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MARKETING PLAN FOR E-COMMERCE START-UP COMPANY

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This thesis is a marketing plan as a part of the project of developing the e-commerce start-up business named Finnexport. The business itself was started in the year of 2011 and till the moment of this project was operating as an amateur company providing service of goods delivery from Finland to Russia only for close range of people. With a success of an idea and after shown interest towards the service from the third persons, the decision has been made to move the company from the amateur to the professional level with the future possible registering it as a joint stock company.

Due to the specificity of doing business online and big amount of competitors on the market, many tools and methods of marketing and especially tactical marketing have been studied and analyzed. The most suitable of them are adopted and described in the main part of marketing plan. Before tactical decisions, the strategy of the company has been set based on situational analysis and analysis of competitors. Among all the competitors operating in the region of Saint-Petersburg three of the strongest ones have been selected and thoroughly studied with a following clarification of their strengths and weaknesses. Based on this data the company’s positions on the market have been clarified and SWOT analysis made with the following setting of marketing and financial objectives. Keeping objectives in mind the whole marketing program have been made together with detailed information of its budgeting, performance and implementation followed by describing of additional considerations in the end of the thesis.

Key words
Marketing, competitors, analysis, objectives, tactical decisions
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Before writing a marketing plan as an important part of business plan it is very important first to understand and completely clear the picture of why do we do it for our business, what actually marketing is, what objectives it has and what role it plays in the company’s growth.

While searching a definition of marketing in many books and web sources we found out that marketing is defined in many different ways. Some definitions focus on marketing in terms what it means to an organization, such as being the key functional area for generating revenue, while other definitions learn more towards marketing in terms of its most visible tasks, such as advertising and creating new products.

There probably is no one best way to define marketing, however, whatever definition is used should have an orientation that focuses on the key to marketing success – customers.

The following definition covers the main aspects of marketing with a following detailed description of what each important point means.

Marketing consists of the strategies and tactics used to identify, create and maintain satisfying relationships with customers that result in value for both the customer and the marketer (KnowThis 1998).

Strategies and Tactics: Strategies are best explained as the direction the marketing effort takes over some period of time while tactics are actionable steps or decisions made in order to follow the strategies established. For instance, if a company’s strategy is to begin selling its products in a new country, the tactics may involve the marketing decisions made to carry this out. Performing strategic and tactical planning activities in advance of taking action is considered critical for long-term marketing success. (KnowThis 1998.)

Identify: Arguably the most important marketing function involves efforts needed to gain knowledge of customers, competitors, and markets (KnowThis 1998).
Create: Competition forces marketers to be creative people. When marketers begin new ventures, such as building a new company, it is often based around something that is new (e.g., a new product, a new way of getting products to customers, a new advertising approach, etc.). But once something new is launched innovation does not end. Competitive pressure is continually felt by the marketer, who must respond by again devising new strategies and tactics that help the organization remain successful. For marketers, the cycle of creating something new never ends. (KnowThis 1998.)

Maintain: Today’s marketers work hard to ensure their customers return to purchase from them again and again. Long gone are the days when success for a marketer was measured simply in how many sales they made each day. Now, in most marketing situations, marketing success is evaluated not only in terms of sales figures but also by how long a marketer retains good customers. Consequently, marketers’ efforts to attract customers do not end when a customer makes a purchase. It continues in various ways for, hopefully, a long time after the initial purchase. (KnowThis 1998.)

Satisfying Relationships: A key objective of marketing is to provide products and services that customers really want AND to make customers feel their contact with the marketer is helping build a good relationship between the two. In this way the customer becomes a partner in the transaction, not just a source of revenue for the marketer. (KnowThis 1998.)

Value for Both Customer and Marketer: Value refers to the perception of benefits received for what someone must give up. For customers, value is most often measured by how much benefit they feel they are getting for their money, though the value one customer feels may differ from what another customer feels even though they purchase the same product. On the other side of the transaction, the marketer for a for-profit organization may measure value in terms of how much profit they make for the marketing efforts and resources expended. For a successful marketing effort to take place both the customer and the marketer must feel they are receiving something worthwhile in return for their efforts. Without a strong perception of value it is unlikely a strong relationship can be built. (KnowThis 1998.)
Getting into the market requires good knowledge of the business area and competitors, as well as the ability to stand out from the competition. Market itself is the environment where the consumer conception and experience about products and services offered by the company is under influence and it is also the place where the company can show that "we are better than our competitors." Marketing is an important part of enterprise planning. (Suomen Uusyritryskeskukset ry 2011, 16.)

First of all, it is important to know the difference between marketing and advertising. With the help of marketing the company tends to influence on a consumer behavior. The purpose of marketing is to create, maintain and develop customer relationships. Maintaining customer loyalty is very important because attracting new customers is often more expensive than maintaining old ones. Loyal customers usually provide the main part of sales volume. By advertising the company tends to influence directly on customer’s decision-making about purchasing, as well as to make the product known. A satisfied customer will happily return. But if the advertisement gives false information about the quality of the product, it is most likely that the client will never come back. (Suomen Uusyritryskeskukset ry 2011, 16.)

A good tool for planning a marketing campaign is a model of the marketing mix (4Ps). As it shows on graph 1, it is formed by the four-letters P where each of them mean Product, Price, Place and Promotion. From these elements the company can find the right marketing mix for its target audience and focus on their use in the marketing campaign. (Suomen Uusyritryskeskukset ry 2011, 16.)

GRAPH 1. The model of marketing mix (http://marketblog.ru/key/4p)
Product:
- the physical features of the product, or the intangible aspects of the service
- covers things you do to make the product more attractive to buy

Price:
- are you going to sell at a high price and make a lot of profit in the short term
- are you going to sell at a low price to beat the competition and stay in the long term

Place:
- decisions about where to sell the product
- or concerns about where the customers are, and how to get to them
- also includes the "channel of distribution" - meaning, all the different middlemen you use to get the product out to the customer

Promotion:
- telling the customer about the product
- promotion is typically sub-divided into
  - Mass Selling
    - advertising - which you pay for
    - publicity - which is free
  - Sales Promotion
    - stuff you do in the store to get the customer to try the product
    - contests, coupons, free samples
  - Personal Selling
    - direct contact person-to-person with a potential customer.

(Kotler & Armstrong 2006, 12-13.)

This tool is to be used in all aspects of our marketing plan.
1 INTRODUCTION

1.1 Company background

Finnexport.ru is an online company working in sphere of delivering Finnish goods to Russian customers. It is providing the necessary information about Finland as well, namely its regulations, laws and a lifestyle to the same audience. Finnish products are highly demanded in Russia because of their quality and more and more people are trying to get them whether in a shape of clothes or as products on the table. This tendency created a big demand of the big market and working in there seemed to be highly perspective as well as very challenging due to high competition.

Finnexport.ru started its activities as yet unregistered company from random and voluntary help of its creators to the family member and friends in getting desired products from Finland. With a time these orders started to be more and more often and the decision was made to create a web-page, officially register the company and provide the service of Finnish goods delivery to a wider range of potential clients.

While working on Finnexport.ru the creators started some time later another project – the same service of food delivery but to the local Finnish people in Ylivieska. The project after a year eventually failed due to insufficient interest of people to the project and relatively small amount of potential clients in the region of Ylivieska but the lesson was learned. After the thorough studying of the failure, all pluses and minuses in doing that business were figured out and all positive experiences were added to Finnexport.ru.

Finnexport.ru is leaded now by constantly learning and experimenting staff that have already had experience of success and failure but never lost a willingness to create the own working business system.
1.2 Purpose of the marketing plan

Till now Finnexport.ru company was working as amateur company without clear strategies, goals and plans. After getting the certain information about how to run the business and became more competent in this area, the staff decided to step on the way of real business and become professionals.

The purpose of this marketing plan is further studying of marketing concepts and tools what would best suit online company as well as performing systematized analysis of company’s activities and its achievements.

Moreover it should help us to deal with the following points:

- to study better features of doing business online
- to better understand the market and determine our target audience
- understand how to write more attractive commercial texts for our products/services
- understand, improve and formulate our own unique selling proposition
- to find an effective and low cost ways of advertisements online and offline
- to understand what types of clients exist and how to work with them
- to learn the ways of increasing profit
- to learn about competitors, their strengths and weaknesses
- to occupy a noticeable position on market
- set future goals and provide directions for future marketing efforts.

1.3 Organizational mission statement

Our mission is to provide high-quality demanded Finnish products at a fair price to every Russian family increasing the level of their life and encouraging local manufacturers to increase the quality of their goods and services.
2 SITUATIONAL ANALYSIS

2.1 Current products/services

The company currently provides the services of:

- **Informational support**
  - everyday life
  - tourism
  - paperwork
  - legislation
  - visiting Finland by car

- **Delivering of products from local Finnish retail shops:**
  - food
  - household chemicals
  - cosmetics
  - goods for kids

- **Ordering and delivering items from online stores of fashion clothes and more**
  - Seppälä
  - H&M
  - Vero moda
  - Lindex
  - Anttila

- **Help in getting products from international online stores which don’t send to Russia**
  - eBay
  - Amazon

- **Working on customer-based orders**
  - electronics
  - motors for powerboats
  - ski equipment
  - vitamins and prescription free drugs.
The customers are primarily individuals who are seeking for a better quality of everyday items. The clients’ benefits are satisfying the needs in products/information, easy way of ordering, good communication with the staff, fast delivering, competitively small prices, after sale partnership.

### 2.2 Current target market

First of all we are directing our services on people from Russia. It is a very big market where we feel ourselves more confident and comfort since it is our domestic market. Moreover after certain observations it is undoubtedly so that there is a huge demand on Finnish ecological and high-quality goods and products.

The range of products we are offering includes very big groups, starting from everyday items finishing exclusive orders (ex. from eBay.com and Amazon.com).

