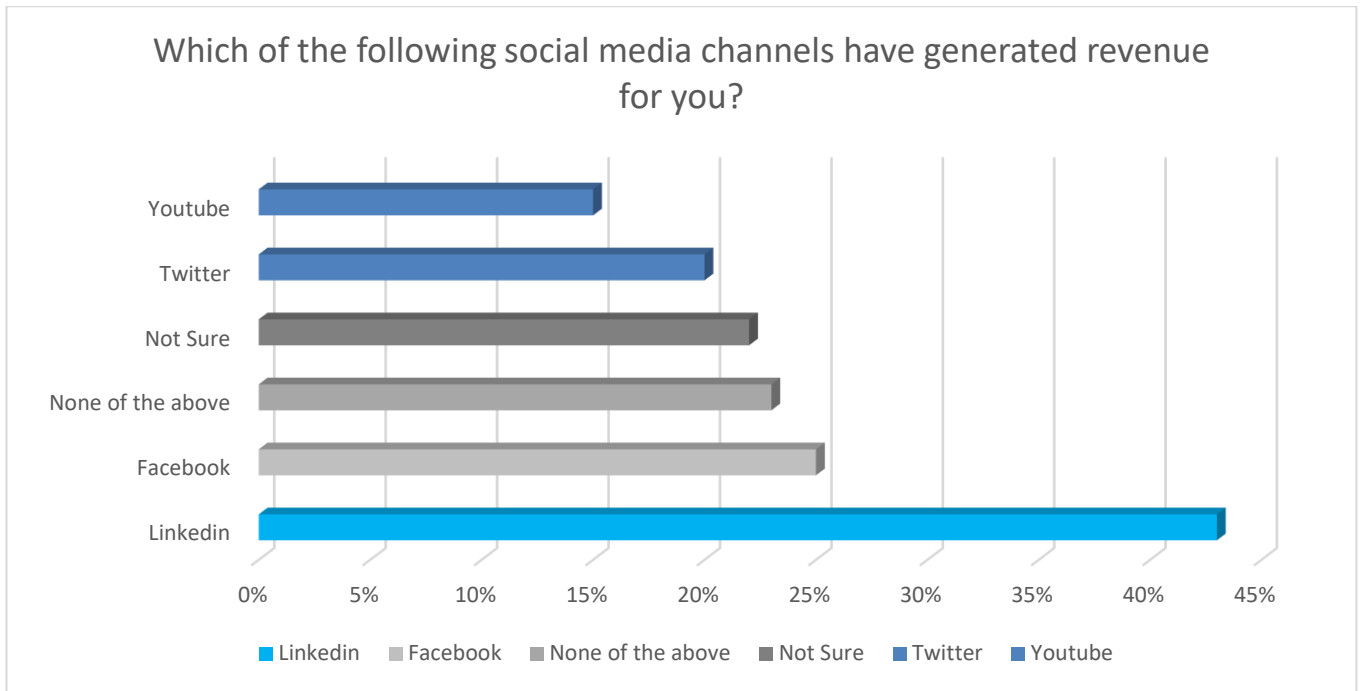


FIGURE 3. The 2017 State of B2B Digital Marketing research, survey question #18 (Wpromote Limited ex. Demandwave, 2016)

After all, the secondary research of the sectorial demand has investigated that the relatively small number of companies is willing to outsource digital services to the agencies. However, the survey provided the relevant data for ongoing service development explaining that much a wider focus on paid search and advertising solutions may increase the sales volumes. Although, giving the higher priority to Facebook network than to Twitter may forecast an increase of the agency's customers return on investments.

3.4.3 Success Studies

In this chapter, the research is focused on the specific agencies of digital marketing. The main specification of those agencies are industrial and manufacturing companies and since business-to-business customers started demanding online marketing services more often, the concept of digital agency of industrial marketing has grown significantly.

At the same time with growing interest of industrial companies towards internet promotion, the same big interest has popped up among digital agencies that not only realized the profitability and big advertising budget from a partnership with industrials but also to feel the opportunity bringing those business-to-business companies forward using digital channels.

The narrow focus of agency services may have great benefits same as sound drawbacks. One of the main advantages is the strong market position due to one-niche specialization that may forecast the promising future with the unlimited amount of industrial clients. On the other hand, a number of clients is very limited while multipurpose agencies have a freedom of choosing the clients to prospect from the wide range of different organizations, projects, and even events. Thus, there is no stated answer on the question whether to establish a first or second type of the agency but these worrying for most of the entrepreneurs moments can be compensated with case studies of companies successfully turned into the world of the narrow niche of industrial sectors.

To observe and evaluate this phenomenon, there are two countries to be explored such as United States of America and United Kingdom due to English as the main language. Starting with The Great Britain, there are not many companies offering services for narrow sectors, even though there is one digital marketing agency worth attention. This UK-based agency is [Hallam Internet Limited](#) with offices in Nottingham and London. The company successfully serves one of the best industrial companies in the country such as Indigo and IML. The company started as a simple digital agency in 2005 with total assets of £17.909. During the last 10 years, the company had both positive and negative growth points, however through the time Hallam Internet Limited started providing focused services for the manufacturing sector and in 2016, [the totals assets of the company was estimated by £322.109 what compared to the first year of operations increased multiple times.](#)

In The USA, the number of industrials focused agencies is much higher than everywhere. Almost all of the agencies have different success stories and background. One of these is [Thomasnet RPM](#) (Results Powered Marketing), the part of the Thomas Publishing Company with the annual turnover of \$200.66M. The history of the Thomasnet Publishing Company comes from 1989 when they started publishing registers with a mission to connect industrial manufacturers with suppliers. Nowadays, organizations are popular for online register of B2B suppliers and purchasers. Since the history of the company always been

followed by industrial manufacturers, suppliers, and buyers, Thomas Publishing founded ThomasNet RPM to start offering digital services for the growth of the companies they have previously connected with each other. In 2015, HubSpot awarded ThomasNet RPM as a Diamond Partner, the Highest Level of Recognition Available among Agencies of Digital Marketing. In addition, this company stands out among other agencies due to the great team of engineers and industrial marketers who understand clients' unique challenges.

In addition to ThomasNet RPM, there are two outstanding agencies with a much lower turnover but with a bigger approach for digital services. The names of the agencies are [Industrial Strength Marketing](#) and [Gorilla 76](#). Both companies have the best theoretical and practical resources for industrial marketers and not being relatively big agencies, their contribution to the industrial digital marketing is enormous. Despite this, agencies started from the zero and do not have a big history behind. Despite that, these agencies already reached their success through great partners and increase of turnover. Thus, The Industrial Strength Marketing agency reached a turnover of approximately \$3M in 2016, while Gorilla 76 being a much younger agency succeed with \$0.55M.

In conclusion, both mentioned countries and companies represent digital industrial marketing as a separate and sound niche of services. This chapter specially presented the same-purpose companies but from different countries and with very different backgrounds explaining that trend of online marketing acquires more and more business sectors. In addition, this trend creates the comfortable environment for start-ups due to the high purchasing power of industrial companies and relatively low level of competition.

3.4.4 Secondary Research Finalization

Taking all the above into consideration, the secondary research provides diverse resources that at some point has contrasting claims with complementary directions. The success studies conduct the business life examples of simple studios profitably transformed into niche-focused digital marketing agencies that prove the positive prospect of the concept. Sectorial demand analysis surprised with a relatively low number of companies willing to outsource digital services to agencies, while the minute confusion was compensated with good statistics concerning high level of outsourcing of paid search and paid advertisement that not broadly offered on the target market of crosschannel agency. Taking all the above into consideration, secondary research shows both beneficial for crosschannel agency trends and the data proving that not only digital marketing agency may keep industrial and manufacturing companies as the only niche to serve but also develop this concept successfully, internationally, and profitably.

4 BUSINESS PLAN

4.1 Business Plan Cover Page



IMAGE 2. The Business Plan Cover (Crosschannel Agency, 2017)

4.2 Executive Summary

Nowadays, the digital marketing and internet advertising is growing rapidly and soon to acquire the biggest share of advertising spendings by media format. In addition, more and more enterprises choose internet as the main marketing channel for further business development and internalization. Industrial companies are not an exception and soon to become the active purchasers of both digital marketing and advertising services. Kuopio is the city where different industrial companies were founded and the city where only common digital agencies may serve them. Founders of crosschannel agency arise the question if multifunction agencies may understand the challenging business of industrial companies right and tailor services exactly to meet their technically difficult needs. That is how the idea of crosschannel agency was raised having an aim to become a supportive agency for industrial companies speaking their language and supporting them on their needs.

Emphasis is placed on services tailored to the needs of this industrial group, such as full outsource of digital marketing, social media marketing, corporate websites, and digital content production. In addition, services of crosschannel agency stand out from competition due to different from other advertising agencies payment model: charging clients for every service on the monthly basis backing them with unlimited amount of product changes, ongoing support, security, analytics, efficiency analysis, and further campaign developments.

The market for digital marketing services in Kuopio is unoccupied with only a few companies implementing digital marketing services. However, crosschannel agency has carefully crafted a variety of promotional strategies aimed both at the successful competition and partnerships with them to gain as much market share as possible. Crosschannel agency aims to be the only local agency focusing on industrial companies and the only agency with monthly payment plans. Thus, considering colossal marketing budgets of industrials, the uniqueness of the concept, and marketing trends towards increasing use of digital marketing & advertising, the startup may start growing rapidly and expand their services to the whole country in 3 years still being the first agency in Finland for industrial and manufacturing niches only.

All in all, agency will be dedicated to increasing clients' business through the strategic use of multiple online marketing methods. In addition, providing all the elements of user interactivity, traffic enhancement and revenue generating tools that support the prospective client's internet related business operations. The work of the agency will result in revenue and profit growth for the client, the desired end result of any marketing campaign provided by crosschannel agency.

4.3 Company Description



[Crosschannel.agency](#) will offer digital marketing services to industrial and manufacturing companies that believe in the internet as the main sales channel of the future. Digital Marketing is quickly becoming the main selling power for industrial sectors due to its clear cost-efficiency and direct orientation for the result. According to Demandwave research, nearly half of the 179 industrial marketers surveyed in 2016 plan to increase online marketing budget in the nearest future.

