



Xuefei Xi

# A Pre-Marketing Plan for UpGroup

Business Economics and Tourism

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## **ACKNOWLEDGEMENT**

This thesis could not have been written without Rosmeriany.Nahan-Suomela, who encouraged and guide me through my academic program. Many thanks to her!

What are collected in this thesis are materials that I found in articles or in books, or from WebPages. I have no claim to be comprehensive. Hence, a special thanks to the authors who are mentioned in the bibliography page. Without you, this thesis would have taken years of my life.

I would like to acknowledge and extend my heartfelt gratitude to Camilla Sellberg who provided me the corresponding information from UpCode Ltd. and supported me in pushing forward my thesis process.

Most especially to my family, friends, I cannot express what I owe them for their encouragement and their patient love enabled me to complete this thesis. Special thanks to Maria Porre for helping me translate thesis abstract from English to Finnish. I will also give special thanks to Yuling Hu who helped me for Microsoft office's technique support. In addition, thanks very much for Päivi Auranen who put so much effort on helping me correct the thesis language. Thanks all of you making this thesis possible!

Vaasa, June, 2010.

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# VAASAN AMMATTIKORKEAKOULU

Degree Programme in International Business

## TIIVISTELMÄ

Tekijä	Xuefei Xi
Opinnäytetyön nimi	Oppimisen tehostaminen ammattikorkeakoulussa
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UpCode Ltd kehittää järjestelmäteknologiaa (MAI)<sup>TM</sup> Mobile Access & Interaction, kaikista näkökulmista mukaan lukien monitoimiset ja erilaiset luku/skannaus teknologiat sisältäen RFID tyypin NFC teknologiaa. Yritys pyrkii tarjoamaan edistyksellisiä mobiilijärjestelmiä joko ammattilaisten, yksityishenkilöiden, kuluttajien tai yritysten käyttöön. Parhaillaan UpCode suunnittelee perustavansa markkinointi UpGroup palvelun mahdollisilla ja kannattavilla markkinoilla. (UPC Consulting Ltd./UpCode Ltd. 2007)

UpGroup käyttäen mobiilivaihtoehtoja, GroupBuy keskeinen liikekäyttäytyminen ja C2B uutena liikemallina, luo kortittoman ja avaimettoman yhteisön ja muuttaa ihmisten elämän vaivattomaksi ja huolettomaksi elektronisten dokumenttien ja luotettavan tiedon tallentamisen avulla.

Räätälöidyn esimarkkinointisuunnitelman avulla UpGroup voi edetä suunnitelmissaan ja pystyy luomaan selkeät linjat uuden yrityksen perustamiselle. Kvantitatiivisten ja kvalitatiivisten haastattelujen ja kyselyiden avulla tarkastellaan esimarkkinointisuunnitelman keskeisimpiä osa-alueita: myyntitavoitteita, kohde-markkinoita, markkinointitavoitteita/strategioita ja positiointia. Tämän tutkimuksen pohjalta pystytään UpGroup:lle lopulta esittämään sopivaa ratkaisua toiminnan aloittamiselle matkailualan markkinoilla Suomessa. Lisäksi tarkat päämäärät ja strategiat tarkastellaan yksityiskohtaisesti.

Empiirinen osuus esittää neljä eri tutkimusongelmaa, joiden avulla saavutetaan tutkimuksen perimmäinen tavoite (a) UpGroup:n myyntitavoite vuodelle 2012 on 25860 €, (b) pienet ja keskisuuret matkailuyritykset, joilla on suuri kysyntä, ovat erityisen potentiaalisia kohdemarkkinoita UpGroup:lle, (c) UpGroup:n markkinointitavoite on perustaa liikesuhteita matkatoimistojen kanssa ja päästä myyntitavoitteeseen 25860 € vuonna 2012. Tavoitteeseen päästään viiden markkinointistrategian avulla: kestävä kehitys, yhteisyritys, hintajohtajuus, erilaistuminen ja markkinarakostrategia, (d) UpGroup pyrkii positioitumaan luotettavien korkealuokkaisten mobiilipalveluiden luokkaan.

Vaikka esimarkkinointisuunnitelma UpGroup:lle on tehty, jotkin tekijät silti rajoittavat sen tarkkuutta. Siten lisätutkimuksia kattavasta markkinointisuunnitelmasta on erittäin suositeltavaa tehdä.

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## ABSTRACT

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UpCode Ltd. is developing system technology (MAI)<sup>TM</sup>, Mobile Access & Interaction, in all its aspects including multi-functionality and different reading/scanning technologies, including RFID type of NFC technology. The business is aiming to provide advanced mobile solutions, either for professional, personal needs, consumer applications or enterprise solutions. Currently, it is seeking to establish and marketing UpGroup service in a possible and profitable market (UPC Consulting Ltd./UpCode Ltd. 2007)

UpGroup, taking mobilephone as a carrier, GroupBuy as a core business behavior and C2B as a new business model, creates a cardless and keyless society and changes people's life in a simple and convenient way in terms of eDocuments and trusted information.

For helping push UpGroup forward, a pre-marketing plan was designed and customized for UpGroup, by which UpGroup business may find a clear direction to start up. By means of investigation on sales objective, target market, marketing objective/ marketing strategies and positioning which are formations or elements of a pre-marketing plan, with approaches of quantitative and qualitative methods such as interviews and questionnaires. Eventually a guideline or proposed solutions were found for UpGroup heading into industry of travel agencies in the Finnish market. In addition, the explicit objectives and strategies were also elaborated and expressed.

The four research questions for achieving ultimate research objective were demonstrated in empirical part for UpGroup, which were (a) the sales objective for UpGroup in the year 2012 is 25860€; (b) SME travel agencies with highly market-demands are recognized as a highly potential target market for UpGroup (see table 3); (c) the marketing objective for UpGroup is to establish a business relationship with travel agencies in Finland and achieve the sales objective of 25860€ in the year 2012. Five marketing strategies like organic growth and joint ventures, best cost provider strategy, differentiation strategy and focused (market niche) strategy based on differentiation, were finally come up with as applicable methods to reach its marketing objective; (d) UpGroup can position itself as reliable high-tech service platform, on time service provider, market-driven force on the Finnish market.

Despite completing a pre-marketing plan for UpGroup, some limitations may affect its accuracy. Thereby, further study on comprehensive marketing plan for ongoing UpGroup is strongly suggested.

## Table of Contents

ACKNOWLEDGEMENT .....	1
TIIVISTELMÄ .....	2
ABSTRACT .....	4
APPENDICES .....	7
LIST OF FIGURES .....	8
LIST OF TABLES .....	9
1. INTRODUCTION .....	10
1.1 Background of the Study .....	10
1.2 Research Objectives .....	12
1.2.1 Research Questions .....	12
1.3 Methodology .....	13
1.4 Thesis Outline .....	13
2. THEORETICAL FRAMEWORK .....	15
2.1 Introduction of a Marketing Plan .....	16
2.2 Sales Objective .....	17
2.2.1 Definition, Significance and Characteristics .....	17
2.2.2 Factors affecting on sales objectives .....	19
2.2.3 How to set sales objectives .....	22
2.2.4 Factors affecting on methods selection .....	26
2.2 Target market .....	27
2.3 Marketing Objective and strategies .....	28
2.4.1 Marketing Objectives .....	29
2.4.2 Marketing Strategies .....	30
2.5 Positioning strategy .....	37
3. RESEARCH METHODOLOGY .....	40
3.1 Approaches .....	40
3.1.1 Qualitative method .....	41
3.1.2 Quantitative method .....	41
3.2 Validity and Reliability .....	42
3.3 Limitations .....	43

4. EMPIRICAL STUDY .....	44
4.1 Sales objective of UpGroup.....	44
4.2 Target market for UpGroup.....	46
4.3 Marketing objectives and strategies for UpGroup.....	56
4.3.1 Marketing objectives for UpGroup.....	56
4.3.2 Marketing strategies for UpGroup .....	56
4.4 Positioning for UpGroup .....	57
5. CONCLUSION .....	60
5.1 RECOMMENDATIONS .....	61
REFERENCES.....	62

## **LIST OF APPENDICES**

**Appendix 1.** Major Variables used for Segmenting Industrial Markets

**Appendix 2.** Major Segmentation variables for industrial markets (Kotler &.Armstrong 1989, 226)

**Appendix 3.** Sales Objective: Macro Method

**Appendix 4.** Sales Objective: Expenses-Plus Method

**Appendix 5.** Reconciliation of Sales Objectives

**Appendix 6.** Qualitative adjustment of quantitative factors

**Appendix 7.** Questionnaire: Travel groups in Europe



## LIST OF FIGURES

<b>FIGURE 1. THE PROCESS OF UpGROUP IN PRACTICE .....</b>	<b>11</b>
<b>FIGURE 2. CORE BUSINESS OF UpGROUP .....</b>	<b>12</b>
<b>FIGURE 3. INTRODUCTION OF THESIS OUTLINE .....</b>	<b>14</b>
<b>FIGURE 4. THE STRUCTURE OF THESIS STUDY .....</b>	<b>16</b>
<b>FIGURE 5. FORMAT OF A MARKETING PLAN (LUTHER 2001, 265).....</b>	<b>17</b>
<b>FIGURE 6. DISCIPLINED MARKETING PLANNING (HIEBING &amp; COOPER 1990, 3)....</b>	<b>19</b>
<b>FIGURE 7. RECONCILING OF SALES ESTIMATION BASED ON HISTORY (HIEBING &amp; COOPER 1990, 90).....</b>	<b>25</b>
<b>FIGURE 8. RECONCILING OF SALES FORECASTING .....</b>	<b>25</b>
<b>FIGURE 9. PLC DIAGRAM (GORCHELS 2010).....</b>	<b>27</b>
<b>FIGURE 10. PRODUCT-MARKET MIX STRATEGY (COLOMB, S.L. 2007 ) .....</b>	<b>31</b>
<b>FIGURE 11. TABULATION OF RESPONSES TO THE QUESTIONS: DO YOU BELIEVE THAT YOUR OBJECTIVES ARE DIFFERENT FROM THOSE OF A MARKETING MANAGER FOR MORE STANDARD, TRADITIONAL PRODUCTS? (VIARODT 2004, 24). .....</b>	<b>36</b>
<b>FIGURE 12. THE FOUR DISTINCTIVE CHARACTERISTICS OF HIGH-TECH PRODUCTS (VIARODT 2004, 24).....</b>	<b>36</b>
<b>FIGURE 13. 4P'S OF MARKETING ( NETMBA.COM 2011) .....</b>	<b>38</b>
<b>FIGURE 14. RESEARCH PROCESS. ....</b>	<b>40</b>
<b>FIGURE 15. VALIDITY AND RELIABILITY (SHUTTLEWORTH 2008) .....</b>	<b>42</b>
<b>FIGURE 16. TARGET MARKET (BILLINGHAM 2011) .....</b>	<b>49</b>
<b>FIGURE 17. GENDER.....</b>	<b>51</b>
<b>FIGURE 18. AGE .....</b>	<b>51</b>
<b>FIGURE 19. DEGREE OF WILLINGNESS TO TRAVEL IN GROUPS.....</b>	<b>52</b>
<b>FIGURE 20. DESTINATION OF TRAVEL .....</b>	<b>52</b>
<b>FIGURE 21. ONCE TRAVEL EXPENSES .....</b>	<b>53</b>
<b>FIGURE 22. FREQUENCY OF TRAVEL YEARLY .....</b>	<b>53</b>
<b>FIGURE 23.ONCE TIME LENGTH OF TRAVEL.....</b>	<b>54</b>
<b>FIGURE 24. THE CHANNELS OF TRAVEL INFORMATION.....</b>	<b>54</b>
<b>FIGURE 25. METHOD OF PAYMENT .....</b>	<b>55</b>

<b>FIGURE 26.</b> FACTORS AFFECTING ON TRAVEL DECISIONS .....	55
<b>FIGURE 27.</b> TRAVEL AGENCIES' CHARACTERISTICS-NEEDS/WANTS .....	58

## **LIST OF TABLES**

<b>TABLE 1.</b> ONE YEAR SALES PROJECTION FOR UpGROUP .....	47
<b>TABLE 2.</b> ANALYSIS OF MARKET SEGMENTATION FOR UpGROUP .....	49
<b>TABLE 3.</b> TARGET MARKET FOR UpGROUP .....	50

# 1. INTRODUCTION

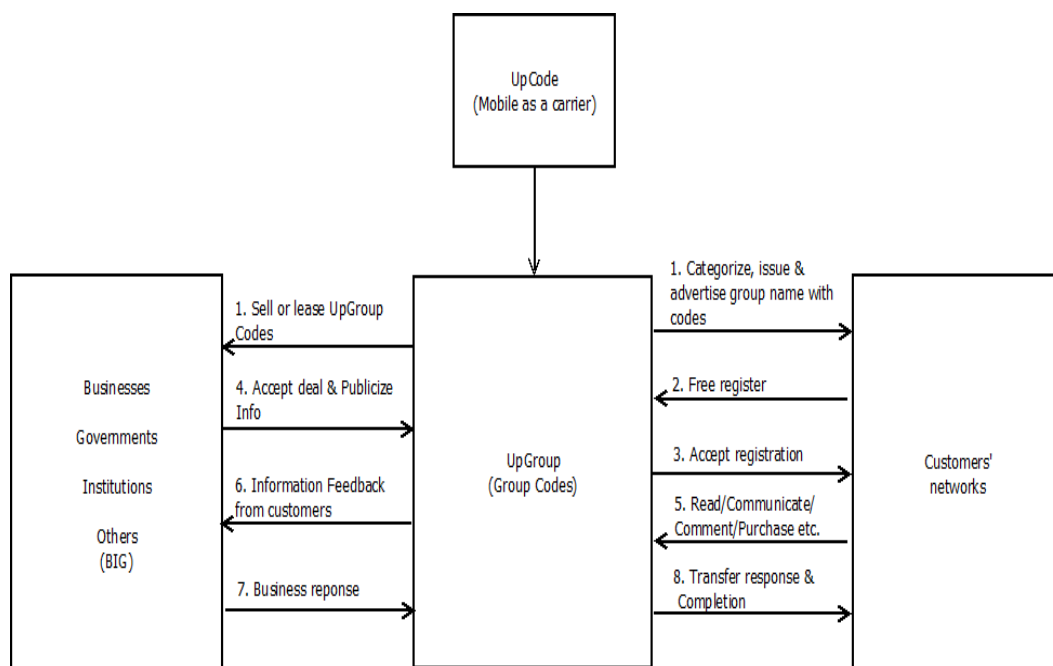
## 1.1 Background of the Study

A marketing plan is aiming to sales and generating for marketing products and services in forms of document (Westwood 2002:13). Pre-marketing plan is simply designated for the earlier marketing steps. UpGroup, as a new service platform, is established in Finland. However, how to effectively marketing UpGroup to Finland arises as a critical issue at the moment. In this regard, a pre-marketing plan for UpGroup urgently needs to be researched and written in order to provide a clear guideline for UpCode Ltd.