Based on statistics of our web-page visitors and data collected from our customers, we have defined an evaluated target audience for our web-store based on category of orders:

- For everyday products

![Graph 2: The target audience for everyday products based on age groups](image)
For services connected to ordering from online clothing shops (Seppälä, H&M, etc)

GRAPH 3. Target audience for ordering from online shops based on age group

- For services connected to ordering from Amazon.com and eBay.com

GRAPH 4. Target audience for ordering from Amazon.com and eBay.com

As we can see on graph 1, graph 2 and graph 3 that nowadays Finnexport provides services for all the age groups of active shoppers from Russia. From the very beginning when our company was operating as an amateur one, we valued every single customer but now when it is time to step on the professional way of doing business and start investing into a
marketing campaign we need be more selective in our target audience in order not to lose money on unprofitable variants. This issue is to be examined in a tactical decisions section.

2.3 Current distribution network

Currently there are two cities in Finland where the client’s orders are being processed and send from. Those are namely Tampere and Savonlinna. Accepting of the orders is happening centralized. Our main mean of transporting is 2 passenger cars. Every week the car leaves whether from Tampere or Savonlinna with orders. Delivering of goods from Finland to Russia (Saint-Petersburg) takes place once per week on Fridays. In Saint-Petersburg car arrives on the same day of Friday in the late evening.

The delivering of orders within Saint-Petersburg takes place on Saturday by the following ways:

- Delivering by car just to the threshold of customer during the first half of a day.
- Allowance of self pick-up by customers themselves from the metro-station during the second half of a day.
- Sending orders by post if customers are from another region than Saint-Petersburg during the working hours of post office.

The purchasing/ordering of goods takes place in the following places:

- PRISMA, Lidl and sometimes shops of K-groups for foodstuffs
- For orders of clothes and other
  - Seppälä.fi
  - H&M.fi
  - Veromoda.com
  - Anttila.fi
  - Lindex.com
  (Delivering to our stock by post during 2-5 days)
- eBay.com and Amazon.com for orders from international online stores
- all necessary sources in case of working with a customer-based order.
2.4 Current competitors

As I have noticed before, Finnexport so far was working as amateur company and not yet play a role of a real competitor, but having in plans our breaking into the market, we had to learn much about our direct competitors.

As it was stated before, the area of business is quite crowded hence there are quite many competitors, but the biggest of them are just few. Based on statistics of web information service Alexa.com and Russian search engine Yandex.ru about web-stores providing the delivery of Finnish goods to Russia, I took 3 strongest competitors for our analysis:

**Competitor 1 – finproducts.ru**

- **Target markets served**
  - Russian households
  - segment of workers (possible to apply to work there)
- **Product/service attributes**
  - Products only from local finish retail stores
  - Big variety of products
    - household chemicals
    - coffee, tea, cocoa
    - vitamins
    - goods for kids
    - sweets
    - goods for sport
    - cosmetics
    - hygiene goods
    - foodstuffs
  - Delivery to Saint-Petersburg and suburbs by the company itself and to any city of Russia by other transport company
- **Pricing**
  - low prices for goods
  - average price for delivery
  - good discount system
- goods are being paid by cash in a day of delivery
- in case of sending to other city, prepayment is 100% by bank transfer

- Promotion
  - location on the first page in search engines of Google.ru and Yandex.ru after phrase “Finnish goods”
  - internet advertising through additional paid services

- Distribution
  - to the threshold of customer within Saint-Petersburg or suburbs
  - by external transportation company to any city of Russia
  - self pick-up from the address of the stock

- Service offered
  - section on a web-page “We recommend” with suggestions of cheap attendant products
  - the company is opened for any commercial offers
  - offer to cooperate to often visiting Finland individuals.

**Competitor 2 – Nikamart.ru**

- Target markets served
  - Russian households

- Product/service attributes
  - Products only from local finish retail stores
  - Big variety of products (In addition to the first competitor)
    - products for home and leisure
    - goods for auto and other technique
    - goods for animals
    - fishing stuff
  - Delivery to Saint-Petersburg and suburbs by the company itself and to any city of Russia by other transport company

- Pricing
  - average fair prices for goods
  - low price for delivery
  - good discount system
- big variety of ways of payment
- **Promotion**
  - location on the first page in search engines of Google.ru and Yandex.ru after phrase “Finnish goods”
  - internet advertising through additional paid services
  - company presence in most popular social networks
  - forum with clients where they describe their wishes
- **Distribution**
  - to the threshold of customer within Saint-Petersburg or suburbs
  - by external transportation company to any city of Russia
  - self pick-up from the address of the stock
- **Service offered**
  - section on a web-page “We recommend” with suggestions of cheap attendant products
  - section of new goods on a web-page
  - possibility to order goods in a desired time.

**Competitor 3 – Finska.ru**

- **Target markets served**
  - Russian households

- **Product/service attributes**
  - offered products are from Europe, Asia and America
  - Finnish products are only from local retail stores
  - big variety of products (no any significant addition to mentioned competitors)
  - delivery to Saint-Petersburg and suburbs by the company itself and to any city of Russia by other transport company
  - organized shop tours (max 4 persons) with a company representatives

- **Pricing**
  - comparably expensive prices for goods
  - low price for delivery
  - good discount system
- goods are being paid by cash in a day of delivery
- Promotion
  - location on the first page in search engines of Google.ru and Yandex.ru after phrase “Finnish goods”
  - internet advertising through additional paid services
  - company presence mostly in Russian social networks
- Distribution
  - 2 times per week, on Tuesdays and Fridays
  - to the threshold of customer within Saint-Petersburg or suburbs
  - by external transportation company to any city of Russia
  - self pick-up from the address of the stock
- Service offered
  - section with news about new goods on a web-page
  - possibility to compare goods between each other
  - possibility to visit Finland with company representatives and make a shop tour (visiting of most popular shops)
  - the company is opened for cooperation.

2.4.1 Competitors’ strengths and weaknesses

After going through our main competitors namely their services and provided products, we have formed in the table 1 an evaluated common analysis of competitors’ strengths and weaknesses. While creating the tactical marketing programs and working on further development of our services, these data should be always kept in mind in order to make a stress on those points which will beneficially distinguish Finnexport from its competitors. This analysis also helps us to better understand and formulate our unique selling proposition namely those services which are being provided by Finnexport but are not in a range of competitors’ ones. So far we have found out that working on customer based orders makes us really unique while the others are providing just general services trying to serve bigger amount of people. This is kind of dilemma and it is the part of consideration described in tactical marketing section.
TABLE 1. Analysis of competitors’ strengths and weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- modern, good looking and well functioning web-pages</td>
<td>- no information support about matters connecting Finland</td>
</tr>
<tr>
<td>- wide range of products from retail shops</td>
<td>- unavailability to order things from online clothing shops</td>
</tr>
<tr>
<td>- fair prices for goods</td>
<td>- no working on customer-based orders</td>
</tr>
<tr>
<td>- good discount systems</td>
<td></td>
</tr>
<tr>
<td>- good programs of creating loyalty</td>
<td></td>
</tr>
<tr>
<td>- often delivery to Russia and good terms of it</td>
<td></td>
</tr>
<tr>
<td>- cheap prices for delivery</td>
<td></td>
</tr>
<tr>
<td>- well functioning promotion campaigns</td>
<td></td>
</tr>
<tr>
<td>o social networks</td>
<td></td>
</tr>
<tr>
<td>o forums</td>
<td></td>
</tr>
<tr>
<td>o paid services</td>
<td></td>
</tr>
<tr>
<td>- big range of offered services</td>
<td></td>
</tr>
</tbody>
</table>

2.5 Current financial conditions

(All data giving here may differ from real one. The real data is the part of commercial classified information. For the studying purposes the following facts are sufficient.)

The current financial conditions of Finnexport.ru are poor due the reasons listed before.

Financial facts 2011

<table>
<thead>
<tr>
<th>Total amount of orders</th>
<th>84</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average amount of orders per month</td>
<td>7</td>
</tr>
<tr>
<td>Average price per sold order</td>
<td>65 €</td>
</tr>
</tbody>
</table>
Margins:
Foodstuffs 30%
Customer based orders 15%
Total turnover 5460 €
Total profit 1638 €

Market share of Finnexport is very small because, as it was stated before, it was working as an amateur company providing services only for close range of people. Graph 8 visually represents an evaluated market share of the company.

GRAPH 8. An evaluated market share of Finnexport

2.6 External forces

This section is about to analyze the external forces which can influence on the business success of Finnexport. From all six areas of consideration suggested by marketing portal KnowThis.com, I have chosen five of them which are the most important in our chosen business area.

These areas of considerations are as follows:
- social and cultural
- geographical
- economical
- political
- demographical.
**Social and cultural:** The people of Russia nowadays are more into foreign goods, considering them to be better, more qualitative and healthier. Such a mentality was formed during last two decades starting from the collapse of USSR. Since then the quality control of production within the company and the general government control of companies’ activities practically disappeared. The price level regulations weren’t anymore the responsibility of government but became the responsibility of free market. Most of the biggest government properties were sold to the private individuals. Russia stepped on the way of capitalism but unfortunately in its bad shape. This situation leaded to the decreasing of the outcome quality of factories, the owners of which understood that they can set higher prices while saving on quality hence making bigger profits. The situation differed from company to company with the following ratio: the more monopolistic company was the worse outcome it started to produce making more money to the owner.

Now the situation has the tendency to change, the borders are not anymore closed and the domestic companies in order to be competitive on the global market need to constantly increase the quality of their outcome. But unfortunately these changes are happening much slower than those opposite ones of 15-20 years ago and people still prefer foreign products to the domestic ones. And one of these approved and trusted importers of goods into Russia is Finland and that is why so many Russian people are constantly seeking the ways of getting Finnish ecological and high quality products in their use.

**Geographical:** Finland is one of the closest European neighbors of Russia. Based on data found from geography statistics portal which is available at web address [http://www.nationmaster.com](http://www.nationmaster.com), Russian-Finnish border is 1,3 thousand kilometers where 9 control checkpoints are available. There is the straight connection between Helsinki and Saint-Petersburg by road (395 km) and by water (Gulf of Finland). For a better trading in the year of 1856 Saimaa channel was made. Geographical location favors to the Finnish-Russian trade, tourism, cultural and business projects.

**Economical:** Due to constant inflation in Russia the rise of product prices over a year have a chronicle character. The prices for some product categories have already reached the level of such European counties like Finland while someone may still complain about their quality. Because of this fact, people might prefer to pay a bit more but have other products in their use and consumption what actually the tendency of Russian people towards
ordering products from abroad is showing to us. Moreover at 22\textsuperscript{nd} of August 2012 Russia has entered World Trade Organization what will lead towards easier trading between its members. The customs duties will be lowered. For some categories of products the changes have been made immediately, for some – over the time. But all in all it will contribute to easier and more profitable trading between Russia and Finland, the area where Finnexport is doing its business.

