

BUSINESS SCHOOL

FINAL THESIS REPORT

Marketing for small tourism enterprises Case study Kinnalan Koukku

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ABSTRACT

Strategic planning of marketing forms the core for the entire marketing process. A company should identify the opportunities of the external environment and optimize them within the framework of its own operations. This creates strong competitive advantage and success in the market.

This thesis deals with the marketing planning for a small country side holiday farm called Kinnalan Koukku, which is located in Pirkanmaa Finland. The qualitative research used in this thesis shows with the help of secondary research and an interview the industry's particular features and differences from traditional strategies.

The purpose of this thesis is to find the niches in the market, analyse the existing products and research the opportunities for Kinnalan Koukku in order to formulate the best strategy to create future sustainability.

The main conclusion is that with a clear mission, products and services can be built while working towards a centralized goal. With the help of alliances with competitors cost barriers can be overcome and cooperation can facilitate to enter new markets. Furthermore, products have to be developed that serve the customer more extent and these should be offered individually and in packages to allow flexibility.

Personally this work is very interesting because it shows the human side of marketing and competition. This particular industry doesn't work according to the rules and guidelines of any marketing guru but more along the principle of the more I give the more I will receive. The only thing that could have been valuable for this research would have been the interviewing of the competitors and other complementary companies to research the possibility of cooperation and product development.

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1. Introduction

Internationalisation and globalisation are a must for many companies nowadays; international customers add a positive development element to the companies' nature, image and way of thinking. When I started this study, the idea was to attract more foreign customers, but the more research was done the more it became clear the main market is in Finland. This doesn't of course imply that foreign markets aren't valid or can't be reached. It rather suggests that the marketing plan should be focused on developing and expanding in the local market. There are many areas unexplored and every era has its opportunities. Therefore the focus in the study has been shifted towards the local market including the possibility to attract more foreign customers.

1.1 Purpose of study

Marketing for a small enterprise is always a bit complicated. On one hand you would like to reach as many potential customers as possible but on the other hand you don't have the resources. Often these enterprises will stay small with lack of development that is needed to sustain and give a good return. The reason why I took Kinnalan Koukku, as a case study is to show that also small enterprises in a remote environment have potential and can reach a broad spectre of markets. The second reason and instigator of this project were the renovations that were made during the last years and the realization of the over capacity in the case subject. Also the fact that Marja Koukku, one of the partners, is fully employed outside their own company, made them realize that an increase in customers will simplify the logistic problems and will add to the quality of the services provided.

1.2 Limitation and structure of study

A study for a small business like Kinnalan Koukku has its limitation, as the available resources are minimal. With no budget and no available current customers to work with it was impossible to get a clear picture of the customer. The interviews, background check and secondary researches gave me anyway a good base to start from.

Luckily I was in the position to have a lot of contact with the owners from which I obtained a lot of valuable information. Also the tourist related researches that were done on local level and throughout the country gave a lot of beneficial information.

This work is focused on small enterprises and therefore many unnecessary subjects, strategies and analysis are left out to keep the emphasis. The marketing strategy is the main subject and I have tried to use the literature as diverse as possible to give a broad idea of the possibilities.

The Final thesis starts in chapter two by putting small enterprises in the spot light where after the market is defined and different market strategies are suggested. This chapter continues with setting out the marketing strategy's content, market environment analysis and the importance of networking. The latter part of the second chapter focuses on the planning of the marketing and how to distinguish the company from the competition.

The case study is presented in the third chapter, where the emphasis lays on the SWOT analysis and its implications. In chapter four, the findings of the previous chapter are further developed and put into order, where after the game plan or marketing plan is formed and elaborately explained in chapter 5.

Chapter 6 gives recommendations and other issues not suitable for the marketing plan. Future developments and ideas are also included in here. The Conclusions are formulated in the 7th chapter after which you can find the references and appendixes.

1.3 Research method

As there are no special target groups, potential customers or current customers, who can be questioned, it is logical to choose a qualitative research method. Qualitative research is common in social and behavioural sciences, and among practitioners who want to understand human behaviour and functions. It is quite suitable for studying organizations, groups and individuals (Strauss and Corbin 1990). There are three major components of qualitative research (Becker 1970, Miles and Huberman 1984, Strauss and Corbin 1990):

- Data: often collected through interviews and observations.
- The interpretive or analytical procedure: The techniques to conceptualise and analyse the data to arrive at findings or theories.
- Report: Written or verbal. In the case of students, the report is written in the form of a thesis or report.

Case studies are important research tools because "they help inform general theory and explain conditions that deviate from traditional theoretical explanations". In presenting a case study details arise which contradict general theoretical "truths" and thus contribute to the reformulation or expansion of current theories.

The interview and discussions with the owners gave a great perspective on the market environment, especially the competitor environment. The norms and values are totally different from the conventional market environments, what shows for example in the fact that profits comes usually second or third when putting issues in order of importance. The interview also showed all the previous marketing attempts and differentiation efforts, which helped in turn to find the right approach when forming the marketing plan.

2. Case background

The case study has given the initiation of this study and is therefore fundamental. While doing research the case moved to the background to find the essential bigger picture, but gave throughout the process a valuable reference in direction and form. The relevance of some literature was occasionally questionable, because of the nature of the case study. However, the case study is not dependable on the literature provided and therefore valid.

Development of an industry or business has certain stages and whether these stages are nurtured or not depends on the insight and motivation of the entrepreneur. The farm holiday "Kinnalan Koukku" started 10 years ago accommodating meetings and serving coffee for groups. From there, the business developed to a full service bed and breakfast accommodation. Through the years, buildings have been renovated and new business ideas have been worked out. In addition to the farm holiday business Mr. Koukku is a small farmer and sustains forest, grows several crops and has about 200 pigs. Mrs Koukku has a full time job as a secretary at the local school. In addition they are active in many local organisations and associations.

2.1 Mission

The buildings at the estate are from 100-200 years old and most of the original buildings are preserved. The heritage and preservation of the estate is one of the most important issues for the owners and they also try to bring the original province style and culture to the visitors. The authenticity is brought out in every aspect from tablecloths to the home made Finnish cuisine and from the berths to the over 100 year old smoke sauna.

2.2 Current activities

Now the main building of the estate has been totally renovated, there is an extensive civil guard museum, handicraft shop, smoke sauna and a lakeside cottage. They receive visitors from over the world but mainly people from the surrounding areas. Birthday parties, anniversaries, confirmation parties, weddings and other similar happenings are the main events, but people come also for small holidays, a weekend or just for coffee.

Together with the civic school, different courses are organised and are some of them are held in the premises of the Family Koukku. Kaarlo teaches bookbinding and Marja arranges international cooking courses. She also has a passion for family history research, is doing a diploma and teaches it to others. For tourist Kaarlo organizes also forest trips, to introduce to them the way of live in the old days, tea on the camp fire and a lot of interesting stories.

Museum

The civil guard museum is run and updated passionately by the host of the estate, Mr Kaarlo Koukku. Even though it is not very big, there is an extensive collection and many people, especially the elderly are often interested. Together with the extensive knowledge of Mr. Koukku and his vibrant story telling features, many enjoy the experience.

2.3 Marketing

At this moment Word of Mouth is and has been the main long-term marketing strategy, by making sure to provide the customer with more than they expect. Often expressed by hospitable treatment and giving the extra attention that makes the difference. Feedback has also shown that their involvement especially regarding the information provided, about Finland in general and about the local area, is very much appreciated.

An important source of visitors comes from the cooperation with "Matka Jokela" a local travel agency. They organise tours for groups in the district and visit then the farm for coffee and cake and in addition visit the civil guard museum and handicraft shop. These

kinds of activities are very profitable because of the low costs and short visiting time.

The civil guard museum of the company is also an important marketing tool for example in a direct marketing effort a few years ago. They send many letters to organisations and associations, which were in some way connected with the civil guard activities during the Second World War.

Kinnalan Koukku has their advertisement is several brochures and booklets, these decisions have often been made by weighting the cost to the benefits and coverage. Similarly they decided to pay for a mentioning in a web page called Super travel net. But after evaluation this did not seem to bring the expected return. Further they are linked in several other pages, but these have mutual benefits and are therefore costless. All the decisions made related to the marketing are based on guts feeling and are not systematically monitored, which makes it very difficult to evaluate the effectiveness of the media.

2.4 Quality classification

After the extensive renovation in the beginning of 2006, they saw the need for a quality classification certificate. The classification of accommodation establishments is a cooperation between the ministry of agriculture and forestry and several other organisations by which they want to increase the quality of the country side tourism and monitor the development. The classification has five grades and all accommodation must meet certain basic requirements. The actual classification is based on technical requirements specific to each class. In addition, the operator, the environment, and the amenities, furnishing and condition of the buildings are evaluated.

The classification of accommodation establishments makes it easier to market accommodation services both nationally and internationally as it enables accommodation that suits the customer's wishes to be found without delay.

Moreover, the classification guideline serves building planning since the needs of the customer type hoped for and the technical requirements can be aligned at the planning stage. For a company already in operation, it provides a basis for improving quality standards. The classification data is also used to monitor trends in accommodation quality in Finland. The classification is nationwide, making it possible to evaluate country holiday accommodation by equal criteria throughout the country.

