

# **Marketing Plan for China Liangtse Wellness Ltd.**

Analysis of Chinese Massage Service in Finnish Hotel

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<p><b>Abstract:</b></p> <p>The purpose of this thesis is to draft and define a functional and feasible marketing plan for China Liangtse Wellness Ltd in Helsinki, so that the company can open a spa center successfully in Hotel X, which will provides various types of Chinese therapy massages and beauty treatment to both guests and local customers.</p> <p>The thesis begins with introduction of basic background about the thesis and research. It includes the objective and methodology of the research, and also the collected data and resources with analysis. Based on the research, the author takes use of SWOT and Market Mix model to define the strength and weakness of China Liangtse Wellness in the competition. It provides a solid theoretical foundation for the marketing plan in the later chapter.</p> <p>The empirical part of the study includes both qualitative and quantitative survey, which were carried with forms of interview and questionnaires by 100 hotel guests and company managers. Great amounts of useful data and information resulted from these surveys and communications. Furthermore, the suggestions and outcomes of the research for future development are indicated in the final parts of thesis.</p> <p>Finally, the study findings show that China Liangtse Wellness Ltd has a potential market and advanced advantages of competitions in Finland. Although the results and suitable conclusion can be drawn based on the research, the study still has some limitations due to the scale and the range of the research. The author thinks that there are many challenges which the China Liangtse Wellness will face to in the future.</p>	
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# 1 INTRODUCTION

## 1.1 Background

This thesis is to create a marketing plan for China Liangtse Wellness Ltd., who is seeking for opportunities to expand their services into luxury hotels in Finland. China Liangtse Wellness Ltd., opened in Helsinki in 2009, is a sub-branch of Huaxia Liangzi Corporate, a Chinese mega company which owns 300 chain stores across mainland China. Besides Helsinki, Huaxia Liangzi has opened other sub-branches in Germany, England and Holland within last four years. It is known as China Liangtse Group outside China. The growth of Huaxia Liangzi is rapid, and the performance of Helsinki branch, China Liangtse Wellness Ltd. is significant. In three years, it has acquired around 3700 loyalty members and 90% of them are locals.

With the successful development in Helsinki and the strong supporting system provided from the mother company in China, China Liangtse Wellness Ltd. is exploring the possibility in opening new stores in luxury Hotels in Helsinki. This business strategy should not only reinforce the brand image of the company, but also strengthen customer relationship in local and global market. To achieve this goal, defining a suitable marketing strategies and feasible marketing plans are vital. Business strategy is significant when comes to a company's successful development. A comprehensive organized and well-implemented strategy will motivate the success of the business internationally. (Wood, 6.2004) Marketing plan is a series of activities and logical arrangement for the implementation of marketing objectives and the settings of plans for achieving them. (Malcolm & Hugh, 2011) A company's marketing plan is an important input to the cor-

porate business plan, which includes: Marketing Plan, Production Plan, Purchasing Plan, Personnel Plan, IT or IS Plan, Financial Plan and Distribution Plan. (John Westwood, 2002) The overall aim and objective of marketing plan is the identification and creation of competitive advantage. (Malcolm & Hugh, 2011)

## **1.2 Structure of the thesis**

The thesis consists of research, analysis and marketing plan proposal. It is divided into six chapters consequently. The research is carried out by interview and survey to give a comprehensive business overview of China Liangtse Wellness Ltd., and the needs of hotels. Based on SWOT and Marketing Mix model, the internal and external business environment of China Liangtse Wellness Ltd is analyzed. The proposed marketing plan with two alternatives is drawn accordingly, and the result is discussed and concluded with further suggestions for how to motivate the business successfully in Finland.

## **1.3 Problem Statement**

Due to the business background of China Liangtse Wellness Ltd., the firm is facing the challenge in how to expand its Chinese massage services and increase its reputation in Finland. Under this consideration, the problem statement of the marketing plan can be written as follow:

*China Liangtse Wellness Ltd., a provider of Chinese massages wellness service in Helsinki is experiencing gradually in the competitive business environment in the Finnish market and looks forward to increasing the wellness service sectors by providing high-quality Chinese massage service and creating strong brand reputation to the various target customers not only in local market but also cross the international segmentations. The goal of the company can come true by implementing a reasonable marketing plan*

*based on finding out the real possibilities and challenges of the cooperation with local commercial communities.*

## **2 RESEARCH METHODOLOGY**

### **2.1 Research objectives**

The key objectives of the research are as follow:

- To learn the potential and capacity of China Liangtse Wellness Ltd., and the needs of hotels in Finnish market.
- To analyze the internal and external business environment of China Liangtse Wellness Ltd. by utilizing SWOT and Marketing Mix model
- To set up the marketing strategy based on the research data and analysis
- To propose a harmonious and suitable customer relationship

### **2.2 Research Methodology**

In the research, the possibilities and strengths which can support the company break the hotel entry barriers are explored and indicated. Qualitative analysis and quantitative analysis approach have been used to collect the information. Among the research process, both primary and secondary data are needed for analysis, which are gathered from various sources to address research questions and finish the project.

#### **2.2.1 Methodology Theory**

Qualitative research is a type of scientific research approach. It mainly includes following characteristics, seeking answers to a question, systematically using a predefined set of procedures to answer a question, collecting evidence and information and indicating



outcome that were marked to analyze in advance. (Sharan B, 2009) There are three most common qualitative methods which are participant observation, in-depth interviews and focus group. The types of data qualitative methodology are field notes, audio / video recording, and transcripts. (fhi360.org) Qualitative research method mainly aims at understanding and answers primarily to how.

Compared to the qualitative research method, quantitative research aims at explanation and answers to why. It focuses more on the collection and analysis of numerical data and statistics with questionnaires and etc. The observation units of quantitative method are group, institutions, texts and event or activity. (Books Llc, 2010)

The basic differences between quantitative and qualitative research methods are as follows:

- Analytical objectives
- Types of questions they explore
- Types of data collection instrument and methods they use
- Forms of data they produce
- Degree of flexibility built into study design (fhi360.org)

**Table 1:** Comparison of quantitative and qualitative research approaches

<b>Table 1. Comparison of quantitative and qualitative research approaches</b>		
	<b>Quantitative</b>	<b>Qualitative</b>
<b>General framework</b>	Seek to confirm hypotheses about phenomena	Seek to explore phenomena
	Instruments use more rigid style of eliciting and categorizing responses to questions	Instruments use more flexible, iterative style of eliciting and categorizing responses to questions
	Use highly structured methods such as questionnaires, surveys, and structured observation	Use semi-structured methods such as in-depth interviews, focus groups, and participant observation
<b>Analytical objectives</b>	To quantify variation	To describe variation
	To predict causal relationships	To describe and explain relationships
	To describe characteristics of a population	To describe individual experiences
		To describe group norms
<b>Question format</b>	Closed-ended	Open-ended
<b>Data format</b>	Numerical (obtained by assigning numerical values to responses)	Textual (obtained from audiotapes, videotapes, and field notes)
<b>Flexibility in study design</b>	Study design is stable from beginning to end	Some aspects of the study are flexible (for example, the addition, exclusion, or wording of particular interview questions)
	Participant responses do not influence or determine how and which questions researchers ask next	Participant responses affect how and which questions researchers ask next
	Study design is subject to statistical assumptions and conditions	Study design is iterative, that is, data collection and research questions are adjusted according to what is learned

(Resource: <http://www.fhi360.org/NR/rdonlyres/etl7vogszehu5s4stpbz3tyqlpp7rojv4waq37elpbeyi3tgm4ty6dunbccfzxtaj2rvbaubzmz4f/overview1.pdf>)

Referring to the research data, primary data is mainly to collect new data specially for a purpose while secondary data is the data and source have been gathered for some previous other purpose or scientific study. (Sharan B, 2009)

### 2.2.2 Overview of the Empirical Research

In this thesis, interview is chosen as an approach of qualitative research method. Managers from both China Liangse Wellness Ltd. and Hotel are invited to attend the inter-

view. Due to the business agreement on secrecy among Hotel and China Liangtse Wellness Ltd, the name of the hotel is kept anonymous as Hotel X in this thesis.