**Political:** People of Russia leave very much money in Finland each year and that is why the borders of Finland is widely opened for Russian people especially for people of close to Finland areas, namely Karelia, Vyborg and Saint-Petersburg with its regions where the process of making the visa is very much simplified. This information you can find on the official web-page of Finnish Consulate in Russia available on the web address http://www.finland.org.ru. Russia is also very important market for Finnish manufacturers; nearly one third of all export of Finland goes to Russia. Russia in its turn is exporting much its natural resources namely wood and oil as well as having many common cultural, historical and business projects running between Saint-Petersburg and Helsinki. It is obvious that there is big interest of both parties in each other and hence there were no serious conflicts on the political area lately between two countries. Although, there is quite serious but unlikely probable thread what can make the relationships between two capitals colder. It is the possibility of Finnish joining NATO. Russian side has clearly stated its position on this question. It is happens, Moscow would need to react what might influence on trading policy between countries. In this scenario we may expect particularly many if not all companies dealing with delivering of Finnish goods to Russia may shut their activities down.

**Demographical:** Based on information of Federal State Statistics Service available at the web address http://www.gks.ru, the population of Russian Federation on the 1\textsuperscript{st} of October 2012 is 143, 3 million people while particularly the population of Saint-Petersburg on 1\textsuperscript{st} of January 2012 is 4 953 219 people what makes Saint-Petersburg to be the third biggest European city after Moscow and London. Based on this data, we may see that there is indeed huge market to operate in and so far there were shown a big demand towards Finnish ecological and high-quality products what makes Finnish-Russian trading to be very profitable and perspective.
2.7 Summary

Making the conclusion of the whole section 2 namely of situational analysis it is good to make a summary as a SWOT analysis which is reflected in the table 2. It is more conveniently represents the main points of Finnexport’s activities and possibilities of future development.

TABLE 2. SWOT analysis of Finnexport’s activities

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ecological products</td>
<td>• yet hard custom regulations</td>
</tr>
<tr>
<td>• high-quality goods</td>
<td>• small batches</td>
</tr>
<tr>
<td>• high demand</td>
<td>• big competition on the market</td>
</tr>
<tr>
<td>• Russian mentality about foreign products to be better</td>
<td>• operating of PRISMA stores in Saint-Petersburg</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Threads</strong></td>
</tr>
<tr>
<td>• big market</td>
<td>• cost of petrol goes high</td>
</tr>
<tr>
<td>• not all of the products in PRISMA are from Finland</td>
<td>• Finnish joining NATO</td>
</tr>
<tr>
<td>• rising price of domestic goods till the level of Finnish ones</td>
<td></td>
</tr>
</tbody>
</table>
3 MARKETING STRATEGY AND OBJECTIVES

3.1 Marketing strategy

Assael, Reed & Patton (1995, 15-19) made more clear the process of setting marketing strategy by giving the clear explanation of the Ansoff Growth matrix. Marketing strategies generally fall under one of the following (or in some cases more than one) ideas:

Market penetration: This name is given to a growth strategy where the business focuses on selling existing products into existing markets.

Market penetration seeks to achieve four main objectives:

- Maintain or increase the market share of current products – this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling.
- Secure dominance of growth markets.
- Restructure a mature market by driving out competitors; this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.
- Increase usage by existing customers – for example by introducing loyalty schemes.

A market penetration marketing strategy is very much about “business as usual”. The business is focusing on markets and products it knows well. It is likely to have good information on competitors and on customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research.

Market development: The name is given to a growth strategy where the business seeks to sell its existing products into new markets.

There are many possible ways of approaching this strategy, including:

- New geographical markets; for example exporting the product to a new country.
- New product dimensions or packaging.
- New distribution channels (e.g. moving from selling via retail to selling using e-commerce and mail order).
- Different pricing policies to attract different customers or create new market segments.

Market development is a more risky strategy than market penetration because of the targeting of new markets.

**Product development:** The name is given to a growth strategy where a business aims to introduce new products into existing markets. This strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

A strategy of product development is particularly suitable for a business where the product needs to be differentiated in order to remain competitive. A successful product development strategy places the marketing emphasis on:

- research & development and innovation
- detailed insights into customer needs (and how they change)
- being first to market.

**Diversification:** The name is given to the growth strategy where a business markets new products in new markets.

This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience.

For a business to adopt a diversification strategy, therefore, it must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risks. However, for the right balance between risk and reward, a marketing strategy of diversification can be highly rewarding.
Finnexport.ru is not producing anything but providing delivering services and taking into consideration that till now the company was working as just amateur one, we have set the following market strategy:

- Market growth
  - Higher market penetration
    - constant adding new products to the web page
    - deliver more to Saint-Petersburg and close regions
    - send more goods to other cities by transport companies
  - Find new markets
    - concentration on the Moscow region where the supply of Finnish goods is not yet big while demand is rising

- Cost control
  - using of such techniques and marketing tools which help to reduce costs and work more effectively.

### 3.2 Financial objectives

The financial objective is to reach 0.4% of market share by the end of 2013. In that case annual turnover will be around 20 000 Euro. The graph 9 and graph 10 represents graphically pessimistic and optimistic financial objectives.

GRAPH 9. Financial objectives about market share
3.3 Marketing objectives

Marketing success can be measured on several non-financial market metrics. These measure are important since these often shed light on underlying conditions and circumstances facing the company that are not easily seen within financial measures. For instance, a company may report strong sales for a product but market share information may suggest the product is losing ground to competitors. The marketing objectives section will indicate targets to be achieved across several marketing decision areas. (KnowThis 1998.)

- Tactical objectives
  - Market share
    - total 0,4%
    - by age group
      - 18-33 55%
      - 31-42 38%
      - 43-55 7%
- Customers
  - total: 160
  - new: 65%
  - retained: 35%

- Purchases
  - rate of purchases: 26 orders/ month
  - size/volume of purchases: 65 €/ order, 5 kg/ order

  - Promotional objectives

  - Level of brand/ company awareness: 8% in Saint-Petersburg, 0.1% in entire Russia

  - Web traffic building: 15 visitors/ day

  - Product trials
    - sales promotion: 5 times/ year
    - product demonstration: 8 times/ year

  - Marketing personnel: 3 persons within a year.
4 TACTICAL MARKETING PROGRAMS

For a small business to grow successfully, the company must have a clearly articulated business plan together with a detailed marketing plan inside of it. While creating the second, the strategic marketing planning always comes first. It deals with the direction of your business growth in relation to your competition and the brand image necessary to advance your market position. After that tactical marketing planning comes which consists of planning the actual activities that improve your competitive position and convey your brand image. Strategic marketing is the idea. Tactical marketing is the action. (Smallbusiness 2005.)

Tactical Marketing Planning: Advertising, community building and sales promotions are all parts of your tactical marketing plan. Advertising entails online, radio, television and print marketing. It communicates your brand image and informs your target customer of your presence in the market and any promotional events you're hosting. Plan is the only activities that directly support your strategic marketing plan. If your strategy involves expanding into the high-end consumer market, your tactics might aim to convey a quality image at a reasonable price. Advertising and events showcasing the newest products and informational events designed to educate your customer community about use and maintenance of your products can help to convey your company's reliability as a prime reason the customer is better served by purchasing your high-end product line. (Smallbusiness 2005.)

Tactical Plan Preparation: Apportion the budget established in your strategic plan as necessary to cover your advertising, community building and sales promotions. Set benchmarks for revenue production and adjust your strategic assumptions if they aren't met. Tactical marketing is an ongoing set of activities and evaluations. Schedule your advertising and events to optimize key times of your marketing season and plan social networking efforts and newsletters to build a community of current and potential customers. Spread your tactics out evenly through your marketing season so you maintain the interest of your customer community and prevent your competition from taking advantage of any lulls in your marketing. (Smallbusiness 2005.)
Tactical strategies are those that pertain to everyday moves a company makes to improve its market share, competitive pricing, customer service or other aspects that can give it an advantage. Tactics tend to be short-term considerations about how to deploy resources to win a battle. Tactics are most meaningful in the service of long-term goals and values. (Smallbusiness 2005.)

**Tactics Involve Timing:** Businesses employ a variety of tactics daily for short-term gain. A sale on an item that a competitor carries can work to the advantage of a company by winning over new customers. A decision to centralize staff to save money on clerical support can be a tactic to reduce costs so that more money can be put into an advertising campaign. These examples show the day-to-day nature of tactics. They are calculated to have a quick effect. (Smallbusiness 2005.)

**Tactics Relate to Local Conditions:** Tactics are adjustments a company makes to local conditions. When sudden demand springs up in an area, a nimble company may employ a tactic to meet that demand, such as an advertising campaign and attractive short-term pricing. If a competitor goes out of business, a company can use a tactic of welcoming a competitor's expired coupons and offering to meet its prices. (Smallbusiness 2005.)

**Tactics Change Often:** The rate of change for tactics is much faster than for long-term goals. Tactics that don't work can be abandoned almost immediately. Tactics that are effective may only last as long as conditions permit. While the company sticks to its long-term goals, the tactics it uses may be discarded often. (Smallbusiness 2005.)

**Tactics Are Ruled by Doctrine:** A company must establish guidelines to govern the use of tactics. Unethical moves can easily be eliminated by a sound doctrine and so can actions that can harm the public. It is easy in the heat of the moment to move to take advantage of a developing situation, but company policy and doctrine must limit the tactical options management will consider. (Smallbusiness 2005.)
The word tactical in the business planning process means applying creative strategic thinking and deploying resources quickly and efficiently. It requires anticipation of market trends, rapid response to competitors’ actions and the flexibility to adjust your strategies if conditions change. Tactics are the specific steps a company takes to execute its strategies. A tactical business plan describes what is to be done, who is responsible for each task and the company resources required completing the tasks. (Smallbusiness 2005.)

**Step 1:** Study your competition. Determine the weaknesses of your competitors and evaluate your company’s core strengths. Determine how to best position your company in the market, attacking the niche not adequately served by these competitors. (Smallbusiness 2005.)