Through the years of globalization, business-to-business companies from The United States of America, United Kingdom, and Germany used to have one of the biggest market shares. However, industrial and manufacturing companies from Finland struggled their popularity without sound advertising budgets but with exceptional quality standards and technical capabilities. Thus, [the mission](#) fo crosschannel.agency is to grow together with local industrials by bringing them towards international expansion and assisting in becoming well-known in their niches, experts in their industries, and popular in their fields, both in Finland in worldwide.

Crosschannel.agency will offer different digital services focusing on the essentials of the inbound marketing. It will also report the progress and results of any campaign in the real-time to offer customers flexibility and trust in the services of the agency. At the end of the campaign, crosschannel will analyze its success and return on investments to never stop developing certain services according to the clients' needs and niche. In any case, the agency takes full responsibility for results and objectives delivered.

[The main range of services](#) will include WEB development, outsource of social media marketing, content production, and internet advertisement. The company will stick to its main philosophy putting elegance, simplicity, and sales orientation over expensive designs, and hours of strategies and consultations. The job of the crosschannel.agency is to provide customers with digital marketing services that are safe, cost-efficient, and ROI-oriented.

The crosschannel.agency will speak the language of industrial companies knowing how to attract more buyers for them using digital channels only. There is no aim for the company to become the best digital marketing agency in Finland, but what drives it is to become supportive and trusted partner for industrial companies of the Northern Savo region.

4.4 Products & Services

The main range of services includes 3 basic digital marketing products to develop company further month by month. Since crosschannel agency shares a philosophy of pay-per-result concept, all three products are based on one monthly payment. This means that clients do not need to spend few thousand euros promptly, while they have a freedom to pay for each service low-cost sum monthly receiving analytics and growth explanation from crosschannel agency month by month.

WEB Development. The first and the most important product is a website since every other than website digital marketing tool aims at generating more customers visiting it. The job of the website is to be found on the global search engines and convert visitors into clients. Nowadays, all local agencies offer full business websites for the price of 2 500€ minimum as a single payment. Later, when the customer would have a need for changes and improvements to the website, the digital agency would only implement it for an additional charge. Crosschannel agency will offer service of web development for a sum of 200–400 € per month taking care of the whole websites' improvements, corrections, analytics, statistics, and even blog posts management month by month. In addition, there are no extra charges for the design phase and hosting since it is already included in the monthly price. Thus, the customer may relax and be sure that the company's website is secured, tracked, and analyzed for further growth because a number of visitors, bounce rate, average time spent on the website, and conversion rate is what really important for the crosschannel agency and will grow constantly month by month.

Social Media Marketing Outsource. To drive more visitors to an industrial business website and promote it better in the global marketplace, the content marketing is king. This lets companies share their knowledge with others internationally, become a leader of thoughts, generate more visitors to a website, and then much easier convert them into warm leads for the sales team. However, there is a discipline and constant production of content needed what is even sometimes difficult for marketing managers and interns. Crosschannel will offer to industrial companies full outsource of social media marketing covering production of content, case studies, presentations, and white papers for download section on the website, promotion through 3 social networks: LinkedIn, Twitter, and Facebook. This service is provided with detailed content plan including timetable when and what during the month would be posted, social media marketing strategy, and responsibilities for KPIs (key performance indexes) meaning that crosschannel agency is responsible for constant growth of followers, engagement with them, increase in a number of website visitors came from social networks, and more. Social Media Marketing product is also charged on a monthly basis supported by all final analytics, strategies, and statistics.

PPC Internet Advertising. Pay per click advertising has been always a king of the digital advertisement providing a concept that is safe and result-oriented since the customer only pays for clicks the ad just made. The business model of this service is also related to monthly payment, however, clients decide on their own the monthly budget they would like to invest. Pay per one click may vary from 0,3€ to 5€ and the crosschannel agency commission is only 30% of the advertising budget that makes pay per click increased to a range from 0.39€ to 6.5€ what is still reasonable and aimed at result only. The preparation work of the advertisement such as the production of banners, copywriting, analysis, etc. are not charged additionally and already included in the final commission of 30%. The minimum monthly budget is 300€.

Service	Price (€/m)
Web Development Website with up to 50 pages Up to 10 unique design pages Inbound Marketing Strategy Mobile Friendly Easy-to-edit blog & portfolio Basic search optimisation (SEO) Optimisation for Social Media English & Finnish copywriting Download Forms Monthly Analytics Ongoing support & maintenance Fully Managed & Securely Hosted 2 free design updates / month 10 free content updates / month	€298/m
Social Media Marketing 12 social media posts / month 3 Social networks: LinkedIn Twitter Facebook 4 content publications in blog 2 content whitepapers 1 case study SMM Strategy Content Plan Campaign Analytics	€1170/m
PPC Internet Advertising PPC Advertising standing for pay-per-click with a payment only for amount of ad clicks. Types of PPC Ads available: Paid Search Marketing Display Advertising Social Media Advertising Retargeting PPC Advertising Affiliate marketing Pay-per-click: 0.50€ - 5€ Agency's commission: 28% Minimum monthly budget below:	€300/m

IMAGE 3. Crosschannel Agency Services & Pricing (Crosschannel Agency, 2017)

Upcoming services. For a wider range of digital success-oriented services, crosschannel plans to bring few more digital products to the market of Kuopio if the company meets success during first two quarters. First services that are rare for the local market is Search Engine Optimisation (SEO) for higher rankings in Google and other search engines. Secondly, crosschannel plans to bring full sales campaigns that start with email marketing and proceed further to telemarketing, but all supported by email tracking analytics and engagement. Both service concepts forecast to be only alike products on the market due to offer for full outsourcing of search optimization and the first collaboration between leading sales tools such as email marketing and telemarketing.

4.5 Industry Analysis

4.5.1 Industry Description

Crosschannel.agency will compete in the Advertising and Market Research Industry, specifically representing Advertising agency activities (73111 TOL 2008). The Industry comprises establishments engaged in the promotion services through a magazine and digital channels together with design and consulting of advertising services. Well-known local companies in the industry include AdKiivi, Luode, and Crealab. The Industry includes advertising companies specializing in different types of advertising such as marketing, advertisement, and internet promotion even though most of the industry leaders additionally provide with web and graphic design services (74101 TOL 2008), social media marketing (70210 TOL 2008), and consulting services (70220 TOL 2008).

4.5.2 Industry Size and Attractiveness

The Industry is in the growth phase of its life cycle. Growth is being driven primarily by an increased use of the internet for researching purposes that makes the digital marketing valuable for any type of the business. The Industry's biggest challenge is competing for the marketing budget of the potential customers with outdoor and mass media advertising agencies. In addition, sometimes companies prefer hiring digital marketing managers rather than partnering with agencies however it works for the benefits of both sides decreasing spendings on digital agencies but promoting digital marketing as an important investment.

Digital ad spending in finland, by format, 2016. millions of € and % change

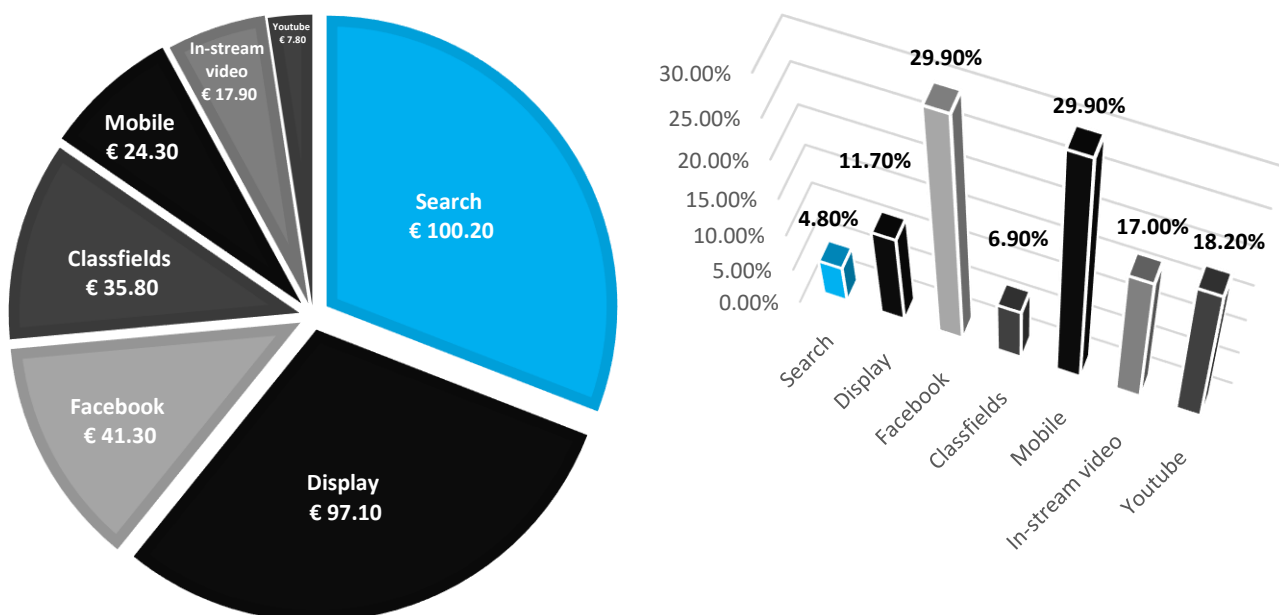


FIGURE 4. Digital Ad Spending in Finland in 2016 (Interactive Advertising Bueru Finland, press release, Feb 2, 2017)

According to data from the Interactive Advertising Bureau Finland and Kantar TNS Finland, total advertisement spending in Finland increased 0.9% in 2016 reaching €1.17 billion. Digital ad spending growth was significantly faster, at 12.6%—nearly double the 6.8% growth registered in 2015. Although the industry forecasts promising future going hand in hand with developing economic conditions. To support this claim, the data prepared by The Bank of Finland claims that Finland has finally climbed out of a long recession, and forecast for GDP growth is 1.3% in 2017 and 1.2% in 2018.