Another project, which adds to the sustainability of the company, is the quality control. This start with the analysis and documentation of the activities in detail after which these issues are checked and rewritten if needed. With the help of this project, there is a standardized level of quality. And in addition there is a logbook available for new employees, from where they can check the procedures and check-lists.

3. Market environment

3.1 Success factors of small enterprises

Because of the advantages in economies of scale, large firms tend to dominate many markets, leading to the demise of small firms. However, commercial cooperation gives SMEs similar opportunities to harvest scale economies, which, in combination with their flexibility and knowledge of the local market, allows them to survive.

Competition in any industry hinges on five forces (Porter 1979): the jockeying among current contestants, the threat of new entrants, the bargaining power of both suppliers and buyers, and the threat of substitute products.

These previous mentioned points are very valid for most companies but if you look at the case study it is not relevant anymore. Of course there is competitions, opportunities and treats but on a totally different level. The main reason for this is the size and the remote location of firm. Porter has anyway a few crucial points, which we have to consider while making the marketing plan. Economies of Scale; which services or activities can we share with others to diminish costs and threat of new entrants; this is not a huge threat and by assuring the originality of the services, the entry barrier will be high.

Cooperation with similar or complementary firms is one of the future options, which can lead to opportunities and expansion of the business. By sharing resources marketing efforts can be combined and more tailored services can be offered.

In the tourist business you sell an intangible product, a service and therefore you have to analyse what additional value the customer gets from your service.

The key strength a small business has is the personal touch, which shows in every aspect, the treatment every customer gets, the totally customized, tailored, suit-to-need service and personal knowledge.

3.2 Market strategy

Before focusing on the marketing strategy it is important to look at the bigger picture, and set out the important market strategy. Later on, the strategies will be looked at from closer range to suit the company's needs.

Strategy is the direction and scope of an organization, which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholder expectations. (Johnson and Scholes 1997:10) Another approach as Michael Porter puts it; a strategy is a game plan for how to get there. He sets out three generic types that provide a good starting point for strategic thinking: overall cost leadership, differentiation, and focus.

In addition Johnson and Scholes (1997:4-10) characterizes the words "strategy" and "strategic decisions" even further. Strategic decisions are those decisions that affect the long-term direction of the company. The purpose of them is to achieve advantage for the company and they are likely to be related with the scope of a company's activities. Strategy itself is the matching of the activities of a company to the environment. According to Johnson and Scholes strategy can also be seen as building on company's resources and competencies to create opportunities or capitalize them.

To return to the three elements for strategic thinking of Porter we elaborate.

Overall cost leadership: here business works hard to achieve the lowest production and distribution costs so that it can price lower than its competitors and win a large market share. Firms pursuing this strategy must be good at engineering, purchasing, manufacturing, and physical distribution. They need less skill in marketing. This strategy might not always work as other companies might not stop competing with lower prices, therefore there are the differentiation strategy and focus strategy.

Differentiation: Here the business concentrates on achieving superior performance in an important customer benefit area valued by a large part of the market. It can strive to be the service leader, the quality leader, the style leader, the technology leader, and so on, but it is not possible to be all of these things. The firm cultivates those strengths that will give it a competitive advantage in one or more benefits. Thus the firm seeking quality leadership must make or buy the best components, put them together expertly, inspect them carefully, and so on.

Focus: Here the business focuses on one or more narrow market segments rather than going after a large market. The firm gets to know these segments' needs and pursues either cost leadership or a form of differentiation within the target segment.

According to Porter, those firms pursuing the same strategy directed to the same target market or segment form a strategic group. The firm that carries off that strategy best will make the most profits. Middle-of-the-roaders or companies who want to do well in all strategic dimensions will not succeed, because strategic dimensions need consistent way of organising the company.

So, the market or long-term strategy will be the base for any further action. The market strategy is developed after analysing the market. Market signals, competition and other forces have to be looked at.

3.2.1 Market Signals

A market signal is any action by a competitor that provides a direct or indirect indication of its intentions, motives, goals, or internal situation. The behaviour of competitors provides signals in countless ways. Some signals are bluffs, some are warnings, and some are earnest commitments to a course of action. Market signals are indirect means of communicating in the marketplace, and most if not all of a competitor's behaviour can carry information that can aid in competitor analysis and strategy formulation.

Recognizing and accurately reading market signals, then, is of major significance for developing competitive strategy, and reading signals from behaviour is an essential supplement to competitor analysis. (Porter 1998:75)

3.2.2 Competitive forces

Michael Porter set out five competitive forces, which reflect the fact that competition in an industry goes well beyond the established players. As we are focusing on the case in this study, we don't have to focus on the buyers and suppliers so much because, even though they are valid, they don't have a great impact on the companies' activities.

Threat of entry

New entrants to an industry bring new capacity and the desire to gain market share. The threat of entry into an industry depends on the barriers to entry that are present, coupled with the reaction from existing competitors that the newcomer can expect.

It is therefore important to protect the business from possible new competition and create barriers in order to make it difficult to enter the industry.

Product differentiation

Product differentiation means that established firms have brand identification and customer loyalties, which stem from past advertising, customer service, product differences, or simply being first into the industry. Differentiation creates a barrier to entry by forcing entrants to spend heavily to overcome existing customer loyalties (Porter M.1998:7-10).

3.2.3 Competitive strategy

The state of competition in an industry depends on five basic competitive forces, which are shown in chart 1. The collective strength of these forces determines the ultimate profit potential in the industry, where profit potential is measured in terms of long run return on invested capital. Not all industries have the same potential. They differ fundamentally in their ultimate profit potential as the collective strength of the forces differs (Porter M.1998:3-5)

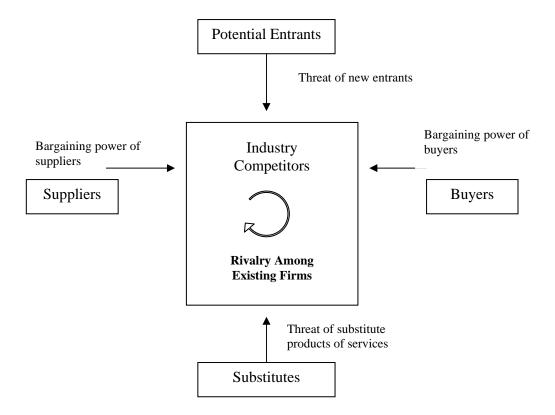


Figure 1: Forces driving industry competition

3.2.4 Competitive advantage

Ultimately, the company's profitability depends on three elements, the level of value added, efficiency of internal operations and the size of the competitive advantage. Companies must not only be able to create high absolute value but also high value relative to competitors at a sufficiently low cost. Competitive advantage is a company's ability to perform in one or more ways that competitors cannot or will not match. Companies strive to build sustainable competitive advantages, those that succeed deliver high customer value and satisfaction, which leads to high repeat purchases and therefore high company profitability. One of the major values that customers expect from vendors is high product and service quality (Kotler 1997:53-54). The establishment of, and search for these competitive advantages is an ongoing process and keeps the company alert for changes in the environment and ready for upcoming threats.

4. Marketing strategy

The marketing plan, as a crucial part of this final thesis will function as a central instrument for directing and coordinating the marketing effort. Having set out the long term market strategy it is now time to look at the company and its activities, hence the actions to be taken to achieve the set objectives. But first we discuss all the necessary parts from the marketing strategy. The marketing plan operates at two levels: strategic and tactical. The *strategic* marketing plan lays out the target markets and the value proposition that will be offered, based on an analysis of the best market opportunities. The *tactical* marketing plan specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels and service (Kotler and Keller 2006 12^{ed).}

Before developing the marketing strategy you need to ask yourself, what do we sell and who will buy it. The importance of the current situation is crucial for evaluating and even for promotion point of view. When asked to describe what they sell most people describe the physical characteristics of their products or services. These are the features. But customers are not interested in the features; they buy the benefits (Briggs 2001).

It is furthermore important to understand what the triggers are for your visitors, to provide the right sales messages and demonstrate that you can fulfil their needs. The way in which a product or service is 'positioned' is essential to its success.