**Step 2:** Identify customer needs by soliciting input from customers. Ask them what your company could be doing better -- what new products or services you could provide them, and how you could improve your level of customer service. Be the company in your market that provides exactly what customers need and want right now. (Smallbusiness 2005.)

**Step 3:** Anticipate market trends. Monitor your industry, the general economy and your specific market niche. Do this on an ongoing basis, not just at the scheduled time you prepare the company’s business plan for the upcoming year. Learn how to spot major shifts in consumer tastes and preferences. Look for trends that are indicative of new markets being born and customer demand being created. (Smallbusiness 2005.)

**Step 4:** Seize opportunities before competitors do. Strive to create a first to market advantage and even a best to market advantage, being the first company that brings fresh, innovative solutions to your market. Create a network of professionals you can use to outsource segments of projects that are not within your staff’s current capabilities, so you can quickly access these resources when needed. (Smallbusiness 2005.)

**Step 5:** Have contingency plans thought out. Recognize that not all of your strategies will achieve the results you hoped for. Be prepared to change course when one tactic does not work well. Prepare what-if scenarios so you have responses ready for strategic actions.
competitors take, or unexpected changes -- positive or negative -- in your industry or the
general economy. (Smallbusiness 2005.)

After going through different sources in Internet, books, school notebooks, different
seminars, having the own experience in certain areas of different businesses, we have got
certain minds about how the tactical marketing campaign of our web-store should look
like.

So here is the summary of terms our tactical marketing program should be directed to:

- Attracting more customers.
- Selling more goods to each customer.
- Making more regular sales.
- Making more deals with each client.
- Gaining more money from each item sold.

And we believe that for any business to be successful all these five terms should be
followed.

In this part of marketing plan we would focus on the ways and tools of how to realize each
of these terms more effectively.

4.1 Tactical decisions: Target market

Tactical program here is to concentrate on that target audience which is most valuable for
us, directing most of our marketing efforts on attracting and retaining people from those
categories.

For a convenience the following graphs describing the target audience of Finnexport was
copied from the section 2.2.
• For everyday products

GRAPH 2. The target audience for everyday products based on age groups

• For services connected to ordering from online clothing shops (Seppälä, H&M, etc)

GRAPH 3. Target audience for ordering from online shops based on age group
- For services connected to ordering from Amazon.com and eBay.com

Our target decision is to concentrate all our efforts only at two the most valuable categories. Those are the age groups:

- 18-30
- 31-42

Practice showed that the category of Russian people in the age group of 43-55 in most cases prefer traditional way of shopping through offline retail stores and traditional ways of advertisements, namely through newspapers, radio and TV. Finnexport is an online shop and cannot let itself use the above mentioned media for advertisement.

4.2 Tactical decisions: Product

The tactical program here is constantly working with clients in a sense of finding out their preferences, their wishes about our products assortment and quickly responding on them adding the necessary ones.

The second point is to make the service of delivery twice as often as it now, namely not only on Fridays but also on Wednesdays. Based on orders frequency after realization of
our marketing campaign, we will make a decision about profitability of launching the second time delivery per week.

4.3 Tactical decisions: Promotion

❖ Attracting more customers

For the business to make money it is necessary to attract clients. This thought is obvious. And the main way to do this is giving advertisements.

Under the word advertisements I mean any materials which help attracting clients. It is not only announcements in newspapers and magazines or media commercials on Radio and TV – it is also leaflets, posters, booklets, stands, commercial letters, price lists, catalogues, business cards and so on; any information which client gets not during a personal meeting but in another way.

Before writing the text of advertisement or launching the new way of delivering it to the potential clients it is very crucial point to visually create the portrait of customer and all the time keep it in mind. It is important and the very first step in order to understand whether our commercial texts and ways of showing it are understandable for clients or not and whether our services and offered products are attractive or not. Because for example in case if our target audience would include people of golden ages it won’t be good idea to give commercials only by web-page or emailing because for some of these people it is quite hard to deal with computer-based technologies. In this case it will be necessary to imagine something else, something easier for them.

We have clearly set that our target audience are people of the age group 18-42. Keeping this in mind we are working on our commercials.

For the commercial texts to be successful: Левитас (2012, 18-20) suggests that after the finding out our target audience and making sure that the language we are using while writing it is understandable for them, the next step is to check whether our commercial
materials attractive for people or not, do they even read them till the end or stop after catching couple of boring words.

And the first answer we should give to the clients in our commercials is on the question “Why to buy the products from Finland which we are offering?”

And the answer is simple. Basically that’s the reason why more and more people from Russia try to buy products from Finland. It is because the quality of Finnish goods is undoubted – to the European manufacturers applies very strict and high production requirements. In conditions of European market producing the poor quality products is equal to the financial suicide. That is why buying goods from Finland is the real opportunity to buy the highest quality products for the prices comparable to the Russian ones.

Moreover in the country of thousand lakes is a very good ecology, high standards of production while using environmental friendly ways of doing it and a very strong mentality about how consumer products should look like.

In the text of our advertisements we could point out this benefit:

“We are that what we are eating and consuming! Are you 100% percent satisfied of goods’ quality what you are using and correspondingly are you 100% satisfied with the level of your life? If it took you too long answer then it is time to start buying ecological and high quality goods from Finland and feel yourself better! Try and you will feel the difference!”

Moreover in the book of Левитас (2012, 21-23) we also found method what can increase the efficiency of our advertisements.

The formula of it is:

**The mentioning a main benefit with the first words + additional benefit**

Benefit from the acquisition of goods can be quantitative or qualitative. **Quantitative benefits** – is when a person gets what he/she already has, but in larger quantities. Usually it is described by adjectives in comparative extent: “more”, “less”,
“warmer”, “faster”, “more elegant”, “more comfortable”, “more economical”, “more respectable”, etc. (Левитас 2012, 27-28.)

**Qualitative benefits** mean acquisition of what the person doesn’t have yet: new status, new skills, and new condition. It is not measured in terms of “more” or “less” – it either exists or not. (Левитас 2012, 27-28.)

Besides the main benefits usually there are several additional benefits which you can tell to a potential client too. As a rule, these additional benefits are:

- **Competitive advantage** (bigger packaging, lower price, longer warranty, faster shipping, and so on). (Левитас 2012, 27-28.)

- **Incidental benefits** that arise along the way in the pursuit of the main benefits. For example, if you are doing karate to learn to stand up for yourself, you will simultaneously develop muscles, improve posture, strengthen the heart and blood vessels, although those weren’t set as a purpose. (Левитас 2012, 27-28.)

- **Derivative benefits** that arise as a consequence of the main benefits. For example, if you buy a pocket computer to get the opportunity of work in transport, in the restaurant, on vacation, etc. (major benefit), you will find along the way that you can save a lot of money on books, downloading them from the Internet for free, rather than to buy in the store (derivative benefit). (Левитас 2012, 28-29.)

So using this information we can improve the texts of our commercials:

“**In the stressful city, never forget about your health! Start taking a better care of it eating ecological Finnish products (Qualitative benefit). We will bring them just to your threshold for a low price. Possibility of individual orders! (Competitive advantages)**”

**5 seconds rule:** Левитас (2012, 30-31) also says that it is known that when a person looks at a newspaper, goes to a web page, print a business letter or choose a book in the store, first of all he first tries to answer the question “what’s in it for me? “ And, if there is no
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answer (or answer is unsatisfactory), the person closes the newspaper, go away from a website, throw away a mail, returns a book to the shelf.

How much time is required to make a decision? Couple of seconds. Therefore, your advertising should from the very threshold, from the very first word gain the potential client’s interest.

The easiest way to find out if our commercials work in the same way is the “five seconds check”. Suggest a person from your potential clients to read your text, then disturb him/her in five seconds and ask to retell what was a commercial about and was the person interested in it or not. If there is no clear answer then the text of advertisement requires serious remaking.

The other way is to imagine that from all your commercial text you can leave only one line. What would it be? After finding the answer, you should mark it out and make it the most remarkable of all, that the potential client will see it first. Then ask yourself what 2 lines you would leave from all the text. Make it as a second remarkable line. Do it at 4-5 times and you will leave only the most important information of your entire commercial.

Let’s check it out.

Right now the advertisement text of our web-store looks like this:

“Welcome to Finnexport, online shop of Finnish goods!
Many residents of the North-West of Russia constantly travel to Finland with different objectives. Buying things and products in Finland is one of the reasons for these trips. St. Petersburg residents organize shopping tours and literally devastate shops in Helsinki and in the border cities of Finland.

But not all people have such an opportunity. People who do not have an excess of time to travel as well as people in other regions of Russia they cannot go to Finland that often. If you are one of them, but want to buy high quality products, fashion clothes and other interesting Finnish goods, you can order them from our online shop.
Also, if you want to buy items from Finnish Internet – shops, which are not presented in our catalog, we will be happy to help you getting it, starting from making an order for you, getting your item to our warehouse and delivering it to your home in St. Petersburg, or mail to other regions of Russia.”

If to leave only one line it would be:

“If you want to buy high quality products, fashion clothes and other interesting Finnish goods, you can order them from our online shop.”

The second line would be (already a bit transformed):

“If you are interested in some special item from Finnish Internet shop we will help you make an order, will receive your item to our warehouse and deliver it just to the threshold of you home in Saint-Petersburg of mail to other region in Russia”

The third line would be:

“To make an order just choose the item from catalogue and fill the form found on the web-page, you will be contacted by our operator for clarification of details”

The fourth line might be:

“For detailed information on how to leave the order on an item found on another Finnish web-store, watch detailed video instructions published on web-page”

And these lines would make a skeleton for the whole advertisement. Between them it is possible to add something else but important to check all the time that it doesn’t bring client’s minds away from the main topic.

So the final version will sound like this:

“Welcome to Finnexport, online shop of Finnish goods!”
If you are looking for high quality products, fashion clothes and other interesting Finnish goods, you can order them from our online shop.

If you are looking for some special item from Finnish Internet shop we will help you make an order, will receive your item to our warehouse and deliver it just to the threshold of you home in Saint-Petersburg of mail to other region in Russia
To make an order just choose the item from catalogue and fill the form found on the web-page, you will be contacted by our operator for clarification of details.