4.5.3 Industry Growth Rate

The Online Advertising is growing at a faster rate than three other industry leaders that compete for its customers' euros – Printed Media and Magazines, TV, Broadcast media (radio and cinema), and Out of home advertising. In 2016, The total advertising spending on Printed Media and TV dramatically declined what tells about the new era of advertising. However, outdoor and broadcast advertisement still shows the stable growth – outdoor 2,5 %, broadcast 5,9 %. Even though outdoor and broadcast did not lose any of the customer's budgets, the online advertising reached the growth rate significantly bigger than those two with a growth rate of 12.9% measured in 2016. Thus, when the TV and print media faced the decreased growth rate, not only internet commercial shown astonishing result but also reached the growth rate significantly bigger than the rest of the media types clearly proving that the Internet is the only future of Advertising.

4.5.4 Nature of Participants

The Industry comprises a wide variety of participants, ranging from large full cycle advertising agencies to small, marketing consulting agencies and web studios focusing only on few types of marketing channels or customer groups. The largest firm in the industry on the local market is Mainostoimisto AD Kiivi Oy with the biggest share of local industry sales. In addition, the company announces a merger with another local marketing agency Brave Digital Oy that also holds one of the market's leadership. This merger will only strengthen the local industry leading role and let those companies acquire more markets and leading positions. On the other hand, the merger opens the new opportunities for smaller companies that have more focused customer group and more reasonable services costs. All in all, there are 44 advertising marketing agencies registered in Kuopio by the middle of 2017. However, the clear majority of the registered advertising companies do not represent a clear focus on digital marketing assistance. The services offered by the majority are photo/video production, graphic/web design, and additional marketing strategy-related consulting services. In Kuopio, there are only two companies having a narrow focus on internet advertising such as Call To Action Oy and HuHu People Oy that surprisingly registered not in the industry of advertising. The industry those two companies represent is Management Consultancy Activities what defines that there is no company on the market clearly focusing on internet advertising services as a full-cycle advertising agency rather than companies selling strategies and consulting services.

4.5.5 Industry Trends

There are number of environmental and business trends affecting the growth and attractiveness of the agencies of digital marketing in the advertising industry. They are as follows:

Trends Working Against the Industry

- Easy to use services and digital marketing study material that let managers acquire high-level digital marketing skills only in few months.
- Hiring digital marketing managers in-house or on a freelance basis over agencies for implementation of digital marketing services.
- Wrong use of digital marketing screwing the intelligent brand of internet advertising by pushing and overloaded amount of selling advertising on the internet.
- Wrong perception of the digital marketing such as an expensive tool to afford.

Trends That Favor the Industry

- Higher costs of other types of advertising services.
- Lack of clear and ROI-measuring data for other types of advertising.
- Constantly growing use of internet for researching business purposes.
- Social influencers diversify, specialize, and grow exponentially.
- Increasing popularity of inbound marketing concepts.
- Fastly growing use of digital marketing services by industrial companies both by suppliers and purchasers.

4.5.6 Long-term prospects

The Industry is likely to maintain its current trajectory. An increasing interest in the internet as a sales and marketing tool is expected to continue to push digital marketing growth in the advertising industry. Companies are becoming increasingly interested in marketing return-on-investment and direct, clear analytics. The nature of the industry is likely to change as a result of this development by shifting more and more marketing budgets from TV, outdoor, broadcast, and print media to online advertising. The brightest spot for the industry moving forward is the growing prevalence of digital marketing services for industrial and manufacturing companies. A number of digital and advertising agencies are now prospecting industrials to access their colossal budgets. However, there is no agency on the market ready to focus and craft their services exclusively to the needs of the industrial sectors assisting them for the result and speaking their technically-difficult language. All advertisers on the local market serving the wide range of clients however interest and digital marketing spendings of the industrial / manufacturing companies enormously growing.

4.6 Market Analysis

4.6.1 Market Segmentation

The advertising and market research industry in Finland is segmented by service type. However, digital marketing companies may represent different industries according to their business registrations. Thus, digital marketing companies may not represent the industry of advertising and can be found in some other industries as well. Overall, digital marketing agencies may be represent following:

- Advertising Agency Activities (73111 TOL 2008)
- Computer programming, consultancy and related activities (62 TOL 2008)
- Public relations and communication activities (70210 TOL 2008)
- Business and other management consultancy activities (70220 TOL 2008)
- Information service activities / Web Portals (63 / 63120 TOL 2008)
- Graphic Design Activities (74101 TOL 2008)

Additional ways to segment the industry include by the niche and customer groups, annual turnover and number of employees, and by main service focus and orientation (i.e., web design, branding, social media, consulting, training).

4.6.2 Target Market Selection

Crosschannel agency will target the industrial and manufacturing companies representing specific industries that may benefit by partnering with crosschannel due to its narrow specialization. The main decision of target market selection is made followed by different factors such:

- **Market Research** (chapter 3). The market research implemented earlier provides compelling evidence that industrial and manufacturing companies on the local market are not fully satisfied with existing digital marketing services but would like to increase marketing budgets in the future.
- **Industry Analysis.** The industry analysis proves the positive future for digital advertising in general explaining that the nature of the industry is likely to change by shifting more and more marketing budgets from TV, outdoor, broadcast, and print media to online advertising. In addition, it specifies that the prevalence of digital marketing services for industrial and manufacturing companies constantly grow.

- **Internalisation Subsidies.** An increasing number of Finnish government establishments (f.i., Finnpro) are providing support and subsidies to Industrial SMEs (small and medium-sized enterprises) to join international markets with all tools in hand from international business name and brand to global marketing campaigns and promotions.
- **Current digital agencies are not meeting needs of industrial establishments.** As Illustrated in the “2.3.1 Research Results” section shown above, not all industrial companies in the survey has been satisfied with services of digital marketing agencies due to high costs and lack of the resultative outcomes. Existing digital agencies may provide local agencies with outstanding designs but no increase in website visitors, conversions to clients, and marketing ROI (return on investments).
- **Unique Concept & Foreign Success.** Companies in The UK and USA successfully shown that digital agencies same as any other business can be niched. That is why, enterprises such Hallam Internet Limited, Thomasnet RPM, and Industrial Strong Marketing switched to the concept of industrial digital marketing at the right time successfully, the concept that has not been implemented in Finland yet.
- **The Growing demand for Online Advertising.** According to data from the Interactive Advertising Bureau Finland and Kantar TNS Finland, digital ads are growing much faster than any other type of the advertising with a 12.6% of growth rate for 2016. This trend may forecast some great changes in the advertising industry in the future when the digital advertisement may take the #1 position according to ad spendings worldwide.
- **The Largest Marketing Need of Industrials.** Consistently industrial and manufacturing business is not quite simple and requires a minimum of technical knowledge. In addition, both work in business-to-business sectors that have no use spending marketing budgets on mass media such as TV and broadcasting. Print media is also slowly but surely changes to the digital format. Thus, the digital marketing and advertising are soon to become the only channel of advertising for such serious and partnership-oriented types of businesses.

4.6.3 Target Industries

The main trade area for the crosschannel agency is Kuopio, Finland where the company plans to start operating. Kuopio is the capital of Northern-Savo region where you may find a great scale of industrial companies specializing in heavy manufacturing, civil engineering, forestry, and other sectors. The most important industries for crosschannel agency are those that can be served and developed with digital marketing services of the company such as following industries:

- Forestry & Logging (02 TOL 2008)
- Mining & Quarrying (05-09 TOL 2008)
- Manufacturers (10-33 TOL 2008)
- Construction (41-43 TOL 2008)
- Transportation & Storage (49-52 TOL 2008)
- Financial & Insurance Activities (64-66 TOL 2008)
- Professional, scientific, and technical activities (69-74 TOL 2008)

4.6.4 Buyer Behaviour

As it was mentioned by one of the most popular business planning authors, Bruce. R. Barringer “The more start-up knows about the consumer in its target market, the more it can gear the products or services to accommodate their needs.” (Barringer, 2015) That is why for a more sophisticated understanding of customers’ needs, the following are factors affecting purchase decisions for industrial marketers in Crosschannel’s target market:

- **Low ROI of Traditional Sales & Marketing.** Nowadays, people get overflooded with different types of advertising. In addition, industrial companies used to acquire new clients using direct sales and marketing channels when the managers were cold calling the prospects selling a certain product or service. Today, this method of advertising, selling, or marketing is very irritating for the receiver and only decrease chances of closing the deal. That is why, traditional sales and marketing have no power it used to have before, so and return on investment is much more limited.
- **Income Level.** According to the situation on the local market, companies with an income level over 200 000 euro are more likely to start investing resources in digital marketing as a part of investments aimed at company’s development, internalization, and marketing.
- **Internalisation.** For most of the industrial companies, Finnish market may be seen as a saturated because of the country size and quality what can easily compete on the international level. Thus, an industrial company that serves already all possible clients in Finland, is ready to enter an international trade for seeking more opportunities abroad. To start it successfully, establishments invest in re-design of the websites, translation of the marketing material into English, purchasing pay-per-click advertising target to a specific country and more.
- **RBP (Result Based Pricing).** Mentioning again the traditional ways of marketing and taking as an example outdoor media, it is uncomplicated to realize that digital advertising has much fewer risks due to simple result based pricing what in this case cannot be so well-measured with the

outdoor promotion. Commonly it uses a number of impressions as the main KPI delivered to a customer while online promotion still has more smart data to offer and result based pricing model itself requires clients' payments only for the amount of click, impressions, or other digital KPIs.

- **The Digital Revolution.** There is no doubt that internet totally changes the way how purchasers make a decision since world wide web easily enables you to connect with a much wider audience whilst keeping costs to a minimum. In addition, internet bought a much wider range of digital features that let companies communicate with their audience and potential customer in ways that were never thought possible.
- **Sales Opportunities.** The possibilities for sales increase may overlap the fact of on internalization, however, it also suitable for local markets. For instance, one of the most popular digital product such as SEM (search engine marketing) may bring the company on top of the google ranking according to specific search terms what makes company closer to purchasers who are researching potential contractors in google for cooperation opportunities. Hence, SEM is the only one out of hundreds of tools that aimed at increase of company's sales.
- **Young Employees.** The local business schools: Savonia University of Applied Sciences and the University of Easter Finland graduate more and more students specializing in international business. No doubt that some part of the students moving to bigger cities or other countries, however, the number of business graduates who stay in Savo region and join local industrial companies is reasonable. Since millennials are more likely to see business operations impossible without developed digital channels, they encourage local industrials for growth in the digital world as well.
- **Competition.** Nowadays, not only business-to-business companies are competing in the digital world for the best KPIs such as higher ranking in search engines, amount of followers in social media, website visitors, and etc. Being ahead of competitors online meaning that more visitors and opportunities are meeting business in the specific channel. That is why competition drives purchasing decisions of industrial companies towards best online communication and performance.