Through the years a company establishes its connections and customer flow from which you can draw certain conclusion concerning the current marketing efforts. Word of mouth marketing is very potent, as it comes as a positive recommendation from a trusted friend. Word of mouth marketing is also compared to viral marketing and buzz marketing. The concept behind word of mouth marketing in any form is to create a snowball effect that will drive potential business to the business for little or no cost. (OnPoint marketing 2006)

4.1 Marketing environment

The marketing environment consists of the task environment in which the marketer operates. The marketing environment consists of the task environment and the broad environment. The task environment includes the immediate actors involved in producing,

distributing, and promoting the offering. The main actors are the company, suppliers, distributors, dealers, and the target customers. Included in the supplier group are material suppliers and service suppliers such as marketing research agencies, advertising agencies, banking and insurance companies, transportation companies, and telecommunications companies. Included with distributors and dealers are agents, brokers, manufacturer representatives, and others who facilitate finding and selling to customers. The broad environment consists of six components: demographic environment, economic environment, physical environment, technological environment, political-legal environment, and social-cultural environment. These environments contain forces that can have a major impact on the actors in the task environment. Market actors must pay close attention to the trends and developments in these environments and make timely adjustments to their strategies. (Kotler and Keller 2006:26-27)

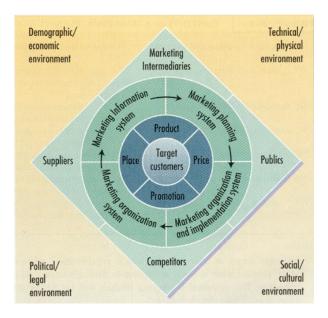


Figure 2: Factors influencing company's marketing strategy

4.2 Macro environment

Macro-environment - the major uncontrollable, external forces (economic, demographic, technological, natural, social and cultural, legal and political) which influence a firm's decision making and have an impact upon its performance. (Monash University 2006)

The macro environment is constantly changing and, thus, bringing both opportunities and threats to a company. This is why it is essential that a company follow the trends and needs in the macro environment. The six major forces of the macro environment are: demographic, economic, natural, technological, political-legal and social-cultural. Monitoring these forces enables a company to keep up with the changes and even create new innovations that give competitive advantage. (Kotler 1997:150)

It is also important that a company sees how each force is interrelated. A change in one area usually affects other areas as well. Hence, a broad view on macro environment and sense of how each aspect interrelates with the others gives again new opportunities to companies.

Demographic environment

The first macro environmental force and probably the most important one is population. It shows the characteristics of the people in a particular market/geographic area. Companies analyse their markets, for instance, in terms of population growth, racial development, age and ethnic mix of the people in the area and their education and income levels (Kotler 1997:151).

When companies know exactly what the specific demographic characteristics are, they can naturally focus on finding the best opportunities in the market. Moreover, changes in the demographic environment may either negatively or positively affect the company's growth.

Economic environment

The economic environment involves everything related to the purchasing power of the people in the market. The purchasing power in turn is much affected by the saving and spending patterns so companies should be well aware of these trends. Also, current prices, debt levels and credit availability of an economy set clear directions how spending is distributed.

Kotler defines four different types of industrial structures (1997:156): subsistence economy, raw material exporting economy, industrializing economy and industrial economy. These economies differ in their income distribution, richness in natural resources and the amount and type of exported or imported goods. Hence, with research, companies see quickly if their products are suitable for a certain economy and how marketing should be performed.

Savings, debt and credit availability are important factors for companies to research because they tell if people in an economy like to spend or save their income. Price and interest level changes have a large impact on the operations of any business. (Kotler 1997:156)

Political-legal environment

Laws, rules and regulations govern the conduct of any company. Businesses today need to follow both official regulations and also regulations pressed by special interest groups. However, in some cases, companies can even benefit from the newly established laws (Kotler 1997:160). A product related to public safety, such as bicycle helmets, can be made mandatory for all citizens in which case the manufacturer of this product naturally benefits.

Kotler lists the three main reasons why business regulations exist: to protect companies from unfair competition, to protect consumers from unfairness in business and to protect the whole society. Companies must have solid understanding of laws that affect the specific field of business and also of regulations that are uniform to all. However, there are also an increasing number of special-interest groups that stress the right of, for example, gays and women. Thus, companies should make sure that their marketing plans are passed through experts in the field of law, public relations and consumeraffairs (Kotler 1997:160).

Technological environment

New technology is changing the operations of businesses. The level of technology in a company has an impact on its strategies, such as the products and services offered, the way business is conducted and how the management works. Kotler (1997:158) states that all new technological innovations hurt the old versions and thus, it is important that a company is alert of all changes that might have an effect on it.

Moreover, the effect of evolving technology can have a long-lasting impact on the whole society. An example is the contraceptive pill, which led to smaller families, more working women and thus, there is more expenditure on luxury goods and vacation travel. Companies should follow the pace of change in technology, the opportunities innovations offer, R&D budgets and again, increased regulation (Kotler 1997:159)

Natural environment

The natural environment should be investigated because it can offer both threats and opportunities to a company. Because of the deterioration of nature, new legislation and rules have been formed and companies have had to change their operations accordingly. There are four trends in the natural environment: shortage of raw materials, increased cost of energy, increased pollution level and the role of governments. (Kotler 1997:157)

With shortage of raw materials, companies must see whether the needed raw materials are renewable or not. For example, forest need to be reforested to ensure that there is enough supply for the future. However, the increased cost of energy is a serious problem for all businesses. Oil prices rice and fall and alternative sources are searched so that energy cost could be lowered. The lower the cost of energy, the lower can a company set its prices. Also, the increased pollution levels have forced companies to look for more ecological solutions in, for example, manufacturing and recycling. All in all, a number of governments are involved in ensuring the preservation of nature. More rules are formed and laws passed in hopes that an increasing number of companies would accept more social responsibility. (Kotler 1997:158) Also consumers are getting more aware of the need for environmentally responsible produce and demand is growing.

Social-cultural environment

This is the last major factor influencing a company's marketing decisions. It includes a set of values, ideals and other characteristics, which describe and distinguish different groups of people. People also have different views of themselves, other, organisations, society, nature and the universe. Furthermore, people can be grouped by their core cultural values, the impact of existing subcultures and shifts of values. (Kotler 1997:164-165)

The main reason why companies group people to smaller or larger groups is that their products should be made so that they correspond with the values of the target customers and address their needs (Kotler 1997:166). This in turn, helps in the formation of marketing strategies and strategic management process.

4.3 Competitor analysis

Reaction patterns

Companies have different philosophies and values by which they operate and these guide the way they do business (Kotler 1997:238-240), defines four general categories into which most companies fall:

- 1. Laid-back competitors: A competitor that is slow to react to competitor changes. There are many different reasons why a company reacts this way, and these should be identified.
- 2. Selective competitor: A competitor that reacts only to certain types of attacks, these types should be known so that the competitors can use the information in planning their attack strategies.
- 3. Tiger competitor: A competitor that reacts strongly to any form of assault.

4. Stochastic competitor: A competitor that does not have a predictable reaction pattern. On many occasions, the reactions are possible when the companies' financial situation allows them.

When a company knows the pattern and behaviour of its competitors, it has an easier task in reacting to these patterns and its competitive strategy should be formed based on this data.

The strategy formation can be started by grouping companies according to their different roles and interrelationships. There are four types of competitor roles:

- Market leader
- Market challenger
- Market follower
- Market niche

The market leader is one step ahead compared to the competitors. The market leader is forced to defend its leading position against all other rivals wanting to copy its operation strategies. It can also ensure its leadership by expanding the total market or its market share. The market challenger, on the other hand, wants to become the market leader and chooses an attack strategy. This attack strategy can be based, for example, on price discounts, product innovation or intensive promotion. A market follower is usually a smaller company that imitates or adapts to the solutions of the market leaders and challengers whereas a market niche tries to find a segment to which it specialises. If it gets a solid position in the segment and invests to its operations, it has a good change to become a market challenger (Korkeamäki & al 2000:91).

When all the above-mentioned aspects are gathered and analysed, companies should select the most proper competitive strategy in order to gain competitive advantage. More on strategy formulation will be covered in later chapters.

4.5 Networking and alliances

Many companies have discovered that they need strategic alliances to be effective. Often they cannot reach leadership without forming a strategic alliance with companies that complement or leverage their capabilities and resources. Many strategic alliances take the form of marketing alliances. These fall into four major categories; product and/or service alliances, promotional alliances, logistic alliances and pricing collaborations (Kotler 1997). By networking efficiently you can reach the goals which otherwise would have been abandoned.

Networking can be approached from two sides, the personal and the business side. The entrepreneur should be able to socially interact with its surrounding to create a positive business environment and on the other side the entrepreneur should search for similar or complementary businesses with whom he can cooperate. This is particularly important for small businesses as most of the businesses connections develop through personal interaction and word of mouth.

Personal

The esquire group gives, when discussing people's job careers, eight good points to follow when interacting with fellow people:

(1) Be sincere; (2) Don't ask for (or expect) payback; (3) Respect other people's time; (4) Follow through on promises; (5) Use special care with referred 'friends'; (6) Don't make disparaging jokes; (7) don't make errors on the side of politeness and formality; (7) Don't wait to be properly introduced - practice a self-introduction; and (8) Say thank you (Esquire group 2006). These are of course valid for any situation and applicable in business situations as well.

Networking allows you to be in a position to win and be in with the decision makers who are making things happen. You can't take advantage of that unless you position yourself to win by staying in contact with your network.

Business

Networking is an essential skill for most business people, but especially for entrepreneurs. The strong association between the entrepreneur as a person and his or her business, demands that entrepreneurs get out into the world and create and maintain business relationships. Relationships between companies are getting more and more intensive and complex alike. New forms of collaboration mechanisms and forms of organisations have evolved during the last years. Apparently, investigations have to follow a multi-disciplinary approach to deliver sustainable results, to better understand the behaviour of companies in these new dynamic business ecosystems. Especially for small businesses the cooperation ability is a new paradigm and is seen of high importance and relevance, because small and medium-sized enterprises (SMEs) are the cornerstone of Europe's competitive position and job creation. Enterprises cooperate more extensively with other enterprises in all product life cycle phases. This scenery is driven by to various reasons such as cost reduction, increased flexibility and focus on core competencies, which finally leads to an enhanced competitiveness on a global market. The result is anything from rather stable alliances between partners in fixed supply chains to a more loose and flexible cooperation of a high virtual degree. The advantages of business networks have been broadly discussed during the last years. (Peter Weiss 2006)

There are several conditions for establishing a successful relationship towards a joint economic or social gain. There needs to be:

- A common interest and potential for a relationship, such as working in the same locality or sector; knowing each other from before.
- A shared joint goal, for example, to earn money; to get access to information; the need for childcare; common transport needs.
- A concrete reason or occasion, for example, grasping an economic opportunity that cannot be met by one single person or company; providing goods or services for a large social event; or utilizing a new social and economic fund for local development initiatives.