For detailed information on how to leave the order on an item found on another Finnish web-store, watch detailed video instructions published on web-page”

Unique selling proposition: Let’s imagine that the potential client already knows that he or she needs a product we are selling or service we are offering. But does he have a reason to buy exactly from us if there are many others web-stores which are operating in the same field in Russia? The answer on that should give our unique selling proposition (USP). (Левинсон 2012, 34-35.)

For the proposal to be attractable and for a client to get interested exactly in our one, our UPS should not only differ from any other but it has to be unique.

Sometimes UPS of the company is obvious but sometimes you should think really thoroughly to find it. Basically before launching any new business the owner should already keep in mind the company’s USP in order to be competitive on the market otherwise the business will fail within the first 5 years as statistics says.

Before launching the portal Finnexport.ru, we have gone through the list of our potential competitors and found out the points what were missing in their proposals but based on our questioners were quite much in demand for clients. From then we have already listed the terms of how will we differ from competitors and be more attractable for customers.

Our unique selling proposition is the list of benefits what customer gets and here it is:

- universal portal where is the possibility of both ordering the Finnish goods and getting the necessary information about Finland
• customer-based orders (working on personal unique orders)
• informational help to Russian entrepreneurs who would like to do business in Finland
• wide variety of products including big packages of certain items (which are in demand but not available from some competitors)
• possibility of self pickup the item after it has been delivered to Saint-Petersburg
• help in getting a product from international online shops (E-bay, Amazon).

**Working correctly with feedbacks:** In case if Finnexport sells the goods in offline store, where the customer can come in, look at the product, touch it, smell it, there will be no reason for the potential client to doubt in goods we offer and services we provide. They would just pay money and grab the product. But it is a bit more complicated to sell goods online. Even though in our informational century the role of web-store is becoming more and more important and eventually they might become the main way of doing business in a sphere of selling goods, we may still notice the level of peoples’ doubtfulness to online stores is still quite high.

People are still a bit afraid about what will happen when they eventually pay money for a product from online store. Will it be of an appropriate quality, will it come on time, will it come at all, how much the description of the product online corresponds to the actual product what they will get?

And one of the effective ways to eliminate this kind of doubtfulness is feedbacks of customers where they leave the message to others with their impressions about your goods or services.

And that’s what we in Finnexport ask people to do whether straight after delivering the product or couple of days after when he/she definitely tried the product, reminding the person by phone or by email about leaving a feedback. Feedback in its turn to be trustful should not be anonymous but should have at least the contact data of the person who left a feedback so that others, who might have read it, could contact the person and find out more information.
Moreover in the very beginning we are offering a discount on a delivery (or in some cases the whole delivery for free) in case if person will leave a feedback on our web-page and tell to other his/her friends that he/she is using the service of Finnexport through all the social networks where that person is registered (facebook.com, vk.com, odnoklassniki.ru, twitter.com and so on) posting on his status the message of the following content “I’m being delivered with Finnish products by Finnexport.ru and I’ve got 15 coupons for my friends giving a discount of 50% on the delivery”. We would like to do 50% discount coupons believing that this will stimulate other people to order from us. Also if five of those friends make an order, the initial client will get a free delivery on the next order.

Here of course we understand that giving so big discount we might easily end up working on a 0 profit but on an initial step of growing business it is more important to increase our customer base than to get an immediate profit. This strategy including all others coming on the following pages will help us to grow faster, starting getting the profit and eventually increasing it.

**Make it easier to order:** In some cases the stopping factor of people from making the order is unknown and a bit difficult process of doing it. It makes it a bit easier if there are detailed instructions of the whole process.

That’s why on our web-page in the catalogue path and in the ordering form the potential client will easily find the written and video instructions of searching for products (if those are not in our catalogue), how to fulfill the ordering form and what to do next. We believe that after watching these instructions it will be psychologically easier for a potential client to make an order.

**Why do we give advertisements:** While answering this question it is worth thinking very thoroughly. It is understandable that the final goal of it is to increase the company’s profit. But how it should happen? Of course the level of sales should rise. But how? What product should be ordered? How many? Where? How? (Левинсон 2012, 75-77.)

Basically the task of each advertisement is motivations of the reader to do some certain action. Under the word “action” I don’t necessary mean to buy the product. It might be also the following:
- visiting the web-page more often to check products’ updates
- participating in advertising campaigns
- enrolling into Finnexport groups in social networks
- be an active member of our community.

And of course it is all the time necessary to make sure that the commercials have all the necessary information that client may need to perform this action.

Among this information should be answers for the following questions:

- **Where?** – Information about where the store can be found (what is the web-address for online shop).
- **When?** – Information about when is the period of discounts, marketing campaign and any other important event.
- **What?** – Information of what is on offer, what goes as a present of promotion, what benefit customer gets after dealing with you.
- **Why?** – The information and reasons why the potential client should buy from you.

**For a commercial to work longer:** Карепина (2010, 87-88) suggests that first of all we should write an advertisement for a paper media so that it’s valid time will never expire. For example if we write on our advertisement the following line: “Finnexport.ru is on the market for 1 year”, then on the next year we would need to rewrite our advertisement and throw away the rest of old ones (bigger expenses). But if it is written in the following way: “Finnexport.ru is on the market since the year of 2011” then we may use it as long as we want.

Secondly, try to make such commercial materials that are possible to use in several ways, for example writing of texts which are possible to place on web-page, leaflet, and booklet or in newspaper. It is also part of this rule to using several times the same pictures, graphs and schemes.

Thirdly, maximum using of templates and unique styles.
It is also very important to constantly check are we heating our target audience by our commercials or not. Otherwise it will be just wasting of time and money.

**Means of advertising:** After setting the rules how to write successful commercial texts and how to make them work longer, it is time to think where to place them and hence what means of advertisements to use.

Since we found out that our target audience is in the ages from 18 till 42 years old namely the people who have grown up together with technical progress, we are advertising the activities of Finnexport using mostly the web-recourses which are understandable for potential clients. Here is the list of all means of promotion and advertisement what we are using now and planning to use in the future. The main task is to work on the existing ones, developing them and launching the new ways with a clear picture of how they are supposed to work.

Here is the list of our existing and planned means of advertisements:

- **The main page of Finnexport**
  The page is itself a mean of advertisement with its Blog and Forum. It is currently in use. The main task is to work on the content, finding out what kind of information Russian people are trying to find about Finland.

- **Groups in Social Networks**
  Currently is use. The main task is to work on the content that it will be more attractive and on the ways of attracting people to the public life of community through questioners, competitions, lottery and so on.

- **Webinars in YouTube**
  Recording and uploading webinars in YouTube about how to search the interested products and how to order it. The purpose of it is to make the procedure of ordering easier plus video communication with potential customers is creating the trust.

- **Promoting the main web-page via paid web-companies**
Increasing the popularity of the web-page will lead to the bigger traffic of visitors who might be our potential customers.

- **Data base of clients**
  Creating the data base of clients using the registration form on the web-page. The meaning of that is to collect email addresses of our clients for easier and more efficient maintaining the contact with them. It allows easier and faster informing clients about new products, discounts and advertising campaign.

- **Other online communities**
  Participating in other forums related to Finland and Finnish life. Advertising our portal through the topics discussion of the community.

- **Network marketing**
  Using partly the principles of network marketing. Giving the bonuses to the person who brings two or more friends to our portal and those in their turn will order from us.

- **Selling more goods to each customer**

  If a person became a client, our next task as a business is to make him buy as more as possible. And this “more” is divided in two parts:
  
  1. a buyer each time leaves more money at a cash desk
  2. a customer comes back more often.

  **Attendant goods or services**: Зигляр (2003, 56-60) says that one of the best way to realize the first point is offering attendant good or services to those ones what client has already bought/ordered. The cost of this method is zero and the realization of it is very simple but in the same time it can give fantastic results.

  The key words here are “offering” and “attendant”.
Attendant goods are those goods which client uses together with already bought product: they help to use the main product, may increase the pleasure of using it, might be its spare part or consumable item and so on.

Offering of attendant goods in online shop is usually realized through the list of attendant items which comes up together with a product in question. It usually starts with words: “Together with this product customers usually buy…” Examples of that you can easily find on eBay.com or Amazon.com.

**Setting a low limit:** To put the low limit means to set minimal possible price for the order. In our case it is 500 rubles (12,5 euro). All orders which are lower won’t be processed. This will secure us from such orders as for instance box of matches where the costs of delivering will be much higher than the potential profit of the order. (Зиглер 2003, 61-62.)

**Encouraging for bigger orders:** Крэнделл (1999, 20-21) suggests the method what can increase you profit. In this approach the person will be encouraged to order more than usual quantity while having for this a discount.

In Finnexport it is realized through the 2 ways:

- The pricing policy
  
  Ex. 1 chocolate – 2,5 €  
  Box of 10 – 23 €

- Cost of delivery
  
  If the order cost is more than 55 € - delivery is for free.

The next two approaches directed to reach the second meaning of “more” – a customer comes back more often:

**To sell the subscriptions:** On the question “Is it possible to sell 10 cups of coffee to the same person at a time?” most of people may give the answer “no”, but if to think a bit longer and more carefully, then the answer might be changed to the positive one if to sell subscriptions. (Левитас 2012, 153-154.)
For instance with the same example of coffee it’s possible to sell a card giving a customer the possibility to have 10 cups of coffee of the same chain of restaurants for the price of 8 cups. It is quite good deal for those who drink coffee often.

Another type of subscription is a time subscription giving you the possibility to use a service for a certain period of time (week, month, year), for instance, a subscription to a swimming pool for a month (with unlimited times of visiting). It would be cheaper for those who go to swimming pool often to buy this kind of subscription than to pay separately for each time of attendance. (Левитас 2012, 153-154.)

Moreover for business another benefit of this approach is that the person who bought a subscription is tightly connected to the company and very unlikely will move to competitors at least for the period of subscription validity. The rest of business is up to your service. If it is good enough, then the person may still stay with you. (Левитас 2012, 153-154.)

How this type of approach might work with Finnexport.ru? It is easy. Since we are providing the service, namely the service of delivery, we may sell the time subscriptions. One time delivery to Saint-Petersburg costs 10 euro, then one month subscription would cost 40 euro. This would mean that if a person orders 5 times, then 1 of them will be free of charge.