4.6.5 Competitor Analysis

Core Competitors. There are no digital marketing agencies in Kuopio that focus strictly on industrial establishments. The benefits of this target group, however, are apparent to all agencies, which are starting to serve more clients of heavy industries. The Core competitors represent the local agencies that generate more revenue from projects with industrial companies according to several reference projects presented on their websites. Even though the main competitors have compelling positions on the market due to long-established experience, both of it still do not concentrate services on industrials and have a more sizeable focus on the design of their services rather than effectiveness and comfort of use for their employees.

Oddy Inc. Oy 
Turnover 2016: 1 300 000 € / 10 - 20 employees
Strength: long-established market share

Mainostoimisto Crealab Oy 
Turnover 2016: 381 000 € / 1 - 4 employees
Strength: long-established market share


WEB Competitors. The group of web competitors includes companies offering website services for the price equal to crosschannel agency made almost in the same content management systems that are easy to use for employees. This tells that those agencies have a more focus on the result than on visual appeal but still do not represent the narrow niche of industrial digital marketing.

Mainostoimisto Aihe Oy 
Turnover 2016: 117 000 € / 1 - 4 employees
Strength: reasonable pricing


Hurja Solutions Oy 
Turnover 2016: 465 000 € / 1 - 4 employees
Strength: reasonable pricing

SMM Competitors. Social Media Marketing services represented mostly by few agencies that have both types of services such as marketing outsource and consultations with strategies. Also, one of it provides customers with different marketing services integrated together. The only vulnerability or strength mentioned in the working process of both companies is lack of focus on such a demanding tool as social media marketing outsource. In this case, SMM competitors prefer more sales of consultations and strategies.

Call to Action Oy 
Turnover 2016: 201 000 € / 5 - 9 employees
Strength: strategy focus & marketing integration

Huhu People Oy 
Turnover 2016: 400 000 € / 1 - 4 employees
Strength: narrow focus on social media

Internet Advertising Competitors. The advertising industry in Kuopio has a confident digital growth, however, amount of internet advertising sold by local agencies is insufficient. In defiance of, there are two creative agencies providing those services more active than others, but still not in the amount to be sold.

Call to Action Oy	
Turnover 2016: 201 000 € / 5 - 9 employees	
Strength: narrow focus on digital marketing	

Mainostoilija Aihe Oy	
Turnover 2016: 117 000 € / 1 - 4 employees	
Strength: reasonable pricing	

4.6.6 Indirect Competitors

Indirect competitors include companies offering more freedom and digital marketing education to the people that let them in a few months become experts in search engine marketing, social media, or even internet pay per click advertising. In the global scale, those companies are MOZ (SEO), Hubspot (Inbound Marketing), and Google Inc. (Online Advertising). Locally, for instance, services of context advertising as a decisive part of pay-per-click advertising sold by Fonetica, the leader of online marketing in Finland. This company has a very competitive name, popularity, and service that only takes 200 euros for launching a context advertising campaign without any other additional commissions that make clients happy paying only for each visitor clicked the ad.

4.6.7 Competitive Situation and vision of the markets

The above information shows that crosschannel agency will compete on par with its closest competitors on digital marketing integration, reasonable pricing, and narrow focus on industrial companies. It plans to achieve advantages in terms of the result crosschannel team ready to bring to the company, tailored services, and clarity of the working process to their clients. Its primary disadvantage is lack of long-established name and the colossal team of professional what is just a question of time.

4.7 Marketing Plan

4.7.1 Overall Marketing Strategy

The Crosschannel Agency's marketing strategy is to make directors and marketers of industrial companies in Northern Savonia aware of international opportunities that can be reached through digital marketing channels. Crosschannel projects to generate locally-based smart advertising and word-of-mouth referrals through a series of marketing tactics showing how considerable is the value crosschannel agency provide with.

The marketing strategy is also based on reaching marketing goals. The main marketing target for the end of 2018 is to acquire 10 customers for each of the services. Having 3 main services, the crosschannel agency aims at 10 accounts for each service during the whole year of 2019. This number will be a motivational tool and will be the central metric agency will use to translate a number of clients into business results of the agency.

Overall, marketing strategy implementation will be done through a variety of methods. The first method will be the simple form of direct communication between the account manager and a client. Account Manager will implement direct marketing strategies to propose agency's services to potential customers. Another source of marketing is executed through referral marketing promoting bonuses to existing clients in case they would like to recommend crosschannel agency to their partners. The services of digital marketing method is to use digital marketing to promote digital marketing services.

4.7.2 Marketing Objectives for 2019

- Develop brand awareness through a steady, month to month increase of new customers.
- Sign contracts with minimum 10 accounts per each of 3 services offered
- Double the number of website visitors

4.7.3 Financial Objectives

- Reach turnover of 150 000€ within the two year.
- Reduce the variable costs through efficiency gains.
- Reach profitability within the first year.

4.7.4 Positioning

The positioning of crosschannel agency avoids strategies of affinity and distribution. What crosschannel agency's positioning strategy stands for is specific demographic which is represented by the industrial & manufacturing companies. Agency will exist only for the purposes of serving industrial clients and never stop developing services for their needs only.

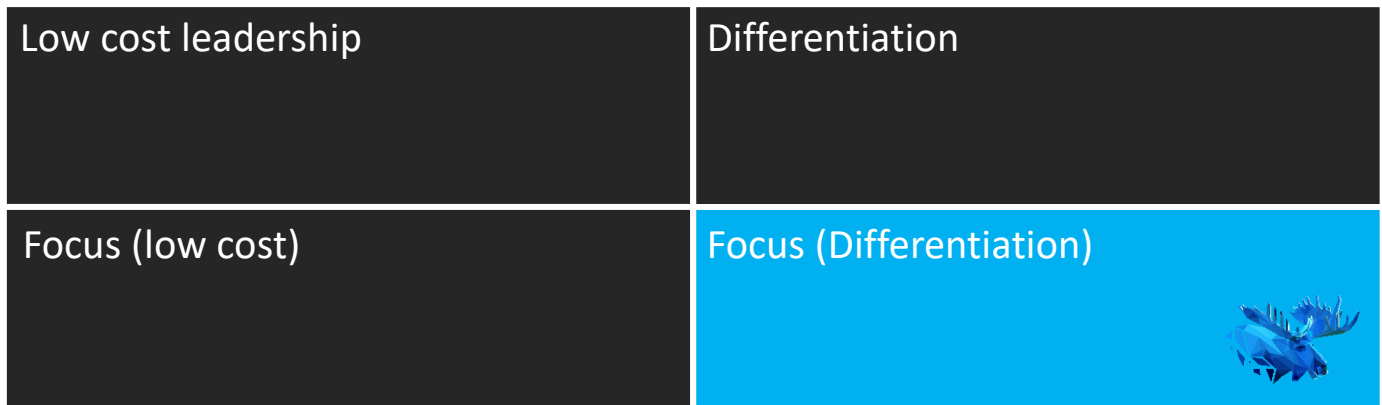


FIGURE 5. Porter's Generic Strategies (Michael Porter, 1985)

Thus, addressing positioning strategy with generic is directly pointing company's marketing efforts towards seeking a differentiation in industrial target segment that can be described as differentiation focus.

4.7.5 Differentiation

To stand out from competitors and provide customers with ongoing support and development, the main point of differentiation of croschannel agency services is the concept of monthly payment. When existing digital agencies on the local market provide digital marketing products as a single sale without further support and assistance on the client's grow, crosschannel agency wants to provide clients with support and assistance during the whole month.

The best representation of this concept may be set as an example of website order by the local agency. The charge for the website may vary from one to very few thousand euro, however, none of the local advertising agencies and web studios offer free changes, corrections, analytics, design improvements, and updates for free. The idea of crosschannel agency is not to charge industrial clients few thousand euro for the single website but to demand around 300€ as a monthly payment for website usage. The customer does not pay any additional fees and may at any time request certain changes, improvements, detailed analytics, and leads generation absolutely for free. Thus, the client receives digital marketing tool that is safe, secure, and supported by the team of professionals ready to proceed with any changes and analytics within 10 hours of time.

4.7.6 Product Portfolio

Addressing back to the range of services offered by crosschannel agency, there are three digital marketing solutions such as web design and development, social media marketing outsourcing solution, and the pay-per-click online advertisement covering almost all types of the internet ads.

For evaluating the strategic position of each solution of the business brand portfolio and its potential, figure 6 represents the BCG (Boston Consulting Group) matrix. It classifies business portfolio into four categories based on growth rate of the industry, competitive position, and relative market share. From the perspective of the agency, corporate websites may be an efficient entry product to prove single clients competitiveness and uniqueness of the concept that relatively cheaper than web solutions of competing companies. Social Media Marketing outsourcing requires many hours of content production, preparation, and executing. Thus, social media marketing is the most expensive service in the portfolio of crosschannel agency and as a result projected to be a “cash cow” during the first year of establishment. The online advertising becomes easier & user-friendly day by day. That is why some companies handle online advertisement on their own avoiding services of digital agencies, however, digital ad spending growing excessively. Those two opposite claims make it challenging to forecast the possible success of the following product.