Referring to the quantitative method, the primary data and information are collected through questionnaires from the staff and guests of Hotel X. The secondary data is collected from internet resources and literature. Both of the interview and print-questionnaires survey contain 10 questions. All the questions made for research are valid and credible.

All of the data and information gathered above are used to analyze SWOT. The strengths and weaknesses, opportunities and threats are identified at the strategic level. According to the research, further suggestions to China Liangtse Wellness Ltd. are listed to help the firm to relocate its position in the market, to expand its business sectors in order to keep its advantages in the competitions.

The research was implemented successfully and the outcome can be used for private or entrepreneur investors to get to know the development and operation information about the wellness industry in Finland and China Liangtse Wellness Ltd.

### **2.2.3 Interview & Survey**

#### **China Liangtse Wellness Ltd.**

Interviews with the manager and the staff of China Liangtse Wellness Ltd., was conducted in the beginning of the research. to visit the staffs and manager there. Mr. Hao Nan, the manager gave the detail about the operation and development of the Helsinki sub-branch. As he takes control of the business objectives and marketing plan, Mr. Hao

Nan's suggestions and expectation to the hotel project have significance in implementing marketing plans.

Following issues were discussed the manager in interviews.

1. Basic profile of the branches in China and European area: opening time, market share, company culture and management
2. Business mission and objectives of China Liangtse Wellness Ltd.
3. Types and pricing level of the provided service and products
4. Target customer segment and market, customer relationship and number of new customer
5. Revenue and consumption level
6. Information about the staff: professional skills and language ability
7. Cooperation with local educational or financial communities
8. Promotion activity
9. Expectation and plan of the spa project in luxury hotels

In the interview, inside data and resources about the annual revenue, expenses and program sales were provided to the writer to help her to make prediction of investment for the marketing plan. Mr. Hao Nan agrees that suitable and comprehensive marketing strategy make great contributions to the harmonious relationship with the local customers for increasing firm's profits. He is proud of their special and tailored service, location of the shop and their promotion activities in local market. Meanwhile he also points out that the company is facing more competitions as more wellness shops come to Helsinki. Some previous research information and analysis about their competitors were also provided by Mr. Hao Nan.

## **Hotel X**

The manager of customer service department in Hotel X provided great helps to the writer to deliver the questionnaires to their guests. Questions presented in the interview are as follows:

- Basic profile: opening time, location and development process
- Information about guest rooms
- Services items provided to the guests
- Analysis about the advantage and disadvantage of hotel operations on spa project
- Expectation to the wellness services from the Hotel and guests

In addition, the manager presented the space and facilities planned for spa center to the writer, she also presented their vision of the company development and hoped the spa project could help them to attract more customers, which realizes the win-to-win relation between China Liangtse Wellness Ltd. and itself.

Occupancy rate of the guest rooms were obtained with the manager's help. And these resources can be used to predict the consumption potential in the future. Furthermore the information and resources collected from the questionnaires which 100 guests answered in Hotel X also helped author to analyze the target customers' favorites. The interview lasted 40 minutes and the questionnaires to the guest were collected after 2 days.

Above acquired data and information will be analyzed in Chapter 4: Business Environment Analysis.

## **3 BUSINESS OVERVIEW**

### **3.1 China Liangtse Wellness Ltd.**

#### **3.1.1 Origin and Development of Chinese Massage**

Chinese massage is to stimulate the meridians and acupuncture points on the body, which is based on traditional Chinese medicine theory and principles, including foot therapy and the massage to the parts of human body.(Baidu.com) Massage occupies an important part of Chinese five thousand years of health care culture, as it is addressed in the ancient book of ‘Huangdi Neijin’ or ‘Emperor’s Internal Classic’ in English, which is a famous classical works on traditional Chinese medicine.

Traditional Chinese massage is a method that people favor mostly among various natural therapies. It has great amounts of benefits:

- Promote people’s health under a relaxed and happy emotion
- Reduce feeling of fatigue and anxiety
- Reduce physical and mental pressure
- Motivate the restoration of various sub health states (eigenkapitalforum.com)

#### **3.1.2 Basic profile of Huaxia Liangzi Group**

In 1997, Huaxia Liangzi Group founded the first natural therapy research institute and established the first health care service company that specializing in massage in Jinan, China. Within last 15 years, the company built around 300 chain stores with 20,000 skilled staff in China, including 52 holding direct shops and other franchise chains. No one before created such scale and business model in China. “Huaxia Liangzi” has be-

come the top brand among Chinese health service industry and brought positive influence to this ancient practice.

In 2007, Huaxia Liangzi launched a large-scale health spa in Bad Kissingen of Germany, which became the first Chinese health care enterprise in international market. Since then, Huaxia Liangzi has established four branches in other EU countries: England, Finland and Holland.

A brief timeline of the development in Europe is as follow:

- In 2008, China Liangtse Wellness Hamburg Branch started business and operated successfully
- In 2009, Bad Manlet Branch in Germany and Helsinki Branch in Finland opened
- In 2010, Berlin Branch started as the forth chain shop in Germany
- In 2011, London Branch in England and Holland Branch opened
- The IPO preparatory work is processing step by step and venture capital fund has been injected in 2012 (eigenkapitalforum.com)



**Figure 1:** Worldwide Branches map



**Figure 2:** Germany store opening ceremony

(Resources: [http://www.eigenkapitalforum.com/herbst/download/china\\_pdf/company\\_presentation\\_china\\_liangtse\\_group\\_gmbh.pdf](http://www.eigenkapitalforum.com/herbst/download/china_pdf/company_presentation_china_liangtse_group_gmbh.pdf))

### 3.1.3 Brand image system

Company logo of Huaxia Liangzi (Figure 7) indicates the essence of traditional health care culture. The Taiji graph with boldly flying huge dragons represents the harmonious and positive spirit of the firm. The image of staff describes the positive spirit and passion for the work. (Figure 8) Up till now, Huaxia Liangzi has obtained certificates of trademark in 128 countries. (Figure 9)

Huaxia Liangzi attaches importance to the shop environment. The space design and luxury atmosphere represent the ingenious integration of Chinese classical art and modern fashion. Warm, elegant and comfortable environment with distinctive shop image makes Huaxia Liangzi outstanding in the wellness industry. (Figure 10)



Figure 3: Logo of China Liangtse



Figure 4: Image of staff



Figure 5: Certifications of trade mark



Figure 6: Shop Image

(Resources: [http://www.eigenkapitalforum.com/herbst/download/china\\_pdf/company\\_presentation\\_china\\_liangtse\\_group\\_gmbh.pdf](http://www.eigenkapitalforum.com/herbst/download/china_pdf/company_presentation_china_liangtse_group_gmbh.pdf))



### **3.1.4 Business Mission**

Business mission is always the top element to consider when getting to know about a commercial community. It stands for spirit, culture and the business purpose of the company which used to explain why this firm exists. (Philip Kotler, 2010)

The mission of Huaxia Liangzi is to provide high-quality massage services to help clients to promote the physical and mental health, and adjust the physiological balance of body. Meanwhile it also aims to spread the traditional Chinese culture worldwide and build friendship.