Here would also be the rule that the longer subscription, the cheaper it is.

Example:

<table>
<thead>
<tr>
<th>Duration</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 month</td>
<td>40 euro</td>
</tr>
<tr>
<td>3 months</td>
<td>100 euro</td>
</tr>
<tr>
<td>6 months</td>
<td>160 euro</td>
</tr>
<tr>
<td>12 months</td>
<td>220 euro</td>
</tr>
</tbody>
</table>

Of course in this approach there are big risks because we would have certain obligations in front of subscriptions’ holders and would need to deliver products even if it turned to be economically disadvantageously. Taking these risks into consideration at the beginning we are not planning to sell subscriptions for longer than 3 months.
**Accumulative program:** This approach is easy to see as an example of R-kioski on borrowing a movie. First time you borrow a movie, you get a carton card with 6 fields for stamps (first field is already stamped because you took a movie) and each time you borrow a movie, a cashier will put one more stamp. Once you’ve got 5 stamps, the 6\textsuperscript{th} time to borrow a movie is for free.

This approach is good because it as well as a previous one connects the customer to the company and it is a compromise between the customer’s wish to get some discount and uncertainty in a need of subscription.

Obviously this accumulative card approach will work on the delivering service as well.

**Issuing corporate money:** The third approach which is as well directed to make a customer to order from us more and more is corporate money. Money which has the same value what original ones have but valid only in your company and giving a client discount for precisely that amount what is shown in a coupon. It works the same way as discount coupons but still a bit more preferable because some marketing experts say that for a customer is mentally more pleasant to have something similar to money than just a discount coupon and moreover this kind of money is much harder to leave unused that a coupon hence a customer will most likely use it anyways. (Фокс & Грегори 2007, 34-35.)

The distribution of them will be in the following two ways:

- In a plastic bag together with a main order.
- Third-party channels (insurance companies).

The nominal of a free bank-note is 100 rubles (2,5 Euro). It will be possible to collect them and use at ones. The cost of making corporate money is 30 euro per 1000 copies through the third company.

**Making more regular sales**

**Making a customer to come again and again:** In case if a business could sell its products to the customer and he/she bought many items and paid much money, the company of course could be congratulated but not for long. Now the business should pass matriculation
examination. Will that client come back in the second and third time? Will he/she become your regular customer? If yes - your company's future is clear and cloudless. If not - the company is most probably at a risk to die before its next birthday.

Why? There are several reasons:

First of all it is necessary to understand the idea of a lifetime customer value. What is it? It is the amount of money what customer leaves at a company throughout the lifetime, if it becomes your regular customer. For example, if your family for a week buys products at 200 euro at the local supermarket, then you will spend there over the year more than 10 thousand euro, for 10 years - more than 100 thousand euro, over a lifetime - several million euros. Think about what is lifetime customer value to your business and also about that you lose this money every time when a client doesn’t come back to you. (Томпсон 2005, 115-120.)

At second, we should remember the cost per sale. This is the money that you have to invest in advertising, promotional materials, the training of staff, etc., to clinch a deal. The trick is that the average cost for re-sale in a few times lower than the cost to acquire a new customer. In other words, the deal with a regular customer brings you a far better investment than the same deal with a new customer. (Томпсон 2005, 115-120.)

Finally, your rate of growth depends on customers’ loyalty to your business. Let’s imagine two companies, each of which have 1,000 customers, but at the first company customer churn is 30% per year, while at the second - 60%. To ensure the growth of 10% per year, the first company needs to bring 400 new customers, and the second - 700, which would require almost twice as bigger expenses. (Томпсон 2005, 115-120.)

Because of these three reasons businesses, that failed to make the buyers to be regular customer, usually do not survive, and those who survive, work hard but earn little. 

Левитас (2012, 213-214) says that in some cases it is not every time effective to make every client to be your regular customers because these actions require much time and money but not all the clients can become a regular because of their nature. And for
successful approaches to be used, it is good first to understand with what client you are dealing with. So let’s have a look on this conventional division of clients:

- **A one-time client** - is a buyer who can purchase your product or service a limited number of times, or even only once. It is for example those who seldom have needs for your product or service. And once this need is satisfied, it may arise again only in some long period of time (how often a woman needs a wedding dress?). (Левитас 2012, 213-214.)

One-time client is not mandatory bad. Some businesses work only with this category (wedding salon, real-estate brokers and so on). It is very important here to understand that a client is one-time and do not try to make him/her be a regular one.

- **Episodic client.** The behavior of these clients cannot be forecasted. Even if he/she was pleased with today's purchase, the following transaction can take place tomorrow, in a month, in a year, in five years, or even never. It's surely to say that sooner or later he/she will again need a product of your range. But impossible to say how soon it will happen. (Левитас 2012, 213-214.)

Among such clients you may notice people for whom your products is not an item of their everyday use (for example a person who buys plane tickets only from the same airline). Another type of episodic clients is those who buy a product with quite long lifetime – a fridge, a washing machine, a car. Eventually they will need another one when the previous gets broken, but how soon it will happen?

And finally the third type of episodic clients is those who are using products similar to your ones and quite often but prefer variety of goods/services. For example fancier of restaurants may today eat pizza, tomorrow pasta and on weekend – sushi.

- **Regular client** - is a buyer who can purchase your product or service repeatedly and regularly over the time. For this kind of client those products what you are selling, whether it is milk, bread, or tooth paste, are commodity of regular use. As the product is consumed, a customer purchases a new one. And does it so regularly that you can even predict when customer will come to you next time, and how
much money he/she may leave. Of course, the same applies to services. (Левитас 2012, 213-214.)

It is of course important to understand that belonging of a buyer to the categories of episodic or regular client doesn’t itself guarantee the repeat sales. It just lets to forecast what to expect from the certain buyer, what is his potential for your business.

**Different strategies for different clients:** In Finnexport after careful studying of client types and recommendations about how to work with each of them, we have created certain strategies:

- **For one-time clients**
  While dealing with one-time client the task is to get maximum money and other benefits because the second meeting might not happen. To do this the following approaches should be used:

  - Active selling of attendant goods. For example if a client buys a jacket, it is good to offer a washing gel what is recommended for it.
  - Turning a client into an advertising agent. Might be done using the discount coupons for the client itself and for 5 its friends.
  - Request of a feedback.

- **For episodic clients**
  The task is making the client to buy exactly from us. It is to be done by the following ways:

  - Accumulative program. Client order 5 times and the delivery for the 6\textsuperscript{th} one is for free.
  - Giving of the corporate money. They are likely as discount coupons give a discount for a certain written on a bank note sum of money.
  - Regular reminding about ourselves. Having collected a data base of our clients from time to time we write them or call to tell about new products.
  - Inviting to join the company’s groups in social media and involving in all activities happening in there. In those groups the client will be constantly updated about all new products and necessary information.
• For a regular clients
The task is do not let them stop using our products/services and move to competitors.
The following approaches to be used:
  o Signing long term contracts about providing a service.
  o Additional benefits for long term partnership.
  o Some of approaches for episodic clients.

4.4 Tactical decisions: Distribution

This section is about different ways of distribution but not only products and services but commercials as well.

❖ Making more deals with each client

In each business there is a need in buyer not just in visitors. It is obviously that one of the indexes of business efficiency is conversion percentage – a number indicating how many people of 100 visitors make an order/buy a product. That’s why exactly the ability to sell goods determines the future of the company. And we in Finnexport are determined to find as many ways to sell goods as possible.

We are providing a delivering service to a private customers, B2C (business-to-customer), but our goal is to be able to move on a new stage and become B2B (business-to-business) as well.

Currently we are looking for other networks of selling using other companies. The idea here is to find the company dealing with the same target audience but selling different goods so that we are not competitors for them but whose buyers might be interested in our products as well.

We have already established the contact with the second hand shop in Saint-Petersburg which is selling furniture brought from Finland. On the shelves of that shop is possible to find just small variety of Finnish household chemicals because as the owner said they are specializing mainly on furniture but gave a hint as well that they would be interested
anyways to expand their department with Finnish consumable products and our partnership on this bases is likely to happen.

This kind of partnership may help us to move from only online selling to a selling in retail shops because we also understand that this kind of approach will add to us bigger amount of golden ages customers for whom shopping in offline shop is nearly the only acceptable. Moreover we understand that to make an order in online shop it takes certain efforts and in many cases people might not want to deal want to deal with all this. For example if they don’t have so big need in a product and became tired after work it is much easier to pick up something just passing by a shop on the way to home.

In addition to all, the problem of empty car on the way to Saint-Petersburg when there is no order from online will be solved. We will be able to bring the products (long-lasting) to Saint-Petersburg anyways at least to increase the stock.

Realization of this plan might anyway take quite big efforts and quite many business negotiations but once it is done we believe the income of our company will increase.

Левитас (2012, 112) claims that in order to be able to sell goods successfully using other selling network, the products should meet the following requirements:

- can be stored for a long time
- doesn’t require special storing conditions
- doesn’t occupy much space
- understandable to a client and demanded
- having a simple procedure of selling.

**Commercials at the neighbors:** Kotler & Armstrong (2006, 65-66) say that one of the most effective ways of promoting the company is giving the commercial at the neighbors. The idea is to use other companies which are working in the same sphere of business but not are our competitors for advertising our own company. For example, in our case we are planning to cooperate with couple of insurance companies which are making insurances for travelers who are going to Finland and place our business cards and informational leaflets
in their offices. In return of course they will get a certain percent from those customers’ orders.

“Why would those clients deal with us?” – One may ask, “If anyways they are already planning to go to Finland”. And our answer will be the following:

- We are providing not only delivering service but also informational support hence if people go to Finland the first time or not that aware of places in Finland they might need the certain info what might be possible to find on our portal. And once these people deal with us, they will know us and next time they might order goods from Finnexport when they don’t have an opportunity to go themselves.
- Urgent matters. Sometimes the need in some product might arise unexpectedly and quite urgently that’s why even those people who are already planning to go to Finland might order from us.