UpGroup idea was originally contributed for UpCode Ltd., which aims to help UpCode Ltd. develop a new business model; thereby the Intellectual Property of UpGroup idea belongs to UpCode Ltd. However, the further research is for the author's own interest in order to find out how to carry out an idea into practice through specific case by launching UpGroup project in Finland.

Firstly, the readers may ask what UpGroup project really is? Simply speaking, UpGroup business, using UpCode as a medium, connects both customers and institutions, businesses, governments (Hereinafter called 'BIG') together. Secondly, the readers may ask how UpGroup business works in practice. As Figure 1 shows that UpCode Ltd. establishes different groups formed by free registering with different common interests by naming UpGroup code and sell these UpGroup codes to its corresponding clients. In return, the clients obtain a good channel or platform to launch free ads and reach their target market directly and effectively. Individuals, who registered into UpGroup, can obtain a free platform to read specific information that they need and friends in common to communicate by mobile at any time any place as well as to group purchase and pay through UpGroup platform. In the purchasing process, C2B model is the core concept by using Group-Buy method to accomplish the trade, aiming to provide services and the group customers' information to business. Meanwhile, the group customers will re-

ceive the beneficial price from business in return. In the other side, business also can be driven to seek target groups. Hence, it would be much better if UpGroup software was installed or inserted into mobile is a prerequisite.



**Figure 1.** The process of UpGroup in practice

Although the process of UpGroup composites of different consumer behaviors interacting among several parties, the whole thesis aims to focus on GroupBuy behavior between customers' networks and businesses as shown in Figure 2, the other factors are temporarily eliminated. So the business area at the earlier stage for starting up UpGroup is clear that GroupBuy action is conducted between customers 'networks and businesses through UpGroup platform.

As commonly, any business idea is useless without implementing it into practice. Thus, here rising a question: How to move UpGroup idea from paper into real life? This is the key purpose of the whole thesis and urgent focus for UpCode Ltd. presently as well. In order to establish the UpGroup business, except technical support from UpCode, the main issue is to seek an entry point to specific industry and test it in the trial market of Finland. Then the picture for the next step is floating on the table, which, as a matter of fact, is where the research problem begins.



**Figure 2.** Core business of UpGroup

## 1.2 Research Objectives

Through the above introduction of study background, the readers can get the general image in mind that UpGroup locates into high-tech service industry. Thereby, the ultimate objective of this thesis is to figure out how to effectively marketing UpGroup as such a high-tech service industry in Finland. The author intends to make a pre-marketing plan for UpGroup project, which can broaden the audience's insights on the sales objective, selection of target market, the selection of marketing strategies for high-tech service industry and positioning strategies.

### 1.2.1 Research Questions

For the purpose of achieving the final objective, the following research questions are introduced:

1. What is the sales objective for UpGroup in coming year?
2. What is the target market for UpGroup?
3. What are the best marketing strategies for UpGroup?
4. How to positioning UpGroup?

### **1.3 Methodology**

Research methodology is a philosophical framework for any research (White 2003:20). Once the research questions have been decided upon and the research approaches have been chosen as well, so the next step is to choose the research methods. The basic and common research types that used are quantitative and qualitative methodologies. Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. Qualitative research, on the other hand, is concerned with qualitative phenomenon, i.e., phenomena relating to or involving quality or kind. Qualitative research is especially important in the behavioural sciences where the aim is to discover the underlying motives of human behaviours (Kothari 2008, 3). An online questionnaire was also designed and distributed to Vaasa students to collect more voice of GroupBuy. Case study interview was conducted to gather the information for setting sales objective.

### **1.4 Thesis Outline**

This part will give the reader a clear and systematic image of the whole thesis study. It will guide the reader and show the author's planned study thoughts one by one steps as shown in Figure 3.

For the purpose of elaborating clearly and figuratively, the following structural chart is made as an additional support. (See figure 4)

Chapter 1. This chapter introduces the background of UpGroup and its working process as well as the research objective and its corresponding research questions. The methodology is also briefly explained.

Chapter 2. This chapter introduces and elaborates pre-marketing plan and its components in theory, which includes four sections: sales objective, target market, marketing objective/marketing strategies, positioning.

Chapter 3. This chapter mainly focuses on research methodology with divisions of research process, comprising approaches, validity and reliability, and limitations.

Chapter 4. This chapter deals with pre-marketing plan for UpGroup. Each part of a pre-marketing plan is analysed and studied based on respective theories introduced in chapter 2.

Chapter 5. This chapter concludes the whole thesis purpose, the study background, and structure of thesis as well as the way to make investigation on each parts of pre-marketing plan. Finally, the author also proposes the recommendations and suggestions for future study.

**Figure 3.** Introduction of thesis outline

## 2. THEORETICAL FRAMEWORK

This section will cover all pre-marketing plan elements which consist of sales objective, target market, marketing objectives& strategies, which again break down into two aspects: high-tech marketing and service marketing, and positioning. The author combines two marketing dimensions together to interpret what marketing strategies are best suitable for high-tech service industry. Through this part, the audience can get insights of how to set up a sales objective, how to select target market, the relevance between marketing objective and strategies as well as their detailed description, and positioning strategies.





**Figure 4.** The structure of thesis study

## **2.1 Introduction of a Marketing Plan**

As stated in research objectives, the aim is to make a pre-marketing plan. From thesis writer's point of view, a pre-marketing plan can be defined as the first half of a marketing plan or first several steps of a comprehensive marketing plan. So as to well guide the readers to understand the whole theoretical framework, a business concept question should be set: *what is marketing plan?*

“In general, *a marketing plan is a written document designed to provide the framework for a coordinated and integrated effort to implement marketing programs developed to achieve marketing objective, which in turn make the necessary contributions to the achievement of corporate objectives.* Generally both long-range and short-run marketing plans follow this pattern.” (Kollat, Blackwell&Robeson 1972:32). The marketing plan defined by Warren, ‘... essentially a process directed toward making today's decision with tomorrow in mind and a means of preparing for future decisions so that they may be made rapidly, economically, and with as little disruption to the business as possible.’ (Jain 1981:6). Pinson and Jinnett (2006) made a statement that a marketing plan is an organized system for setting up a process for reaching your market and involves determining objectives, developing a strategy for reaching those objectives, implementing the strategy through various tactics, and setting up an evaluation process to make sure the plan is working. No matter what sayings of a marketing plan, the purpose of a marketing plan is always the same, which is the identification and creation of a competitive advantage (McDonald1990:2).After gaining a general concept of a marketing plan, components of a marketing plan should be introduced. Customization of a marketing plan is subjective although its purpose is always the same. William M. Luther (2001) suggested a format of a marketing plan as shown in Figure 5.

Section 1	•Strategic Position, Marketing Personnel, Fact Book Summary, and Major Marketing Objectives and Strategies
Section 2	•Product/Service Plan
Section 3	•Marketing Communications Plan
Section 4	•Research Plan
Section 5	•Internet Plan
Section 6	•Customer Service Plan
Section 7	•Sales Management Plan
Section 8	•Budget, Timing, Plans, and Action Plans

**Figure 5.** Format of a marketing plan (Luther 2001:265)

However, the thesis writer prefers the structure of a marketing plan which Hiebing & Cooper (1990) came up with. The reason of choice is that the one that Hiebin & Cooper proposed is considered more procedure designed, in other words, it is more reasonable to follow as an action plan guildler rather than division of function of marketing elements as shown in Figure 5. The following chart is from Heibing and Cooper's work, illustrating the components of a comprehensive marketing plan and the relevant parts as shown in Figure 6.

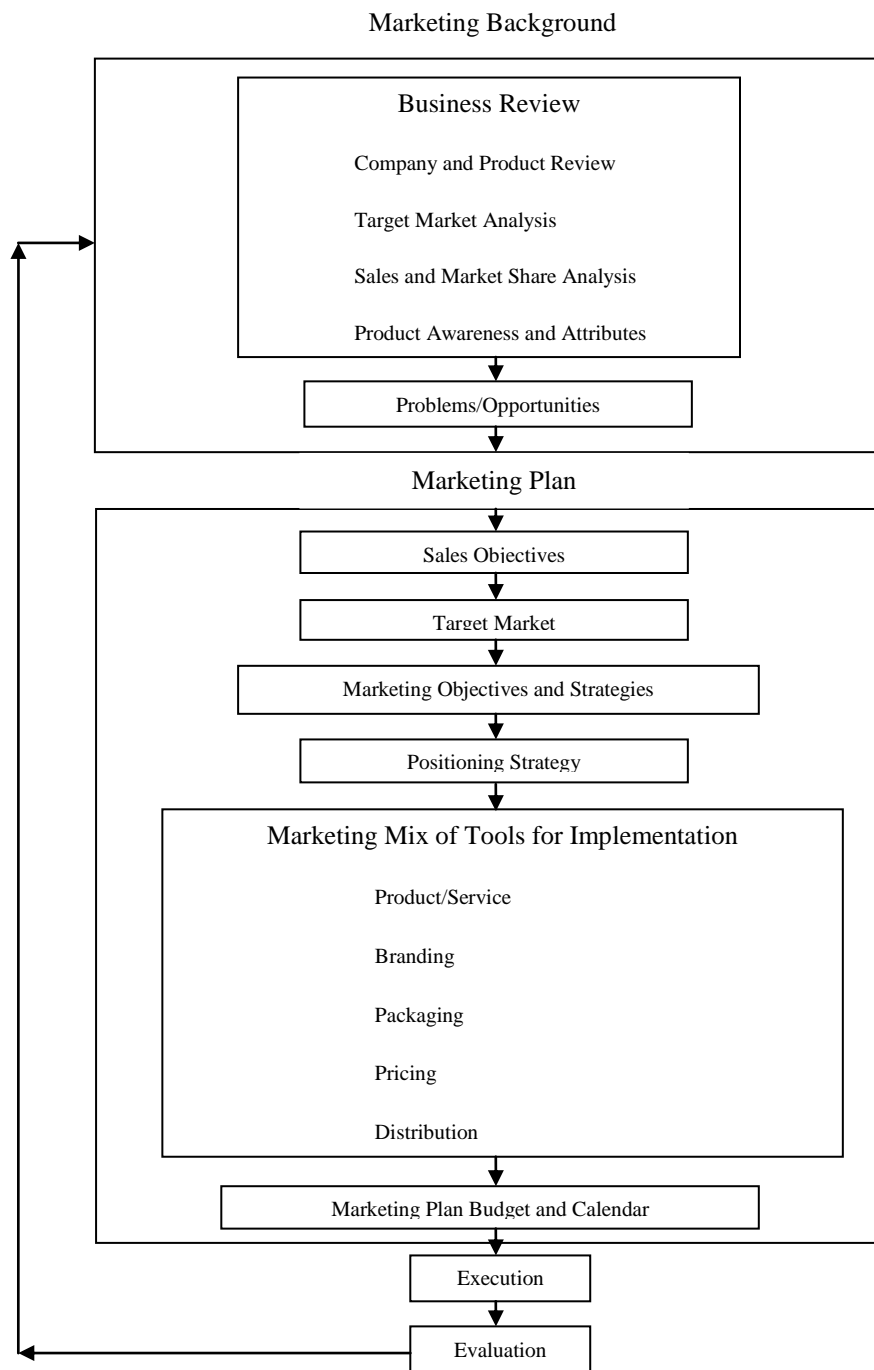
The disciplined marketing plan is a huge project that needs to be devoted plenty of time; the first four steps of a marketing plan are selected to display a short-run pre-marketing plan for UpGroup.