People's intentions for joining a network or a group can be different from one person to another, as long as people agree to cooperate on some common goals. For one partner of the network joint marketing may be the most urgent need, while for another the key reason for joining a network may be to find a good business idea in the first place.

Networks can take different forms, ranging from informal social networks to more formal business networks based on membership, a cooperative agreement or partnership contract. Some professional networks focus on economic activities only while others have mainly a social function. For example, many business networks and associations do not undertake any joint economic activities but have a strong social and lobbying function.

4.6 SWOT Analysis

The analysis of the business environment, which was described before, is a necessary first step in systematically appraising the present position of the company and identifying its problems, prior to determining objectives for the coming year. Whether the company is preparing a feasibility study for a new product launch, or merely assessing the current market situation in order to prepare a new marketing plan, it must be aware of:

- The economic, political, legal, socio-cultural and technological events which currently affect or could have a bearing on company operations and performance
- The current shape of the markets served by the company, including their size, growth, and trends; product ranges on offer and prices charged in each market; channels through which the product are distributed: and ways in which product knowledge is communicated to the consumers and distributors
- The nature of the competition, including size of each competitor, share of the market they hold, their reputation, marketing methods, strengths and weaknesses
- Full details of the company's own market share, sales, profitability, and patterns of trading (Holloway and Plant. 1994:15-17)

This review is often undertaken using a technique known as SWOT analysis; that is, the identification of strengths and weaknesses in the business, the opportunities presented by the trading environment and any threats face by the company. This information provides the basis for further action.

Very few businesses pursue only one objective. Rather most business units pursue a mix of objectives including profitability, sales growth, market-share improvement, risk containment, innovativeness, reputation, and so on. The business unit sets these objectives and then manages by objectives (MBO). For an MBO system to work, business units various objectives must meet four criteria:

- The must be hierarchically arranged, from the most to the least important.
- If possible, state the objective should be stated quantitatively, for example, in a percentage of the return of investment.
- The goals should be realistic and should be derived from the business analysis.
- The objectives should be consistent.

The latter point indicates that there are more so-called trade-offs, which contradict one and another. A short-term profit doesn't fit into the same marketing strategy with long-term growth, and have to keep separated (Kotler 1997:84)

In addition all the objectives must contain the same ground value or mission set by the company. The message which you send to the environment while working towards any objective must be perceived similarly in order to create a clear picture about the company and establish a brand.

4.7 Trends in tourism

In today's society there are many factors that are changing and one of them is the needs of the customer, especially in the way consumers spend there free time. The shortening of the work times and increase of part-time jobs has given the consumers more time to spend. The demographic changes also have a great impact when considering the ageing population and their needs. In the coming years there will be a large increase in percentage of people over the age of 65. Already now 15, 9 % of the population is over 65 compared to 17, 5 % which is under 14 year old (Statistics Finland 2004) People who have already retired are likely to live longer and have higher disposable income than their counterparts several years ago. These people are likely to be more active and eager to travel and enjoy their leisure time.

Other important trends include the people with money but no time; they will take several times a year a short period free and are searching for good value for money leisure. Further, the quality expectancy is increasing and the search for something special or out of the ordinary goes further than before. With the amount of people travelling and holidays per year increasing, people tend to search for something special. The fact that most people compare their holiday with the holiday of the people surrounding them, makes it is obvious they want to come home with a nice story or exciting experience (Briggs 2001:43-45).

Also the experience that travellers would like from their holiday is changing, people want to be more involved and informed about background and environment in order to learn and self-develop. Travellers are becoming pro-active in pre travel information subtraction. Internet is hereby an important tool and could be seen by the entrepreneur as a supplementary service by offering information on his web page (Briggs 2001:43-50).

According to a consumer research done by the technical university of Tamper Finland, the demands of the consumers are changing and companies should be ready to differentiate and specialize. Nowadays "well being" and "active" holidays are very popular and this trend is going to continue compared to the decline of the regular bed and breakfast services.

The research also elaborates on the improving image of the country side holiday industry. The main reason why there is more demand is because people perceive the business in a much better light. Only 14% of the answered participants thinks that the industry is only

interesting during the summertime compared to 28% in 2003, which is a positive change (Marko Laiho 2006)

4.8 Marketing planning

The marketing planning process consists of analysing marketing opportunities; selecting target markets; designing marketing strategies; developing marketing programs; and managing the marketing effort. The factors that influence the company and therefore the marketing strategy have to be taken into consideration (Kotler and Keller 2006:27).

4.8.1 Analysing marketing opportunities

Analysing the long-run opportunities in the market is the first task to improve any companies performance. Continuous information should be gathered from the customers. According to a Japanese concept, there should be a "Zero customer feedback time". Customer feedback should be continuously collected after purchase to learn how to improve the product and its marketing. This information system keeps the company up-to-date and is an excellent marketing tool. It is relatively easy to research your customers' needs, wants, their location, buying behaviour, and so on.

Opportunities can be classified according to their attractiveness and their success probability. The company's success probability depends on whether its business strengths not only match the key success requirements for operating in the target market but also exceed those of the competitors. (Kotler 1997:81) Having reviewed the opportunities, pinpointing the target market is the next step.

4.8.2.1 Market segmentation

Depending on the type of company and the products that you offer, you have to decide to whom you would like to promote them. By first segmenting the market you can review and choose the best possible formula.

Markets consist of buyers, and buyers differ in many ways. Market segmentation represents an effort to increase a company's targeting precision. It can be carried out at four levels: segments, niches, local areas, and individuals.

Segment marketing:

A market segment consists of a large identifiable group within a market. A company that practices segment marketing recognizes that buyers differ in their wants, purchasing power, geographic locations, buying attitudes, and buying habits. At the same time, though, the company is not willing to customize its offer/communication bundle to each individual customer. The company instead tries to isolate some broad segments that make up a market. Thus segmentation is a midpoint between mass marketing and individual marketing. The consumers belonging to a segment are assumed to be quite similar in their wants and needs. Yet they are not identical. Some segment members will want additional features and benefits not included in the offer, while others would gladly give up something that they don't want very much.

Niche marketing:

Market segments are normally large identifiable groups within a market – for example, non-smokers, occasional smokers, regular smokers, regular smokers, and heavy smokers. A niche is a more narrowly defined group, typically a small market whose needs are not being well served. Marketers usually identify niches by dividing a segment into sub-segments or by defining a group with a distinctive set of traits who may seek a special combination of benefits. For example, the heavy-smoker segment may include sub-segments of heavy smokers with emphysema, and heavy smokers with emphysema who are overweight.

While segments are fairly large and thus normally attract several competitors, niches are fairly small and normally attract only on or a few competitors. An attractive niche is characterized as follows: The customers in the niche have a distinct and complete set of needs and they will pay a premium to the firm best satisfying their needs.

Local marketing:

Target marketing is increasingly taking on the character of regional and local marketing, with marketing programs being tailored to the needs and wants of local customers groups. Those in favour of localizing a company's marketing point to the pronounced regional differences in communities' demographics and lifestyles. They see national advertising as wasteful because it fails to address local target groups. They also see powerful local and regional retailers who are demanding more fine-tuned product assortments for their neighbourhoods. However, there are people how are against local marketing because they claim that it reduces economies of scale by increasing manufacturing and marketing costs. *Individual marketing*:

The ultimate level of segmentation leads to "segments of one", "customized marketing", or "one-to-one marketing". The widespread use of mass marketing has befogged the fact that for centuries consumers were served as individuals. Today it seems special treatment if you order something tailor made and people are willing to pay more for such a service. Therefore companies are reading to do the effort but are also searching for methods to generalize this effort. Mass customisation is the ability to prepare on a mass basis individually designed products and communications to meet each customer's requirements. (Kotler 1997)

After having analysed the different segments the company has to evaluate the overall attractiveness of each segment and the company's objectives and resources before selecting the targets, after which the market positioning has to be identified. (Kotler 1997:269). The chosen positioning concept(s) have to be developed and communicated properly throughout the whole company, as it is crucial that the whole company sends out the same message towards the customer.

4.8.2.2 Differentiation

Before creating the positioning concept we have a look at different ways achieve competitive differentiation

Kotler sets differentiation out as an act of designing a set of meaningful differences to distinguish the company's offering from competitors' offerings. Basically you can differentiate your product in any way. Some variable groups are: product, service, personnel, channel and image. The company can focus, for example on the quality of their service or product and if the customers' expectation is met, ask a higher price then the competitor. Like this you differentiate yourself from you competitor and at the same time create a competitive advantage.