**Attendant advertisement:** The idea here is to advertise our portal favorably while delivering the main order. For example while delivering the product to a customer to place our business cards and leaflets in the same building with a note “Your neighbor is already getting high quality Finnish goods straight to threshold. What do you wait?” And since this type of advertisement is made favorably together with a main order, the cost of it is very low countable mostly in the price of business cards and leaflets because spending of time is very insignificant.

4.5 **Tactical decisions: Pricing**

- **Gaining more money from each item sold**

Левитас (2012, 176) says that the easiest and at the same time the hardest way to increase a profit is the increase of a price.

Indeed, what might be easier than rising up the price on your products or services? For example once we load Finnexport.ru web-page, change all the prices there on the higher ones and start enjoying the raise of a profit. The cost of these actions is equal to 0 and required time is a bit more than half an hour.
What is more, that even minor raise of price can give an explosive growth in profits. Why? Because each product has its (self) cost and markup (unlike of margin it shows the ration of selling price and cost difference to the cost of the product (not to the selling price as margin shows). And in case if you raise a price, it is worth watching not on that how much selling price increased but how much a markup did. This is best shown on the table 3.

TABLE 3. The influence of rise in price on markup

<table>
<thead>
<tr>
<th>Markup, %</th>
<th>Rise in price, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>15</td>
<td>6,6</td>
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<tr>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>30</td>
<td>3,3</td>
</tr>
<tr>
<td>40</td>
<td>2,5</td>
</tr>
<tr>
<td>50</td>
<td>2</td>
</tr>
<tr>
<td>60</td>
<td>1,6</td>
</tr>
</tbody>
</table>

(Левитас 2012, 175.)

Numbers on the left vertical column shows what percent of good’s price is a markup. The up horizontal line shows on what percent the selling price was risen and the rest of numbers show how much your profit raised up.

Let’s have the following example shown in table 4 for easier understanding:

TABLE 4. Example 1

<table>
<thead>
<tr>
<th>Before the raise of price</th>
<th>After the raise of price to 5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Self) Cost</td>
<td>Markup (10%)</td>
</tr>
<tr>
<td>10 €</td>
<td>1 €</td>
</tr>
<tr>
<td>(Self) Cost</td>
<td>Markup (15,5%)</td>
</tr>
<tr>
<td>10 €</td>
<td>1,55 €</td>
</tr>
</tbody>
</table>

The raise of profit will be equal to 55 %. Just imagine how easy it is to be done while the rise of price might not be even noticeable for a customer.
But why then it is the most difficult method as well? – Because not that easy to understand which price the market is ready to accept and which not and how to check till what level is possible to raise the price so that the sales will not fall down, how to justify a high price for a product in front of customer and how to react on fluctuations of the market while changing the price.

**The space for a maneuver:** So what is that space in which it is possible to play with a price? Lower of what level we cannot set a price? Higher of what level we cannot raise it?

The low level is limited by the cost of a product for which we bought it ourselves. Eventually we cannot sell goods at a loss (there are exceptions where it is possible to do it for example if you sell several products together and the loss on one product is over covered by the profit on the other one and the difference between them gives a profit for a business, but it is not our case).

The situation with a high level is more interesting. Here are usually three main limits:

- chosen price segment
- competitors
- client’s benefit.

Usually the biggest limit gives a price segment. Of course if you have a kiosk selling pancakes outdoor you don’t expect people buy them on the price of restaurant. But in the same time nobody makes you choose the lowest possible price level for your products. Finnexport is offering the delivery of consumer goods from Finland where the quality is relatively higher than in Russian local shops and that’s why people are ready to pay higher price for them. So this limit doesn’t affect on the pricing policy of Finnexport.

What does affect on our pricing policy is a price level of competitors. Here the situation is more complicated. Apart of that fact that the number of companies doing product deliveries from Finland is already quite high and rising from year to year, they are also by common efforts creating so called “market price” – standard of how much each product should cost. And quite often to break this market price is very difficult of even impossible unless you are offering special, unique and high quality products which favorably differ from those which your competitors sell.
So among such consumer goods as washing powders, coffee, cleaning agents and so on our pricing policy is to have average market price as most of the competitors do. The same situation is about the delivering costs. Where we does put relatively high but fair price is on services which are not available at every competitors.

These are namely:

- Customer-based orders (working on personal unique orders).
- Help in getting the product from international online shops (eBay, Amazon).

We understand that the reason why most of the competitors don’t offer such services is that each this kind of order takes much time to be found, purchased and delivered hence it is difficult to add these services into a big working system but we anyways decided to deal with it since there is a demand and we will eventually try to find ways to bring all activities of Finnexport.ru into a big working system. It is good to add here that eBay and Amazon don’t send goods to Russia because of quite bad post services (sometimes products are coming late and in bad conditions). But people still want to buy some items from there. Some people who are more advanced can deal with it themselves because there are available some other ways of doing it but others don’t know about it. And even though there are several alternatives of eBay in Russia, it is still quite hard to get desired products from there; hence there is quite big demand and quite big market. That’s why despite of all the difficulties what these kinds of orders may bring we still want to deal with it.

The last limit as was mentioned is a client’s benefit. It means that client wants and it is quite fair that the value of a bought item is higher than the price of it. And if he/she sees that this ratio is other way around, the deal will not take place. But as I mentioned before people in Russia are looking themselves for an opportunity to buy Finnish goods so at the very initial stage they are ready to pay a bit more and already understand why they need it and what benefits they are going to get after purchasing. So this limit as well as the first one is not affecting much on a pricing policy of Finnexport in case if most of prices correspond to a market prices set by competitors.

**Couple of words about discounts:** Левитас (2012, 197) says that if the easiest way to raise the profit is increasing the price, then the easiest way to lose it is giving discounts. Often inexperienced businessmen try to attract customers by giving a discount,
inexperienced sellers concede to clients who ask to give a discount of just couple of percent. But this is the very dangerous mistake of any business.

But let’s see how discounts really work and how even a small discount may decrease the profit for several percent.

Let’s have a look on a familiar table where instead of values of profits we will calculate the loss of profit.

TABLE 5. The influence of discount on markup

<table>
<thead>
<tr>
<th>Markup, %</th>
<th>1</th>
<th>3</th>
<th>5</th>
<th>10</th>
<th>15</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>20</td>
<td>60</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>10</td>
<td>30</td>
<td>50</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>15</td>
<td>6,6</td>
<td>20</td>
<td>33,3</td>
<td>66,6</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>20</td>
<td>5</td>
<td>15</td>
<td>25</td>
<td>50</td>
<td>75</td>
<td>100</td>
</tr>
<tr>
<td>30</td>
<td>3,3</td>
<td>10</td>
<td>16,6</td>
<td>33</td>
<td>50</td>
<td>66</td>
</tr>
<tr>
<td>40</td>
<td>2,5</td>
<td>7,5</td>
<td>12,5</td>
<td>25</td>
<td>37,5</td>
<td>50</td>
</tr>
<tr>
<td>50</td>
<td>2</td>
<td>6</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>60</td>
<td>1,6</td>
<td>5</td>
<td>8,3</td>
<td>16,5</td>
<td>25</td>
<td>33</td>
</tr>
</tbody>
</table>

(Левитас 2012, 197.)

Numbers on the left vertical column shows what percent of good’s price is a markup. The up horizontal line shows what discount was give to a client and the rest of numbers show how much of your profit you lose (dash means that you are selling below the (self) cost and you are not earning money but loosing).
Let’s have the following example shown in the table 6 for easier understanding:

**TABLE 6. Example 2**

<table>
<thead>
<tr>
<th>Before a discount</th>
<th>After a discount of 5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Self) Cost</td>
<td>Markup (10%)</td>
</tr>
<tr>
<td>10 €</td>
<td>1 €</td>
</tr>
<tr>
<td>10 €</td>
<td>0,45 €</td>
</tr>
</tbody>
</table>

The loose in profit in this example will be equal to 45% while discount is just 5%. Moreover it is to be mentioned here that discount of just 5% is a weak motivator for a client to buy a product if we talk about cheap goods. There is no big difference between 11 € and 10,45 € and a client might not even notice it while the company actually loosing 45% of its profit.

The staff of Finnexport at the very beginning of a business didn’t really realize a pitfall of giving discounts, making the common described mistakes, but after further studying of marketing and pricing polices we fixed it up and became more careful in a sense of discounts. All marketing approaches connecting to giving them described earlier are to be realized separately, for some certain period of time and definitely after thorough discussions within a company.

**How to be an expensive shop but look like a cheap one?** Левитас (2012, 205) says that for companies with a big assortment there is a way to be in the same time expensive and cheap.

People usually don’t check the whole price list of a shop. They make their conclusions about whether the shop is cheap or expensive based on prices of certain goods or categories of goods – it is as a rule the most popular products, the prices of which are well known to the customers. If to find out what products are these kinds of indicators, then it is possible to start playing with prices which will help to look like a cheap shop.
All the products what are being sold by a company can be divided into 3 groups:

- “Attractive”, goods which are being sold for a cheap price or even sometimes on their (self) cost in order to attract customer and give him/her a reason to choose exactly your business but not competitors.
- “Main”, goods which are the base of company’s assortment. Mainly customers are coming to buy them.
- “Profitable”, popular goods which have the biggest markup.

As an example let’s take McDonalds where a cheap ice-cream is typical “attractive” product, hamburgers are “main” ones and finally “Coca-Cola” or “Sprite” is “profitable” products which have hundreds percent of markup. Because of cheap and tasty ice-cream a person comes in McDonalds but not for example in “Burger-King”, but he come there to buy exactly hamburgers on which McDonalds has made a fair markup. Having eaten a hamburger he/she would like to drink some “Cola” and then McDonalds gets excess profit.