## 2.2 Sales Objective

### 2.2.1 Definition, Significance and Characteristics

Sales objectives are self-defining and they express projected levels of goods or services which are to be sold (Hiebing & Cooper 1990:80). Regarding the UpGroup project, it provides technical service. Hence, a sales objective for UpGroup is to self-define projected levels of its services to be sold. Everything in a market-

ing process is to meet the sales objective, for example, the sales objectives of business determine the size of the target market and establishment of marketing objectives, etc.



**Figure 6.** Disciplined Marketing Planning (Hiebing & Cooper 1990:3)

According to Hiebing's & Cooper's theory (1990), sales objectives encompass three characteristics (a) be challenging and attainable; (b) be time specific; (c) be measurable. In addition, upper management involvement is suggested, but not compulsory. The following are short detailed statements on these characteristics:

*Be challenging and attainable*

A marketer usually falls into the pattern of expecting little progress just based on past experiences, but dramatic improvements are indeed possible. Lofty sales objective for the future are admirable, however, they should be also realistic, and otherwise they are just an Illusory and distant goals. (Swain & Leutholtz, 2011)

*Be time specific*

The marketer should define and decide a time limit of when the objective can be achieved, e.g. by the end of the year (Tutor2u 2011).

*Be measurable*

The marketer can set the sales objective in terms of value which is specific into numbers (Tutor2u 2011).

### **2.2.2 Factors affecting on sales objectives**

The view from Hiebing's & Coopes' theory (1990) tells that there are two types of factors that should be taken into consideration in the development of sales objectives; one is quantitative factors and the other one is qualitative factors. Quantitative factors are numerically measurable while qualitative factors are more subjective due to their difficult quantified features of certain types of information. Therefore, interpretation of these additional subjective factors results in an adjustment of the quantitatively based sales objectives.

#### **Quantitative factors**

Available measurable factors within a business are numerous, however the quantitative factors as Hiebing & Cooper (1990) came up with, consist of six dimensions which are (a) sales and share trends, (b) market sales, (c) company versus market sales, (d) market share trends, (e) size and trend of your target market, (f) budget, profit, and pricing considerations.

To make sure the readers have an understanding of these quantitative factors, the more conceptual guidelines of each factor are listed as follows:

1. *Sales and Share Trends* in the past should be majorly considered when projecting sales.
2. *Market Sales* for instance, in past five years should be taken into consideration when setting sales objectives in terms of Euros and unit sales. What has been the trending of the marketplace-upward, downward, flat, and erratic?
3. *Company versus Market Sales* Measure the trending of proportion of your company's sales in total market's sales. In most instances, proportion of growth rate is equal to or larger than the market's, otherwise you will be losing share of market.
4. *Market Share Trends* as another factor, should be considered in setting sales objective, for example: At what rate has your share been trending relative to the market?
5. *Size and Trend of Your Target Market.* To setting up accurate sales objectives, size and projected growth trends of the target market should be considered. Much new business has learnt a lesson from failure due to overly optimistically estimated market size. Thus, primary research on census and industry data in the business must be reviewed to ensure its estimation more reliable and precise.
6. *Budget, Profit, and Pricing Considerations.* Ideally, sales cover expenses and provide profits, hence the budget for doing business and its growth is a significant factor the marketer should take into consideration when setting sales objectives. In

addition, the price of service increase or decreases must be factored into sales objectives as well because they dramatically affect sales volume and profitability.

( Hiebing & Cooper 1990:256)

### **Qualitative factors**

As to qualitative factors, which are subjective, they are categorized into five main sections by Hiebing & Cooper (1990), which are introduced below:

The first section, which is economic considerations, deals with the estimations of economic status such as recession, inflation or a relatively stable period. In this section, interest rate, tax laws, pockets of unemployment, and other similar economic factors can dramatically affect sales objectives. Although economic factors are uncontrollable, thoroughly evaluation is still necessary.

The second portion deals with competition. A large and growing market you wish can be diluted by strong and growing competition, so observations of your competitors in terms of their sales force, changes of trades deals, distribution channels, locations, changed product mix, or new products/services, should be reviewed before finalizing sales objectives. Thereby, accordingly an anti-competitor plan can be designed to protect your business, such as increase in competitive advertising, etc.

The third part is to review whether your product is relative to its life cycle. The short-term sales objectives should reflect current life cycle stage of the product while long-term one could reflect the stage of the life cycle the product is moving into. Service firms can more precisely forecast expected sales growth by determining which stage their specific products they sell are in, introduction, growth, maturity, or declining stage?

The fourth section is to consider the mission and personality of the organization. The mission concerns to company's expectations, reasons for being as well as philosophy of doing business, etc. Personality mainly discusses the considerations

like, conservative versus moderate risk taker; ‘don’t rock the boat’ versus ‘we can do it’. In addition, aggressiveness in terms of growth and innovation is also covered when estimating future sales.

The last section to be factored is marketing plan expectation—your going-in expectation of the overall marketing effort dictated by your marketing plan, which is somewhat related to organization’s personality.

( Hiebing & Cooper 1990:257-258)

### **2.2.3 How to set sales objectives**

In addition to the know-how of factors that affects on setting sales objectives, the methodology of setting sales objectives is crucial, which are also quantitative and qualitative, meaning sales objectives composites of data based estimates and educated guesses. In order to gain more realistic estimates and less on guessing, the disciplined process in setting sales objectives is made based on the three steps below:

#### **2.2.3.1 Sales objectives in quantitative method**

Without doubt thinking, marketers usually set up sales objective based on either past performance of businesses, or a general industry performance report, etc. (small-business.net 2007). However, the prerequisite is that the business is existing or having a certain result already. Otherwise, there are no historical performances as basis to make judgments or evaluations. Thus, two categorizes of sales objective setting methods are introduced in this section. One category is adopted for existing business, which is much easier, named sales estimation based on history; the other one is applied for new business, which is sales forecasting.

#### **Sales estimation based on history**

Three different quantitative methods are suggested by Hiebing & Cooper (1990): outside macro, inside macro, and expense plus. This type of methods is mainly for

existing or old businesses. Every method can serve for estimating sales objective, and three of them can also be used together to make realistic judgements for achieving a final sales objective. All approaches are applied to safeguard or complement each other so that fewer sets of data will be lost and information for sales objectives will be more reliable or encompassing.

*Outside Macro Approach.* Firstly, look outside of your immediate company environment and estimate the total market or category sales for each of the next three years; secondly, estimate the company's current and future share of the market for the next three years; thirdly, multiply the total market or category projections by the market share estimate for each of the next years to arrive at your sales objectives (see Appendix 3).

*Inside Micro Approach.* Firstly, start with a review of organization's total sales by adding the projected sales of each product or department together for a three-year company total; secondly, reconcile this pieced together total with your initial sales estimate for the entire organization to reach an ultimate top projection; thirdly, generate a sales figure by reviewing in Euros and units from the bottom up meaning where they are generated, such as sales by each channel, store unit, or service office/centre, and then add them together for years 'projection. Fourthly and also last is to reconcile the estimates derived from the top with those derived from the bottom.

*Expense Plus Approach.* This budget based sales objective approach is more short term in nature and usually used for generating one-year sales objective. A sales objective arrived at from this method is dramatically different with that generated from a market or company sales trend projection because of the company's different personality in terms of aggressiveness or conservativeness. Budget data is required to be collected, and the methods are numerous. However, the common approach is used as follows: (a) estimate operating expenses such as marketing, administrative, etc. in total Euros for the upcoming year, (b) subtract expected profit



percentage from expected gross margin percentage to provide an estimated expense percentage (see Appendix 4).

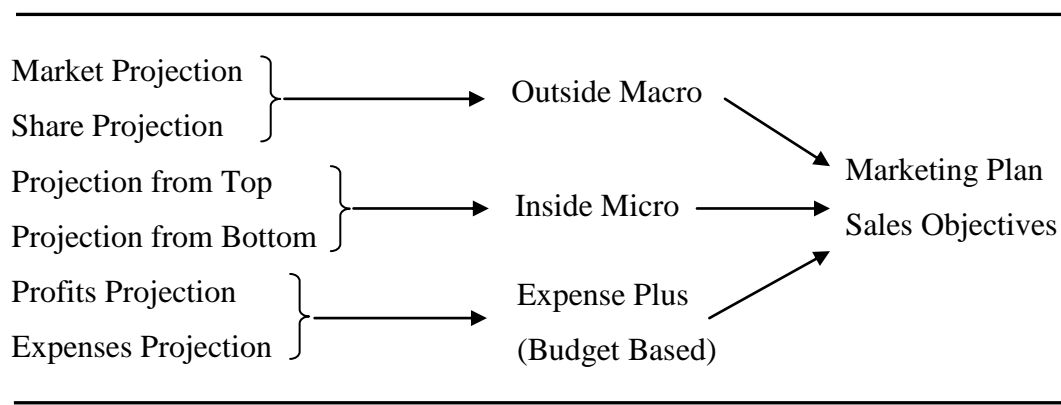
### **Sales forecasting**

The methods above are working for many existing businesses, how about a new business or a new project? They don't have historical data available, what can marketers do in order to setting a reasonable and viable sales objective? Thus, here is another effective way which may work fine with new business or projects, it is called sales forecasting. Many people may doubt and say, 'you cannot forecast business', but Wallace (2004) stated that business can be forecasted, it may not be as accurate as its real, but certainly it can be done.

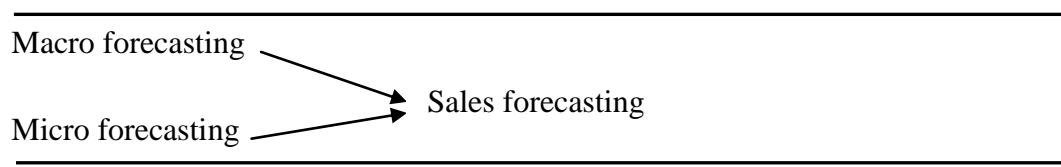
Two main types of forecasting are described as (a) macro forecasting, which is related to market forecasting totally. Existing level of market demand and future market demand are supposed to be determined at this stage, '*Market demand for a product is the total volume that would be bought by a defined customer group, in a defined geographical area, in a defined time period, in a given marketing environment. This is sometimes referred to as the Market Demand Curve*', and (b) micro forecasting, which focuses on unit sales forecasts in detail. By means of micro forecasting, product's market share in a specific industry and its future market share trend need to be estimated and determined. In other words, macro forecasting is more general than that information generated with methods of micro forecasting.

Two categories serve for different types of businesses, but they both still are inter-related and learn from each other. For example, the calculation method for Outside Macro Approach is similar to Macro Forecasting, while the calculations for Inside Macro Approach can be adopted for Micro Forecasting as well. How to utilize them at UpGroup, will be stated in empirical part of the study in detail.

#### **2.2.3.2. Reconciling sales objectives**



**Figure 7.** Reconciling of Sales estimation based on history (Hiebing & Cooper 1990, 90)



**Figure 8.** Reconciling of Sales forecasting

The methodology of reconciling sales estimation (see Appendix 5) based on history and sales forecasting respectively is graphically shown in figure 7&8. A pure average of the three, or two, or a weighted average of emphasis on one than the other, or an (weighted) average of two, or just one, can be used upon as needed. The two categories' quantitative methods are just giving the approaches for marketers to review the data from various perspectives and have eyes wide open on comparison (Hiebing & Cooper 1990: 90).

### 2.2.3.3. Qualitative adjustment of quantitative sales objectives

When returning to thinking about factors affecting on sales objectives, it can be recalled that the qualitative factors also have an impact on future sales. Marketers can subjectively increase or decrease the composite Euros and other elements served as sales objectives through an assignment of positive or negative percentage points depending on the estimated degree of impact by each qualitative factor,

or balance impacting factors ‘effect through averaging’(see Appendix 6) (Hiebing & Cooper 1990: 90-91).

#### **2.2.4 Factors affecting on methods selection**

Either by using sales estimation based on history or sales forecasting, to better select forecasting methods from them, the following criteria should be taken into consideration:

##### **(1) Accuracy degree required**

The higher risks attached to the decisions that management is involved with; the more accuracy in the forecast should be prepared. Of course, more accuracy brings more cost.

##### **(2) Availability of data and information**

Some markets are rich in available sales information, such as past business data in market share, company shares, sales and profit, average expenses, etc. However, in others it may be very hard to own reliable and up-to-date information of business performances.

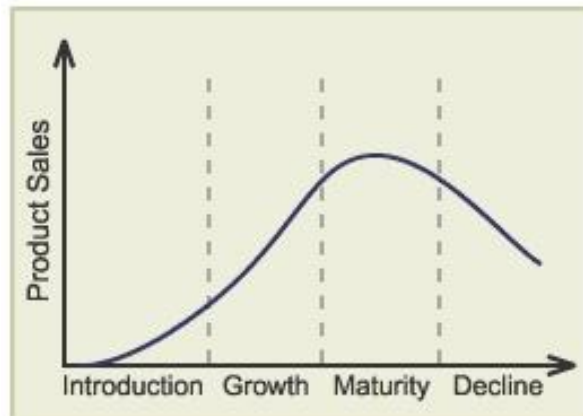
##### **(3) The time range**

In practice, short-term sales, such as next weeks’ sales and long-term sales forecasting of the whole market in the next years, are differently treated. The shorter, the more concrete plan is needed, and vice versa.