4.8.2.3 Positioning

After having learned different ways of presenting the produce, it is time to combine all possibilities and relate them to the company's goals and value's. When differentiating and positioning your product in the market you have to remember what the benefit of your product brings to the customer.

Positioning is the act of designing the company's offering and image so that they occupy a meaningful and distinct competitive position in the target customers' minds (Kotler 1997)

So the task is to convert the product into a differentiated offering.

Many marketers advocate promoting only one benefit to the target market. Rosser Reeves said a company should develop a unique selling proposition (USP) for each brand and stick to it. In an environment where there is an abundance of information, buyers tend to remember only the number one message and not more.

The positioning can be risky and the outcome or reaction of the potential customer is different then the company expects. Therefore, a company must avoid four major positioning errors.

- Under positioning: Some companies discover that buyers have only a vague idea of the brand. Buyers don't really sense anything special about it. The brand is seen as just another entry in a crowded marketplace.
- Over positioning: Buyers may have too narrow an image of the brand. Thus a consumer might think that some shop is not affordable, even though they sell also cheaper products.
- Confused positioning: Buyers might have a confused image of the brand resulting from the company's making too many claims or changing the brand's positioning too frequently.
- Doubtful positioning: Buyers may find it hard to believe the brand claims in view of the product's features, price, or manufacturer.

Once the company has developed a clear positioning strategy, it must communicate that positioning effectively via the marketing mix.

4.8.3 Marketing mix

Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. According to Mr McCarthy; who dived the tool into four factor classifications. The four Ps: product, price, place and promotion classification are used frequently and have proved to be very useful. The chart shows the particular marketing variables.

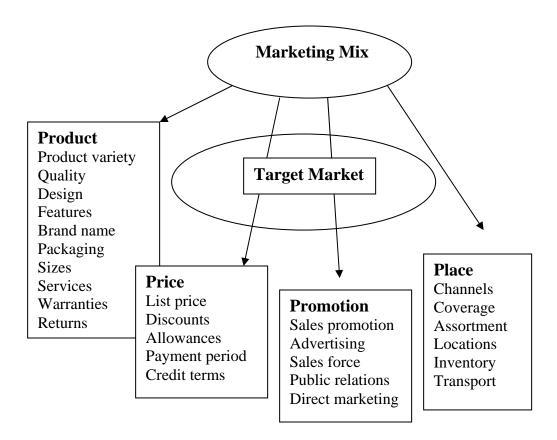


Figure 3: Marketing mix

Not all marketing-mix variables can be adjusted in the short run and not all are applicable to every company. Kotler explains; that typically the firm can change its price, sales force size, and advertising expenditures in the short run. It can develop new products and modify its distribution channels only in the long run. Finally marketers must decide on the allocation of the marketing budget to the various products or tools.

4.8.4 Marketing Plan

Most part of the marketing plan has been discussed and analysed for a proper approach and to attack the problems. The development of the products and company must however have a start and finish. Therefore there must be goals, objectives and tools to achieve these goals, parameters and a monitoring system that measures the success of the effort. With the help of a game plan the different components will visually aid the purpose. It is found in chapter 5 after the case study and strategy, as it is part of the analysis of the case study.

5. Case Kinnalan Koukku

5.1 Market and product analysis

The current market for the company is very broad and in no way defined by any geographic or demographic measurements. The customer base consists mostly of people above 30 years of age and visit in groups. The range of products is so wide that the table below will give a good overview of the products related to the target groups.

Currently they have a visitor count of over 2000 people per year, and many of them are attracted through relationship marketing. This is an important indicator when assessing the marketing strategy and planned activities.

Product	Main target group
Meetings	Business meetings Association gatherings Family engagements
Accommodation	Couples Small groups
Smoke sauna	Local people
Museum	Elderly people
Coffee	Touring bus visitors Travellers driving by
Cottage	Groups of friends Families
Shop	All

Figure 4: Target group distribution

5.2 Macro environment

Looking at the analysis of the demographic environment of Kinnalan Koukku, we can conclude that the current target market of middle-aged and elderly people is a good choice. Also the fact, mentioned in chapter 2.5, that the amount of people over 65 is rapidly increasing adds to this choice. However, we shouldn't eliminate the younger generation and the growing amount of foreigners visiting Finland, searching for culture and authenticity.

Finland's culture and value's are an essential issue in the marketing purpose and should be taken advantage of. The patriotic nature and down to earth mentality of a great part of the Finnish population, is another stable factor that should be emphasized. The historic value and authenticity of the farm should be focused on when advertising and marketing channels should be found to reach the potential customers.

In the political and legal environment have been many changes in the recent years, following the membership with the European Union. Development grants have been issued and many of the renovation done at Kinnalan Koukku have been sponsored by EU funds. These kinds of developments are crucial for the market position and helped improve the overall situation of the company. Also in the future these developments have to be monitored and chances should be taken.

The natural environment gives the company both threats and opportunities. The winter in Finland is relatively long and it is a fact that people undertake fewer activities in wintertime than in the summer. On the other hand organising winter activities might be an option to attract different kind of customers. Both the summer cottage and the farm are available throughout the year even though the winter months are rather quiet.

The economic stability in Finland is very consistent and for the near future there is not to expect any big changes. Even though we have to consider the changes that the society goes through. Consumer spending, especially when we talk about elderly people, is rising due to an increase in leisure time and the good social welfare. Terms like Value-time and Quality-time are popular and people are ready to pay for it. On the other hand, society is getting hastier and when they decide to buy a service they have great expectations and expect value for their money. It is therefore very important to assess the needs and expectations of the customers.

5.3 Competitors

The competitor environment for Kinnalan Koukku is very broad and diverse. One reason is that the company has so many different products and services and the other is that every one of them is remotely located. This doesn't mean there is no competition but more that, what the other one does, goes by often unnoticed. It seems that all of them are working individual and even though attempt have been made to cooperate and even setup quality programmes and meetings, nothing substantial has been accomplished. On the other hand customers are shared and for examples brought to each others farms to add to the customer value, without benefiting from it directly.

Marja Koukku says:

Competition is good for us and we try to cooperate as much as possible. The more companies are active in this area, the more customers we get.

A good example of the nature of the competition appeared when many of the competitors noticed the value of a traditional smoke sauna and wanted to build one for their own. Mr. Koukku with his experience and knowledge was gladly helping in providing the proper information.

The accommodation capacity in the area is very low because of the low demand. However, in high season there is a greater demand and for example during events in the surrounding cities, it is difficult to find accommodation.

To give an overview of the players in the market a list is made and can be found in Appendix 3, where companies are mentioned who offer farmhouse holiday accommodation, with or without additional services. The section is analysed and positioned, to see how the competitors handle the promotion, marketing and innovation part of the business. Benchmarking is performed to find out innovations and other developments interesting for Kinnalan Koukku. Unfortunately it is difficult to tell what type of competitors they are as there is not much information available about the historical reaction to market changes.

The limitation to this analysis is the obvious absence of companies that exists but where the knowledge about is missing. Furthermore, the information was gathered with the help of the Internet and the information provided by the owners of Kinnalan Koukku. The validity of the analysis remains because the amount of competitors is

not important in this issue. This is because there is an over capacity of accommodation places and customers have to be attracted through other means.

The competitors of Kinnalan Koukku can be divided in two parts; the first part only offers food for up to 100 persons, plus accommodation. The second part provides the same as the first part plus group activities, games or pre-combined packages. It seems that the competitors from the second group not always own the resources of the activities etcetera, but they offer the possibility. This means that they do not have any extra costs or investments attached to the service and are free to offer a wide scale of services.

Mainly all of the other competitors have a secondary source of income, which gives a realistic picture of the farmhouse holiday market situation. A country side development programme's research from 2002 informed that only 16% of the farm holiday entrepreneurs have their primary industry from tourism.

5.3.1 Competitor analysis

It is clear from the table in Appendix 3 that there is a broad supply with a lot of diversity, and many of the companies have differentiated themselves in their own way. There is anyway a similar tendency in the setup, concerning the environment and relaxed atmosphere. In addition, several companies have provided ready made programmes that they offer, often in cooperation with other organisations or companies. Others have mentioned activities that are possible in the environment. This gives the customer an idea what is happening and what their options are if they are coming to the area. When advertising these kinds of external factors, you increase the interest of your own company. The same counts for internal activities; it increases the added value of your service.

When discussing the competitors and their strategies with Marja and Kaarlo, they were up to date with most of their activities and intentions. But as mentioned before, they see them more as a source of information and valuable partners than competitors.

5.4 Website analysis

The website of Kinnalan Koukku exists about two years and it has proven to be a useful marketing tool. As many people use the internet nowadays to find accommodation and to look for information about certain areas. The website of Kinnalan Koukku is

modest, clear and functional without any high technology that would demand a lot from a visitors' browser.

The goal of the analysis of the website is to find patterns and other interesting features that might give us marketing ideas and target group information. In the first part the interface and functionality will be checked to find faults and to come up with ideas for improvement. And in the second part the statistics of the website of the previous year will be analysed with the help of the statistics from the Internet service provider Sigmatic Oy.