A characteristic corporate culture has been formed through the development of Huaxia Liangzi group. It consists of two parts: “Dream Project” and “Love Project”. The former concentrates on oneself and the later on others. “Dream Project” encourages the staffs to build a positive spirit and suitable personal plan of his/her own career. It helps them to create passions and explore potentials to realize their dream. “Love Project” mainly presents the spirit of harmonious team work and provides service to customer with patients and love. The manager of Helsinki branch, China Liangtse Wellness Ltd., Mr. Hao Nan is very proud of their corporate culture, and he believes that this culture has been built as the core spirit and principle for the staff from their first working day. He showed the regulation broacher to the author during the interview. ‘

### **3.1.5 Current services**

Currently Huaxia Liangzi in China Provides following services:

#### **(A) Five special kinds of massages:**

- foot therapy five plus one-----foot therapy plus foot care

- Health meal: foot therapy plus local massage attached with ginger stick
- Pushing manipulation with one-finger meditation-----full body massage with unique technique
- Tree of life-----spine preservation
- Origin of life-----kidney preservation

**(B) Four typical massage items:**

- Head massage
- Back massage
- Internal organs massage
- Leg massage

**(C) Three advanced massage:**

- cupping,
- scrape therapy
- hot stone massage therapy



**Figure 7: Head massage**

**(Resources:**

[http://www.eigenkapitalforum.com/herbst/download/china\\_pdf/company\\_presentation\\_china\\_liangtse\\_group\\_gmbh.pdf](http://www.eigenkapitalforum.com/herbst/download/china_pdf/company_presentation_china_liangtse_group_gmbh.pdf))

In the Helsinki branch, China Liangtse Wellness Ltd. provides ten types of massage:

- Back and neck massage
- Head and shoulders massage
- Facial massage
- Cupping massage
- Foot massage
- Meridian massage
- Chi massage
- Full body massage
- Jade-matka massage
- Enchanted journey (foot massage + full body massage)

## 3.2 Hotel X

### 3.2.1 Basic profile

Hotel X opened its first hotel in 1980 and it has around 10 branches hotel in Finland today. It is famous for its service and advanced entertainment system. The hotel in Helsinki is located near the harbor which has the beautiful sea scenery and convenient transportation to the city centre.

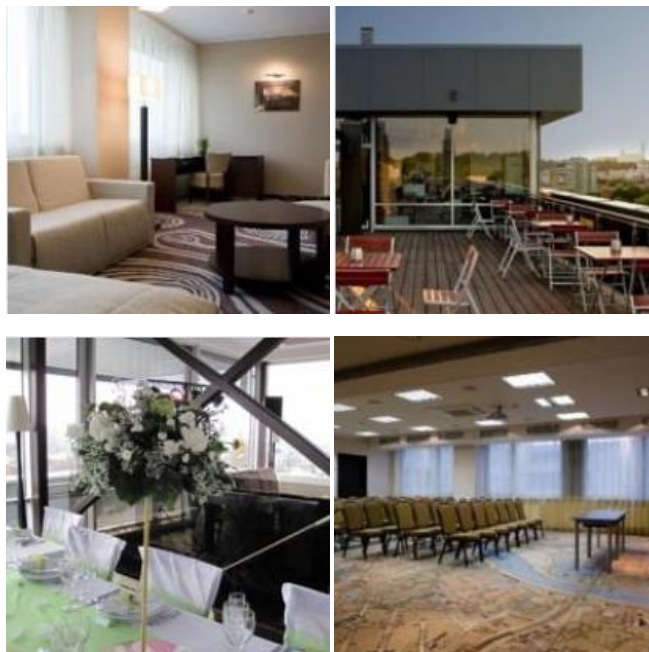
**Table 2:** Distance between public transportation and hotel

Destination	Distance (km)
Bus Station	0,4
Railway Station	1,2
Airport	23
Port	0,1

According to the hotel manager, there are 200 rooms for non-smokers with sound-insulated windows and individual room cooling system. From the public balconies and flat of the 9<sup>th</sup> floor, the guests can enjoy the view of Helsinki. There are 3 comfortable meeting rooms in addition.

**Table 3:** Guest rooms in Hotel X

Name of the item	Number
Total number of rooms	200
Standard rooms	130
Superior room	30
Suites	9
Family rooms	24
Rooms for the disabled	3
Guest sauna	2 (Daily 7-10 and 17-21)
Private sauna	2 (Up to 8-15 persons)



**Figure 8:** hotel picture

(Resources: [www.booking.com](http://www.booking.com))

### **3.2.2 Business vision**

Though the Hotel X has built a great reputation and positive brand image among the competitors in Helsinki, it still explores its potential in development and services. The manager believes that only by understanding that what needs to be changed and how to improve it among the operation process, that the hotel can keep the advantages in the competitions.

Therefore in order to achieve the purpose in the wider business environment and sectors, Hotel X has set up following visions:

- Reduce the daily waste and develop environment-friendly products maximally in the hotel service.
- Add more functional and convenient entertainment service items to attract more clients.
- Process the investment projects and try to expand the service sectors to the foreign marketing

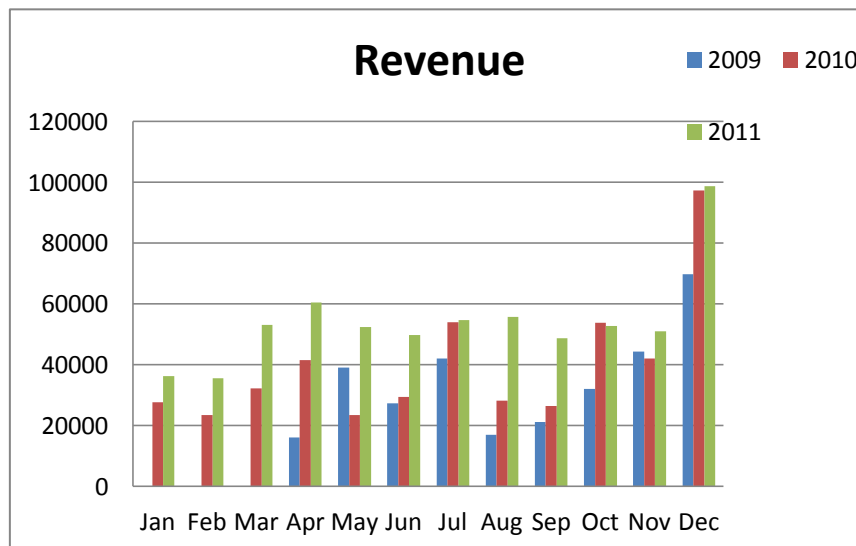
## 4 BUSINESS ENVIRONMENT ANALYSIS

### 4.1 Analysis of the data and results

The data and information about the three years revenue development, programs consumption and increasing trend of new members are provide by China Liangtse Wellness.