##### **(4) Stage of product life cycle**

A product in the different stage of a product life cycle (hereinafter referred to PLC), requires the different method of forecasting. For instance, a product or service at ‘introduction’ stage has less available or applicable sales data or information than that at ‘maturity’ phase. The PLC in Figure 8 is shown to indicate the four stages of product or service.

### Product Life Cycle Diagram



**Figure 9.** PLC diagram (Gorchels 2010)

(tutor2u.net 2011)

## 2.2 Target market

Once the sales objective is set up, the marketer must determine to whom he or she will be selling the service. Target market is defined as a group of people with a set of common characteristics, which is the determinant for business to develop and deliver the right service to. So, as to selecting the target market, the marketer firstly needs to make market segmentation by which the market is divided into distinct groups of buyers who might call for separate services or marketing mixes (Kotler & Armstrong 1989:215). The 'distinct groups of buyer' in above context are the target market what the author means. Then how to make market segmentation so that target market will be clear? Market segmentation is categorized into two dimensions: consumer market segmentation and industrial market segmentation. However, this section will only focus on industrial market segmentation due to the empirical case of UpGroup. Industrial buyers can be segmented through different factors such as geographically or by benefit sought, user status, usage rate, loyalty status, readiness state, and attitudes, etc. (Amira Ei-Deeb 2010). Of course, there are some other variables, as well. Bonoma and Shapiro proposed certain variables shown in appendix 2 to segmenting the industrial market. The major

variables for segmenting industrial markets consist of demographic, operating variables, purchasing approaches, situational factors and personal characteristics (Kotler & Armstrong 1989: 226). Each of variables consists of detailed elements that a professional marketer should look into further according to industrial market segmentation from Kotler & Armstrong, which are:

1. Demographic: industry, company size, location
2. Operating variables: technology, user/non-user status, customer capabilities
3. Purchasing approaches: purchasing function organization, power structure, nature of existing relationships, general purchase policies, purchasing criteria
4. Situational factors: urgency, specific application, size of order
5. Personal characteristics: buyer-seller similarity, attitudes toward risk, loyalty

Although many studies from different marketers or marketing experts have come up with different segmentation variables for the industrial market, either one variable, or a combination of several variables, the substance is the almost the same. For instance, one variable may be further subdivided by using another one so that the marketer can gain more detailed segmentation information. Havaladar (2005) call it sequential segmentation process. As you can see from appendix , Havaladar (2005) made a study that industrial market segmentation is approached on the basis of two dimensions: macro-variables and micro-variables, which, in fact, are all covered by variables for industrial market segmentation that Kotler & Armstrong concluded in 1989. Thereby, it is recognized as a more comprehensive and scientific solution to UpGroup project.

### **2.3 Marketing Objective and strategies**

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association 2007). The Char-

tered Institute of Marketing defines marketing as 'The management process responsible for identifying, anticipating and satisfying customer requirements profitably'. Philip Kotler defines marketing as 'satisfying needs and wants through an exchange process'. Marketing is not about providing products or services it is essentially about providing changing benefits to the changing needs and demands of the customer (Tailor 7/00). However, the common theme is meeting needs and providing benefits. Marketing is the basic concept that every manager should know on a generally level, whilst how to do marketing , in the other words, marketing strategies which concerns to techniques of implementation are the key issue that every manager should take into seriously consideration in daily work.

#### **2.4.1 Marketing Objectives**

Before the marketing strategies are set up, marketing objectives should be made as guidance. Marketing objectives are the means to achieve the sales objectives. By working through target market data as well as index from sales objectives, marketing objectives are formed (Obringer 2003). Usually it is working as a direction for which products are sold into which markets. Four types of circumstances are concluded by Westwood (2006) as follows:

- Selling existing products into existing markets;
- Selling existing products into new markets;
- Selling new products into existing markets;
- Selling new products into new markets.

Generally, marketing objectives are defined as effective when they are (a) Clear, such as what exactly to be achieved? (b) Measurable, so that it can be known how far they've been achieved and whether they are achieved or not? (c) Time bound for achievement, for example, in what time can this marketing objective be achieved? (SmallBusinessNotes.com2010). Professional ways of expressing marketing objectives are usually in terms of values, market shares, and period, etc.

Taking manufacturing businesses as an example, the marketing objective can be defined as: develop ten new accounts over the next 12 months with average sales of \$ 100M. (Hiebing & Cooper 1990: 107)

Based on the nature of UpGroup as well as characteristics of marketing objective itself, it is clear that UpGroup is new; meanwhile it is also looking for its own target market. As to the marketing objective, it will be defined in empirical part of the study.

### **2.4.2 Marketing Strategies**

Marketing strategies describe the methods for accomplishing the marketing objectives, which descriptive give detailed explanations of how the measurable objectives will be met. (Hiebing & Cooper 1990:108). Along with varieties of businesses development till today, hundreds and thousands of experts in marketing field have developed dazzling and countless marketing strategies for general businesses, and for special properties of businesses. At the same time, it also brings difficulties for a marketer to make the right selection of adoptions in the used marketing strategies. After scanning lots of categorizes of marketing strategies, Gilligan & Wilson (2003) came up with three formulations of strategies which are: product portfolio, generic strategies, strategies for leaders, followers, challengers and nichers; Hiebing & Cooper (1990) listed 17 types of marketing strategies including national, regional and local market strategies, seasonality strategies, competitive strategies, target market strategies, product strategies, packaging strategies, pricing strategies, distribution of product/penetration or coverage strategies, personal selling/operation strategies, promotion strategies, spending strategies, advertising message strategies, advertising media strategies, merchandising strategies, publicity strategies, marketing R&D strategies, and primary research strategies. With having a good understanding of UpGroup in many aspects, two dimensions of marketing strategies that may likely be applied for marketing UpGroup are proposed. They are (a) product-market mix strategy (diversification strategy), (b) high-tech service marketing strategy.

### 2.4.2.1 product-market mix strategy

Since marketing objectives are related to four portfolios of product and market which have been listed, marketing strategies as means for achieving marketing objectives, have possibility of being customized into four divisions. Ansoff (Smallbusiness-marketing-plans.com 2007) described a combination of a firm's activities in the present and a new market, with existing and new products by drawing up a growth vector matrix. The product-market mix strategy is illustrated in Figure 10 below:

	Existing Products	New Products
Existing markets	<b>Market Penetration Strategy</b> 1 More purchase and usage from existing customers. 2 Gain customers from competitors. 3 Convert non users into users.	<b>Product development strategy</b> 1 Product modification via new features 2 Different quality levels 3 'New' product
New markets	<b>Market development strategy</b> 1 New market segments 2 New distribution channels 3 New geographic areas	<b>Diversification strategy</b> 1 Organic growth 2 Joint ventures 3 Mergers 4 Acquisition/ take-overs

**Figure 10.** Product-market mix strategy (Colomb, S.L. 2007 )

### Diversification strategy

Without taking other factors into consideration, the product-market mix strategy as a dimension for setting up marketing strategies, can be generally adopted by every marketer. Correlated with the UpGroup case, due to its feature of new service targeting into new market, the diversification strategy categorizing into organic growth, joint ventures, mergers and acquisition/take-overs are likely to be applicable for UpGroup. The four possible marketing strategies are:

### Organic growth



The growth and expansion are from a firm's own or an internally generated resource, which is opposed to mergers and acquisitions that are examples of inorganic growth (moneyterms.co.uk&businessdictionary.com 2011).

### **Joint ventures**

Joint ventures describe the commercial arrangement between two or more economically independent entities for the purpose of executing a particular business undertaking. Profits and losses of the enterprise are agreed to share by all parties (Investorwords.com 2011& investni.com 2011).

### **Merger**

The combining of two or more companies, generally through purchase acquisition or a pooling of interests, but a new company is not created (investopedia.com &investorwords.com 2011).

### **Acquisition/take-overs**

In order to control the target firm, a company buys most, if not all, of the target company's ownership. By an acquisition, it is more beneficial for a company to take over an existing firm's operations and niche compared to expanding on its own. And the purchase is often paid in cash, the acquiring company's stock or a combination of both (investopedia.com 2011).

#### **2.4.2.2 High-tech service marketing**

For UpGroup's original and basic nature is clarified, the high-tech marketing strategy and service marketing strategy is normally viable. The combination of these two marketing strategies is self-defined and so called a high-tech service marketing strategy in the thesis. For the purpose of understanding them clearly, they are explained respectively below.

### **Service marketing**

In modern business era, it is very difficult to draw a clear and demarcating line between goods and services in a marketing offer. Almost every tangible pure physical product is associated with more or less intangible service components or elements. Hence, inaccurately speaking, service is everywhere. Theodore Levitt classified products into two categories, namely, search goods and experience goods. Search goods are those which are packaged and the customers can see, evaluate and a try before making a purchase. For instance, fans, locks, etc. Experience goods are those which can be evaluated only after purchase and consumption such as a holiday, travel and so on (Rao 2004:3). In other words, service is a kind of experience goods which cannot perform value before purchase and consumption.

In the formulation of a service strategy, certain sets of mix-elements should be taken into consideration to achieve strategic competitiveness. SWOT analysis as one of the common methods, can be taken as input for effective strategic formulation and implementation. In the words of Michael Porter, competitive strategy is about being different. Porter suggested five distinct competitive strategies which will benefit service organizations. These competitive strategies are (a) low cost provider strategy (b) differentiation strategy (c) best cost provider strategy (d) focused strategy (market niche) based on lower cost and (e) focused strategy (market niche) based on differentiation (Rao 2004:52). The following are detailed descriptions on each of specific competitive strategies:

#### ***Low-cost provider strategy***

This approach basically intends to attract many price sensitive buyers. Compared to its competitors, the company strives to become a low-cost provider of service and attract more customers. (Rao 2004: 52)

#### ***Differentiation strategy***

This strategy is most powerful and commonly used by service organizations. Variability, as one of the characteristics of services, provides an opportunity to a ser-

vice provider to pursue a differentiation strategy for each and every customer and thereby provide enhanced value perceptions. By pursuing this they can move ahead of the competitors. However, the features are generally easy to copy for competitive firms. How to avoid the contingencies and keep sustainable competitive advantage by way of differentiation? Innovation is the key and the most significant way through which service firms can achieve differentiation advantage over competition. Innovative business ideas come from methodically analyzing in seven areas of opportunity as follows:

- Unexpected occurrences
- Incongruities
- Process needs
- Industry and market changes
- Demographic changes
- Changes in perception
- New knowledge

(Rao.2004:53)

### ***Best cost provider strategy***

The strategy aims to providing more value for the customers to pay for the service. Service firms will focus on providing key service quality features and performance attributes in such a way that they exceed customer expectations, in relation to price (Rao.2004:54).

### ***Focused (market niche) strategy based on low cost***

Focused marketing or niche marketing is to identify subgroups within a broad market segment which possess a distinctive set of traits and may seek a special

combination of benefits. Niches are smaller and generally attract very few competitors. Service firms focusing on niche markets find an opportunity to direct their limited resources for providing relatively small groups of consumers. Service firms may follow a strategy of serving the consumers in a niche market at a cost lower than their competitors by providing comparable or better quality service (Rao.2004:55).

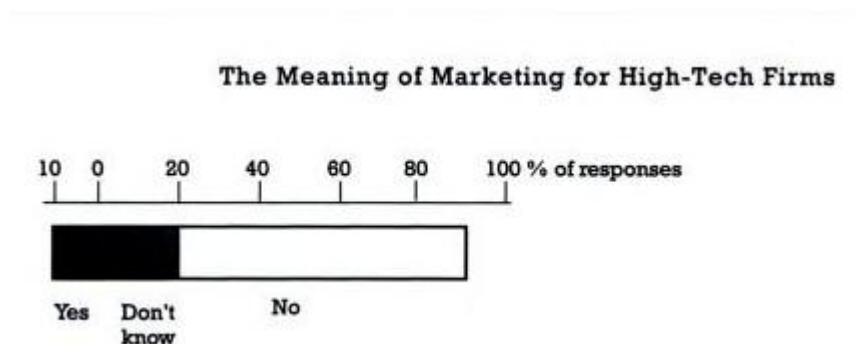
***Focused (market niche) strategy based on differentiation***

The aim of this focused strategy is to do a better job serving buyers in the target market niche. When a company identifies a substantial group with well-defined desires, requiring special service attributes and quality levels, this strategy is capable of earning rich dividends (Rao.2004: 55).

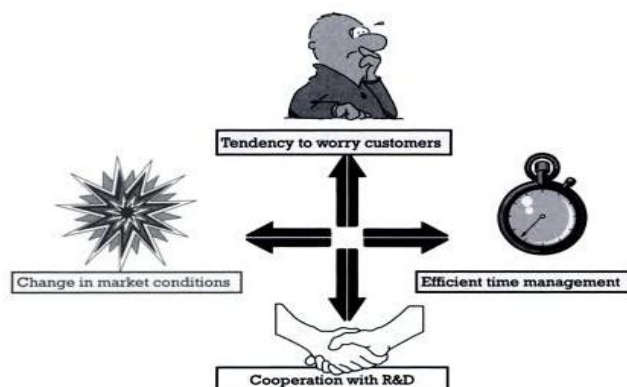
**High-tech marketing**

The 'high-technology' dimension comes only as an extra layer that is added to a product, which is actually defined by its tangible or service aspect and the nature of its consumer or industrial market. As a consequence, the marketing of high-tech products is no more than a subset of marketing consumer goods, industrial marketing, or services marketing, whichever the case may be. Marketing managers agree with this analysis and emphasize that their objectives are not very different from others who work with more traditional products (Viarodt 2004:23). (See Figure 11).