5.4.1 Visual and functionality

The website looks professional and services its purpose well. There is no unnecessary information and everything is easy to find. What might be useful for the visitors are current affairs and or activities. This could be expressed in mentioning the activities that are organised in the neighbourhood. Like fairs, plays and markets but also own activities. You want to show that you are active and vibrant. Another issue the layout and pictures: everything looks too simple and realistic. Beautiful, well taken pictures of the surrounding scenery are a useful tool to make people interested.

5.4.2 Statistics

Sigmatic Oy is a company who provides website and email services in the hotel business. These integrated services also include an extensive online statistic report. Some of these tables can be found in the Appendix 2. In the first table "connect to site from" we can see the websites or search machine through which the visitor came to the site of Kinnalan Koukku. This information is very relevant and shows how people find the company. It also shows, or rather doesn't show that there aren't any links from for example Super travel net were they paid for an advertisement to have their name mentioned. Further we see many links from local governments who have Kinnalan Koukku in several categories and several search machines, who are able to find the company in their directories.

In the third table "pages – URL top 10" the different pages of the website are specified, with the amount of visits. If we compare these amounts with the average amount of people visiting the website per month it show that mostly all people view the most important pages, hence the cottage and sauna page, price list, accommodation and civil guard museum page.

The "Used key phrases and key words top 10" table shows the words used to obtain the website. The limitation in this table is that it doesn't show all search machines entries and might give a distorted picture. Interesting to see in the list is that there are some surprising phrases. The civil guard museum (suojeluskuntamuseo) is at the top of the list and therefore an important facet. Most other phrases implicate strongly that the searcher is searching for something familiar and knows where they want to go.

The last two tables "Usage summary for kinnalankoukku.fi" and "Summary by month" give an overview of the previous year until March 2006. It is very clear that throughout the year the amount of visitors is stable and they receive on average about 10 visits per day.

5.5 Opportunities and issue analysis

Opportunities

The analysis of the opportunities starts with ordering the opportunities into order of importance. The order of the opportunities is in order of importance concerning the overall profit that could be achieved. This doesn't mean that the other opportunities have to ignored or dismissed. For example, the increasing amount of flights to Pirkkala airport is not going to bring many extra customers but there is a potential to attract a part of them and add an international touch to the company. Each of them is explained more detailed later in this chapter.

Very important:

- Ageing of the population
- Growing interest in the Civil Guard history
- Developing of local happenings

Important:

- Increase in leisure spending
- Increase in traditional values

Less important:

• Increase in no-frill airline flights

Threats

- Ageing
- Bureaucracy
- Increasing demand of marketing effort

Strengths and Weaknesses

The table below shows the importance of the strengths and weaknesses of the company. If we concentrate first on the strengths in the left top corner and look how we can maintain and/or improve these. Secondly, we look at the weaknesses in the right top corner and see how the strategy can remove or improve these items. The less important weaknesses have to be monitored continuously in the future to make sure they don't get worse. Similarly with the less important strengths, they might need attention and even improvement.

	Strengths	weaknesses
Important	 Authenticity Knowledge of History Very social and knowledgeable hosts English skills 	Budget for advertising and promotion is low.Smell of the pig farm
Less important	HospitabilityTraditional home made food	 No 100% privacy The language skills of Kaarlo No swimming possibility at the smoke sauna

Figure 5: Importance of internal forces

Now that all four elements, strengths, weaknesses, opportunities and threats, are identified in detail we can create the SWOT analysis. With the analysis, we can begin the formation of the strategies taking into consideration all the elements and making them as suitable for Kinnalan Koukku as possible.

	0	TI		
.	Opportunities:	Threats:		
Environment	- Ageing of the	- Bureaucracy		
	population	- Increasing demand of		
	- Growing of interest in	marketing effort		
	The Civil Guard history	- Ageing of owners		
	 Increase of traditional 			
	values			
	- Increase in leisure			
	spending			
	- Increase of no-frills			
	airline flights			
Company	- Development of local			
Company	happenings			
	nappenings			
Strengths	OS strategy ¹	TS strategy ²		
- Authenticity	- Focus on the origin, history	- Enhance and induce		
- Knowledge of History	and sentimental values	cooperation		
- Knowledge of History - Traditional home		l •		
	- Innovative marketing effort	- Brand name development		
made food	- Developed new company			
- Hospitability	leaflets			
	- Webpage improvement			
Weaknesses:	WO strategy ³	TW strategy ⁴		
- Budget for advertising	- Analyse and monitor	- Assemble visitor packages		
and promotion is low	advertisement budget	- Inform about happenings		
- No 100% privacy	spending	and activities		
- Smell of the pig farm	- The pig farm's cleanness	- Increase products and/or		
- The language skills of	should be of high priority	activities offered		
Kaarlo				
- No swimming				
possibility at the				
smoke sauna				
- Low level of				
activities offered				

Figure 6: SWOT Analysis of Kinnalan Koukku

Strengths

Kinnalan Koukku is a company where Authenticity and History comes first. It shows in everything they do and that is also why customers come back. The knowledge that is collected throughout

OS = Opportunity vs. Strength
TS = Threat vs. Strength

WO = Weakness vs. Opportunity

⁴ TW = Threat vs. Weakness

their lives is invaluable for the continuation of the company. Genuine interest and care for the customer is crucial in customer service and as Kaarlo said; I would not be doing this otherwise. All food, including goat cheese and home-made beer are prepared on the premises and contain only basic ingredients.

Opportunities

As mentioned in chapter 2.5, the amount of people of the population over 65 years old is growing rapidly. As this is an important target group it is obvious that it gives great potential.

The civil guard history has been until recent pretty unknown as participants and survivors were unwilling to talk about the events. Realizing that the survivors are not going to be around much longer, people have been started to report and bring the subject more in the media, through movies and articles. The extensive collection in the museum might be a source for free advertisement through articles and it can also be an incentive for visiting the farm.

Traditional values have always been important in Finland but nowadays even more. Joining the European Union and introducing the Euro has hit the identity of many Finnish people hard together with the fast life many people lead, has created a demand for authenticity and relaxation.

Finland is getting more popular with foreign tourists and with the introduction of the no-frills airline Ryan air with its base in Pirkkala it will only increase more. Even though the potential amount of foreigners that might visit will be small, there is an unfulfilled need that could be satisfied.

Activities developed by local governments are very attractive for Kinnalan Koukku and whenever something happens they try to be involved. "Art Orientation" is one of them and even though there is a participation fee of 200 Euro, you get your advertisement to a broad public and because many people visit it is great marketing for the future. During these events everything should be perfect and besides the normal sales there should be free activities and products for the visitors to try and taste.

Weaknesses

As Kinnalan Koukku is a small business the budget for advertising is low. The type of business doesn't involve itself in sponsoring because the potential customers that are reached are too small. The promotion in the community is rather inconsistent and that is why their brand name is not very known.

The accommodation facilities at the farmhouse, is part of the whole establishment situated around a courtyard. It is part of the old settings and will never be altered but it might give visitors a lack of privacy as the family house is next door.

Similarly situated is the pig farm, where from time to time a nasty smell comes. As part of a farm this is a normal environmental issue and many people won't see it as a disadvantage, but it could be a reason that people will not return. As these last two might give some problems to some people, it is a normal farm holiday environment and there is not too much to do about it.

The host of the company regrets that he is not able to talk English to make their foreign visitors more at easy and inform them more thoroughly about everything that is going on in the farm. While it is a pity and it might be favourable, it isn't a big problem as the hostess manages really well and can always translate if necessary.

Sauna and swimming goes in the minds of many Finnish people together and several visitors have mentioned that they would have liked to have a dip after the smoke sauna, as there is no possibility for that. The fact that smoke saunas were never originally built next to the water makes the owners worry less about the complaints and emphasize more on the historical background than on the misconception the customer has.

Threats

The threats for Kinnalan Koukku are very little. The investment environment is favourable, and governmental organisation are willing and trying to help the development of the country side. Especially they try to sustain the existence and the increase of the attractiveness of the Finnish country side.

The bureaucracy seems to favour bigger firms when we are talking about obtaining permits and inserting applications. The relative cost of the directives is compared to their turnover to high and very time consuming.

Today's information society brings us closer together in the sense that every detail can be obtained from the Internet. This brings a lot of opportunities and possibilities but also threats. The skills needed to position and market the company are high and also the amount of marketing must be increased to keep up with the competition.

5.6 Foreign opportunities

An interesting area and the initial goal of this study, the international marketing, is still a potential issue. Finland is getting more popular with the foreigners and after joining the EMU and introducing the Euro it has become much easier for foreigner to spend their holiday in Finland. Together with the continuous promotion of Finnish culture, nature and environment, it is expected that the growth will continue and possibilities keep rising.

Kinnalan Koukku is the ultimate escape for the foreigner to get familiar with the values and norms of the Finnish culture. The quiet environment, authentic food and beautiful surrounding give the extra touch that the visitor needs.

Foreigners often complain that they haven't visited any locals or haven't seen much of the local culture.

The amount of foreigners in both Southern Finland and Northern Finland is growing. In total, about 3.1 million foreign tourists visited Finland (Santasalo 2004). Churches have the largest numbers of foreign visitors, with about half of all visitors coming from abroad. Castles and fortifications are also of interest to foreigners. Attractions that interest foreigners are situated in the Helsinki, Tampere and Turku districts and in Lapland. Elsewhere, the impact of Finnish visitors is greater. Swedes make up the largest group of foreign visitors, Germans the second-largest and Russians the third-largest.

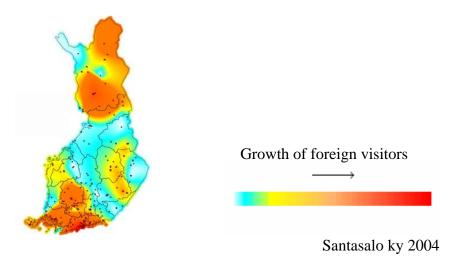


Figure 6: Concentration of visitor numbers at tourist attractions 2003 foreign visitors

5.7 Objectives

The objectives set out here are a result of the brainstorming and analysing of the SWOT analysis together with the owners of Kinnalan Koukku. As we don't have a certain budget it is rather difficult to make objectives and a marketing plan, therefore the marketing plan service more like a guide line than a working schedule.

- Expand the awareness of potential customers by 20 %
- Get 95% feedback from current customers
- Increase general awareness about Farmhouse holiday
- Establish a network with competitors and local governments
- Create new target groups with the help of differentiation and product extension
- Increase the visibility of the company in the district

6.0 Strategies

6.1 Segmentation

When looking at the customer base, the goals and values of the company and the SWOT analysis it is obvious the elderly people will be targeted. This growing group of people have purchasing power and have because of their back ground a certain basic interest in Kinnalan Koukku. A combination between local marketing and individual marketing strategy should be taken because we know the target groups origin. It is then easy to include their families and offer packages to spend the whole day or a weekend.

The second target group is companies and organisations. These groups can be divided into many sectors. There are the companies who like to their business partners to an authentic environment or to the sauna and others might want to organize a party. It is also an unwritten tradition to take foreign business associates into the Finnish culture and sauna and could be an angle to promote on. To this target group belongs also the associations and congregations, which are very popular in Finland, and have many external activities. The latter contains in general many people, which belong to the first target group and is therefore mutual beneficial. This means: part of the first time visitors will return with another group of people.

6.2 Differentiation and Positioning

Kotler mentioned that the company's profitability depends on three elements, the level of value added, efficiency of internal operations and the size of the competitive advantage. Therefore, we have to have a close look at the competitors' activities and differentiate the products away from the general tendency.

The value added comes with the service, and the attempt to provide more than what the customer expects. The efficiency of the internal operations or in other words the costs are a problem cause the amount of customers is too low. Economy of scale has to be achieved. Thirdly, the competitive advantage is reached by differentiating the service and product to come to a comparative advantage, this in addition adds to the value.

Most competitors offer similar services as Kinnalan Koukku and some offer additional activities packages. Even though they all differ slightly from each other, the customer only sees the bigger picture.

The comparative advantage must be achieved by offering additional products. First all the activities in the area have to be mapped out and offered on the webpage. The company integrates itself in the area and shows the pro-activeness nature. Also the informative nature is usually appreciated. Secondly, activities should be organised closely related with the Mission of the company.

With these new activities additional customers will be attracted and this will increase the internal efficiency and add to the comparative advantage.

Kinnalan Koukku offers:

- Full fledged customer service
- 100% personal involvement and attention
- A calculated amount of information tailored to the customers' needs.
- Products that are diverse, flexible and of very high quality
- A transparent organisation, to promote cooperation and to create trust
- Authenticity in every aspect
- Active marketing efforts to inform and serve customers
- A pro-active attitude towards events and co operations.

With this differentiation strategy, which is open, flexible and proactive not only the increase of the competitive advantage but also the brand name of Kinnalan Koukku will improve substantially.

6.3 Strategy formulation

We have selected to whom we offer our services and the main aspects or our services with which we outperform our competitors. Hereafter the formulation of the strategies and the operation plan will be set out.

To build competitive advantage, more specific strategies should be formed. We must keep in mind the SWOT analysis and focus on meeting our objectives as well. This means that with the specific strategies, Kinnalan Koukku can improve its weaknesses, utilize its strengths and meet the objectives it has set. For clarity and usability, I will form the strategies according to the marketing mix.

Product	Assemble visitor packages
	 Inform about happenings and activities
	Increase product or activities offered
Price	Clear and transparent price information
	including on the webpage
Promotion	Develop new company leaflets
	• focus on the origin, history and sentimental
	values
	 Innovative marketing effort
	Analyse and monitor advertisement budget
	spending
	Brand name development
	Foreign tourist marketing
Place	Enhance and induce cooperation with local
	governments, competitors and other
	organisations or companies
	The pig farm's cleanness should be of high
	priority
	Collect customer feedback

Chart 5: Marketing mix

7. Marketing plan

Now that every step of what to do is answered we have to establish how we are going to accomplish this. The actions suggested are in no specific order and should be approached by state of importance.

Assemble visitor packages

There are many possibilities when assembling visitor packages with the already existing service. In addition, the company has own forest where also a bonfire place is located. Together with sightseeing places in the area and services from competitive companies many possible packages can be created.

Inform about happenings and activities

People who are interested in the area of Pirkanmaa, where Kinnalan Koukku is situated are of course also interested in what is going on in the area. Providing the information of interesting services, markets and happenings will increase the attractiveness and add value of your own company. The webpage is an extremely suitable media for this purpose and links to these services can be included of course with permission of the owners.

Increase product or activities offered

To create sustainability and to increase the customer base it is important to increase and develop the products offered. Or in other words, give an extra reason why they should visit Kinnalan Koukku. At this moment, the attic of one of the buildings at the farm is planned into a dance floor, to be used during parties. This is one perfect example of differentiating and certainly successful. I think activity is the key word when planning new products. To keep the customer occupied with games for example is besides fun, a good marketing issue.

Clear and transparent price information including on the webpage People, but especially organisation tend to plan and budget their trip in an early stage and are often too busy to make price enquiries. It is therefore important that all services are priced properly and clearly.

Develop new company leaflets

New leaflets should be made, that state clearly the companies values and mission. The company's objectives have to be monitored when developing because you want to send the right message. Colour pictures and quality paper should be used to send the right message to the potential customer. Because the leaflets are going to be used in

different occasions it is handy to have a set of different ones, suiting the occasion.

Focus on the origin, history and sentimental values
As this is the main strength of the company, more pressure should be put on this issue. During any promotion or marketing effort these values should be distinguished.

Innovative marketing effort

Direct marketing is the best approach to reach the target groups and full fledged packages should be compiled. Sending envelopes with advertising material including appropriate offers are a good way to reach the target markets.

Analyse and monitor advertisement budget spending
The analysis of marketing effectiveness and budget spending,
monitoring, documentation and customer feedback are crucial
parameters when formulating future plans. These activities give a
good reference and help assess the return on investment. Zero
customer feedback time is established when you give the customer a
feedback form that suits the service package they have used. By
offering some kind of yearly price or benefit, you increase the
participation.

Brand name development

Kinnalan Koukku has used the name "maatilamatkailu" or farmhouse holiday for about 10 year now and there have been signs that not everybody knows what it stands for. An example is that somebody local thought they only offer accommodation to foreigners.

Therefore the use of the "maatilamatkailu" has to be used with care and the focus should be shifted toward the services and added value Kinnalan Koukku provides. Open door day or organised activities to attract local people is a healthy and good way to familiarize them with your activities and they are a perfect tool to market your business to their families and acquaintances.

Enhance and induce cooperation with local governments

This is an interesting point as it is the one which needs relatively low input and can give a great return. Combined effort is a form of economies of scale and therefore often beneficial. Besides the local government organised events, cooperation has to be sought with other companies.

The pig farm's cleanness should be of high priority

The smell of the pig farm can be contained when the stables are cleaned regularly. Problematic are only the directives for disposing the manure and therefore the cleaning is especially in wintertime difficult. Even though this smell might be part of a farm's environment, it is a negative external factor which should be avoided. And measures should be taken to minimize the odour.

Foreign tourist marketing

The amount of tourists who visit Finland is growing rapidly every year and to attract them to Kinnalan Koukku certain steps have to be taken. The routes takes by tourists have to be followed and the information about the farm has to be provided when they need it. After arrival they need accommodation! After the city they want the country side! And after visiting churches, castles and amusement parks they need some first hand cultural experience and Kinnalan Koukku can provide that. Tourists come by plane to Helsinki and Pirkanmaa airport or to Tampere by train or bus. They will check at the bus station or visit the tourist information centre for accommodation. These are the right places to promote.

Website improvement

As seen from the website analysis there are many foreign visitors on the website looking for information. The information level on the pages is limited to the activities of the company itself and could provide more in depth substance. The attractiveness of the company will increase if the potential customer knows what other nice things can be done in the neighbourhood.

8. Summary and recommendations

Kinnalan Koukku is a small but serious player in the country side holiday industry in the Pirkanmaa area. They have established themselves as a reliable provider of catering and accommodation services and as a valuable partner in networks and co-operations.

8.1 Summary

The analysis of the macro environment gave a clear direction and affirmed that the target group indicated by Kinnalan Koukku was correct. Elderly people are the most important target group. In the social cultural environment, the traditional values and nature of the Finnish people appeared to add to the mission of Kinnalan Koukku and is therefore implemented in the overall strategy. Another interesting point, which came up in the economic environment was

the life style and spending pattern changes. Society is getting hastier and when they decide to buy a service they have great expectations and expect value for their money. It is therefore very important to assess the needs and expectations of the customers. This leads us straight to the need for customer feedback at all times.

Many people go rather on holiday abroad, and they use the farmhouse holiday facilities mainly for meetings, parties, weddings and other short happenings. There is anyway a market for these services and while researching I found out that the values of the Finnish people are still very patriotic and therefore always return to the places where the Finnish authenticity still can be found. All of the competitors belong to the Stochastic or laid-back group. The attitudes are typical for this industry and it makes it therefore a lot easier to control the market changes. The friendly atmosphere and open competition is benefiting the overall market, even market ideas are freely copied and even supported.

The SWOT analysis showed that with the current strategy they don't differ so much from their competitors and that they have to differentiate and focus on their strengths. Authenticity and the historical knowledge are strong values which give opportunities and new products have to be developed along this line.

The increasing interest in the history of the civil guards and the aging of the population will add to the amount of visitors. Furthermore the increasing demands of marketing effort and governmental directives, which claim time, money and effort.

Foreign markets are too expensive to approach for a small firm and alliances are needed for successfully target foreign customers. Locally, there are many opportunities to attract and approach foreign customers and these can be explored.

The most important and significant strategies are brand name development and differentiation of the products. The awareness of potential customer has to be increased, continues feedback has to be acquired and networks have to be created.

With the objectives and competitors in mind, segmentation and positioning of the products was started. The current products are going to be positioned more on the values of authenticity and history rather than the actual service of accommodation and catering. The comparative advantage is going to be achieved by diversifying the products, induce cooperation especially with competitors and focusing on the authenticity of the farm. By developing the brand

name of Kinnalan Koukku locally, the name recognition will be increased and this will in turn add to the word-of-mouth advertisement.

8.2 Recommendation

Looking at the services provided and the activities and services of the competitors, it is recommendable that new products are going to be developed. At the moment the civil guard museum is bringing a lot of customers and I am quite confident that it will also in the future but this resource is limited because A, the size and B, the limited target group.

The products that have to be developed must become the reason why they stay at Kinnalan Koukku and they must be preferably being combined with the accommodation to create a momentum.

It speaks for itself that all the innovations should have the same values as the rest and they should be complimentary. An idea is to develop a "Traditional Finnish game centre" where visitors can compete against each other. Old traditional games are not widely available any more and this kind of activity will be besides fun very interesting for many people. Also the fact that nothing similar is available in the surroundings adds to the differentiation.

If the visitor amount is growing and demand extents supply, other accommodation or cottages can be build. Another idea could be a theme park idea or activity holiday type of business. Of course in the style of the farm and with its core values preserved.

A problem facing is that Kaarlo and Marja have nobody yet to continue their business and the fact that they are not so young any more. This on its turn will have its effect on the progress and development of the company. The fact that the farm is of high emotional value and selling is the last option, asks for a special approach of future strategies. Therefore must be asked, what I can do and what do I want to do in 20 year. I don't see any problem in arranging this; it only might need some planning and developing.

In general I don't see any major problems occurring when I look how they run their business. They are very pro-active and always on the look for innovations. The only advice I can give is that they should focus on one strategy and remember the objectives you set for those strategies.

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10. Appendix

Appendix 1

Table 1: From which link the web site is approached

	Connect to site from						
	Pages	Percent	Hits	Percent			
Direct address	233	33.2 %	322	14.4 %			
Links from a N	7						
Links from an	53	7.5 %	56	2.5 %			
- Google	35 35						
- Google (Imag	es) 14 15						
- MSN	4 4						
- Netscape	0 2						
Links from an engines) - Full	55	7.8 %	77	3.4 %			
- http://www.ae	etsa.fi/aetsa/matkailu/majoitus.html	8	8				
- http://www.m	atkailu.com/kunnat/aetsa/data.htm	5					
- http://www.va	ammalanseudunmatkailu.fi/majoitus.htm	4	4				
- http://www.eu	urotourism.com/fi/laani.asp	4	4				
- http://www.va	ammalanseudunmatkailu.fi/ryhmatjuhlat.htm	4	4				
- http://www.va	2						
- http://www.va	2						
- http://www.aet	2	2					
- http://www.eu							
- http://www.su							
- Others							
Links from an	internal page (other page on same site))		359	51.2 %	1779	79.6 %
Unknown Orig	in						

Table 2: Amount of robots and spiders visiting the web site

11 different robots	Hits	Bandwidth	Last visit
MSNBot	635	3.23 MB	28 Mar 2006 - 13:56
Googlebot (Google)	191	788.69 KB	28 Mar 2006 - 15:09
Inktomi Slurp	170	846.64 KB	29 Mar 2006 - 00:38
Unknown robot (identified by 'crawl')	106	445.89 KB	27 Mar 2006 - 21:59
Mirago	49	245.69 KB	08 Mar 2006 - 12:25
psBot	23	116.06 KB	29 Mar 2006 - 00:59
WISENutbot (Looksmart)	21	102.94 KB	28 Mar 2006 - 23:09
GigaBot	18	90.04 KB	23 Mar 2006 - 13:57
BaiDuSpider	2	9.68 KB	17 Mar 2006 - 03:44
Jeeves	1	4.82 KB	08 Mar 2006 - 14:04
Others	1	4.82 KB	

Table 3: Where the visitors have been on the website

Pages-URL (To	p 10)	- Full list	- En	try -
58 different pages-url	Viewed	Average size	Entry	Exit
/	99	4.79 KB	84	27
/mokki_ja_saunat.php	53	7.39 KB	10	10
/hinnasto.php	48	4.65 KB	3	14
/majoitus.php	44	4.69 KB	3	10
/suojeluskuntamuseo.php	44	5.30 KB	12	8
/yhteystiedot.php	32	4.67 KB	9	13
/yhteystiedot_ajoohje.php	30	5.00 KB	1	9
/kauppapuori.php	29	4.63 KB	2	6
/ruokailu_ja_kahvit.php	28	4.74 KB	1	2
/tila.php	24	5.29 KB	5	5
Others	269	4.35 KB	36	62

Table 4: Year summary till the end of March 2006 A

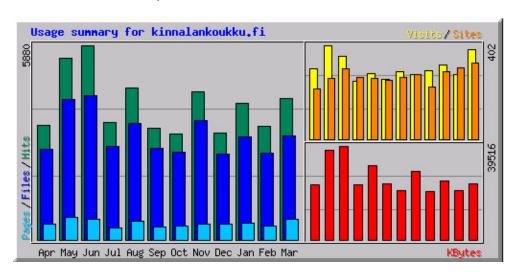


Table 5: Year summary till the end of March 2006 B

Summary by Month										
R.F 41.		Daily Avg				Monthly Totals				
Month	Hits	Files	Pages	Visits	Sites	KBytes	Visits	Pages	Files	Hits
Mar 2006	147	108	21	13	326	23657	383	624	3153	4284
Feb 2006	122	93	15	9	307	20592	276	428	2608	3432
Jan 2006	132	100	16	10	290	24921	317	521	3128	4115
Dec 2005	104	83	15	9	224	20381	294	477	2600	3230
Nov 2005	149	120	15	9	277	28829	278	466	3609	4478
Oct 2005	103	85	13	9	263	20661	289	413	2661	3193
Sep 2005	112	92	13	8	251	23614	258	390	2779	3384
Aug 2005	147	113	17	9	260	31289	282	557	3533	4586
Jul 2005	114	91	11	8	266	23374	249	357	2836	3546
Jun 2005	196	145	21	11	302	39516	355	634	4371	5880
May 2005	177	137	22	12	262	37863	402	686	4257	5502
Apr 2005	115	91	16	10	217	23111	300	480	2741	3461
Totals						317808	3683	6033	38276	49091

Name	Location	Web site	specifications
Ala-hannula	Kiikka		n/a
Jorma and pirjo	Keikyä		Food, smoke sauna, swimming pond, up
Ojala			to 50 per.
Aarne Helli Ja	Keikyä		n/a
Tuulikki			
Välimaa-Helli			
Esko Rintala	Kiikka	members.surfeu.fi/torpparitapaan	Food, party, meetings 100 per.
Vilen Hannu	Äetsä		n/a
Tmi			
Siilinrannan	Mouhijärvi	www.siilinranta.net	Sauna, party, food, swimming possibility,
kesämajatalo			up to 200 per.
Maatilamajoitus	Punkalaidun	www.maatilamajoitussaarinen.fi	Smoke sauna, package activities, parties
Saarinen			etc.
Simon	Mouhijärvi		Party, meeting and b&b
matkailutila			
Viilon	Mouhijärvi	sivukoti.com/viilo	Food up to 45 people, snow scooter, party
Matkailutila			and meetings. Eco products. Sauna and
			lake
Välimäen tila	Sammaljoki	www.kopteri.net/koti/valimaen.tila	Smoke sauna, accommodation, activities
			etc.
Koulutintti	Punkalaidun	www.koulutintti.com	B&B, meeting and party up to 100 per.
Vesunnin hovi	Mouhijärvi		6-8 person accommodation
Mieli Aitta	Vammala	www.mieliaitta.com	Coffee shop, food up to 60 people and
			accommodation