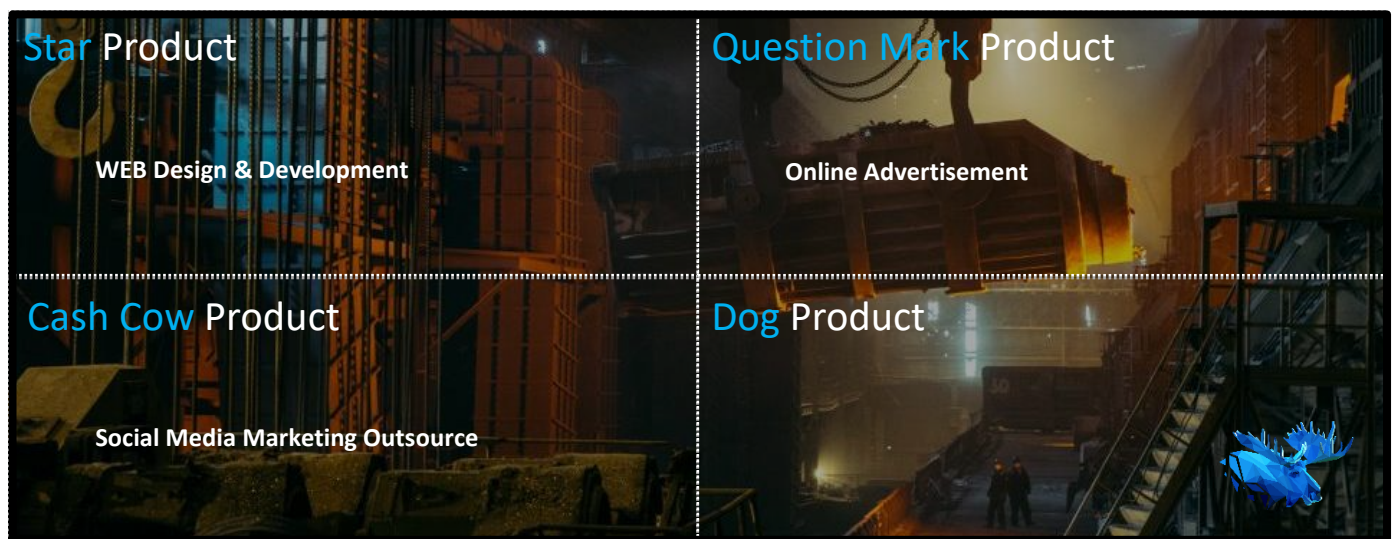


FIGURE 6. Growth-share matrix (The Boston Consulting Group, 1970)

Taking all the above into consideration, digital marketing is not the science of few tools independently. The success of online promotion mostly depends on how efficient different instruments are executed together at the same time engaging a target audience. Hence, all services are interdependent and specifically designed to increase usage of digital marketing tools by industrial companies. For more sophisticated persuasion, crosschannel team strives to convert each purchased service into a value containing the positive rate of return on client’s investment and improved digital marketing KPIs. Only this way and only, agency’s team believes in the success of all products concurrently.

Competitive Benefits & Features. There is an enormous number of things that differ crosschannel agency products from others, however, only a few main features and client benefits may guarantee that solution would be popular among industrial sectors.

As an example, website service has the payment and support as the main competitive feature, being only on the market offering elegant and efficient corporate website for a reasonable payment per month, in addition, receiving all possible support, analytics, and growth navigation. Social Media Marketing solution not only stands out with a pricing & support model but also bringing the totally new concept of full outsource to the local market. This solution easily lets business owners save resources by hiring marketing personnel and training. In addition, not every hired marketer posses relevant programming and design skills, thus crosschannel agency offers full content and social media marketing outsource costs to the client almost a half of the costs of hiring the in-house manager.

4.7.7 Pricing Strategy

Crosschannel agency will adopt a policy of competition-based pricing for the web and social media solutions and will price its initial monthly price on two criteria such as current prices charged by direct competitors and initial costs of the product divided into 12 months due to agency’s monthly pricing method.

The pricing of online advertisement is based on a different policy of cost-based pricing, specifically cost-plus method. This method explains how the online pay-per-click advertisement price is calculated. The client may choose any (min 300€) amount to invest in monthly PPC (pay-per-click) advertising and the agency takes 30% as an additional or subsumed cost. What differs this pricing model for PPC ads from competitors, that crosschanneal agency does not charge for any of the strategy, briefing, design, programming, and copywriting work since it is partly included in the final commission.

Solution	Crosschannel Agency Pricing	Competitors’ Pricing (minimum)
Corporate Website	f.e 300 €/month (3600 €/year)	3100€ (single payment)
Social Media Marketing	f.e 1000 €/month	3000 €/month

4.7.8 Sales Process & Promotional Mix

For crosschannel agency, marketing is not just company willing to discuss about; it is imperative that as an "online marketing firm" agency practice what it preaches. Thus, the company's website and internet presence will be the predominant marketing venue for promotion. Agency intends to take a multi-pronged approach to marketing the site by having the URL (crosschannel.agency) prominent in all company managerial and promotional materials. In addition, dynamic and robust online presence will be at the core of the marketing strategy for the company. Execution the website marketing strategy will include following: SEO (Search Engine Optimisation to improve websites visibility for search requests such Digital Marketing Kuopio, Digital Agency Kuopio, Industrial Digital Marketing, etc.), Social Media Networking (LinkedIn, Facebook, Instagram), Content Marketing & Blogging targeted for helping Finnish industrials to easier overcome digital marketing challenges and share the company knowledge with industrial marketers.

When the digital marketing is the core of company's marketing execution, a foundational aspect of crosschannel agency's sales and promotional strategy is its sales process. This is the process the company will use to generate more customers. The align sales and marketing forces together into the sales process, the agency has developed specific promotional tactics to support each step of the sales process. These tactical steps are an in-progress work and will be invariably be revised and developed further as crosschannel agency learns more about the characteristics of its target customers.

Sales Process Stage	Supporting Tactics
1. Prospecting	<ul style="list-style-type: none">▪ Referrals from current client.▪ Direct Mail (targeting agency's customer group profile).▪ Partnership with Sales Freelancers on commission basis.▪ Generating leads with blog, website, and social media.▪ Responses from company's online advertisements.▪ Request for free audit, consultation, strategy, and prototypes.
2. The Initial Contact & Lead Qualifying	<ul style="list-style-type: none">▪ Employees will respect clients and explain digital marketing techniques and terms in a clear and understandable manner.▪ All qualified leads are provided with free website & social media audit, a detailed strategy for future growth, and prototypes.▪ If the sale with qualified lead has not been closed, he or she will be contacted by phone as a follow-up month after the visit.

3. Sales Presentation

- Prospects will be provided with sales presentation about services and value of company's services
- A packet of references, case studies, and testimonials will be developed over time and provided to prospects as part of the sales presentation process

4. Meeting Objections & Concerns

- Account Executives will be trained on how to meet the most common and obvious objections and concerns.
- Account Executives will have an opportunity to provide prospects with free "trial" month of the service as needed.
- In regard to price objections, a brochure will be prepared including different pricing options, detailed explanations how price is calculated, and explanation on how success and ROI are measured and generated.

5. Closing the sale

- Closing the sale will be followed by a detailed plan on deadlines, project execution, and additional details.
- The client receives a Dapulse (project management online service and software) account to have a real-time tracking of the perfect performance, execution, and even planning in details.

6. Ongoing Support & Follow-up

- Each client must be contacted at least two times a month.
- The first contact is made to let customer accept the plan and give a green light for project execution.
- Last month contact provides a client with campaign performance, detailed analytics, and suggestions for a further improvement need to be accepted. In addition, account executive is responsible to receive a feedback to consider further service developments.
- Dapulse online service must be updated daily to provide clients with actual campaign performance.

4.7.9 Promotional Activities

In addition to activities supporting the cycles of the sales process, the other promotional activities and tactics are planned as follows:

Web Site Downloads. Crosschannel Agency will place both general and educating material on the website that can be downloaded. This material may contain a wide choice of free templates related to digital marketing, excel sheet templates for easier marketing planning for industrial marketing executives, price lists, company presentations, case studies, and more. To get access to the download link, the email is required. Thus, the data from the download forms will be used as a sales lead.

Pay-per-click advertising. The company plans to use own services for self-promotion. That is why crosschannel agency will have almost all kinds of PPC Advertising to attract potential customers. Ads will be targeted to bring people previously requesting Google search in the area on Kuopio for following keywords: digital agency, digital services, digital marketing services, digital marketing agency, web services, and many other search requests, both in Finnish and English languages.

Referral Programme. Existing clients of crosschannel agency will have a chance to receive a free month of social media, website, or online advertisement. To make it happen, the current customer should recommend the agency to a company, friend, or a partner who may potentially become a new client of crosschannel agency. For this type of help and promotion, the client will receive a full month of listed services totally free as a campaign reward.

4.7.10 Distribution Channels

The crosschannel agency will be an open to new experiments and ideas in regards to business-to-business partnerships. That is why agency will have more than one distribution channel in the beginning of start-up operations for relevant experience in the field. The main distribution channel will be the direct sales, allowing the company to be in contact with potential and existing clients without any intermediaries.

The second type of the distribution channel company is willing to experience is the sales agent. The sales agent will primarily act as an individual contractor providing the agency with clients for a certain type of commission.

The Opaque Distribution will also be experienced and may be primarily implemented to avoid some of the risks. Having a niche focused agency may be uncertain with a risk of not generating enough clients due to the selected narrow target group. Thus, the company needs to find a strategy to offer same services to all target groups accelerating the revenue stream. To make it happen, crosschannel agency will use the opaque type of distribution by having a completely different agency with other business account and brand in use. That digital agency will serve all types of clients and provide them with same services but for lower rates due to lack of highly important need in analytics and industrial technical data in use. Thus, the opaque distribution channel may let crosschannel agency serve a wider customer group at lower rates on behalf of another brand.

The last and the most difficult to establish distribution channel is planned to be an Indirect. The Indirect Distribution Channel will be implemented by two parties: crosschannel agency and local advertising agency. This type of partnership with one of the competitors may increase agency's sales and set a supportive alliance. There will be only one competitor partnering with crosschannel agency on contract manufacturing basis. From two possible business models, the first provides a competitor or future reseller with web and social media services at a bargain basement rate, but with a right for attribution and reference. For instance, when crosschannel agency produces the website to reseller-company Z that is made for their client, attribution on the website's bottom should include: "Coded by Crosschannel Agency. Powered by Company Z" giving attribution to both parties. In case of no attribution from partnering agency, services are provided at a little higher rate, however, still competitive on the local market.

4.7.11 Annual Promotional Budget

Item	Budget
Promotional material material (business cards, brochures, product cards)	100,00€
Web site material, content, updating and support	250,00€
Contextual & Display Advertising (Google AdWords)	500,00€
Social Media Promotions (LinkedIn, Facebook)	500,00€
Reference Rewards	700,00€
*Support of Kuopio Entrepreneurship Society & Nonprofit Organisations	1200,00€
*(6 free of charge projects per year)	
Total	3250,00€

4.8 Management & Organisation

4.8.1 Organisational Chart

The managerial model of the company relies on product-based type of organizational structure, meaning that company is split into three teams (web development, social media marketing, and advertising) all managed by CEO or Account Managers. In the beginning of business operations, the crosschannel agency will start as a small team without much of human resources, that is why CEO with Account Manager is responsible for all managerial, financial, and commercial tasks. The third line of a hierarchy is broken down by product teams that separately working on their projects. In case when client purchased more than one services from the agency, account manager is responsible that different services made by different teams will be implemented in the same tone following the common objectives. The account manager is also the main contact person establishing all communication between product teams and clients.