The differences between high-tech marketing and traditional products marketing appear mainly in the operational management of marketing and, in addition, in risk evaluation due to the specific characteristics of high-tech products. In any case, the technological dimension is only an addition to its value. However, the marketing strategy has to take into account the four distinctive characteristics of high-tech products, namely, a tendency to worry many customers, the need for efficient time management, the direct cooperation with the R&D department, and the ever-changing conditions of the markets (Viarodt 2004:26-27). (See Figure 12)



**Figure 11.** Tabulation of responses to the questions: Do you believe that your objectives are different from those of a marketing manager for more standard, traditional products? (Viarodt 2004:24).



**Figure 12.** The four distinctive characteristics of high-tech products (Viarodt 2004:24).

First, technology generally has a tendency to worry many customers—some are intimidated by the task of learning how to use a high-tech product, some are risk-averse to any novelty, and others are afraid that the current technology available will become obsolete quickly; and as a result, all are always postponing their decision to purchase (Viarodt 2004:24).

Second, the short product life cycle requires efficient time management (development of schedules, marketing time limits). Today, the high-tech business is similar to the fashion business in a way, where more than 90% of SKUs (short for

stock keeping unit) change every six months. Consequently operational excellence and agility becomes a priority, not only in development and manufacturing, but also in marketing (Viarodt 2004:25).

Third, product innovation requires direct cooperation between research and development and other services. Numerous studies by academics and practitioners concluded that the integration of R&D and marketing have a significant impact on the success or failure of new product development projects, both at the project and the company levels. However, this close collaboration is not limited to the development of new products, but also important in all stages of product management.

Finally, sometimes technology will drastically change the conditions of a market by creating an exceptional attraction for a product.

In conclusion, it appears that traditional marketing concepts and tools should be adapted to the specific requirements imposed by high-tech products.

## **2. Marketing strategies for high-tech service industry**

Marketing strategies for service industry as well as the relevance between service marketing and high-tech marketing have now been introduced, hence the conclusion can be made that all above competitive strategies can be directly adopted for high-tech service firms, which are (a) low cost provider strategy (b) differentiation strategy (c) best cost provider strategy (d) focused strategy (market niche) based on lower cost and (e) focused strategy (market niche) based on differentiation. But the operational management of marketing as well as risk evaluation should be paid more attention on marketing strategies' differences.

### **2.5 Positioning**

Once the marketing strategies are planned, positioning as a further step to move on project should be discussed. Therefore, this section is about positioning which covers its basic understanding and methods to position for products or services on a general level.

Positioning starts with a product, but positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. And it is you position the product in the mind of the prospect (Ries & Trout 2000:2). Consumers position products with or without the help of marketers, but as marketers do not want to leave the chance to plan positions that will give their products the greatest advantage in the selected target markets, and they design marketing mixes to create the planned positions (Kotler & Armstrong 1989:233).

Borden has been studied marketing mix and he summarized the ingredients consisting of product planning, distribution channels, pricing, branding, personal selling, packaging, display, servicing, advertising, promotions, physical handling, and fact finding and analysis, which sound very complex. However, E. Jerome McCarthy later grouped and categorized these ingredients into the 4 P's of marketing which is well-known as shown (NetMBA. com 2011) in Figure 13.

A company must decide what positions to occupy in these segments once it has decided what segments to enter. It can position its products on specific product attributes or benefits, according to usage occasion, for certain classes of users, or by product class. They can position against competitors or away from competitors. The positioning task consists of three steps: (a) identifying a set of possible competitive advantages upon which to build a position, (b) selecting the right competitive advantages, and (c) effectively communicating and delivering the chosen position to the market (Kotler & Armstrong 1989:236).



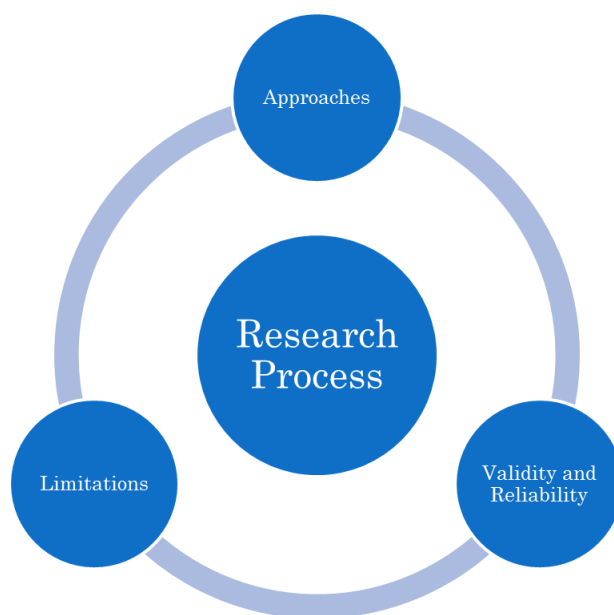
**Figure 13.** 4P's of marketing ( NetMBA.com 2011)



### 3. RESEARCH METHODOLOGY

A thesis is a study process in which the author is undertaking the task of finding answers to some questions. So the research process is viewed as:

1. Approaches are suitably applied in the whole dissertation.
2. The validity and reliability are tested by using procedures, methods and techniques.
3. The research should be unbiased and objective.



**Figure 14.** Research Process.

Thereby, this section contains the whole research process which is emphasized in Figure14.

#### 3.1 Approaches

Approaches usually mean the research methods that the author used in the dissertation. In this thesis, both qualitative methods and quantitative method are applied in order to examine the four listed research questions.

### 3.1.1 Qualitative method

As its name indicates that qualitative method are methods which do not involve measurement or statistics. People often mistaken think about qualitative method as less scientific due to the resounding success of natural sciences with *quantitative* methods. In fact, qualitative methods are widely covering in philosophy, sociology, history, and psychology for centuries (Boeree 2005). Research on sales objective for UpGroup is taking the qualitative method in use. The way of conducting a case study is not a single, but a combination of methods such as unstructured interviewing, direct observation, by which the researcher can gain a further understanding of objectives (socialresearchmethods.net 2011). Case study Interview, as one of the common and practical qualitative techniques is applied in collecting data for generating and calculating sales objective. Basically, the email and phone calls are the communicating tools between the thesis writer and staff at UpCode Ltd. Case Study Interview is an in-depth study. With this technique, the researcher can obtain information of a description of individuals, groups or event (projects.exeter.ac.uk 2011). The researcher conducted unstructured interviews by email as well as through phone calls to UpCode Company, particularly to Camilla Sellberg who is an internet operations manager. The case of Argentinian driving license helps the researcher understands the previous business model of UpCode and certain market data in this particular case. The case is different, however, the consumer application data may help researcher possess available date to forecast sales objectives for UpGroup project.

### 3.1.2 Quantitative method

Quantitative research involves counting and measuring, calculations of averages and differences between groups, etc. (projects.exeter.ac.uk 2011). It is originally developed for studying natural phenomena (Hohmann 2005). Questionnaires are usually completed by respondent in form of paper-and-pencil instruments (Trochim 2006). This questionnaire is customized for collecting views on GroupBuy travel tickets from Vaasa Students. Questionnaires are designated and examined in

advance to ensure that there are no unreasonable questions are asked. Around friends are kindly acted as respondent testers. Email survey is most convenient and inexpensive way to conduct in practice. The researcher sent the questionnaire link by email to different universities in Vaasa. One week is taken to collecting the data back from the respondents. The form of Google docs is utilized for editing questions and generating analysis results.

### 3.2 Validity and Reliability

The validity and reliability are to help readers judge the quality of the thesis study. The most common definition of validity is the strength of our conclusions, inferences or propositions. In short, reliability reflects the consistency or repeatability of the measurement. A measure is considered reliable if the tests score given twice is similar. Reliability is estimated rather than measured, so please keep it in mind (Colosi 1997). Validity and reliability are also interrelated, if reliability is lower, so is validity (Heimonen 2003:61). The Figure 15 shows the difference in meaning of reliability and validity graphically.



**Figure 15.** Validity and Reliability (Shuttleworth 2008)

As to this thesis work, the analysis results are all reliable based on the collected information and sources although certain parts are limited, eg. Sales objective. However, the methods on research are good index for UpCode Ltd. to reference in the future study of marketing plan. Each of the research questions is verified more than once to make sure that the results are correct and accurate. For instance, over 225 respondents' opinions on GroupBuy are gathered, the views are concentrated.

### **3.3 Limitations**

Limitations refer to the act of limiting or the condition of being limited (thefreedictionary.com 2011). Due to author's time limits, the post-marketing plan elements for UpGroup, such as marketing mix of tools for implementation, marketing plan budget and calendar, execution and evaluation, cannot be researched and developed (Hiebing & Cooper 1990:3). The information from UpCode Ltd. for setting a sales objective is scarce because UpGroup has no historical data in the past. Argentinian driving license data is applied to UpGroup case, so rough estimation data are collected to support setting a sales objective for UpGroup. In other words, accuracy for setting the sales objective is limited.

## 4. EMPIRICAL STUDY

In the start of this thesis, the research objective and its questions, background and reasons why they are chosen were discussed. This section will completely deal with practical application of the literature and analysis of the research findings in order to solve the research problems in the beginning chapter step by step which are: What is the sales objective for UpGroup at the moment? What is the target market for UpGroup? What are the best marketing strategies for UpGroup? How to positioning UpGroup?

The focus for UpGroup business is GroupBuy which opens up the deal between customers' networks and businesses segmented as UpGroup's target market.

### 4.1 Sales objective of UpGroup

UpGroup is already known as a new developing project, thereby there are apparent difficulties in generating a concrete or accurate sales objective for it. The traditional methodology for setting sales objective is not matched with UpGroup's case. Sales objective, in this particular case, can be developed by applying sales forecasting. In addition, the theory section has come up with two solutions of achieving sales objective for UpGroup type of business. One is macro forecasting, the other one is micro forecasting.

To scientifically make decisions of which type or whether both types can be utilized for UpGroup, we may analyse UpGroup's situation step by step according to the four factors affecting on the selection of sales forecasting which has been introduced in the theoretical part of the study.

#### (1) Accuracy degree required

Due to the nature of UpGroup's platform, no matter how much UpGroup will sell in volume or the clients they may have, the platform will be established. At start-up stage, the investment for building up UpGroup is not affected by sales forecast made. Understandably, if relatively progressive labour force and other inputs in-

crease, it means that more sales are driven in reality as well as its corresponding profit. In other words, the decision of sales forecast doesn't cause higher risks in general perspective. Therefore it doesn't require so much accuracy on estimation of sales objective for UpGroup.

#### (2) Availability of data and information

The unstructured interviews have been done through email and phone calls to UpCode Ltd. The respondent replied that there are limited data from the past since the project is located in different business territories and varies one by one. Hence, there is not any similar business industry except Argentinian driving license case that can be closely adopted for estimation for new project—UpGroup. UpGroup itself has no historical data. The only applicable business data that UpCode can provide for sales forecasting are limited to very macro and general level rather than detailed extent because even the data from the interviewee are estimated without precise measurements or calculations. As to what data is delivered to the author, the following section about setting up sales objective for UpGroup will be stated.

#### (3) Time range

The sales objective is self-defined, which is subjective case by case. The researcher decides to design a one year sales objective which may not require such concrete a plan in this respect.

#### (4) Stage of product life cycle

UpGroup, is obviously in introduction stage of a PLC. It indicates as well that UpGroup does not have enough historical data.

Hence, considering the four factors above with analysis as well as knowhow of the methods available, it is clear that macro forecasting is much more suitable for the sales objective setting of UpGroup.

The information or data collected from UpCode Ltd. is limited; the available information is based on a previous case called Argentinian driving license which happened in the Argentina market in 2010 (Sellberg 2011). In 2010, Argentina had an estimated population of 41 million (U.S. State Department 2010). In the same year, the sales volume generated from Argentinian driving license case was 200,000. Three percent out of the market share is UpGroup's company share (Sellberg 2011). According to the formula from outside macro method studied by Hiebing & Cooper (1990), sales volume or sales objective equals market share times company share in percentage of the market share, then the market share for Argentina case in 2010 is approximately 6,67 million €. Because Argentinian case occurred in Argentina market, so that if we want to adopt this type of consumer application for usage of UpGroup, the market share should be estimated on the basis of comparison between Argentina and Finland. At the end of 2010, the official total population of Finland was 5,375,276 (OSF 2010), therefore if we apply the proportion of market share taking up in total Argentina market, which is 6,67 divided by 41, so the market share from UpGroup in Finland will be approximately 0,862 million €. The following is the macro forecasting for estimating the sales objective for UpGroup by using outside macro approach (see Table1).