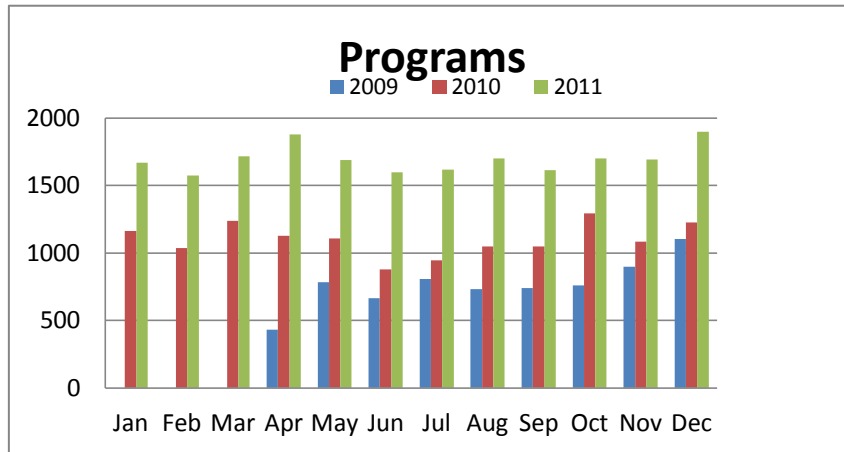
#### ■ Revenue, consumption level and number of new members (2009-2011)

The revenue indicates a positive increasing trend from 2009 to 2011. The revenue in every April, July and December are especially higher than other months because of the special discount.



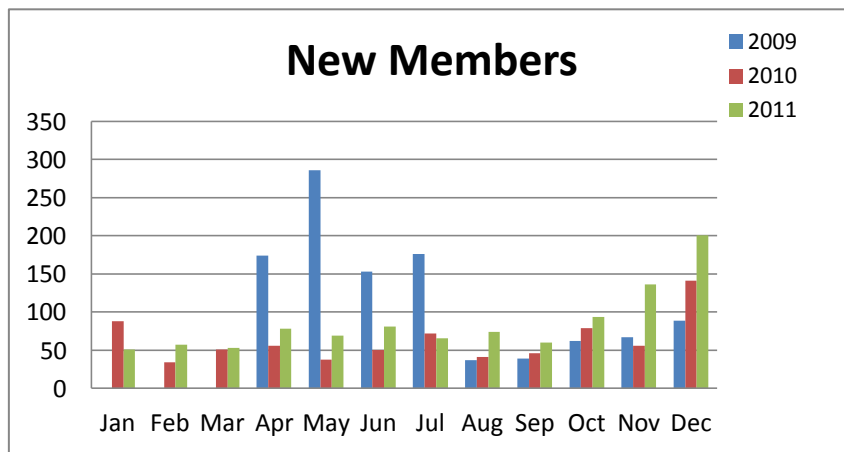
**Figure 9:** The revenue level from 2009 to 2011

Because of the high-quality service and suitable promotion strategy, more and more customers choose to go to China Liangtse. So the number of the massage programs increased year by year. Mr. Hao believes that the company business mission guided them to run the firm under the right way. According to the following statics, about 40 -50 customers visit the store per day in 2011.

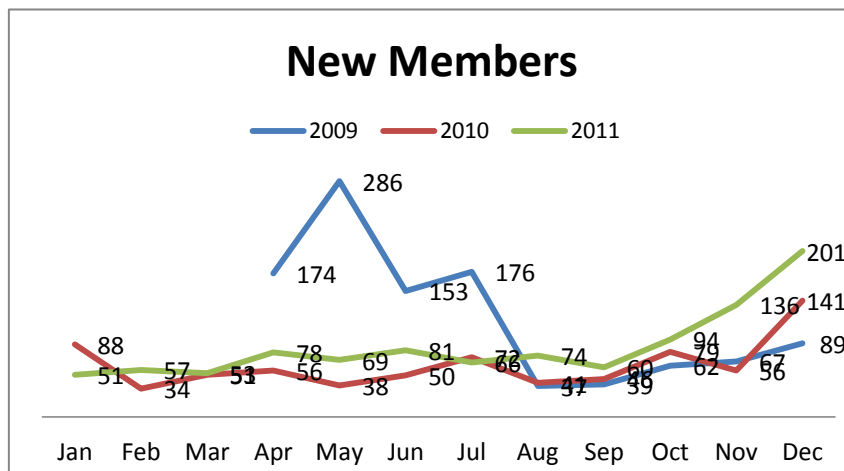


**Figure 10:** The number of therapy programs from 2009 to 2011

The overall number of new members indicates an increasing trend.



**Figure 11:** The number of increase of new member from 2009 to 2011



**Figure 12:** The line chart of increase of new members from 2009 to 2011

■ **Marketing research of the local competitors of China Liangtse Wellness in Finland**

- ✓ The local top 5 spas: Kämp spa, Siluetti spa, Day spa and Flamingo spa

**Table 4:** The Service and price list of Siluetti spa

<b>Wellness Items</b>	<b>Price (euro)</b>
Swedish / Sport Massage 60 min	95
Swedish / Sport Massage 90 min	135
Lymphatic Massage Therapy 60	105
Traditional Herbal Compress Massage	260
Renewing Swiss Facial	215
Indian Head Massage	130
SiluettiSpa Balance Massage	175
SiluettiSpa Energy Massage	175
SiluettiSpa Pure Massage	175
SiluettiSpa Relax Massage	175
Aromatherapy Massage	195
Indian Herbal Massage	245
SiluettiSpa Relaxing Stones Ritua	245
Thai Ritual for All Senses Treatment	260

(**Rsources:**[http://www.siluettispa.fi/scripts/DBMNet.dll?Page?NAME=SPA\\_HINNAT](http://www.siluettispa.fi/scripts/DBMNet.dll?Page?NAME=SPA_HINNAT))

■ **Marketing research of the Hotel X clients' favorites of therapy program**

- ✓ The author takes a quantitative research with questionnaires with 100 guests in the Hotel X. This approach aims to find out the real demands and favorites of the customers, which can help China Liangtse Wellness to provide the tailored wellness service to the consumers.



- ✓ The author selects 60 female guests and 40 male guests, and one manager of HS Hotel as candidates of this research. Following tables show the result of the survey.