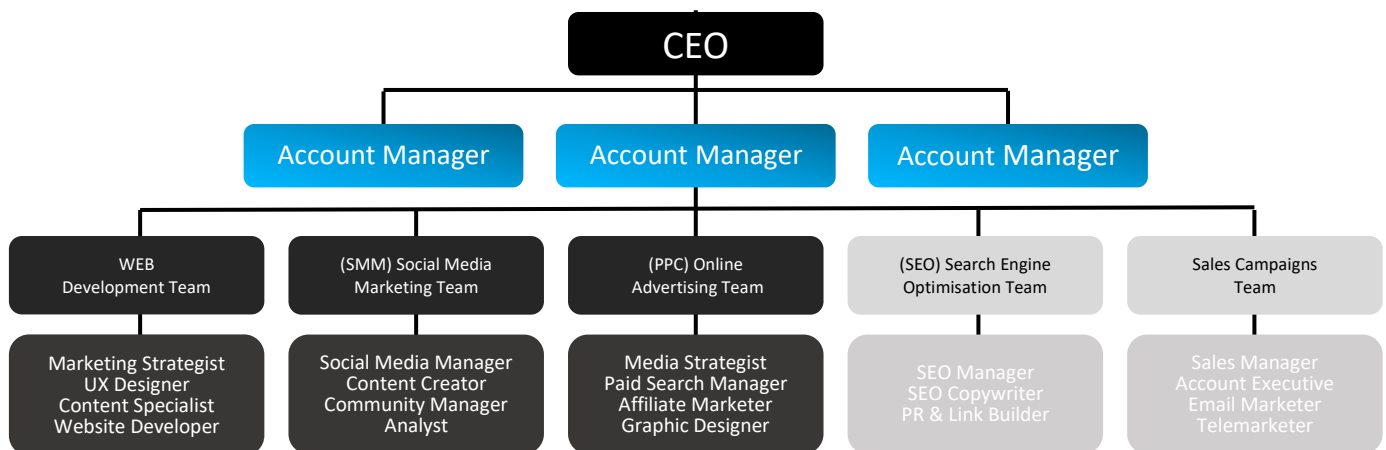


FIGURE 7. Organisational Structure of Crosschannel Agency

4.8.2 Operational Team

Crosschannel agency's management philosophy concentrates on teamwork, creativity, responsibility for result, and providing supporting environment both for company's employees, partners and clients. Employees will be selected based on the attitude towards digital marketing revolution, enthusiasm, and their commitments to make the digital marketing clear, easy, and supportive for our clients. On the current stage of company establishment, the team only consist of a managerial director, account manager, social media manager, and web developer. Most of the tasks and roles may be distributed among existing team members to deliver efficient result for the maximum of 5 accounts. That is why 1st five clients will be managed by existing team of 4 enthusiasts. This will help to prove the efficiency of the agency's concept, company's responsibility, and efficiency. Thus, experience and result in the treasury of crosschannel agency may help to successfully attract investors and prove the reliability of the agency on the local market.

4.8.3 Professional & Advisory Support

Crosschannel agency relies on the creativity, programming, and content production skills such digital print, graphic design, digital art, web design and programming. Thus, there are professionals partnering with crosschannel on an as-needed basis through business-to-business relationships and freelance. In addition, company plans to establish a group of partners, companies, and specialists for professional and advisory support.

DNS & Hosting Related Support. Data Group Oy.

Content Management System and Billing Support. Webflow, Inc.

Accounting Services. MST-Yhtiöt Oy.

Legal Support. Dottir Attorney Oy.

Banking Services. Säästöpankki Oy.

4.9 Operations Plan

4.9.1 General Approach to Operations

The strategy and advantage of crosschannel agency rely on three things:

- (1) delivering results to agency's clients that help their businesses grow both locally and internationally.
- (2) reaching annual sales goals through new partners retention and (3) to fully understand the business and needs of agency's clients developing the best digital services in the market, specifically for the target group of industrial small and medium-sized companies.

Operating an agency of industrial digital marketing maybe challenging and requires a careful balance of not fulfilling clients' projects very serious and dull due to their heavy business specialization while at the same time implement digital marketing of the clients in the clear, interesting, and creative manner. It also requires an extreme sensitivity to the needs of the clients that may conclude modern trends irritating and careless. As a result, agency staff not only should outsource marketing activities of the buyers but also support them with clarification which aim stand behind each action. Thus, the honest and clear communication with customers is the key to delivering right services to the right target group.

4.9.2 SWOT Analysis


<h4>Strengths</h4> <ul style="list-style-type: none">▪ Monthly Payments▪ Competitive Pricing▪ Easy-to-use services & Simplicity▪ Ongoing Support▪ Industrial Focus▪ Detailed Analytics	<h4>Weaknesses</h4> <ul style="list-style-type: none">▪ Start-Up▪ Lack of large customer base▪ Lack of brand recognition▪ Lack of human resources▪ Vulnerable Financial Situation
<h4>Opportunities</h4> <ul style="list-style-type: none">▪ Rapidly Growing Market▪ Growing Use of Digital by Industrials▪ Lack of Dominant Competition▪ Younger Generation of Industrial Marketers to come▪ County's support for internalization of industrials▪ City's support for young entrepreneurship	<h4>Threats</h4> <ul style="list-style-type: none">▪ Trend of employing digital marketers in-house▪ Increased Competition▪ Economic Slowdowns 

FIGURE 8. SWOT Analysis (Humphrey, 2005)

4.9.3 Production

Production and delivery of the services have a different approach to each of the solutions offered. However, production time is quite similar for each and requires from 7 to 30 days. As was already mentioned, crosschannel agency plans to bring more solutions after the 1st year of operations such as Search Engine Optimisation and Sales Campaigns. To enter the market, the company offer three digital solutions such as Website, Social Media Outsource, and Pay Per Click Advertising.

The efficient and quick production of the website requires a team with minimum of 4 professionals separately working on fields of Marketing, Content Writing, Design, and Development. The whole production is done by crosschannel team, however, certain copywriting and technical parts may be outsourced to company's trusted freelancers and partners. The production of the website starts with a briefing between crosschannel's account manager and purchaser. After that, project is given to marketing strategist and designer to create a website prototype based on strategical decisions and client's needs. After the prototype is accepted, marketing strategist, content specialist, and designer start the realization of the project. When everything is done, work is proceeding to the hands of web developer for technical adjustments, corrections, and test. Further, the website is being delivered to a client by an account manager who will be also supporting the client on the monthly basis with additional changes requests, content marketing, and final month analytics.

The social media marketing outsource same as any other solution offered by crosschannel agency starts with analytics and client briefing to identify vulnerable sides of the client's digital marketing and match it with client's needs meeting strategical decisions. After briefing is finalized, account manager presents project features to a Social Media team. The division manager sets the strategy and a content plan with materials to be produced for the next month publications. If the client accepts the plan, a team of social media manager, designer, content creator, and community manager spend from 14 to 30 days on content production and scheduling. Then, account manager contacts client for another review round. In case of no corrections needed, social media manager is getting prepared for content publications during the whole month of social media outsource according to the schedule and content plan defined. Thus, social media marketing solution is the most time consuming and challenging due to the time needed for social media outsourcing during the month and also 14-30 days before for preparation and content production.

Online Advertising requires much less time for preparation and production of the material that takes from 7 to 14 days. This work also starts with a briefing between account manager and a client before it is delivered to media strategist that assign different tasks to the team of paid search manager, affiliate marketer, and a designer. When production of the content, banners, and other advertising material is ready, it receives a permission from the client to get it successfully launched, tracked, and analyzed.

4.9.4 Behind the Scene Operations Activites

To provide the client with services that not only bring the result to the client's company but also generate a certain value for his or her own needs, there are few areas that crosschannel plans to develop. Certain improvements may get the communication with the customer more clear, service easier to understand, and experience more pleasant such as these areas of advancements:

- **Employee education.** Crosschannel agency is interested to provide each employee with specific digital marketing education also taking into account programming and design courses. The company may not afford physical courses for their employees right in the beginning, however, may confidently cover expenses for online certifications and nano degrees especially provided by Udacity, Google, and Hubspot.
- **Staff selection.** As for crosschannel's philosophy, the most important thing company seeks in applicants is a willingness to learn and support clients on the long journey from the establishment of the first digital marketing project to the international success. As a result, education, suitable degree, and skills are not as prioritized as desire and passion to make a change.
- **Detailed & Clear Analytics.** The company is willing to invest a certain amount of resources in purchasing expensive and right analytical software that would help in explaining and selecting even more accurate decisions and at the same time would be easily explained to the agency's clients.
- **Employee motivation.** The motivation that does not reward for the sales the manager may made but specific remuneration for better result and KPIs delivered to a client. Thus, agency aim to explain to the workers that even if the agency is very dependent on sales and new clients, the most important thing is to create a value for the customers what would pay off with a priceless loyalty and trust generating more clients in the future.

4.9.5 Front Stage Operations Activites

Front stage operations activities are things that will be visible to the client to create additional value such as following:

- **Free Strategy Consultation** during which customer is provided with the full step-by-step guide to overcome competitors in the digital world. In addition, crosschannel agency analyses website, social media, and search optimisation to define what the strongest and most vulnerable sides of the potential client's marketing.

- **Monthly Analytics** will not only provide clients with performance statistics for the last month but also will be comparing it to the closest competitors and previous months to analyze growth having the responsibility to always lead partnering industrial companies forward, towards success.
- **WEB Payment system.** The monthly payment for the website will proceed through secure and costly for the agency payment system. The main advantage of the payment system is that client may track company's payments on their own and fulfill monthly payment easily in a few seconds.

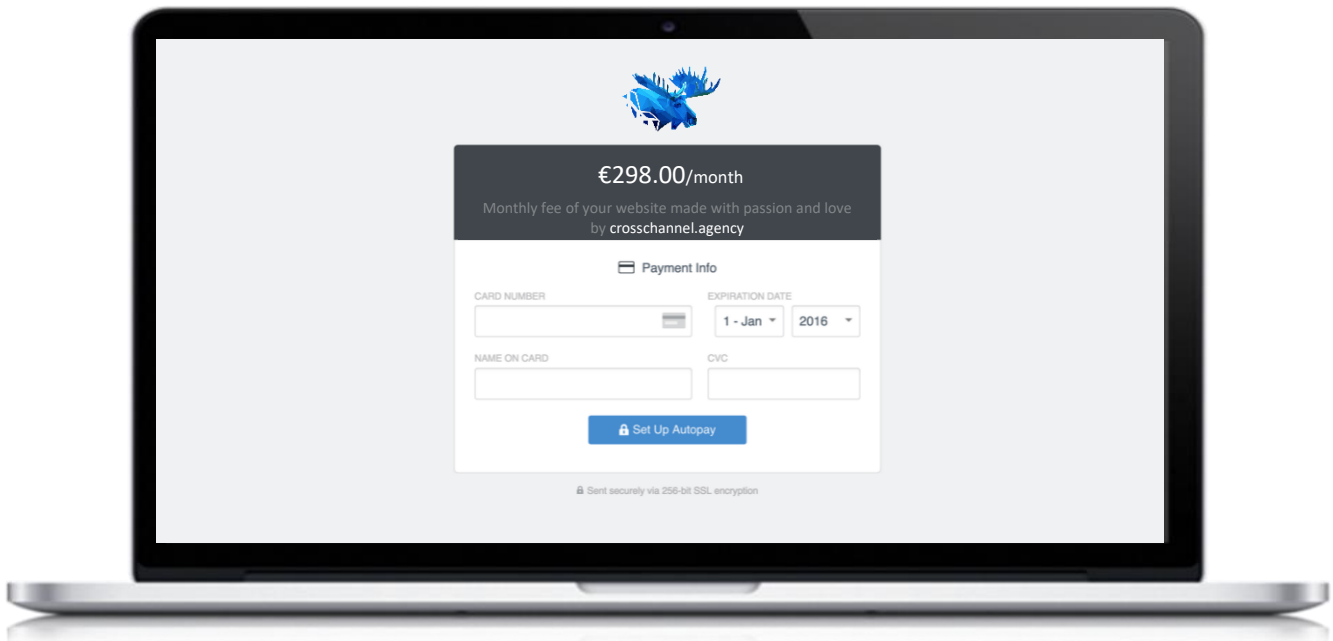


IMAGE 4. The Design and Look of the WEB Payment system (Crosschannel.agency, 2017)

4.9.6 Business Location

Crosschannel agency is proposing to operate a single office located in Kuopio, Finland. This location considered to be beneficial for an industrial digital marketing agency. Firstly, Savo region is the area where the agency may find a number of industrial companies. Kuopio is the largest town in the Savo what makes access to industrial companies easy and straightforward. In addition, business opportunities in Kuopio growing at the same time with already existing businesses what is proved by statistics presented by the City of Kuopio. In 2016 the increase of net sales and total salary sum was greater than in the whole country with a 3.6 % increase in net sales and 3.5 % increase in salaries. (Kuopion kaupunki, 2017)

4.9.7 Service Delivery

The delivery of the service to the client is on the front end represented by the account manager who is the main connection between a company and a client. The whole process starts with an inbound or outbound request for a trial or free prototype that crosschannel offers, also first meeting with a client may proceed

with the analysis of existing digital marketing of the company, consultation on their wants and needs, strategy setting and more. After it is clear for crosschannel agency what are the digital marketing challenges and objectives of the purchaser, the prototype of the solution is ready to be tested and checked by the buying company. If the test is successful, the production and preparation of the services may begin. The product gets launched and at the end of the month, the client receives full and detailed analytics on the performance of the service in action. If there is a possibility for further improvement for a better result in the next period, then the changes and improvements are being delivered for another evaluation cycle.

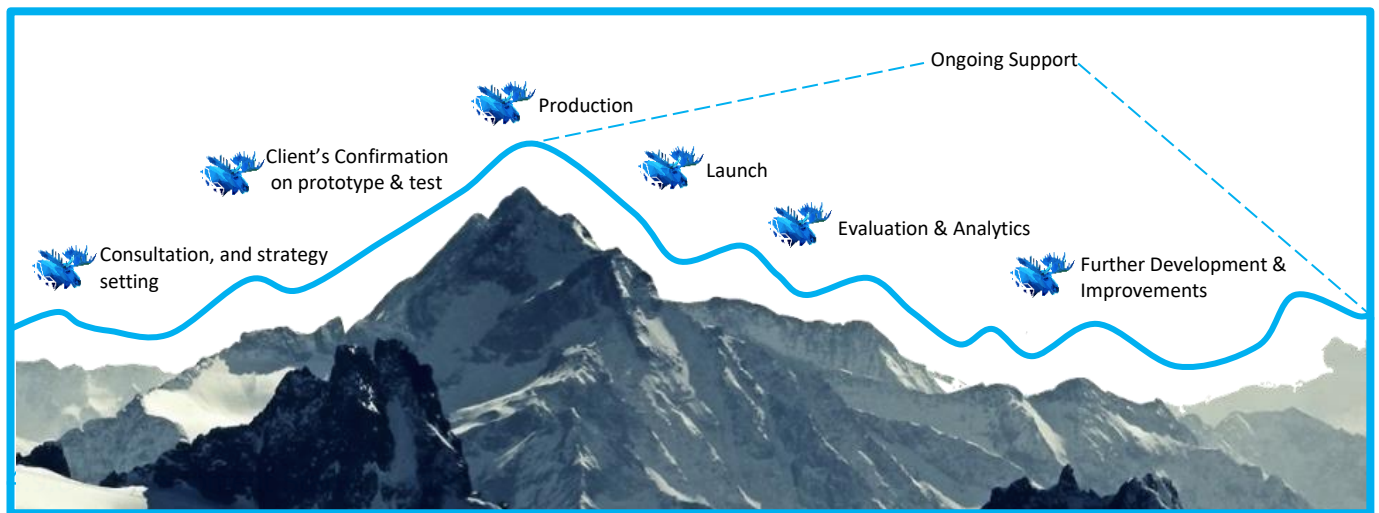


FIGURE 9. The full cycle of service delivery (Crosschannel.agency, 2017)

4.9.9 Legal Environment

Due to nature of its operations, Crosschannel does not have a need for the patent application. However, trademarks are assigned as an intellectual property and obtained including its name (crosschannel.agency), logo, and “digital marketing powered by industrials” tagline. In addition, rights for the internet domain name (<http://crosschannel.agency>) have been transferred to the property of the company in October 2017. Regards trade secrets, the crosschannel agency considers following material no to be discussed: operating manuals, partnership details with purchasers, employee orientation methods, clients list, prospects list, business plan, operating software, and financial records. This material is not allowed to leave crosschannel agency premises, nor is allowed to be copied without the suitable permission.

4.10 Financial Plan & Projections

4.10.1 Required Startup Funds

The table below represents the list of resources crosschannel agency needs for one year of operations. It includes both resources needed during a pre-opening stage and during the whole first year of operations.

TABLE 2. Required Startup Funds

Required Start-Up Funds	Amount	Totals Depreciation	Depreciation per month
Fixed Assets			
Website	€ 300.00	12 Months	€ 2.08
WEB Software	€ 200.00	12 Months	€ 1.39
Pyament Software	€ 360.00	12 Months	€ 2.50
Computers & Devices	€ 2,500.00	12 Months	€ 17.36
Deisgn Software	€ 340.00	12 Months	€ 2.36
Analytics Software (SEO, SMM, WEB	€ 600.00	12 Months	€ 4.17
Total Fixed Assets		€ 4,300.00	€ 29.86
Operating Capital			
Pre-Opening Salaries and Wages	€ 1,200.00		
Prepaid Insurance	€ 230.00		
Inventory	€ 500.00		
Legal and Accounting Fees	€ 450.00		
Advertising and Promotions	€ 3,250.00		
Licenses	€ 100.00		
Other Initial Start-Up Costs	€ 500.00		
Working Capital (Cash On Hand)	€ 2,500.00		
Total Operating Capital		€ 8,730.00	
Total Required Funds		<u>€ 13,030.00</u>	
Sources of Funding			
	Amount	Totals	
Owner's Equity	€ 1.00	€ 13,030.00	
Commercial Loan	€ -	€ -	
Other Bank Debt	€ -	€ -	
Total Sources of Funding	€ 1.00	<u>€ 13,030.00</u>	

4.10.2 Salaries & Wages

Crosschannel agency does not have an aim to expand the team to a bigger amount of personnel if the number of client accounts is not exceeding planned numbers. That is why, the only changes in salaries and wages company are willing to take is a smooth increase in salary by 10% the second year, and 20% third. In addition, the company is interested in younger minds and that is why has an aim to hire trainees providing them with appropriate compensation.