Qualitative adjustment of quantitative factors is considered for UpGroup as well. However, this type of business has no competitors at the moment in the Finnish market as well as UpCode Ltd has not been affected by the economic situation according to an interviewee from UpCode Ltd. Thus, the result estimated in Table 1 is the sales objective for UpGroup in the year 2012, which is 25,860€.

## **4.2 Target market for UpGroup**

For selecting a target market, as explained in the theory above, it's important to segment the market first. UpGroup, as a high-tech service industry who focuses on the industrial market, can simply take the variables for industrial marketing into consideration for making market segmentation for UpGroup.

One Year Sales Projection for Company					
Euros					
Year	Market Sales€ Vo- lume(M)	*	Company Share Percent of Mar- ket	=	Company € Sales(M)
2012	0,862		3 %		0,02586

**Table 1.**One year sales projection for UpGroup

The detailed analysis of market segmentation for UpGroup is listed as below:

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*Demographic*

Industry: The industry that possesses at least three features which are high frequency demands, large number of orders and high unit price, such as electronic products and tickets, etc.

Company size: SMEs are eager to have a market expansion and fast growth.

Location: Finland is taken as the first trial market, other countries such as China is a big potential market since the local population base is a huge motivator for UpGroup.

*Operating variables*

Technology: .net and web service, code scanning.

User/non-user status: Heavy or medium users are focused.

Customer capabilities: Customers needing many services.

*Purchasing approaches*

Purchasing function organization: Companies with highly decentralized purchasing buyers should be the clients that will be focused on in the earlier stage. It is convincible for those types of companies to utilize UpGroup service while Up-



Group is aiming to provide more orders and benefits for its target market by centralizing GroupBuy customers for it.

Power structure: Companies who are balance financially and are willing to expand market, are the best clients who UpGroup is seeking to have.

Nature of existing relationships: As a new service, apparently UpGroup is looking for new customers and willing to keep long-term customer relationships.

General purchase policies: Companies prefer to lease or service contract are the clients that UpGroup take as potential markets.

Purchasing criteria: UpGroup focuses on the companies who are seeking for better service, for example, market dominated companies can get more GroupBuy customers through UpGroup platform service.

#### *Situational factors*

Urgency: Satisfying clients 'urgent needs is always significant for UpGroup due to its specific characteristics of platform service. Maintaining and updating information for clients are no time limits.

Specific application: Specific application such as .net, web service instead of other possible applications is focused by UpGroup.

Size of order: UpGroup is a new service for Finnish market, thereby it's more important to convince first client to try UpGroup service rather than seeking large orders. Small but loyal orders from clients are what UpGroup is looking for at the earlier stage.

#### *Personal characteristics*

Buyer-seller similarity: Clients who posses' similar people and values to UpGroup are focused to target since they often are easier to communicate and negotiate with during business.

Attitudes toward risk: Risk-taking customers mainly can take higher challenge and are willing to try a new product and service.

Loyalty: Loyalty is significant to every business and UpGroup tends to keep long-term customer relationship.

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**Table 2.** Analysis of market segmentation for UpGroup



**Figure 16.** Target market (Billingham 2011)

From the above listed information, the characteristics of market segments that UpGroup can focus on were easily summarized. By simplify approaching to the above analysis of all variables, UpGroup made a decision of entering tickets industry, thus travel agencies (see Figure 16) are the first trial target market for UpGroup in the beginning stage. The table 3, illustrates clearly the information in detail of travel agencies that UpGroup is likely to target.

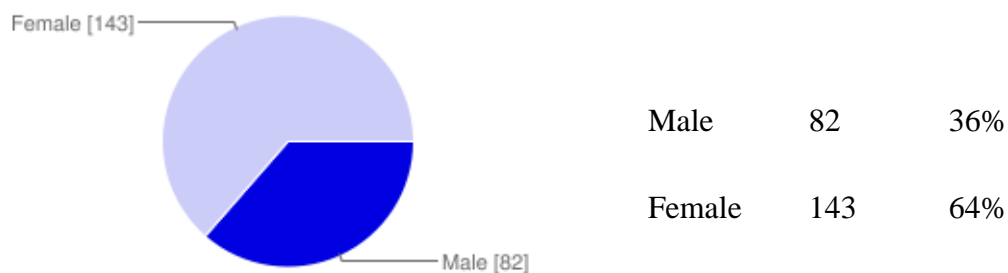
**Selected Target Market for UpGroup**

Demographic	
Industry	Travel agency
Company Size	SME
Location	Finland
Operating variables	
Technology	.net and web service
User/non-user status	Median and heavy users
Customer capabilities	Many service demanding users
Purchasing approaches	
Purchasing function organization	Companies with highly decentralized purchasing buyers
Power structure	market-dominated
Nature of existing relationships	Long-term oriented relationships with new customers
Purchase policies	Leasing or service contract
Purchasing criteria	Service driven
Situational factors	
Urgency	On time service
Specific application	Mainly .net, web service and code scanning
Size of order	Small
Personal characteristics	
Buyer-seller similarity	Similar focus
Attitudes toward risk	Risk-takers
Loyalty	Loyalty based

**Table 3.**Target Market for UpGroup

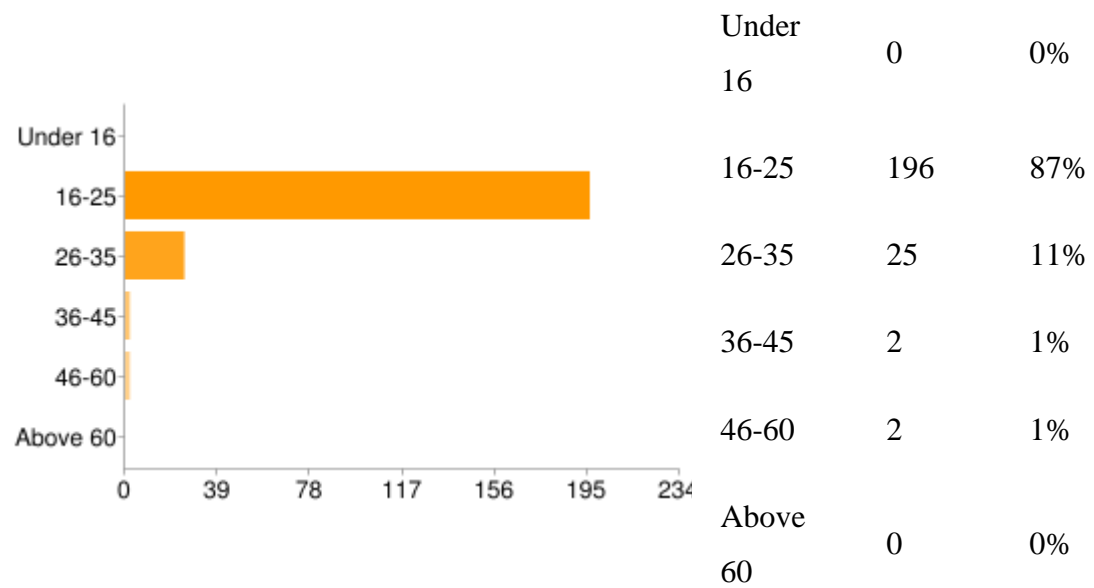
However, whether travel agencies are higher potential market for UpGroup or not will be decided in practice. Hence, an online survey (see Appendix 7) is conducted by emailing questionnaires to three university students in Vaasa, which are Vaasa University, Vaasa University of Applied Science and Novia University of Applied Science. 225 respondents answered in one week. The summarized data are shown in charts below.

### 1. Gender?

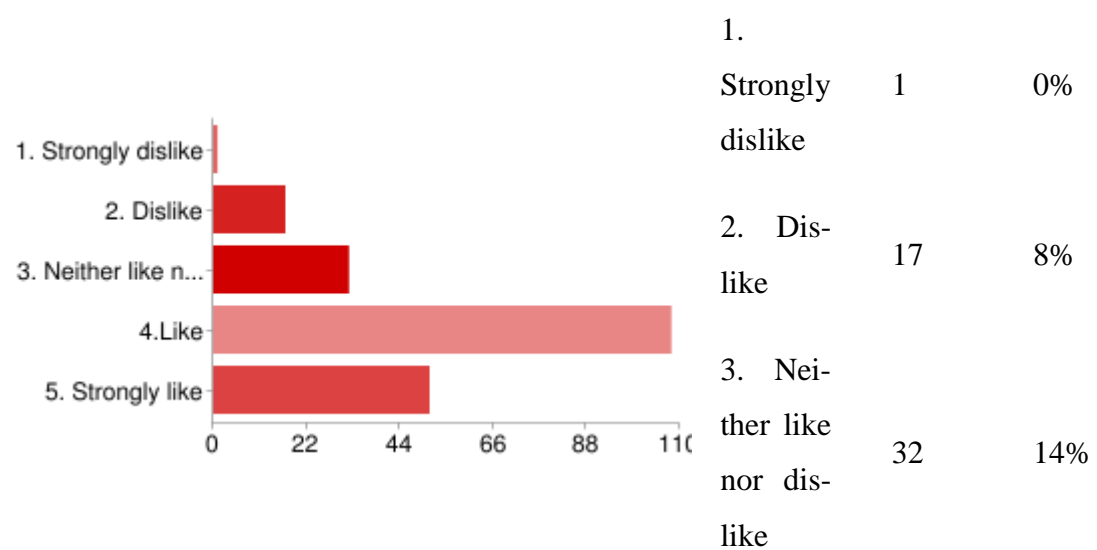


**Figure 17. Gender**

2. Age?

**Figure 18. Age**

3. Do you like travel in group? - Degree of likeness

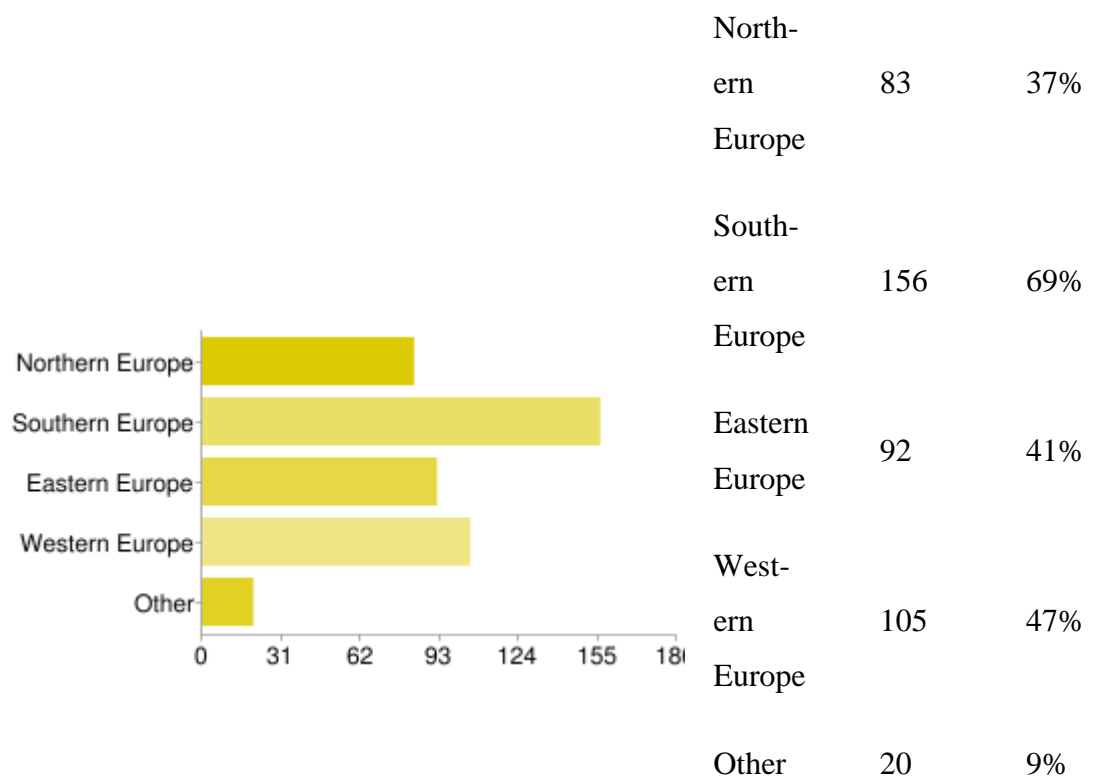


4.Like 108 48%

5.  
Strongly like 51 23%

**Figure 19.** Degree of willingness to travel in groups

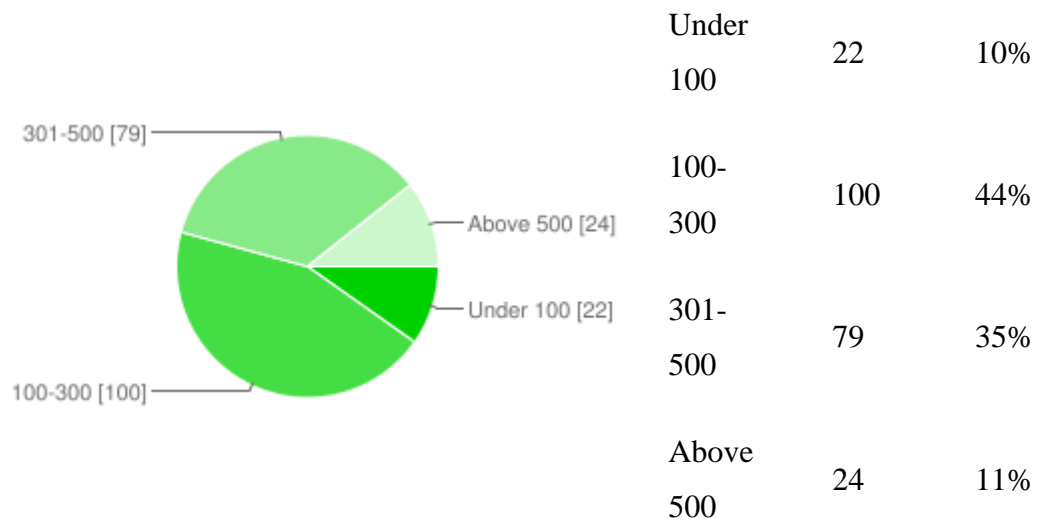
4. Where would you like to travel in Europe?