**Table 5:** The income segment

Income (euro) Gender	<1,000	1,000- 1,600	1,700- 2,300	2,300- 3,000	>3,000
Famale	5	5	8	12	30
Male	3	2	4	10	21

**Table 6:** Favorites of guests

Items (%) Gender	Like	Unlike
Famale	75%	25%
Male	45%	55%

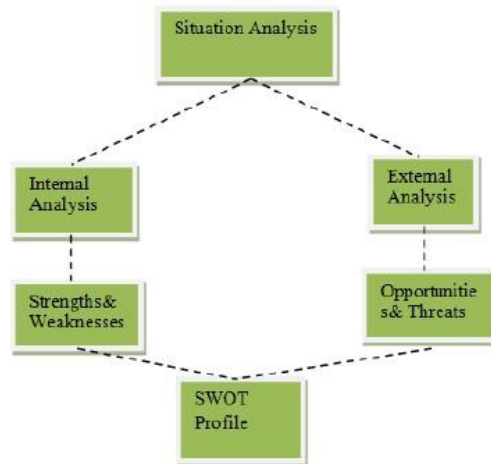
**Table 7:** Preference of massages of guests

Items (%) Gender	Chinese Massage	Indian Massage	Thai Massage	Swiss Massage	Beauty Treatment
Famale	35%	17%	40%	8%	10%
Male	40%	5%	48%	5%	2%

## 4.2 SWOT Analysis

### 4.2.1 SWOT theory

SWOT identifies of both internal (strengths and weaknesses) and external (opportunities and threats) factors. (Heinz Weihrich, 2007)



**Figure 13:** SWOT analysis

(Resources: <http://www.netmba.com/marketing/process/>)

This approach includes the advantage and disadvantage of the various aspects of the business environment which the firm is facing with. Among these factors, the corporate mainly focus on its own strength and weakness compared to other competitors, while opportunities and threats analysis stands for the section that how the external environment factors affect the enterprise. The rational use of SWOT analysis can guide the company to find out and understand the reality of marketing, and identify a functional and suitable marketing strategy. (Hollensen, 2003)

The internal analysis includes following factors:

- Financial performance and resource
- Human resources
- Production facilities and capability

- Organization structure
- Market share
- Customer perceptions of product quality, price, and product availability
- Organizational communication, system, value and culture
- Leadership

While the external analysis presents the information of the environment on the market as follow (Hollensen, 2003)

- Customer
- Competition
- Economic conditions
- Social trends
- Technology
- Government regulations

## 4.2.2 SWOT of China Liangtse Wellness Ltd.

Based on the research and analysis in chapter 4.1, SWOT of China Liangtse Wellness Ltd., is summarized in following table.

**Table 8:** SWOT analysis for China Liangtse Wellness Ltd.

<b>Strength</b>	<b>Weakness</b>
<ul style="list-style-type: none"> <li>■ Advanced research and development system for the Chinese massage</li> <li>■ Great financial performance</li> <li>■ High market share in Europe therapy wellness industry</li> <li>■ Favorable reputation and various loyal memberships</li> <li>■ Convenient transportation and central location</li> <li>■ Feasible and rational price level</li> <li>■ three years knowledge accumulated on Finnish wellness industry, rich experiences of the local marketing and sales</li> <li>■ the only Chinese company introduced and supported by Invest in Finland</li> </ul>	<ul style="list-style-type: none"> <li>■ Not enough therapists to meet the demands of customer</li> <li>■ Hard to find skilled therapists from Finland</li> <li>■ Finnish language skill is not as good as English</li> <li>■ No experience in opening spa in luxury hotel</li> <li>■ The customers who come to the shop not-often occupy a huge percentage of the target group, the same condition for the core members</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>■ Chinese massage is well known and favored worldwide</li> <li>■ No hotels in Helsinki have a wellness spa provides the authentic Chinese massage</li> <li>■ The Hotel X is located near to the center and CLW Ltd with convenient transportation</li> <li>■ Good to develop the business of CLW Ltd from locally to globally, because of the international guests' promotion</li> <li>■ The Chinese Embassy in Finland and Invest in Finland show great interest in this spa project</li> </ul>	<ul style="list-style-type: none"> <li>■ More and more wellness or spa opened in Helsinki increased the competition</li> <li>■ The guests in Hotel are mostly one-time visitor</li> <li>■ Regulation and fixation in the Hotel business may lead conflicts</li> </ul>

## Strengths

- **Advanced technical research and development system** for the Chinese massage, can increase the extra value and benefits to the business. According to the manager of China Liangtse Wellness Ltd, following aspects keep the firm unique.
  - ✓ Traditional Chinese massage is integrated with music therapy and mental therapy to achieve a total relaxation
  - ✓ Tailored products for foot-bathing and skin care. Main products include: “Taishan Magical Mud”, “Seabed Heaven-grass”, “Powder for feet massage from bullfrog liquid” and “Euro-Asia Five Plus one”



**Figure 14:** related products of Liangtse massage service

(Resource: [http://www.eigenkapitalforum.com/herbst/download/china\\_pdf/company\\_presentation\\_china\\_liangtse\\_group\\_gmbh.pdf](http://www.eigenkapitalforum.com/herbst/download/china_pdf/company_presentation_china_liangtse_group_gmbh.pdf))

- **Professional and comprehensive human resource system**
  - ✓ Four human resource departments and four training bases in Beijing, Zhengzhou, Ji’nan and Puyang. Human resource department is responsible for the supply and supplement of staffs and management personnel, which aims to ensure the source of manpower; Training department mainly takes charge of the training for technical personnel and management personnel.
  - ✓ China Liangtse Wellness Ltd. in Helsinki has five professional therapists and they are selected from 10,000 candidates from the chain stores in China. They have the ability and certification to train the local Finnish masseurs. Dispatching more professional staff from China is planned for the future.

■ **Great and steady financial performance and resource**

- ✓ As Huaxia Liangtse Group is the one of the top therapy wellness companies in China, it provides many job opportunities and create the turnover around 11 million euro in average annually. It has also gained great amounts of profits by expanding its business to wider marker. Following table shows the growth of Huaxia Liangtse in 2008-2011.

**Table 9:** Growth of Huaxia Liangtse Group in 2008 - 2011

	2008	2009	2010	2011
Sales (‘000)	¥ 211,678	¥ 313,759	¥ 501,312	¥ 600,543
Profit (‘000)	¥ 52,920	¥ 87,853	¥ 153,791	¥ 198,452
Number of customers (‘000)	1,372	1,420	1,679	1,751
Number of chain shops	53	75	101	300

■ **High market share in Europe therapy wellness industry**

- ✓ From 2007 to 2012, Huaxia Liangtse Group has built seven chain shops in Europe: four of them are located in Germany and others are opened in Helsinki, London and Amsterdam. Mr. Hao said that managers in these stores visit each other regularly to communicate and discuss about the management, so that the company accumulate the knowledge on operating stores in foreign market.

■ **Favorable reputation and great amounts of loyal customers**

- ✓ Since its grand opening, China Liangtse Wellness Ltd. uses its high-quality and customer oriented service to attract more clients. The statistic of the membership registration presented by Mr. Hao Nan shows that there are over 3700 customers accumulated already.

- ✓ The membership card is valid globally for customer to enjoy the benefits
  - ✓ Intense cooperation with the local educational, political and economic communities, for instance regular participation in fairs and public presentation. There are training programs with the local school for the hospital
- **Convenient transportation and advantageous in central location**
    - ✓ Located in Iso Roobertinkatu, Helsinki, the store is easy to reach.
- **Feasible and rational price level**
    - ✓ Tailored services are designed specifically for Finnish customer. The price and service were designed by researching the consumer's prove level in Finland. Different combination of the massages with rational price was set to meet wider customer segments based on their income level.
- **Three years knowledge of Finnish wellness industry and rich experiences in local marketing and sales.**
    - ✓ Every staff in China Liangse Wellness Ltd. knows the demands of their customer. Consumer behavior, purchasing power and customers' physical state are well studied.