In a case of Finnish goods delivering we found out that people are constantly interested in buying of tea, coffee, “Fazer” and “Marabou” chocolates, washing powders of famous brands and cleaning gel “Fairy” for washing dishes. The prices for these products are well known for everybody who has at least once been to Finland or dealt with online shop of Finnish goods. So for these products we set the prices close to the average market prices. The price of delivery is also the same as at the competitors. This is our “main” products/services and indicators that we are not expensive shop. As an “attractive” we set the category of sweets namely the waffles “Kismet” and candy packages “Panda”. People still like it and with pleasure buy one-two packages per order. We make prices on them close to their (self) costs. This we hope will attract potential clients exactly to us not to competitors (as in the case of cheap ice-cream of McDonalds). And the “profitable” goods are certain positions from different categories and the services of working with customer-based orders and delivering goods from international online shops (eBay, Amazon) because in some cases people cannot compare the prices with anybody since as I described earlier not every competitor provides it. In this case potential client will evaluate the price from the point of view of the product value for him/her.
4.6 Tactical decisions: Additional consideration

We found out that there is no right or wrong, good or bad way of advertising; everything might give good results, should it be only tested beforehand. Hence in our marketing campaign we decided to constantly try and make experiments on the new ways of advertisement. For our marketing experiments we reserve 10% of the whole marketing budget.

Of course there is a risk of that because the results of experiments might be both negative and positive. Thus, in order to minimize the risk we decided to conduct the experiment only on the certain chosen product groups but not for all at once and then depending on what result each next experiment shows we make a final decision of whether to spread it to all products and services or just eliminate it.
5 BUDGETING, PERFORMANCE AND IMPLEMENTATION

5.1 Setting the marketing budget

After setting all the marketing activities which Finnexport is going to carry out, the next step is to set the whole marketing budget with a following detailed budget on each single activity. These considerations are reflected in the table 7.

TABLE 7. The marketing budget

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost per year, euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Maintaining the main web-page, improving its design and working on its content</td>
<td>350</td>
</tr>
<tr>
<td>2. Working on the content of Finnexport groups in social media</td>
<td>250</td>
</tr>
<tr>
<td>3. Improving commercial texts</td>
<td>100</td>
</tr>
<tr>
<td>4. Uploading webinars about Finnexport activities and its crucial information</td>
<td>45</td>
</tr>
<tr>
<td>5. Promoting the web-page by third companies</td>
<td>400</td>
</tr>
<tr>
<td>6. Negotiation with potential partners</td>
<td>200</td>
</tr>
<tr>
<td>7. Printing of the paper marketing media (leaflets, coupons, business cards, corporate money)</td>
<td>700</td>
</tr>
<tr>
<td>8. External help in spreading leaflets</td>
<td>300</td>
</tr>
</tbody>
</table>
| 9. Program of the third company for video emailing and video informational distribution | \* 190 – cost of product  \
| 10. Experiments on new ways of marketing (10% of the whole marketing budget) | 350                 |

Extraordinary expenses: 300

Total: **3500**
Detailed spending timetable

After setting the whole budget and separately budgets for each single activity, it is necessary to plan how this money will be spent within a time. These considerations are reflected in the table 8.

TABLE 8. Detailed spending timetable

<table>
<thead>
<tr>
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<tbody>
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<tr>
<td>5</td>
<td>37</td>
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<tr>
<td>6</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>100</td>
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<tr>
<td>7</td>
<td>500</td>
<td>0</td>
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<td>100</td>
<td>0</td>
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<td>0</td>
<td>100</td>
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</tr>
<tr>
<td>9</td>
<td>217</td>
<td>27</td>
<td>27</td>
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<td>27</td>
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<td>27</td>
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<td>10</td>
<td>31</td>
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<td>29</td>
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<td>29</td>
<td>29</td>
<td>29</td>
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<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>1009</td>
<td>257</td>
<td>157</td>
<td>157</td>
<td>257</td>
<td>157</td>
<td>257</td>
<td>257</td>
<td>257</td>
<td>257</td>
<td>257</td>
<td>207</td>
</tr>
</tbody>
</table>

Data in main fields shows amount of money in Euro spending on each marketing activity shown in the previous table per each month.
5.2 Performance analysis

Kotler (1994, 520-522) says that once the plan has been implemented, managers need to make sure that it works in practice. Feedback is essential for monitoring performance, and (in an ideal world) no marketing activity would be undertaken without having a monitoring and evaluation system in place beforehand. There are two basic groups of approaches for performance analysis:

- Sales analysis, which looks at the income generated by the firm’s activities.
- Marketing cost analysis, which looks at the costs of generating the income.

**Sales analysis**: we are going to use both approaches in our performance analysis. In the following table 9 the chosen sales analysis methods are shown together with explanation.

<table>
<thead>
<tr>
<th>Analysis method</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparison with forecast sales</td>
<td>The company is considering the actual sales figures, compared with forecasted ones for the same period.</td>
</tr>
<tr>
<td>Volumes of sales in geographical regions</td>
<td>Sales are analyzed by region. It enables the firm to determine whether the biggest sales happen on one or several regions and it is necessary to stop selling in less productive regions, which does not justify the maintenance costs.</td>
</tr>
<tr>
<td>Sales by product groups and brands</td>
<td>Using this method is particularly important to assess the product range. It allows determining which products are more in demand in which are less.</td>
</tr>
<tr>
<td>Sales by type of customer</td>
<td>Using this method, we can determine, for example, that major efforts are being done for a group of customers who commit a relatively small number of purchases, or that the clients of the company are mainly elderly people, therefore, the amount in subsequent years may be reduced.</td>
</tr>
</tbody>
</table>

(Kotler 1994, 521.)
Marketing cost analysis: Kotler (1994, 522-524) also defines that with marketing cost analysis, various costs are broken down and classified to determine which costs are associated with specific marketing activities. By comparing costs of previous marketing activities with results generated, a marketer can allocate the firm's marketing resources more effectively in the future.

Marketing cost analysis allows a firm to evaluate the effectiveness of an ongoing or recent marketing strategy by comparing sales achieved and costs incurred. By pinpointing exactly where a firm is experiencing high costs, a marketing cost analysis can help to isolate profitable or unprofitable customer segments, products, or geographic areas.

The most important step in determining marketing costs is to examine accounting records. Most accounting systems classify costs into accounts based on what the money actually was spent for.

Furthermore, marketing cost analysis usually requires that some of the costs in natural accounts be reclassified into marketing function accounts. When attempting to determine marketing costs, three broad cost categories are used: direct costs, traceable common costs and nontraceable common costs.

- Direct costs are directly attributable to the performance of marketing functions.
- Traceable common costs can be allocated indirectly, using one or several criteria, to the functions that they support.
- Nontraceable common costs cannot be assigned according to any logical criteria and thus are assignable only on an arbitrary basis. Interest, taxes, and the salaries of top management are often viewed as nontraceable common costs.
5.3 Implementation

This marketing plan is about to be finalized by the middle of December hence the first date of its realization we set to be 20\textsuperscript{th} of December. The following table 10 graphically represents the implementation plan, step by step with start and end date followed by the name of responsible person.

TABLE 10. Implementation plan

<table>
<thead>
<tr>
<th>Implementation step</th>
<th>Start date</th>
<th>End date</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing web-page content</td>
<td>20.12.2012</td>
<td>all the time</td>
<td>Alexey, Oleg</td>
</tr>
<tr>
<td>Developing commercial texts</td>
<td>11.01.2013</td>
<td>30.01.2013</td>
<td>Alexey</td>
</tr>
<tr>
<td>Working correctly with feedbacks</td>
<td>20.12.2012</td>
<td>all the time</td>
<td>Oleg</td>
</tr>
<tr>
<td>Groups in Social Networks</td>
<td>20.12.2012</td>
<td>all the time</td>
<td>Alexey, Oleg</td>
</tr>
<tr>
<td>Webinars in YouTube</td>
<td>08.01.2013</td>
<td>22.01.2013</td>
<td>Alexey</td>
</tr>
<tr>
<td>Promoting a web-page a third company</td>
<td>11.01.2013</td>
<td>based on results</td>
<td>Oleg</td>
</tr>
<tr>
<td>Participating in forums</td>
<td>20.12.2012</td>
<td>all the time</td>
<td>Alexey</td>
</tr>
<tr>
<td>Adding the section of attendant goods to web-page</td>
<td>20.12.2012</td>
<td>20.01.2013</td>
<td>Oleg</td>
</tr>
<tr>
<td>Working with prices to encourage bigger orders</td>
<td>20.12.2012</td>
<td>20.01.2013</td>
<td>Alexey</td>
</tr>
<tr>
<td>Designing and printing corporate money and cards for subscription and accumulative program</td>
<td>11.01.2013</td>
<td>20.01.2013</td>
<td>Oleg</td>
</tr>
<tr>
<td>Printing of the paper marketing media (leaflets, coupons, business cards)</td>
<td>11.01.2013</td>
<td>20.01.2013</td>
<td>Oleg</td>
</tr>
<tr>
<td>Negotiations with potential partners</td>
<td>20.01.2013</td>
<td>20.03.2013</td>
<td>Alexey</td>
</tr>
<tr>
<td>Developing the strategies for different types of clients</td>
<td>08.01.2013</td>
<td>15.01.2013</td>
<td>Alexey, Oleg</td>
</tr>
</tbody>
</table>
6 ADDITIONAL CONSIDERATIONS

This final part of marketing plan is about to describe the additional factors which may affect on the whole marketing program followed by general summary of the author.

The additional factors are as follows:

- Internal factors which may happen inside of the company and eventually affect on the plan.
- External factors which may occur outside of the company and influence on the plan as well.

**Internal factors**: Loss of funding, loss of staff motivation, lack of staff experience.

**External factors**: Competitors reaction on our tactical marketing; problems with means of transportation; economic issues; supply disruptions of desired items in local Finnish shops; due to entering of Russia to WTO and following customs fees lowering, the possibility of competitors with better distribution network to completely conquer the market.

But anyways besides all these threads and external/internal factors what may influence on the plan realization or even on the success of entire company, I and my friend decided to start this company mostly for the reason of education. Only after we have made certain things in practice, we really understood their concepts and how indeed they are important in company planning. With this knowledge we are ready to start new and new companies because while we are young and ambitious we have got really many ideas and each next are better than the previous ones. We are not scared after all to try and improvise. We would better regret about what we have done while getting experience than about what we haven’t while lost our chance. We are in our tern very grateful for the possibility what gave us our school to try something on our own while being supervised by our teachers. It is very important because the mistake at the school desk costs much less than the mistake in a real big business life. We are about to graduate and step on the big road of business and I have got such a feeling that I am ready for the challenges what it may hide. The most important thing is to never stop and try again and again whatever happens. Only with this mind, I believe, we are being waited with a big success in the future!
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