People may select more than one checkbox, so percentages may add up to more than 100%.

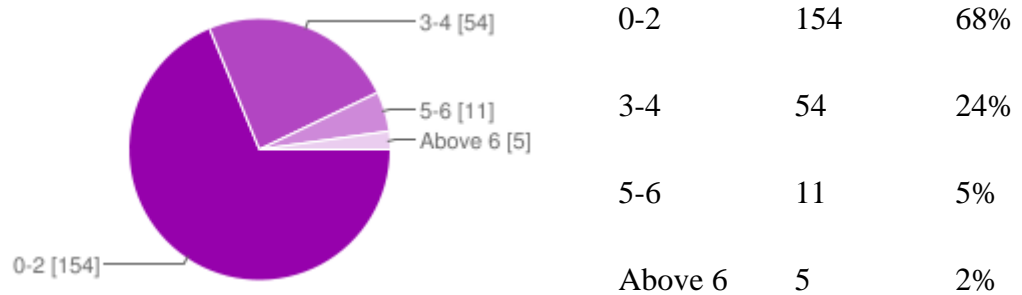
**Figure 20.** Destination of travel

5. How much do you prefer to spend on travel once?



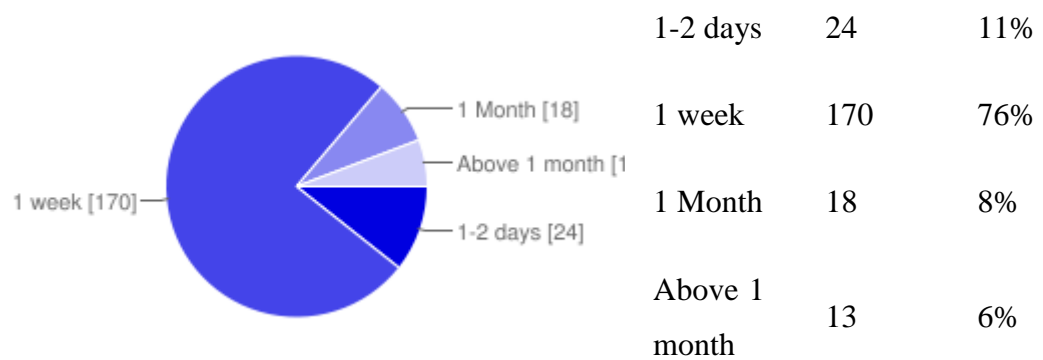
**Figure 21.** Once travel expenses

6. How often do you travel yearly?



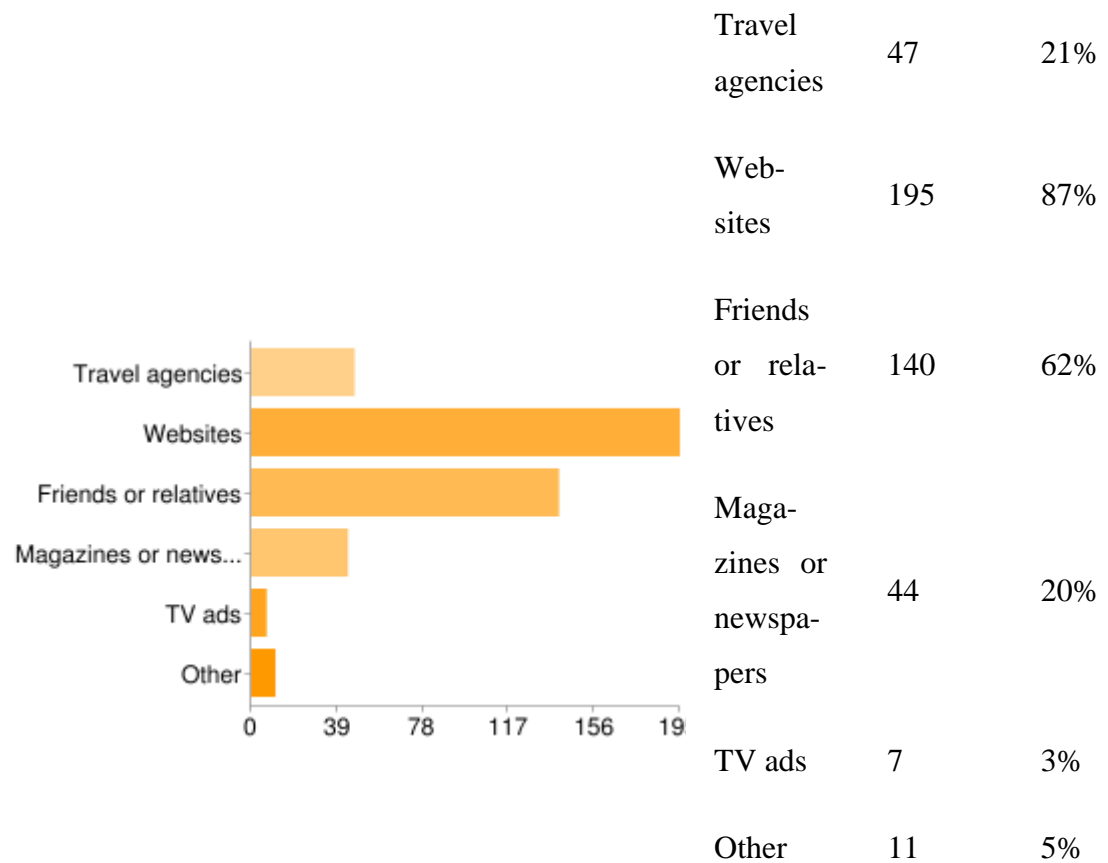
**Figure 22.** Frequency of travel yearly

7. How long do you travel once?



**Figure 23.**Once time length of travel

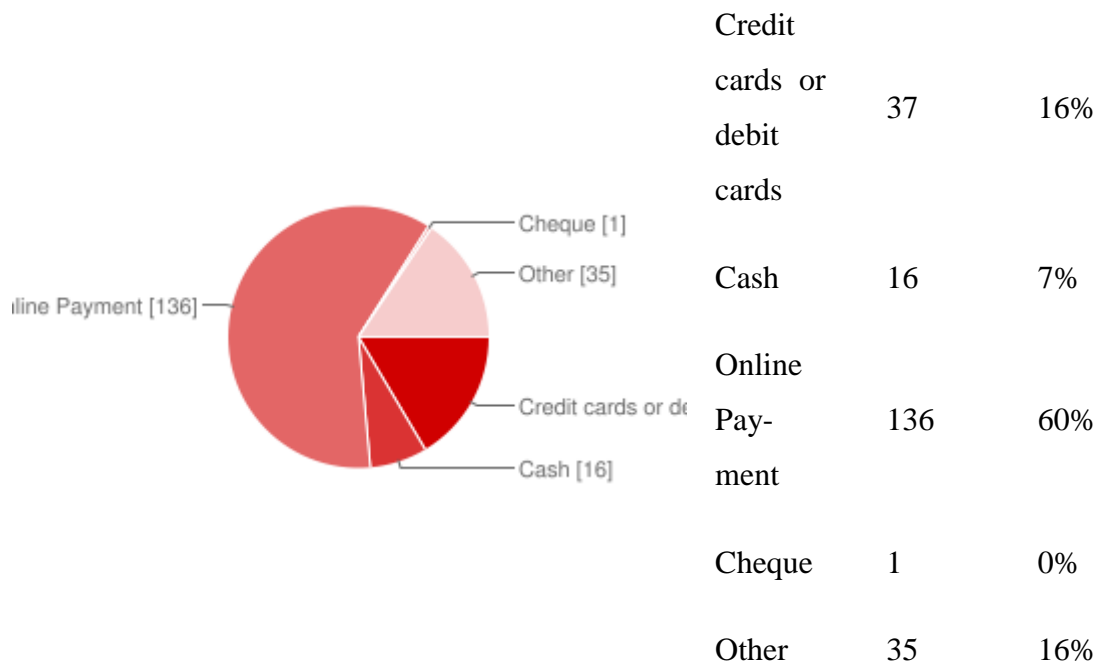
8. How do you get information of travel?



People may select more than one checkbox, so percentages may add up to more than 100%.

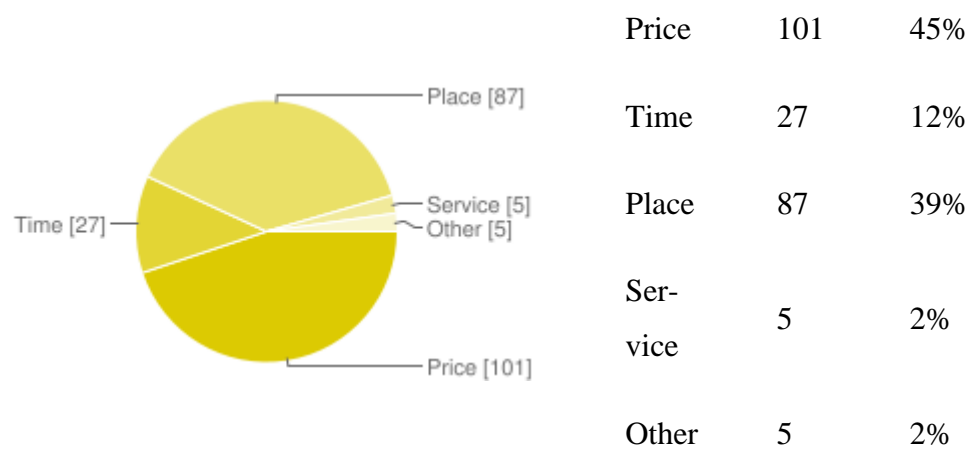
**Figure 24.** The channels of travel information

9. What method of payment do you like when you book the ticket?



**Figure 25.** Method of payment

10. Which is the main element influence your travel decision?



**Figure 26.** Factors affecting on travel decisions



From the above graphics, it can be seen that 71% respondents would like to travel in groups, at the same time, online payment method is also the most popular one. In such case, it is in line with the business concept of UpGroup. Thereby, the study results show that GroupBuy is very attractive for student groups to book travel tickets. In other words, travel agencies' customers are tending to use GroupBuy method and again it proved that travel agencies can be recognized as a high potential target market for UpGroup.

### **4.3 Marketing objectives and strategies for UpGroup**

#### **4.3.1 Marketing objectives for UpGroup**

Marketing objective aims to lead to sales objective through reaching the target market. The sales objective and target market for UpGroup are very clearly clarified above. Then the marketing objective for UpGroup is to establish a business relationship with travel agencies in Finland and achieve the sales objective of 25,860€ in the year 2012.

#### **4.3.2 Marketing strategies for UpGroup**

According to the analysis of marketing strategies of product-market mix and high-tech service in theoretical part of the study, all above listed marketing strategies have huge potential possibility of feasibility for marketing UpGroup. For the purpose of comparing which of them are best suitable for UpGroup project, the marketing objective plays an important role in the selection process. Besides, the target market also has an impact on selecting matching marketing strategies for UpGroup project.

In considering UpGroup's current financial status, it is still a new section or fresh business model for UpCode Ltd. New things usually bring fear of investment. Hence, cost-saving is always what an enterprise will seek for at the introduction stage of a PLC. So, selecting from the marketing strategies of diversification from product-market mix, merger or acquisition/take-overs is not suggested. Either merger or acquisition is corporate mutual action (Investpedia News and Articles

2011) that cannot be decided by only one party—UpGroup. In addition, UpGroup is still in the test and introduction stage, the unexpected risks may occur at any moment. Merger as a big company action will not be advisable to be taken for an uncertain business area. Acquisition is characterized as the purchase action between a smaller company and a much larger one. Usually, it happens as the larger one buys the smaller one. So, the purchasing company essentially finances the purchase of the target company, which is quite an expensive strategy in business (Investpedia News and Articles 2011), while *organic growth and joint ventures* have opposite or different characteristics (eg. Organic growth is growing by using company's own resource, and joint ventures have specific period limit.), would likely be used as marketing strategies at introduction stage.

From the selection of marketing strategies of high-tech service perspective, travel agencies, as target market, are analysed in Table 3 that UpGroup is not seeking for price sensitive clients, what it requires at the earlier stage is service demanding clients. Thus, the marketing strategies related to cost-saving clients are apparently not matched in this sense. In short, both low-cost provider strategy and Focused (market niche) strategy based on low cost are eliminated. Hence, the remaining of them such as *best cost provider strategy, differentiation strategy and focused (market niche) strategy based on differentiation* are likely to be utilized in facilitating UpGroup project.