## **Weaknesses**

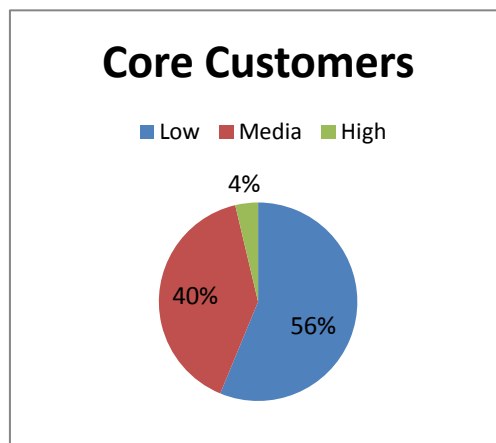
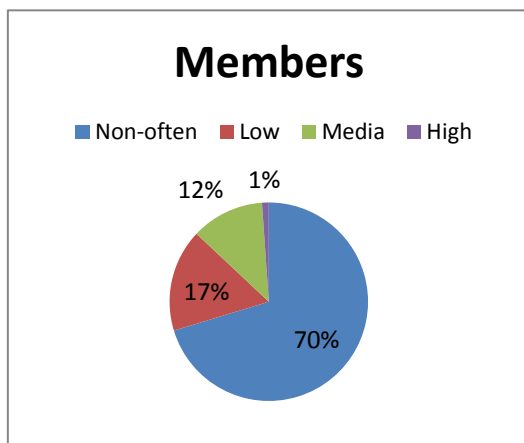
- **Lack of staff in peak time**
  - ✓ Because each customer has their favorite therapist, it is hard to find suitable time for other customer. Reservation two to three days in advance is required.

- **Language skill** needs to be improved to meet the demands of Finnish market. The manager is worried about that this problem will become barriers for the sustainable development of the company in the Finnish market.

- **No experience in providing services in hotel business**

- ✓ Lack of experiences and information about the tourists' demand'
- ✓ No experience in cooperation with hotel

**Non-often customers share high percentage**, while frequent visitors remain less than 4% of all customers. Following graphs shows the trend. Non-often means customer visits once several months.



**Figure 15:** Members visiting rate

**Figure 16:** Core customers visiting rate

### Opportunities

- **Chinese massage is well-known and favored worldwide.**
- Opened on April 1<sup>st</sup> 2009 in Helsinki, China Liangtse Wellness Ltd. is the only Chinese company **introduced and supported by Invest in Finland** of the year (investinfinland.fi)
- **No other hotels in Helsinki have authentic Chinese massage**



- ✓ The manager of Hotel X told that the main trend is Beauty salon and Thai massage.
  - ✓ Authentic Chinese massage is to solve the customers' real physical problems
- 
- **Hotel X is located near to the China Liangtse Wellness Ltd. with convenient transportations around.**
  
  - **The Chinese Embassy in Finland and Invest in Finland show great interests and supports** to this cooperation project between the Chinese company and Finnish hotel because of the good reputation of the company.

### **Threats**

- **More spa opened in Helsinki increases the competition**
  - ✓ The top four spas which provide wellness service in Finland are Kämp Spa, Siluetti Spa, Day Spa and Flamingo Spa. All of them occupy a huge percentage of the total Finnish wellness service market.
  
- **Guests of hotel are mostly one-time visitors**
  
- There are many **fixed regulations and requirements from the hotel** about the spa center construction and decorations and etc. The Hotel X required the construction and facilities of spa center must meet the requirements of the hotel.

## 4.3 Marketing Mix

Marketing mix is a controllable and tactical tool that helps company to analyze and develop the marketing strategy. It includes four aspects: Product / Service, Price, Place and Promotion (Goncalves, 1998).



**Figure 17:** An illustration for Marketing Mix (4 P's)

(Resources: <http://notesdesk.com/notes/marketing/the-marketing-mix-4-ps-of-marketing/>, 2010/11/26)

### 4.3.1 Product

Product stands for the service or the goods that the firm provides to the target market. (Kotler et al 2008) As the hotel guests are mostly one time visitor, following existing services can be further tailored to meet the demands of hotel guests.

#### ■ Foot Relaxing Massage

The therapist works on specific meridian points in the feet using thumb pressure. It will stimulate the blood circulation and promote relaxation

#### ■ Back and Neck Massage

This massage mainly focuses on the back area and it release tiredness and stress in the neck, back and lumbar area.

### ■ **Head and Shoulders Massage**

This service is similar to above one and also has positive influence to release tension in the neck, shoulders, scalp and head.

### ■ **Full Body Massage**

The zen-style of the tuina massage is a full body massage. It is the most powerful one among all the service items. This will help the customer to promote recovery and revival of new energy.

### ■ **Jade Journey**

Jade Journey is a massage combines traditional Chinese massage techniques and European massages together. It includes the oriental aromatic essential oils and hot stone imported from China. The masseurs make the gentle and soothing thumb massages among your full body. It is designed to strengthen the body's vital energy.

### ■ **Meridian**

This item is especially created to harmonies balances, the flow of chi system within body, to help customer to relieve physical and mental pressure.

### ■ **CHI Balance**

This massage mainly works on the intestinal and stomach parts, which aims to solve the appetizer or intestines problems.

### ■ **Enchanted Journey**

This item includes both full body massage and foot massage together. It is positive and useful to relax whole body after work or powerful sports.

### 4.3.2 Price

Price means the amount of the value or money the consumers need to pay to the company to achieve the products. (Kotler et al, 2008)

#### ■ Average price for Spa in the top level is 108 Euro/hour/person

There are five spa-centers with high price range (Figure 18) which are competitive with China Liangtse Wellness Ltd. Those customers that have strong buying power normally couldn't come to Spa regularly, they are either busy with working or on holidays. That customer group has high mobility, so we can't make much profit from them. Customers with normal buying power and tourists become very important segment for spa business in Finland. The Spa service of the domestic market is already saturated in Finland, and setting too high price only makes the company less competitive and increases the risks for starting the business.

The following chart shows the average price of the top five spas, China Liangtse Wellness is lower than others, with 85 Euro/hour/person. These data and information are based on the market research done by China Liangtse Wellness Ltd.



**Figure 18:** Spa price comparison

■ **The price of massage in China Liangtse Wellness are currently as following:**

- ✓ 30 minutes massages: 39 euro
  - Back and neck, head and shoulder, facial treatment, cupping
- ✓ 50 minutes: 59 euro
  - Foot massage, meridian and chi massage
- ✓ 60 minutes massage: 75 euro
  - Full body massage
- ✓ 70 minutes massage: 89 euro
  - Jade-matka massage
- ✓ 100 minutes massage: 129 euro
  - Full body massage + foot massage

For the member registration, China Liangtse Wellness provides special offer.

- ✓ All the massages can be paid with 10% discounts
- ✓ The customer can get one free membership card (normal price is 50 euro)
- ✓ The member has one free birthday foot massage and they can also get 30% discounts on their birthday.

In April, July and December, Liangtse always has special offer of 30% discounts for all to celebrate the holiday season.

### **4.3.3 Place**

Place mainly includes the location of the firm and the manufacture factory. (Kotler et al, 2008)

- Central location of China Liangtse Wellness in the city center and its close distance with Hotel X is favorable for management.

- Shopping mall, super markets and restaurants in the close range, provides convenience to the staff and customers.
- Easy to reach by public transportations.

#### **4.3.4 Promotion**

Promotion indicates the activities or actions the company uses to promote and persuade target customers to purchase it. (Kotler et al, 2008)

- China Liangtse Wellness Ltd. has positive and good reputations because of its high-quality service and products. 3700 customers have registered for membership. Nearly 40% of these members know about the firm through their friends, relatives or colleagues.
- During last three years, China Liangtse Wellness Ltd has been introduced and reported by various top magazines and medias with articles and press release, such as HSL, METRO, Helsinki Time, City Shoppari and City Deal
- China Liangtse Wellness Ltd. constantly participates in trading fairs and local communities' activities. In Chinese festivals held in Finland, the firm offers interesting activities and provides special discount to the customers.
- A series of ongoing cooperation and training program with local Finnish universities is under preparation. Training center is arranged with Heinävesi's Company in 2011.

## 5 MARKETING PLAN

### 5.1 Objective

The current marketing objectives of China Liangtse Wellness Ltd. are

- Importing and employing more skilled therapist from China
- Arranging more cooperation with local educational, political and financial communities in Finland to accumulate knowledge and experiences about Finnish business investment environment.
- Expanding the therapy service into hotel
- Opening more chain stores in other cities in Finland
- Transferring potential market to be the target market
- Keeping innovation about the massage service and related products
- Redefining the pricing and competition strategy

For expanding the therapy service into the Hotel X, following objectives can be addressed:

- Enhance the brand image within the setting of luxury hotel
- Increase the visibility outside Finland
- Promoting the traditional Chinese massage and culture of wellbeing

Understanding the business objectives is important and significant to the arrangement and implementation of the marketing plan. Business objective is a tool for a community to define and determine its aims and development directions, such as: sales growth, profitability or return on investment. The firm always takes use of a combined strategy at every aspect of operation to approach the objectives. These goals will guide the com-

pany to allocate its own resources and advantages together under the right way. (Vicki Hollett, 2006)

## 5.2 Core Strategy

A suitable and functional marketing strategy can convert the cooperate objective to the implemented marketing objectives. It contains a series of decisions about the company operation, such as: pricing, customer communications, products and distribution channels. The efficient implementation of marketing plan, which is based on the reasonable marketing strategy, can help the firm to save the costs, improve profits and strengthen reputations. (Vicki Hollett, 2006)

In order to define an effective marketing plan, a core strategy will be presented. It will support the marketing plan to target the marketing segmentation and business goals more successfully. "Core strategy is the identification of a group if customers for whom the firm has differential advantage and then positioning itself in that market". (Kotler, 2002) Two main ideas can be summarized from above definition: firstly the company needs to identify its target customers (**target segment**); secondly it should position own products / service in a right level to satisfy the customers' demand (**product positioning**).

### 5.2.1 Target segment

Through the research, the author found that the wellness services in Finland are operated under a "small" scale and the locations are "scattered". It can be interpreted that this industry benefits the private-owned or small-scale organizations, so this phenomenon



provides a broad development space for those large-scale chain communities with huge investment attraction.

The market orientation of China Liangtse Wellness Ltd currently can be put into three distinctive groups:

- **Class A:** consumer group around the age level of 25 years to 55 years

This group always stands for the sub health segment with high pressure from work and society.

- **Class B:** up to 40 years to 80 years

This segment means the middle-aged and the retired who wants to improve the life quality and extend the length of life.

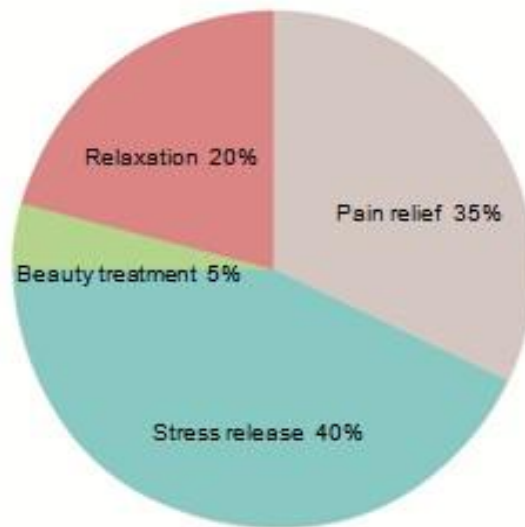
- **Class C:** consumer group which hopes to prevent sub health problem with health consciousness.

This group always consists of the young people, which most of them are female customers. Their main goal of this achievement is to keep beauty and slim.

### 5.2.2 Product positioning

- From the customer survey (Table 4) show that most of clients choose wellness service in hotel spa to enjoy relaxation and relieve stress release. Other purposes are to reduce pain relief and make beauty treatment. Therefore wellness service can be grouped mainly in four parts: stress release, pain relief, relaxation and beauty treatment.

The stress release stands for the stress related problems, sleeping disorders, depression and digestion problems. The pain relief is mainly back and neck pain, headache and sciatic problems. Percentage of it can be summarized in following graph according to the above survey:



**Figure 19:** Service positioning

### 5.2.3 Competitive advantages

- Provide the tailored and authentic therapy wellness service with variations to the clients
- The price of the therapy wellness is reasonable and acceptable for the customers under every income level
- The firm will provides great discounts to the hotel staff and VIP clients: for the hotel staff is 30% discounts, and for the VIP clients is 20% for all the service items. This decision was made and agreed by the manager of Liangtse based on their previous budget and promotion plan to attract the new customers.
- Original medical and beauty products enhance the brand image. All products passed the ISO-9000 international quality standard certification
- Good reputation encourages the further growth

## 5.3 Marketing Plan

### 5.3.1 Product plan

Based on the survey (Table X) of hotel guests' favorite and current services provided by China Liangtse Wellness Ltd., following wellness program is suggested:

- Traditional Chinese Medicine based treatments:
  - ✓ Acu-pressure massage
  - ✓ Cupping
  - ✓ Guasha
- Beauty treatment
  - ✓ Facial treatment, hand care and foot care treatment for anti-wrinkle, anti-age

### 5.3.2 Pricing plan

- **Price to be increased by 14%**

Based on the research of the income level of the guests in Hotel X (Table X), and following reasons:

- ✓ There will be more therapists, including Chinese and Finnish staff , so the revenue will lead the increase in expense
- ✓ The monthly fixed charge items in hotel management
- ✓ Keep the high-quality and loyalty image of China Liangtse Wellness

The price for the basic massage items will be increased by 14% from the current price. The price for hotel will range from 45 to 147 euro in accordance with the program.

- **The related medical and beauty products remain the same price**

### 5.3.3 Two alternatives for the spa center

The business area designed for spa use in Hotel X is 1700 m<sup>2</sup> in total. Beside the area for massage, there are reception area, one swimming pool, one sauna room (Turkish style), one gym center, one solarium room, one public lobby and one dress room. Area for the purpose of massage is range from 400 m<sup>2</sup> to 700 m<sup>2</sup>.

After the discussion with the manager of China Liangtse Wellness about their future staff arrangement and the amount of investment budget, two alternatives are presented for evaluation. In both plans, the amount of investment is approximately 400 000€. While in Plan A, consumption level is 100 euro/person and Plan B is 80 euro/person. This figure is based on the experience of opening the Helsinki branch in 2009 and the statics of three years development (Figure 9.10.11)

**Table 10:** Plan A and Plan B

		Plan A	Plan B
<b>Facilities</b>	Kitchen	1	1
	Warehouse	1	1
	Beauty Salon	1	1
<b>Room</b>	Single Room	4	6
	Double Room	3	4
	Three-person Room	1	2
<b>Area (m<sup>2</sup>)</b>		400	700
<b>Therapist</b>		6-10	10-14
<b>Average Consumption level</b>	(euro/person/hour)	100	80

**Plan A:** The business area for massage room is 400m<sup>2</sup> in total. There will be one kitchen, one warehouse, one beauty salon, one three- person room, and three double rooms. Currently the average consumption is 55euro/person in China Liangtse Wellness Ltd., and in average 40-50 visitors per day. Following plan is based on the prediction of the new store will have 35 visitors per day on the opening year and 5 more new customer in average every day. The consumption per customer is 100 euro, and the monthly costs increase 6% annually.

**Table 11:** Monthly costs and fees predication of Plan A

<b>Monthly expense</b>		
<b>Tax included Salary</b>  (including 30% pension insurance)	A: 1 Manager	3,900€
	B: 3 Bar counter	5,000€
	C: 3 Chinese masseurs(full-time)	2320/p * 3=7,000€
	D: 3 Finland masseurs(part-time)	6,000€
	<b>Sub total</b>	21,900€
<b>Rent, property and parking fees</b>		Not included
Water, electricity and heating fees		400€
Insurance (accident)		300€
Material consumption		200€
Administrative expenses		1,000€
Advertising fees		1,700€
Cars and travels fees		1,000€
Depreciation (c.a 300,000 * 10% * 1/12)		2,500€
Others		1,000€
	<b>In Total</b>	<b>30,000€</b>

**Table 12:** Prediction of the financial budget during the first three years

	Custom-ers per day in average	Person-al ex-pense in average	Month-ly income	Net income excl. 23% VAT	Month-ly cost	Month-ly Profit	Annual Net Income	Annual Costs	Annual Profit
<b>First year</b>	35	100€	91,000€  (100€ * 35P * 26D)	73,984€	30,000€	43,984€	887,808€	360,000 €	527,808 €
<b>Se- cond year</b>	40		104,000 €	84,552€	31,800€  (30,000 * 1.06)	52,753€	1,014,624 €	381,600 €	633,024 €
<b>Third year</b>	45		117,000 €	95,122€	33,708€	61,414€	1,141,464 €	404,496 €	736,968 €
	50		130,000 €	105,691 €	35,730€	69,960€	1,268,292 €	428,760 €	839,520 €

Based on the above estimation, the company will take less than two years to recoup their investment.

**Plan B:** The business area for massage room is 700m<sup>2</sup>. There will be one kitchen, one warehouse, one beauty salon, two or three-person rooms, four double rooms, six single rooms. 10-14 masseurs (6 full-time, 6 to 8 part time) are needed. According to the current customer flow and price (55 euro/hour, 8.5 hour/person/day) at China Liangtse Wellness, the company can charge 80 euro/hour (including spa fees) if the spa has 10 therapists. In this way, the working hour for each employee is 6 hours/day, which is enough to provide service for 5 customers each day per therapist.

**Table 13:** Monthly costs and fees predication of Plan B

<b>Monthly expense</b>		
<b>Tax included Salary</b>  (including 30% pension insurance)	A: 1 Manager	3,900€
	B: 4 Bar counter	6,700€
	C: 6 Chinese masseurs(full-time)	2320/p * 6=14,000€
	D: 4 Finland masseurs(part-time)	8,000€
	<b>Sub total</b>	32,600€
<b>Rent, property and parking fees</b>		Not included
Water, electricity and heating fees		800€
Insurance (accident)		600€
Material consumption		400€
Administrative expenses		1,500€
Advertising fees		1,700€
Cars and travels fees		1,000€
Depreciation (c.a 300,000 * 10% * 1/12)		3,500€
Others		1,500€
	<b>In Total</b>	<b>43,600€</b>

**Table 14:** Prediction of the financial budget during the first three years

	Customers per day in average	Personal expense in average	Monthly income	Net income excl. 23 % VAT	Monthly cost	Monthly Profit	Annual Net Income	Annual Costs	Annual Profit
<b>First year</b>	65	80€	135,200€  (80€ * 65P * 26D)	109,919€	43,600€	66,319€	1,319,028€	523,200€	795,828€
<b>Second year</b>	80		166,400€	135,285€	46,216€  (43,600€ * 1.06)	89,069€	1,623,402€	554,592€	106,8823€
<b>Third year</b>	90		187,200€	152,195€	49,000€	103,195€	1,826,340€	588,000€	123,8340€
	95	197,600€	160,650€	51,900€	108,750€	1,927,800€	622,800€	1,305,000€	

## 6 CONCLUSION

Both plans show that the company will take less than two years to recoup their investment. Plan B is more profitable than Plan A even though its monthly cost is higher than later. After cutting off the 23% VAT, the monthly net income of Plan A is 73,984€ meanwhile the monthly costs are 30,000€, so the monthly profit of Plan A is 43,984€ while the company charges the 100€ per customer averagely. Compared to the above plan, the monthly net income of Plan B is 109,919€ and the monthly costs are 43,600€. So the monthly profit of it is 66,319€ while the firm charges 80€ per customer averagely.



The marketing plan helps company to approach the profitable project under the competitions, which will realize the win-to-win relationship between itself and hotel. The tailored product/price plan also meets the demands of customers.

The study findings show that China Liangtse Wellness Ltd has a potential market and advanced advantages of competitions in Finland. Although the results and suitable conclusion can be drawn based on the research, the study still has some limitations due to the scale and the range of the research. The author thinks that there are many challenges which the China Liangtse Wellness will face to in the future.

## **7 SUGGESTIONS**

To achieve its marketing objectives and goals successfully, the author has summarized following suggestions for China Liangtse Wellness. These suggestions are also valid for other wellness companies which provide similar kind of services.

- The Finnish therapy wellness market is a beneficial market to China Liangtse Wellness as the consumption level of the local customers is much higher than other countries. Opening more stores in other cities in Finland can help the company to target the potential consumers to the target market.
- Trainings of the local staff can solve the problem of lacking enough staff in peak season/time.
- The competition among the similar companies is serious and hard. And the advantages of China Liangtse Wellness are the reasonable price and special skills of the staff. Keeping the high-quality and tailored service with better value will help the firm to attract more loyal members. Innovation on its therapy program and related products is vital to keep the brand image.

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# **APPENDIX**

## **Appendix 1**

### **Interview questions for manager interview**

1. Name of the company
2. What is your age and occupation?
3. What are the main customer groups that your company is serving and what kinds of services does your firm provide now?
4. Are you familiar with HS Hotel?
5. Dose the company have experiences to operate a spa center?
6. Why do you have interest in build a spa center in HS Hotel? What profits or potential do you find from this project?
7. What strength and weakness does your company have?
8. What price level of therapy service does your company have now?
9. Does the company plan to add new service items into previous ones?
10. What is your expectation to this project investment?

## Appendix 2

### Research questions for guests in Hotel X

1. What is your gender?
2. What is your age and occupation?
3. What is your income level?  
(a) <1,000 (b) 1,000-1,600 (c) 1,700-2,300 (d) 2,300-3,000 (e) >3,000
4. How often do you travel outside your home country?
5. How often do you stay in Hotel X?
6. What types of therapy massage service do you prefer?  
(a) Chinese massage (b) Indian massage (c) Thai massage (d) Swiss massage (e)  
Beauty treatment
7. Do you like enjoy the massage service during you trip?
  - Like
  - Unlike
8. How much money do you prefer to pay for the wellness service?
9. Do you satisfy with the hotel service?
  - Yes
  - No
10. Do you have any recommendations to the spa project in hotel?