TABLE 3. Salaries and Related Expences

Salaries and Related Expenses	Assumptions	Monthly	Year One	Year Two	Year Three
Percent Change				10.00%	30.00%
Salaries and Wages					
Owner's Compensation		€ 1,000.00	€ 12,000.00	€ 13,200.00	€ 17,160.00
2 Full Time Employees		€ 3,200.00	€ 38,400.00	€ 42,240.00	€ 54,912.00
2 Interns		€ 1,000.00	€ 12,000.00	€ 13,200.00	€ 17,160.00
Total Salaries and Wages		€ 5,200.00	€ 62,400.00	€ 68,640.00	€ 89,232.00
Payroll Taxes and Benefits					
Social Security Taxes	10.00%	€ 520.00	€ 6,240.00	€ 6,864.00	€ 8,923.20
Other Employee Benefit Programs	10.00%	€ 520.00	€ 6,240.00	€ 6,864.00	€ 8,923.20
Total Payroll Taxes and Benefits		€ 1,040.00	€ 12,480.00	€ 13,728.00	€ 17,846.40
Total Salaries and Related Expenses		€ 6,240.00	€ 74,880.00	€ 82,368.00	€ 107,078.40

4.10.3 Fixed Operating Expences

TABLE 4. Fixed Operating Expences

Fixed Operating Expenses	Monthly	Year One	Year Two	Year Three
Percent Change			0.05	0.05
Expenses				
Computer Software / Cloud	€ 50.00	€ 600.00	€ 630.00	€ 661.50
Insurance (Liability and Property)	€ 50.00	€ 600.00	€ 630.00	€ 661.50
Legal and Professional Fees	€ 75.00	€ 900.00	€ 945.00	€ 992.25
Office Expenses & Supplies	€ 50.00	€ 600.00	€ 630.00	€ 661.50
Telephone and Internet	€ 80.00	€ 960.00	€ 1,008.00	€ 1,058.40
Marketing/Promotion	€ 270.00	€ 3,240.00	€ 3,402.00	€ 3,572.10
Accounting	€ 75.00	€ 900.00	€ 945.00	€ 992.25
Travel Expenses	€ 50.00	€ 600.00	€ 630.00	€ 661.50
Other	€ 100.00	€ 1,200.00	€ 1,260.00	€ 1,323.00
Total Expenses	€ 800.00	€ 9,600.00	€ 10,080.00	€ 10,584.00
Other Expenses				
Depreciation	€ 29.86	€ 358.33	€ 358.33	€ 358.33
Total Other Expenses	€ 29.86	€ 358.33	€ 358.33	€ 358.33
Total Fixed Operating Expenses	€ 829.86	€ 9,958.33	€ 10,438.33	€ 10,942.33

4.10.4 Income Statement 3 years

Projected Income Statement is calculated to estimate and forecast approximate net income of crosschannel agency operations. As it was planned from the beginning, the agency would not take more than a specific number of clients to serve to make sure that agency is not overflooded with work and may deliver efficient results and excellent quality. The net income is calculated by estimating approximate sales during the period and then taking away all initial, fixed, and operating costs to have a clear picture how big the profit agency can make for a certain period of time.

TABLE 5. Projected Income Statement 3 years

Projected Income Statement - 3 years				
	Year 1	Year 2	Year 3	
Income				
WEB Development	18,000.00	28,800.00	43,200.00	
Social Media Marketing	66,000.00	105,600.00	158,400.00	
PPC Internet Advertising	18,000.00	28,800.00	43,200.00	
Other	18,000.00	24,000.00	60,000.00	
Total Income	120,000.00	187,200.00	304,800.00	
Cost of Sales (Referral Commissions)				
WEB Development	3,600.00	6,000.00	8,400.00	
Social Media Marketing	6,000.00	12,000.00	24,000.00	
PPC Internet Advertising	13,200.00	20,160.00	30,240.00	
Other	3,600.00	3,600.00	6,000.00	
Total Cost of Sales	26,400.00	41,760.00	68,640.00	
Gross Margin	93,600.00	145,440.00	236,160.00	
Salaries and Wages				
Owner's Compensation	12,000.00	13,200.00	17,160.00	
2 Full Time Employees	38,400.00	42,240.00	54,912.00	
2 Interns	12,000.00	13,200.00	17,160.00	
Payroll Taxes and Benefits	12,480.00	13,728.00	17,846.40	
Total Salary and Wages	74,880.00	82,368.00	107,078.40	
Fixed Business Expenses				
Computer Software / Cloud	600.00	630.00	661.50	
Insurance (Liability and Property)	600.00	630.00	661.50	
Legal and Professional Fees	900.00	945.00	992.25	
Office Expenses & Supplies	600.00	630.00	661.50	
Telephone and Internet	960.00	1,008.00	1,058.40	
Marketing/Promotion	3,240.00	3,402.00	3,572.10	
Accounting	900.00	945.00	992.25	
Travel Expenses	600.00	630.00	661.50	
Other	1,200.00	1,260.00	1,323.00	
Total Fixed Business Expenses	9,600.00	10,080.00	10,584.00	
Other Expenses				
Amortized Start-up Expenses	1,743.33	1,743.33	1,743.33	
Depreciation	358.33	358.33	358.33	
Total Other Expenses	2,101.67	2,101.67	2,101.67	
Net Income	7,018.33	50,890.33	116,395.93	

The first year, the agency plans to work only with 5 clients per each of three services to keep the high quality of services offered. In addition, company is willing to serve only two side projects per month to generate minimum 1500 EUR per 30 days period. Thus, having only 5 accounts to work with, the crosschannel agency may exceed break-even point and earn 7 000 EUR as a net income to invest in the next year operations. The second year is much easier for entrepreneur regards to the decreased amount of expenses due to the absence of need for operating capital and fixed assets that were purchased during the first year of operations. Also, the crosschannel agency plans to increase the number of clients from 5 to 8, and increase the workload for side projects from 1500 EUR to 2000 EUR per month, this the second year of operations company is projected to generate a profit of 50 000 EUR. The projections of 3rd year of operations forecasts increase from 8 to 12 clients and increase in side projects income from 2 000 to 5 000 EUR. This is how during the third year of operations company can generate more than 100 000 EUR of net income. In case of meeting projected forecasts by the crosschannel agency, the company will seek for investments to expand the professional team and increase clients base to 30 accounts in three years after.

5 THESIS FINALISATION

The journey of the business planning and establishing a business from the scratch has been beneficial for author experience. According to previously defined thesis objective, the goal was to provide a business idea with a detailed business plan aimed at potential launch in the nearest future successfully. The author also focused to prove the relevance of the business idea with a help of industry and market analysis, and separate from business plan market research works both primary and secondary. To meet these objectives, theoretical framework included various academic sources, extensive literature reviews, and authors experience gained during the studies of diverse courses implemented by the Savonia University of Applied Science. Consequently, all above-mentioned sources and research parts were accomplished into the business plan of crosschannel agency.

The sources used by author represented different areas of the business development disciplines due to the diversity of business plan sections. Theory and academic tools of research, especially research techniques of McQuarrie assisted to identify the need and relevance of the business idea giving a direct answer whether to begin on business planning or not. When the development of business plan started, the theory of business planning supported the content and hierarchy of the business plan content.

The key findings on business plan content represented diverse areas of management disciplines. However, the well-planned layout and structure provided the author with a comfortable for business planning environment. Starting from the beginning, theoretical background of the work provided with a general theory of business planning, business management, and business writing used for development of sections such executive summary, product and services, company description, management and organization, and operations plan. However, the structure of the thesis and business plan required deep research, knowledge, and theory applied to areas of marketing and finance. The marketing theory, especially digital and business-to-business contributed to the welllaid implementation of market research, industry analysis, market analysis, service development, and marketing plan itself. The theory of finances was successfully applied on the planning of company finances and forecast in the sections of Financial Plan & Projections. Hence, in the thesis work the experience, theoretical findings, and developed business plan chapters were reflected to arise a question whether the author should start implementation of startup, and in case of positive answer how to proceed with successful implementation and avoid or mitigate further coming risks.

The thesis goal towards self developend and personal learning was to let author finds insporation in managerial role. Being a business-to-business marketer during the career journey, author had a complication by having a marketing oriented ideas in plans, but never proceeding due to lack of managerial experience and knwoledge. The combination of deep analyzing, researching, and planning of the business operations and envirnroment motivated author for the start of entprenurhip. The thesis journey made

author for collecting different data in the many different ways that developed managerial skills. For instance, by setting pricing models of crosschannel agency, author had to take part in negotiations and adjustments with potential suppliers, development of organizational structure required close communication with potential team members, the market research survey implemented in the beginning already helped author to establish connecting with potential customers ready to purchase some of the company services.

Taking all the above into consideration, and reflecting back to assigned and discussed thesis objectives and goals. The thesis has successfully detailize why the business of digital marketing for industrial niches is relevant on the current market in the current time backed by market research, industry analysis, and most importantly ongoing trends in business-to-business digital marketing. Supporting the primary thesis objective on creating a detailed business plan for further company launch, the output is the fully developed business plan that holds different sections relevant and up to date ready for successful launch in Kuopio, Finland in 2018.

After the business planning journey, the author has to face the obstacles of business plan implementation and startup managerial operations. The further journey may become more or less difficult for the entrepreneur than it's planning, however, there is no question that experience and material developed during the thesis development makes startup ready for competition, potential risks, and tough environment of the first entrepreneurship experience in the author's life. "Entrepreneurs are simply those who understand that there is little difference between obstacle and opportunity and are able to turn both to their advantage." (Niccolo Machiavelli).

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APPENDICES

Appendix 1 Questionnaire

Question #1	Do you think that digital marketing is important for you industrial business?
Answers	Highly Important / Important / Not really
Type	Multiple Choice
Focus	Identification of presence of demand for industrial digital marketing services in the local market.
Question #2	Does your company plan to use more of digital marketing tools in the future?
Answers	Yes / No
Type	Multiple Choice
Focus	Identification of presence of demand for industrial digital marketing services in the local market.
Question #3	If you ever used services of digital agency, did it help you to attract new clients?
Answers	Yes it did / Not much / No / ,Did not use
Type	Multiple Choice
Focus	Identification of presence of dissatisfaction with existing digital services among local companies.
Question #4	The Prices local digital agencies ask are...
Answers	High / Average / Low / Never asked
Type	Multiple Choice
Focus	Identification of presence of dissatisfaction with existing digital services among local companies.
Question #5	Having a website, it is more important to have it elegantly simple with sales-oriented content rather than expensive fancy design and animation.
Answers	Agree / Neither agree or disagree / Disagree
Type	Likert type scales
Focus	Identification of presence of dissatisfaction with existing digital services among local companies. Also, analyze of services options to serve existing needs best.

Question #6	Choosing same good and priced digital agency, would you choose multipurpose marketing agency or industrial-focused.
Answers	Multipurpose / Industrial – focused
Type	Rank-order
Focus	Identification of presence of demand for industrial digital marketing services in the local market.
Question #7	Should we have more digital agencies in Savo focusing on industrial companies and offering result-oriented solutions?
Answers	Yes / Neither yes or no / No, enough of them 😊
Type	Multiple choice
Focus	Identification of presence of demand for industrial digital marketing services in the local market.
Question #8	Purchasing social media marketing services, to which extent certain feature is important?
Options	Monthly payment, content plan, training, strategy consultation, full outsource
Answers	Highly Important, Important, Not at all
Type	Rank order
Focus	Analysis of services options to serve existing needs best.
Question #9	What is the minimum price should digital agencies of industrial marketing ask?
Answers	_____ euros
Type	Open ended questions
Focus	Analysis of services options to serve existing needs best