#### **4.4 Positioning for UpGroup**

After segmenting a market and then targeting a type of client—travel agencies, as well as selecting marketing strategies, etc., it is time to proceed to positioning UpGroup service within the Finnish market. It is important to remember that positioning is all about 'perception'. Perception is subjective, which differs from person to person, as do the results of positioning. For example, what you perceive as reliability, value of on time service and market-driven force etc. may be different to mine. However, there are similarities. Marketers decide positioning strategy by which UpGroup enables itself to distinguish their own services

offerings from its competition (MarketingTeacher.com 2011). UpCode Ltd. has certain competitors globally such as Scanbuy, NeoMedia and 3GVision, but they mainly focus on traditional businesses, for instance, code readers, etc. (Scanbuy.com, NeoM.com & 3GVision.com 2011). GroupBuy service, as a new concept provided by UpGroup, has not been presently occupied by any other competitors in the Finnish market yet (Sellberg 2011/ 5). Then UpGroup will take the priority of speaking right on giving greatest advantage in designing marketing mix in terms of 4Ps. According to the positioning steps introduced in the theory, three tasks should be completed:

**Step 1.** Identifying a set of possible competitive advantages upon which to build a position (Kotler & Armstrong 1989, 236)

Based on the properties of UpGroup's target markets—travel agencies, the characteristics of their needs or wants (Hiebing & Cooper 1990, 124) are that UpGroup should meet due to its none-competitors situation in Finnish market. Therefore, all considerations regarding the needs and wants of travel agencies are possible competitive advantages which are summarized and shown in Figure 27 below :

Travel agencies' characteristics-Needs/wants	
<b>What</b>	A new or convenient platform or approach to reach lots of customers Sell more travel tickets in specific period
<b>Where</b>	Start from Vaasa and expand to whole Finland
<b>When</b>	Whenever services needed in 24 hours of daily and night
<b>Why(Benefit)</b>	For on time service For market expansion such as mobile-dependence buyers

**Figure 27.** Travel agencies' characteristics-Needs/wants

**Step 2.** Selecting the right competitive advantages (Kotler & Armstrong 1989, 236)

From the first step, a conclusion can be reached that the competitive advantage that UpGroup has is to meet the above needs and wants, which include reliable high-tech mobile service platform, on time service, for your market-driven force, etc. Those three types of competitive advantages can be positioned for three seg-

ments of travel agencies. For instance, reliable high-tech mobile phone service platform may be defined and positioned for travel agencies which are willing to try new channels to reach their clients but are reliability-focused; Service-speed focused buyers are generally searching for on time service positioning sellers; and market-driven force position will definitely have a huge attraction for companies which are seeking progressive growth and market-expansion.

**Step 3.** Effectively communicating and delivering the chosen position to the market (Kotler & Armstrong 1989, 236).

After developing positioning strategies, it is time to implement them. Implementations are always difficult. A position building takes a long period of time, but once it is built up, it is hard to change in people's mind. Too many changes might create confusion in clients' perceptions. Therefore, companies should effectively communicate and deliver the chosen position to market and maintain it carefully. Constant performance and communication will help building firm and clear position to market. Rather, modifications or changes in position of service should be congruent with ever-changing marketing environment. (IdeaToday.com 2011)

For example, UpGroup chooses a position of reliable high-tech mobile service platform, it must recruit good high-tech experts to maintain this platform; if UpGroup decides on the position of on time service, it is better for the company to produce good quality of service and keep enough high-tech experts to maintain and update its technology; Once UpGroup is willing to position market-drive force image to travel agencies clients, it must find better solutions to reach the individual customers' network which are customers for travel agencies.

## 5. CONCLUSION

Along with the development of code scanning technology, it brings people more convenience and effectiveness. At the same time, more and more high-tech companies will involve and expand into this type of technology service. The trend of utilizing code scanning technology into people's daily life is irreversible in the future. UpCode Ltd, as one of this type of industrial companies, is seeking to develop and expand its business area and become a pioneer in a corresponding field. UpGroup is just the kind of new business model that UpCode Ltd is researching and developing currently. Thus how to effectively marketing UpGroup to Finnish market is still an ongoing research area.

The thesis author, as an idea contributor, has been cheered to provide further contributions for UpGroup. Due to her time limits, the thesis author intended to study and design a pre-marketing plan for UpGroup in order to help UpCode Ltd. boost UpGroup to move on. The pre-marketing plan is composed of four sections which are sales objective, target market, marketing objectives/marketing strategies and positioning. As to complete the research questions, qualitative and quantitative methods were both used to collect, analyse the needed data that works as evidence to generate a final result for UpGroup. Sales objective is recognized as the most difficult part to figure out and it is indeed. By comparison of which method should be best applicable for UpGroup, ultimately sales objective is calculated with sales forecasting on approaching to outside macro method. The second section – target market, deals with distinct groups with common characteristics that are interested in UpGroup is service. Marketing objective with its strategies was examined in the third section in pre-marketing plan of UpGroup. Two directions of researching marketing strategies like a diversification marketing strategy and a high-tech service marketing strategy were come up with as proposals for marketing UpGroup, and then the best ones of them that match UpGroup were chosen. The last section in forming of a pre-marketing plan is positioning UpGroup. The three steps of how to positioning UpGroup have been elaborated respectively.

Last word, pre-marketing plan designated for UpGroup will more or less supply some efforts to facilitate UpGroup to Finnish market earlier, and with UpGroup platform, more and more customers can achieve GroupBuy beneficial price on goods, this is also the thesis author's wish.

## **5.1 RECOMMENDATIONS**

Although a pre-marketing plan is completed, the post-marketing plan which works as a complementary part of a pre-marketing plan is suggested to be investigated further, such as marketing mix of tools for implementation, marketing plan budget and calendar, execution and evaluation (Hiebing & Cooper 1990, 3). When UpGroup is implemented into Finnish market and will generate some historical data as well as an ever-changing market environment, the future sales objective and corresponding strategies might need to be adjusted, too. Thus, continued further study with ongoing UpGroup business is recommended to be studied as well, and the comprehensive marketing plan is strongly advised to be made.

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### Major Variables used for Segmenting Industrial Markets

Variables	Examples
<b>Macro-variables</b>	
1. Type of industry (or Type of customer)	<ul style="list-style-type: none"> <li>■ Which industries should we market our products or services? Mining, chemical, rubber, textile, etc. which are classified by Standard Industries Classification (SIC).</li> <li>■ Types of customer includes government, commercial, cooperative, and institutional.</li> </ul>
2. Company size (or usage rate)	<ul style="list-style-type: none"> <li>■ What size of companies should we focus on? Based on sales potential (or usage), market is segmented by large, medium, and small (or A, B, and C) size customers.</li> </ul>
3. Customer location (or geographic area)	<ul style="list-style-type: none"> <li>■ What geographical areas should we concentrate on? Customers located nearer to factory, or clusters of customers located in various urban areas like Mumbai, Chennai, Bangalore, Kolkata, Faridabad, Ludhiana, and so on.</li> </ul>
<i>(Contd)</i>	
4. End-use or application (or benefits) of products	<ul style="list-style-type: none"> <li>■ Should we focus on certain specific end-uses or applications of our product instead of all the uses or applications? Each product or service has different benefits, uses or applications. Aluminium extrusions are used for door and window frames, electrical control panels, TV antennas, electronic equipment as heat sink, bus-body building.</li> </ul>
<b>Micro-variables</b>	
1. Customer interaction needs	<ul style="list-style-type: none"> <li>■ Should we serve customers who need more information, help, or discussions in decision making process from the suppliers?</li> </ul>
2. Organisational capabilities	<ul style="list-style-type: none"> <li>■ Should we concentrate on customers who need financial support (more credit), more services (prompt or quick deliveries), or technical support?</li> </ul>
3. Purchasing policies	<ul style="list-style-type: none"> <li>■ Should we focus on customers who prefer competitive bidding, market based negotiated prices, turn-key contracts, or service contracts?</li> </ul>
4. Purchasing criteria	<ul style="list-style-type: none"> <li>■ Should we serve the customers who seek quality, service, or price?</li> </ul>
5. Personal characteristics	<ul style="list-style-type: none"> <li>■ Should we focus on customers based on the personal characteristics of buying-centre members such as risk-takers, risk-avoiders, or personal motives.</li> </ul>

**Major Segmentation variables for industrial markets** (Kotler &.Armstrong 1989, 226)

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**Demographic**

- Industry: which industries those buy this product should we focus on?
- Company size: what size companies should we focus on?
- Location: what geographical areas should we focus on?

**Operating variables**

- Technology: what customer technologies should we focus on?
- User/non-user status: should we focus on heavy, medium, or light users or non-users?
- Customer capabilities: should we focus on customers needing many services or few services?

**Purchasing approaches**

- Purchasing function organization: should we focus on companies with highly centralized or decentralized purchasing organization?
- Power structure: should we focus on companies that are engineering-dominated, financially-dominated, or marketing-dominated?
- Nature of existing relationships: should we focus on companies with which we already have strong relationships or simply go after the most desirable companies?
- General purchase policies: should we focus on companies that prefer leasing? Service contracts? Systems purchases? Sealed bidding?
- Purchasing criteria: should we focus on companies that are seeking quality? Service? Price?

**Situational factors**

- Urgency: should we focus on companies that need quick and sudden delivery or service?
- Specific application: should we focus on certain applications of our product rather than all applications?
- Size of order: should we focus on large or small orders?

**Personal characteristics**

- Buyer-seller similarity: should we focus on companies whose people and values are similar to ours?
  - Attitudes toward risk: should we focus on risk-taking or risk-avoiding customers?
  - Loyalty: should we focus on companies that show high loyalty to their suppliers?
-

**Sales Objectives: Macro Method****Market and Share Data**

	Market Sales Volume				Company Share Percent of the Market			
	Percent		Percent		Percent		Percent	
	Changes		Change		Points		Points	
	Previous		Previous		Changes		Changes	
	€()	Year	Units()	Year	€	from	Units	from
Previous 5								
years								
2006								
2007								
2008								
2009								
2010								
Projections								
Next 3								
years								
2011								
2012								
2013								

**Three Year Sales Projection for Company**

Year	Euros				Units			
	Market Sales€ Volume()	*	Company Share Percent of Market	= Company € Sales()	Market Sales Unit Volume()	*	Company Unit Share Percent of	= Company Unit Sales
2011								
2012								
2013								

**Sales Objectives Expense-Plus Method****(Budget Based for One Year)****(Historical Review and Calculation)****Budget Based for One Year**

Previous 5 Years	Gross Margin	Profit	Expenses	
	Percent of Sales	Percent of Sales	Percent of Sales	Euros()
2007				
2008				
2009				
2010				
2011				
Expected Margin__%-Expected Profit__%=Operating Expense__%.				
Budget Expense Dollars €__%/Operating Expense__%=Sales Objective €__				



Sales Objectives						
Reconciliation of Sales Objectives						
	Macro		Micro	Expense	Composite Sales	
	€()	Units()	€()	Plus	Objectives	
				€()	€()	Units()
Short-term						
1 year						
Long-term						
2 year						
3 year						

**Qualitative Adjustment of Quantitative Factors**

Qualitative				Composite		Adjusted
Impacting	' +/-Point	Percentage	*	Sales	=	Sales
Factors	Change	Adjustment		Objective		Objective

Total  
Final Adjusted Average

(Total of adjusted  
sales objectives  
divided by number of  
calculated factors)

**Questionnaire: Travel groups in Europe**

*Hello, we are students from Finland. This questionnaire is to collect the information of students who want to travel to Europe. (\* Required)*

1. Gender? \*

- ☐ Male
- ☐ Female

2. Age? \*

- ☐ Under 16
- ☐ 16-25
- ☐ 26-35
- ☐ 36-45
- ☐ 46-60
- ☐ Above 60

3. Do you like travel in group? \*

	1.		3. Nei-		5.
	Strongly	2. Dis-	ther like	4. Like	Strongly
	dislike	like	nor dis-		like
			like		
Degree of likeness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Where would you like to travel in Europe? \*

- ☐ Northern Europe
- ☐ Southern Europe
- ☐ Eastern Europe
- ☐ Western Europe
- ☐ Other:

5. How much do you prefer to spend on travel once? \*( Currency: € )

- ☐ Under 100
- ☐ 100-300
- ☐ 301-500
- ☐ Above 500

6. How often do you travel yearly? \*

- ☐ 0-2
- ☐ 3-4
- ☐ 5-6
- ☐ Above 6

7. How long do you travel once? \*

- ☐ 1-2 days
- ☐ 1 week
- ☐ 1 Month
- ☐ Above 1 month

8. How do you get information of travel? \*

- ☐ Travel agencies
- ☐ Websites
- ☐ Friends or relatives
- ☐ Magazines or newspapers
- ☐ TV ads
- ☐ Other:

9. What method of payment do you like when you book the ticket? \*

- ☐ Credit cards or debit cards
- ☐ Cash
- ☐ Online Payment
- ☐ Cheque
- ☐ Other:

10. Which is the main element influence your travel decision? \*

## APPENDIX 7

☐ Price

☐ Time

☐ Place

☐ Service

☐ Other:

