B2B MARKETING PLANNING
FOR TOUR OPERATORS

Timetravels Incoming in Chinese market

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ABSTRACT

Finnish and Nordic destination, despite being fairly unfamiliar to Chinese travelers, are becoming more and more popular. Timetravels Incoming, founded in 2016, is set to capitalize on this new wave of Chinese travelers. Acknowledging the Case Company’s objectives, the authors seek to help crafting an applicable business-to-business marketing plan with insights of the Chinese tourism market.

The thesis is divided into two parts- theoretical review and empirical study. After reviewing essential theories, the thesis follows strategic planning process. Firstly, the situational analysis, which consists of internal and external analysis, is presented. Secondly, the strategy formulation part is crafted with segmentation, marketing mix and implementation plan.

The findings for this thesis includes marketing programmes proposal and analysis results which can help the Case Company in its future business marketing strategic planning.

Key words: marketing plan, China, tourism, business market, strategic planning, Finland, Lapland, market research.
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<table>
<thead>
<tr>
<th><strong>GLOSSARY</strong></th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRC</td>
<td>People’s Republic of China</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>Aikamatkat</td>
<td>Within the context of this thesis, Aikamatkat refers to</td>
</tr>
<tr>
<td></td>
<td>Timetravels Limited Company</td>
</tr>
<tr>
<td>Oy</td>
<td>“Company” in Finnish</td>
</tr>
<tr>
<td>B2B</td>
<td>Business-to-business</td>
</tr>
<tr>
<td>B2C</td>
<td>Business-to-Consumer</td>
</tr>
<tr>
<td>CCP</td>
<td>China Communist Party</td>
</tr>
<tr>
<td>RM</td>
<td>Relationship Marketing</td>
</tr>
<tr>
<td>DMC</td>
<td>Destination Management Company</td>
</tr>
<tr>
<td>Ltd.</td>
<td>Limited company</td>
</tr>
<tr>
<td>Pax</td>
<td>Jargon for “passenger”</td>
</tr>
<tr>
<td>RMB</td>
<td>Renminbi-official monetary currency of China</td>
</tr>
<tr>
<td>Yuan/CNY</td>
<td>Official counting unit of the Renminbi</td>
</tr>
<tr>
<td>OTA</td>
<td>Online Travel Agency</td>
</tr>
<tr>
<td>ESN</td>
<td>Erasmus Student Network</td>
</tr>
</tbody>
</table>
1 INTRODUCTION

As the introductory part of this study, this chapter discusses seven introductory issues which serve as basic foundation for the thesis: thesis background along with its goals and objectives, research questions, theoretical framework and thesis structure, scopes and limitations, research methodology and data collection. The eventual purpose of the chapter is to offer readers an initial overview on the thesis as well as particular insights on its contents, limitations and inspirations.

1.1 Background

Finland is strategically putting more focus on their tourism industry. The industry is anticipated to provide employment and account for 5.1% of national GDP in 2020 (Annual Tourism report for Finland 2013). More and more foreign tourists, especially those coming from Asia, can be verbally seen on the streets of Helsinki. In Asia, hundreds of millions people are still unfamiliar with the Nordic region specifically Finland. As a travel destination, Nordic region and Finland, with its wilderness, culture and history, is likely to attract intellectual travelers from polluted industrial centers such as Beijing, Shanghai or Tokyo (Hall-Muller 2008, 83).

On the other hand, China has risen as a top economic power in recent years. It is also a huge market for any tourism industry with the population of 1.3 billion with cultured millennials and an increasing middle class. As reported by Golman Sachs (2015), China’s outbound tourism is expected to dramatically increase in the next decade. The amount of profit coming from this tourist influx is evidently immense. Hence capitalizing on this phenomenon is one of the objectives of not only travel agencies but also other tourism-related businesses.
TABLE 1. Chinese tourist growth forecast by destination (Goldman Sachs Report 2015)

<table>
<thead>
<tr>
<th>Destination</th>
<th>2015 estimation</th>
<th>2025 estimation</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>10.0</td>
<td>22.5</td>
<td>2.3x</td>
</tr>
<tr>
<td>ASEAN</td>
<td>12.0</td>
<td>35.0</td>
<td>2.9x</td>
</tr>
<tr>
<td>US</td>
<td>2.2</td>
<td>5.0</td>
<td>2.3x</td>
</tr>
<tr>
<td>Japan</td>
<td>5.0</td>
<td>16.0</td>
<td>3.2x</td>
</tr>
</tbody>
</table>

Aikamatkat Oy / Timetravels Ltd. is a fast-growing Finnish travel agency offering exquisite travel experience in Northern Lapland, Scandinavia, and Russia. The products are packaged tours designed by destination experts, including transportation, accommodation, professional guide, and various meals and activity options.

Since the establishment of Aikamatkat Oy / Timetravels Ltd. in 2006, the company has served more than 15,000 customers from about 70 different countries. The company has three business segments: ESN student trips, sport trips and International incomings. According to the statistics from 2014-2015, the main travelers, about 80%, are exchange students from all over the world who book the trips via ESN (International exchange Erasmus student network) Finland. In recent years, the ESN network has been expanded to Scandinavian and Baltic Sea regions. Besides, the company also organize trips for the Finnish sport fans to volleyball and ice hockey championship, which accounted for about 13% of the annual turnover. The third segment is the International incomings. Timetravels had its first ever Chinese incoming business from summer 2014. The international incoming business has been increasing drastically. In August 2016, Timetravels Incoming Ltd was officially founded as a subsidiary company under Timetravels Ltd with the purpose of conducting international business of the company. The intention of this new establishment is to increase efficiency in the international market, especially China. Despite the new establishment, the core business
operation still focuses on dealing with incoming customers from international and Asian market.

The decision of writing about this topic is initially made when one of the authors started to work for Timetravels Incoming Oy. Despite being a young start-up, the company has been receiving an increasing amount of incoming Chinese tourist. Using knowledge of Chinese language and culture, the authors would like to propose a strategic marketing plan for Timetravels Incoming to capitalize and maximize their profit. According to Timetravels's report, in 2015, the majority of sales coming from Chinese market are through business-to-business customers. Business-to-business market, however, is majorly distinct from its consumer counterpart. Whilst consumer is the basis of any product, service and business, business-to-business side of the market is crucial for long-term success and sustainability. Due to its nature, Business-to-business brings in larger sell and cooperation which ensure long lasting profitability. (Zimmerman-Blythe 2013, 10.) On the other hand, the concept of relationship is highly regarded in doing business related to China.

Taking into account these intriguing elements, the authors determine to focus on developing a strategic marketing plan for the business-to-business side of Aikamatkat Oy’s Chinese market.

1.2 Objectives and Research questions

The main purpose of this study is to provide a B2B marketing framework for the case company targeting the Chinese market by researching and understanding the business-to-business environment, Chinese market and customers. Throughout the study, the authors aim to provide theoretical knowledge for readers and as well as practical findings and solutions for the Aikamatkat Oy. Hence, the main research question is: What is the optimal B2B marketing strategy for the case company in the Chinese market?

The following sub-questions are formed to facilitate answering the main research questions:
• *What are the Case Company’s situation, objectives, strengths and weaknesses?*

• *What are the macroeconomic landscapes and challenges in China that can affect Timetravels Incoming’s strategy?*

• *How competitive is the market of Chinese incoming in Finland?*

• *What are the viable customer segment and effective B2B marketing programs for Chinese tourism industry?*

The answer for each sub-question serve as a part of the main research question’s final answer. Therefore, the solution for main research question is a summary of all sub-questions’ answers.

1.3 Scopes and limitations

First of all, the most important factor and scope of this thesis is Greater China business-to-business tourism market which includes customers from Mainland China (People’s Republic of China), Hong Kong as well as Chinese and Chinese market-oriented agencies operating outside of People’s Republic of China.

Significantly, due to complicated political history and tension, Taiwan considers itself as Republic of China, a separate country, and not a part of Mainland China. Therefore, Taiwan, although internationally recognized as a province of the People’s Republic of China, is not accounted as a part of the scope. The customer segmentation is analyzed systematically in Chapter 3 and is considered one of the most important element affecting this study.

Secondly, although Timetravels Incoming plans to conduct business on both B2B and B2C side of the Chinese market, the focus of this thesis is on the former one. The qualitative research process is carried out with the help of Aikamatka managers, partnering companies and secondary data. As a Finnish company, Timetravels Incoming operates within the Finnish laws; however, partnering companies may operates in a different country hence different set of laws. For example, concerning the Chinese market,
a majority of Timetravels Incoming’s partners conduct their businesses in Chinese law. Serving as a strategic B2B plan for the case company, the chosen strategies and implementation plan is based on the authors’ analyses, acquired qualitative data and observation as well as critical thinking.

Thirdly, the research data, findings and suggestions are conducted solely for the Chinese B2B tourism market and the Case Company. As mentioned before, the term “Chinese market” refers to Greater China region which includes Mainland China, Hong Kong Autonomous Area as well as Chinese consumer-oriented agencies operating outside of Mainland China. “Chinese market” also indicates the market of companies involved in bring Chinese consumers to Finnish and Nordic destinations. As a result, the results from this thesis may not be applicable in other circumstances such as a different market, another company or industry. However, the thesis can be exploited as a blueprint for future Chinese B2B tourism market studies. Similarly, the term “Chinese tourism industry” refers to the industry where players bring Chinese tourists to Finnish and Nordic destinations.

Finally, the findings and suggestions established in this study is based on the author’s collected data, literature research and observations and is not yet tested and applied by the Case Company in real practice. Hence the results should be taken into account with cautions.

1.4 Theoretical framework

Using deductive approach, a strong theoretical foundation should be built in order to support the study’s data collection process and findings (Saunders-Lewis-Thornhill 2009, 41). In this thesis, the theoretical framework includes relevant concepts and definitions which are necessary for developing efficient and realistic marketing strategies. The strategic planning process, adapted and altered from Abraham’s model (2012), is used as the main structure for the thesis.
The process consists of two main parts: Situational analysis and Strategy formulation. In the situational analysis, there are country analysis, company analysis and industry analysis. On the other hand, strategy formulation includes segmentation, proposed strategies as well as the implementation and control process.

1.5 Research methodology and data collection

Research, in general terms, is a scientific tool of making known of something formerly unknown in order to gain desired knowledge. On the other hand, the actual research activities varies between social science field and natural science field. In social science, researches are conducted on human and their behavior which are volatile and relatively uncertain. (Veal 2011, 34.) It is highly unlikely to have two researches replicating
each other as people and society are changing and advancing continuously.

In terms of research methodology, this study consists of three layering and interrelated parts: Research approach, research methods and data collection. The structure is briefly illustrated in the following figure.

![Data collection](image1)

![Research methods](image2)

![Research approach](image3)

**FIGURE 2.** The three layers of research methodology (Kothari 2004, 7).

These layering components of research are essential for the research process of this thesis. Hence, each and every layer is reviewed thoroughly in the next subchapters.

1.5.1 Research approach

According to Saunders, Lewis and Thornhill (2009), a suitable research approach should be chosen based on the orientation of the study. There are in particular three different approaches: deduction, induction and abduction.

![Deductive approach](image4)

![Inductive approach](image5)

**FIGURE 3.** Research approaches (S.M. Aquil Burney, 2008)
Deductive approach refers to the development of the theory which hypotheses are utilized as basic principles in realistic circumstance. Induction, on the other hand, focuses on building theory based on observed and analyzed pragmatic phenomena. Abduction combines both theory and practical findings and is viewed as a combination between deduction and induction.

In terms of choosing the logical approach, three factors should be evaluated: nature of the research, emphasis of the research and available time for the research (Saunders-Lewis-Thornhill 2009, 127). Being a social sciences-business research with an exploratory nature and a limited time frame, this study utilizes deductive method in order to achieve valuable findings.

1.5.2 Research Method

Regarding methods, there are three ways to conduct the research: quantitative method, qualitative method and mixed method (Veal 2011, 40). The quantitative approach involves numerical and arithmetic data. These qualitative data enable researchers to reach a conclusion as well as to run a trial on their hypotheses. Quantitative data can be acquired from different methods such as surveys, sales data, counting observation, governmental sources, etc. On the contrary, the qualitative approach mainly consists of non-numerical data such as texts, words and oral speeches. Furthermore, information in visual and audible forms can also be utilized in qualitative approach. Regarding the choice of research approach, a study can either use only one method or apply multiple analysis procedure based on its purposes and objectives. (Saunders 2009, 130.)

This study is focused on finding out the most effective B2B marketing strategy for the case company. Hence the authors need to obtain data about the company internal business, existing leads and customers’ representatives. Taking into account the required data, the authors choose
to implement qualitative research method for the study including interviews with the Case Company’s managers, key employees and current B2B customers.

1.5.3 Data Collection

Obtaining and analyzing data is another crucial step to take after the research method is chosen. Data and its collecting method heavily affect the quality and acceptability of the study. In terms of collecting methods, the authors/researchers often employ appropriate methods according to the research problems. Other determinants for choosing data collecting method are financial situation, accessibility and time (Pawar 2004, 3).

![FIGURE 4. Data collection methods in the research design (Pawar 2004).](image)

Despite its several shapes and forms, data mainly comes from two sources: primary source and secondary source. Conventionally, primary data is retrieved from directly contacting experiencing with the people and matters related to the research problem. Primary sources, in general, produce original content and serve as the backbone for the whole study. (Sapsford-Jupp 2006, 142.) On the contrary, secondary data is used to discuss the primary data by interpreting and judging them. These data often comes from books, articles and other materials. Both primary and secondary sources are fundamental in shaping up an adequate research. (Olsen 2011, 10.)

In this study, especially in Chapter 2 which serves as theoretical base for the thesis, secondary data is acquired by reviewing books, articles and
academic journals as supplements to the primary data. The authors’ observations and personal knowledge as well as experience in the field also play a tributary role in the research process. On the other hand, primary data sources are internal database and market summaries of the Case Company and its partners. Interview with Timetravels Incoming’s CEO, important personnel and current partners’ representatives also gives a lot of key insights in this thesis.

1.6 Thesis structure

This thesis in general is divided into two main sections: theories and empirical practices. Each section are respectively mentioned and discussed throughout the chapters of this study. In order to make the structure transparent, the figure below illustrate the order of chapters in this thesis.

FIGURE 5. Thesis structure

Chapter 1 introduces the thesis background and its research objectives as well as the utilized research method. The chapter also includes theoretical framework with the scope and limitation of the study.
Chapter 2 presents the B2B market, B2B marketing along with its related concepts and definition. Tourism, as well as related elements, is reviewed the strategic marketing planning process, which is used as the main structure for this study, is explained thoroughly in order to make sure the readers completely understand this model. Analysis tools used in the framework as well as marketing strategies are explained in details to support the latter part of the framework as well as giving the audience more transparency.

Chapter 3 describes the process of empirical research of this thesis. In order to give a detailed look of the process, the authors include the timeline of conducting the research. Moreover, each and every method used in the process is also explained. Consequently, data results analysis and Case Company analysis are presented.

Chapter 4 utilizes data from the empirical process to analyze the Case Company’s product portfolio. The SWOT analysis is also presented in this chapter.

As the first part of external analysis, Chapter 5 reviews China in terms of macroeconomics and social aspect. PESTEL analysis, the main focus of the chapter, is utilized to present six different factors affecting the Chinese market.

Based on the credentials of Chapter 5, Chapter 6 continues the external analysis and is designed to give the readers a more in-depth analysis of the Chinese tourism industry by using Porter Five Forces.

Taking into account all the points and evaluation stated in previous chapters, Chapter 7 acts as a proposal B2B marketing plan for the Case Company. The plan consists of segmentation, customer review and marketing mix.

Chapter 8 serves as the conclusion of this thesis which contains answers to the stated research questions, readability and validity as well as suggestions for further study.
As the final chapter of the thesis, Chapter 9 summarizes all the chapters and also give a structured overview of the whole thesis.
2 LITERATURE REVIEW

This chapter presents theoretical knowledge and analysis tools which is utilized throughout the whole study. Firstly, tourism and its related concepts, including classification and distribution channels, are presented. The business market is defined through its characteristics and differences in strategic marketing. In order to present the thesis in a structured and transparent approach, strategic marketing planning framework is used; hence it is also discussed thoroughly in this section. Secondly, the situational analysis which includes both external and internal part is conducted systematically via analysis tools.

2.1 Tourism

Tourism is a broad and sophisticated term that includes various aspects of the society. The studies of tourism hence requires multiple approaches ranging from business, culture to information technology. (Hong Kong Education Bureau 2013, 11.) Tourism has created an integrated model involving different types of business organizations such as service providers, travel agencies, tour operators, etc.

![Integrated model of Tourism](image)

FIGURE 6. Integrated model of Tourism (Cook-Yale-Marqua 2010, 8).
At a deeper level, tourism contains domestic tourism and international tourism:

Domestic tourism is traveling by individuals within their own country of residence. International tourism involves traveling to an area which is outside of the individual's country of residence. This might lead to further complications such as language, culture and visa implications. (Cooper-Fletcher 2008, 15.)

2.1.1 Main classifications of tourism

In Table 2, major classifications of tourism are listed with detailed features.

TABLE 2. Types of tourism (Jayapalan 2001, 26-27).

<table>
<thead>
<tr>
<th>Tourism type</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure/ Holiday Tourist</td>
<td>Travellers/tourists is interested in relaxation and sightseeing. The destination hence can be beaches, countryside or famous attractions such as Paris, Tokyo, Nice, etc.</td>
</tr>
<tr>
<td>Business Tourism</td>
<td>Also often referred as &quot;M.I.C.E&quot;- Meeting, incentive, conference and events. Travellers might travel for several business-related purpose: meetings, conventions, trade. Entertainment and leisure activities, while secondary. Business travelers is often keen on higher standard of service and they take short but relatively frequent trips</td>
</tr>
<tr>
<td>Cultural Tourism</td>
<td>Destination or host community offers knowledge, culture and ideas that fascinate the tourists.</td>
</tr>
<tr>
<td>Eco-Tourism</td>
<td>Tourists enjoy natural and unpolluted regions. Eco-tourism is the source for the site’s conservation.</td>
</tr>
<tr>
<td>Study Tourism</td>
<td>Students take trips to overseas training/learning institutes for academic and leisure purpose. Trip duration ranges from half a day to weeks</td>
</tr>
</tbody>
</table>
In general, as an industry, there are five major different types of tourism: Leisure Tourism, Business Tourism, Eco Tourism, Cultural Tourism and Study Tourism. Despite their differences, all classifications are interlinked and even share the same traits.

2.1.2 Tourism distribution channel

Distribution channel is a collection of channels utilized to extend the promotion and sales volume of products. The major purpose of distribution channel is reaching customers an increase sales. (Dent 2008, 10.)

Distribution nowadays has become one of the most critical factors for tourism organizations. The globalization of the industry increases the needs of required information for international tourism transactions, hence all the involving parties are required to manage their communications and distribution channel in an effective way. Tourism distribution channel mechanism, by its nature, has a dynamic structure which enables participants to change partners for the purpose of maximizing their profits. Although the distribution channel for domestic and international travel might differ, the end-goal is to match tourism demand and supply. (Buhalis-Laws 2004, 7-8.)

As this study focuses on bringing Chinese tourists to Nordic destination, an international model for tourism distribution channel, as Figure 7 illustrates, is the most suitable for this purpose.

In the tourism, there are several units affecting the nature of the distribution channel. Firstly, consumers-tourists/travellers who have demand in traveling- is taken into account. Based on the desired destinations, tourists can be divided into two groups: domestic tourists and incoming/foreign tourists. Secondly, tour operators assembles different parts of a holiday together and sell them as a package. As a company, tour operators have contracts and relationships with hotel, airlines, bus companies and other players in the travel industry. (Buhalis-Laws 2001, 13.) There are three main types of tour operator: Outbound, Inbound and Domestic. Among these 3 types, inbound tour operators serve foreign tourists who want to visit the host country. They often has a wide product portfolio and might be available in many languages. Thirdly, travel agencies also hold great impact. Often seen as distributors of travel products, these agencies traditionally provides information and recommendations for the customers. They also do booking and buying tickets, accommodation or insurance. Nowadays, the role of travel agencies is decreasing since more and more people book directly with the tour operators via the Internet or phone calls. Thus, some travel agencies are expanding to tour operating. Furthermore, tour wholesalers are businesses that utilize their established distribution channel to sell the product on the tour operator’s behalf. They usually work directly with tour operator or destination supplier and distribute the product to retail travel agencies or to consumers

Last but not least, Destination Management Company (DMC) have profound knowledge, expertise and resources in crafting and conducting tourism activities at the local destination. Often based in the destination, a DMC company can provide accommodation, activities, events and customer service for tourists. (Gillette 2016, 4.)
2.2 Business to business environment

Business market refers to businesses that buy products or services for the purpose of producing other products or services which is sold, rented or supply other customers. Furthermore, the market also includes companies and businesses that involves in retailing and wholesaling products or services to other customers. (Kotler-Armstrong 2009, 145.) According to this definition, the business market includes all physical and nonphysical products as well as all types of services. In comparison with consumer market, business market is undoubtedly greater in terms of profit per sales and it also needs more decision making processes.

2.2.1 Decision making in business market


<table>
<thead>
<tr>
<th>Decision-making unit members</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiators</td>
<td>Individuals who recognize are aware of the needs for a product solving a particular problem</td>
</tr>
<tr>
<td>Gatekeepers</td>
<td>Proactive individuals who gather or filter information but do not make the decision. Examples for this unit are junior staffs or sales assistants gathering and filtering information at fairs and through electronic mails.</td>
</tr>
<tr>
<td>Buyers</td>
<td>Individuals who directly contact and negotiate with suppliers. These are usually purchasing agents that does all compulsory tasks for buying. However, buyers do not have much authorities over the buying decision</td>
</tr>
<tr>
<td>Deciders</td>
<td>Individuals who make the final decision after evaluation process</td>
</tr>
<tr>
<td>Users</td>
<td>The end-customers who actually use supplied products/services. Users’ feedback and opinions are valuable to deciders and frequently used as initiating motives</td>
</tr>
<tr>
<td>Influencers</td>
<td>These individuals are often qualified advisors or consultants hired by the purchasing side. In general they work closely to deciders.</td>
</tr>
</tbody>
</table>
Unlike the consumer market, it is highly unlikely for only one individual to make a B2B purchasing decision (Zmmerman-Blythe 2013, 18). The decision making process thus is formal and taken more cautiously than in consumer market with different impacts from the members of the company’s decision making unit.

2.2.2 Characteristics of business market

Despite several similarities when compared to consumer markets, B2B market holds some substantial unique characteristic which affect business conduct.

First of all, market business has derived demand. This indicates that the demand in B2B market derives from the demand of consumer market. Secondly, demand in B2B market is constantly shifting. With the demand directly impacted by consumer market, fluctuations tend to happen frequently. Business market players is required to pay attention to demand patterns and monitor these traits to make the right strategic decision.

Thirdly, the business market has a controlling demand. Despite customers being companies and corporates, business player must develop a plan for consumers’ demand stimulation as their demands directly affect the business market. Finally, Price sensitivity is an important variable in B2B business conduct. The term refers to how the consumer and B2B customers react to price changes in terms of demand. If the price change percentage is greater than demand change percentage, demand can be deemed as inelastic. Hence, as long as the consumer demand is inelastic, the business market's demand would remain unchanged. (Hutt Speh 2010, 5.)
2.2.3 Types of customer in B2B market

Traditionally, business-to-business market is known as industrial market. However, nowadays B2B concept is relevant in any industry. For the purpose of this study, the authors will put more focus on service industry. According to Fill-Fill (2005), business-to-business customers can be divided into three major sub-categories: commercial organizations, government and institutional associations.

First of all, in service industry such as tourism, the most influential commercial organizations are distributors. They are often referred as intermediaries which can be wholesalers, dealers, agencies and value added resellers. Their main role in the supply chain is to serve as marketing outlets, storage and even customer service. As middlemen, these parties are able to reach both suppliers and end-customer simultaneously. The role of distributors/retailers is an important part of business market that have a big influence on every aspects of the supply chain as well as the relationships between organizations.

Secondly, often referred as public sector, governmental organizations can create monumental business purchases. Healthcare, tourism, education and transportation are some of the most funded areas in the public sector. However, the nature of conducting business with governmental association is different to that of commercial organizations. Politics, budget policies, complex and slow decision-making process are crucial roadblocks in conducting business and maintaining relationships with governmental sector.

Finally, institutions are defined as neither government nor commercial organizations, but as non-profit parties. Public universities, educational associations, museums, etc. are examples for this category. Nevertheless, institution customers can have both characteristics of commercial players and governmental sectors: purchasing process can be slow due to political issues or it can be highly efficient.
2.2.4 Relationships with B2B customers

In contrast with consumer market, relationships play a more crucial part in B2B landscape. The progress and maintenance of connections hence is essential for long-term success. According to Stravity Group’s research (2016), B2B relationships tend to last for a much longer period of time when compared to B2C market. Moreover, a research carried out by Saura and Frasquet (2009) states that satisfaction and commitment in a relationship are major component driving parties to continue and expand their business cooperation with their partners. When the relationship is deemed valuable, it would generate favorable behavioral intentions such as better treatment and pricing. By maintaining good relationships, customers and suppliers in the business market would enhance their sales, profits and opportunities.

Defining core relationships is pivotal to the company's success since a large B2B customer can create monumental losses for the company. While in customer market, big corporations rarely accept unjustified and illogical complaints as well as abusive behaviors from their customers, B2B players is inclined to give in to their business customers. B2B customers, in general, is the most dominant source of revenue for a company. Therefore, a change in core relationships would create a significant impact on business decisions, staffing and profitability.

In terms of marketing in business market, cooperation and collaboration in developing and supporting the product/service is considered a prominent factor. Every participants in the network is able to alter relationships directly and indirectly (Fill-Fill 2005, 8). As relationships in one of the most important element in B2B marketing, an in-depth review of relationship marketing will be introduced in latter part of the thesis.

Recent studies indicates that a strong buyer-seller relationship is likely to have a positive impact on exchange performance and profitability. Thus relationships marketing (RM) is increasingly receiving attention from the marketing world. As the business of a company grows with more
customers, more transactions at faster pace, the needs for managing relationships expands. According to Gary and Rajdeep (2012), relationship marketing is the process of recognizing, developing and managing relational exchanges in order to enhance business performance.

There are three main drivers for relationships between companies: Relationship Quality, Relationship Breadth and Relationship Composition. Each and every one of these elements links to different aspects of an interfirm relationship and simultaneously affects the relationship’s outcomes. The first factor is Relationship Quality. The term indicates the status of relations between firms is referred as relationship quality. This driver indicates the closeness and embeddedness of exchanging partners. Commitment, trust, reciprocity norm and efficiency are elements that help evaluating the quality of relationship.

Secondly, Relationship Breadth represents the number of bonds or embeddedness between firms. A solid relationship breadth results in good network interconnection which eventually brings effective collaboration,
information transfer, communication efficiency and mutual product/service development.

Last but not least, Relationship Composition refers to the power of making a decision of the relational contact. If the contact has the ability to strongly influence the decision, it is beneficial to create and nurture an interpersonal relationship with said contact. However, it is advised that the connection should have a lower overall influence but higher influence in a specific area of the exchanging firm.

These drivers tackle different aspect of an interfirm relationship. Cooperatively, the three drivers can make an impact on the company’s ultimate goal through 2 interactions

- Relationship Strength: equals Relationship Quality x Relationship Breadth. This interaction is regarded as the relationship’s resilience and ability to endure conflicts.
- Relationship Efficacy: equals Relationship Quality x Relationship Composition. This represents the relationship’s capability of achieving the right goals and objectives.

2.2.5 Marketing characteristics in B2B environment

Marketing as a concept is a highly complex concept which changes from time to time. From a broader point of view, marketing is a social and managerial process that is concerned with exchange relationships between parties in order to satisfy their individual or corporate goals. (Baker 2007, 19.) To businesses, marketing is not a specific, single activity such as selling or advertising; it is a much more profound process of satisfying customers’ needs. According to Kotler and Armstrong (2010), marketing is defined as creating value for customers as well as building strong and sustainable customer relationship for the purpose of receiving value from the customers in return.

B2B marketing is relatively different than consumer marketing in spite of their mutual objectives of attracting customers and increasing sales.
Firstly, it is uncommon for a single department to make a decision on any changes or development that are related to the company’s offerings. In other words, there is a certain level of interdependence between departments. The marketing strategy hence is similar to the company’s overall strategy. As a result, the decision making process in business market is much more sensible as it has to runs through different departments. Secondly, while consumer market has a massive amount of customer, B2B customer base is fairly limited. Due to this limited customer base, the buyer often has more power on the seller. Moreover, the buying decision making units in B2B market has a dominant role and influence. Thirdly, B2B marketing has a different approach in customer segmentation. In consumer market, buyers are characterized by their demographic or buying pattern. On the contrary, B2B customer segmentation is based on other factors such as price sensitivity, customer location or the application of product, etc. Fourthly, B2B companies often have many distribution channels. They can sell directly to other businesses or use contractors and retailers to reach these customers. Finally, personal contacts are immensely important in B2B marketing while end-customer data plays a smaller part when compared to its B2C counterpart. (Zimmerman-Blythe 2013, 8-9.)

<table>
<thead>
<tr>
<th>B2B marketing distinctive characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal characteristics</strong></td>
</tr>
<tr>
<td>• Departments are interdependent</td>
</tr>
<tr>
<td>• Marketing strategy goes in line with company’s strategy</td>
</tr>
<tr>
<td>• Decision is taken more carefully</td>
</tr>
<tr>
<td><strong>Environment and customer characteristics</strong></td>
</tr>
<tr>
<td>• More limited customer base</td>
</tr>
<tr>
<td>• Bigger impact from decision-making units</td>
</tr>
<tr>
<td>• Different customer segmentation approach</td>
</tr>
<tr>
<td>• Utilize more distribution channels</td>
</tr>
<tr>
<td>• Personal contact plays a greater role</td>
</tr>
<tr>
<td>• End-user data is less important</td>
</tr>
</tbody>
</table>

As a summary, the table above briefly summarizes the business marketing characteristics mentioned above that are relatively different to consumer marketing.

2.3 Strategic marketing planning

For the purpose of this thesis, the authors decide to employ the strategic marketing planning process to present a complete and comprehensible study with analyses and marketing plan.

In modern business landscape, strategic marketing planning provides the company with allocating resources in order to reach its objectives. In recent years, thanks to globalization and rapid technology development, the process of marketing planning has become increasingly important.
According to Hollensen (2006), marketing planning is a process built for researching and evaluating the marketing situation, advancing and setting objectives, strategies and tactics as well as implementing, managing marketing activities in order to achieve set objectives.


In this study, the authors decide to employ the strategic planning structure in order to present a complete and comprehensible study with analyses and marketing plan for the Case Company. The strategic marketing plan consists of two parts: Situational Analysis and the marketing plan.
2.4 Situational Analysis

According to Baker (2007), to ensure the endurance and efficiency of the business, it is necessary for the company’s management to analyze and monitor the elements that surround and are within the business. In order to have an in-depth overview of the Case Company’s business setting, a situational analysis, including external and internal analyses, is essential. In this section, the process of external and internal analysis is discussed via different analyses such as PEST, Porter’s 5 Forces and SWOT analyses.

2.4.1 External Analysis

This segment includes general surrounding environment factors, industry factors and competitive factors. Firstly, the general environment is analyzed systematically via PEST analysis. Porter’s 5 Forces is subsequently presented as a substantial part of the external analysis.

2.4.1.1 PESTEL ANALYSIS

It is essential for companies to be able to monitor changes and volatilities in order to turn them into marketing opportunities (Baker 2007, 176). The goal of conducting a PESTEL analysis in this thesis is to identify all the external and unmanageable external factors that affects the Case Company. In terms of definition, PESTEL is a macro environment analysis tool which helps collecting monitoring external business environment information. It consists of 6 different factor: Political, Economical, Socio-cultural Technological, Environmental and Legal factors. The table below is a review of points included in each and every factor of PEST analysis
TABLE 5. PESTEL analysis components and features (Analoui-Karami 2003, 48).

<table>
<thead>
<tr>
<th>Political factors</th>
<th>Economic factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Law of taxation</td>
<td>• GDP per capita</td>
</tr>
<tr>
<td>• Political changes</td>
<td>• Inflation rate</td>
</tr>
<tr>
<td>• Employment law</td>
<td>• Exchange and interest rate</td>
</tr>
<tr>
<td>• Sustainability issues</td>
<td>• Energy and raw material issues</td>
</tr>
<tr>
<td>• Critical situation/War</td>
<td>• Labor cost</td>
</tr>
<tr>
<td></td>
<td>• Fiscal policies</td>
</tr>
<tr>
<td></td>
<td>• Banking policies</td>
</tr>
<tr>
<td></td>
<td>• Investment situation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Socio-cultural factors</th>
<th>Technological factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cultural volatilities</td>
<td>• Research and development</td>
</tr>
<tr>
<td>• Customers values</td>
<td>• Technological usage in the industry</td>
</tr>
<tr>
<td>• Demographic fluctuations</td>
<td>• Substitution</td>
</tr>
<tr>
<td>• Age and location distribution</td>
<td>• Information technology</td>
</tr>
<tr>
<td>• Birth/death rate</td>
<td>• Electronic commerce usage</td>
</tr>
<tr>
<td>• Income per capita</td>
<td>• Internet and intranet usage</td>
</tr>
<tr>
<td>• Education level</td>
<td></td>
</tr>
<tr>
<td>• Life expectation and general health</td>
<td></td>
</tr>
<tr>
<td>condition</td>
<td></td>
</tr>
<tr>
<td>• Social attitudes and taboos</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental factors</th>
<th>Legal factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Environmental issues</td>
<td>• Legislation/regulations</td>
</tr>
<tr>
<td>• Government’s environmental policies</td>
<td>• Legal compliance</td>
</tr>
<tr>
<td>• Impact of environmental issues</td>
<td>• Legislations barriers</td>
</tr>
<tr>
<td></td>
<td>• Law changes</td>
</tr>
</tbody>
</table>
With each factor containing information of different fields, the PESTEL analysis can be used to examine businesses, segments, industries and markets of the whole economy. The tool thus offers a summary of the macro environment and can serves as a starting point or a findings conclusion (Recklies 2015). In this thesis, PEST is applied to gain valuable insights of China as the target market with an emphasis on the tourism-related matters.

2.4.1.2 Porter Five Forces

![Porter Five Forces Diagram]

FIGURE 10. The Five forces that shape industry competition (Porter 2008, 80).

In order to analyze the industry's factors that affects the micro environment, it is necessary to implement further analysis targeting the tourism industry. Porter's Five Forces analysis is a widely recognized model for governing the attractiveness of an industry based on 5 forces that shapes the industry. (Blythe-Megicks 2010, 82.)

Threat of entrants represent the threats of new players coming into the industry and putting pressure on different aspects such as products’ prices
and manufacturing cost. Companies diversifying from other industries can utilized their existing capital and capabilities to gain market share. However, the industry’s barriers to entry are major factors when it comes to market stability. If there are strong barriers preventing new players from enter the industry, the market is less likely to be stirred up by newcomers. (Porter 2008, 81.) There are 7 main barriers: Supply-side economies of scale, demand-side benefits of scale, customer switching costs, capital requirements, cost/quality advantage of existing dominant player and unequal access to distribution channel as well as government policies.

The second force in the analysis is bargaining power of suppliers: Dominant suppliers can dictate the price, quantity and quality of the product/service. If the supplier holds too much power over the industry, they are able to control the industry’s competitive landscape. The more bargaining power suppliers have, the higher the competition would be. (Blythe-Megicks, 2010, 81.) There are elements affecting the dominant level of suppliers: number of supplier, size of purchase, product’s uniqueness, switching cost and profitability of self-producing the product/backward integration. (Porter 2008, 83.)

On the other side of the supply chain, powerful buyers are able to make the competition tougher by driving down the price or demanding better products/services, which creates the bargaining power of buyers. The buyers will ultimately seek to set suppliers against each other thus making the industry more competitive. Similar to bargaining power of buyers, there are various factors impacting the buyers’ negotiating leverage: number of buyer, product’s uniqueness, switching cost and profitability of self-producing the product/backward integration. (Porter 2008, 84.)

Threats of substitute products or services indicates one or many “substitutes” which are products or services that function similarly to the original product/service. Therefore, if there are several substitutes that can deliver the same performance, the competitiveness level is high.
The final force is namely rivalry among existing competitors. Oppositions exist in every industries causing different aspects of the business to transform. High decreases the profitability of the industry. In terms of level of rivalry, there are different elements dictating the situation: number of competitors, industry’s growth, exit barriers and competitors’ commitment.

In this thesis, Porter’s Five Forces analysis is applied to the tourism industry in which the Case Company is operating in order to evaluate its attractiveness and competitiveness. As a part of the situational analysis, the framework is supported by concrete data gathered from conducted researches.

2.4.2 Internal Analysis

The internal analysis consists of SWOT analysis and the Growth-share matrix. The analyses will be employed sequentially in order to craft an in-depth analysis of the Case Company’s in-house aspect.

2.4.2.1 SWOT ANALYSIS

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. Hence, SWOT analysis refers to the overall evaluation on these four factors of the company (Kotler-Keller 2012, 50). To successfully create a strategic marketing plan, it is essential for organizations to position their resources in potentially profitable area. Due to its nature, the analysis contributes to both external and internal analysis of this thesis.

The table below briefly explains each and every factors in SWOT analysis
TABLE 6. SWOT analysis (Armstrong & Kotler 2010, 80).

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Internal competencies of the company which can be utilized to reach the business’s objectives</td>
<td>□ The company’s internal limitation that can leads to decreasing profits or sales</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>● External positive trends that can be exploited using the company’s strength</td>
<td>□ External opposing factors that can harm the business performance</td>
</tr>
</tbody>
</table>

The SWOT analysis itself also divides into 2 parts: Strengths and Weaknesses are internal, Opportunities and Threats are external. (Kotler-Keller 2012, 50)

- **Opportunities:** Market opportunities can be assessed based on following criteria:
  - Considerable benefits in the chosen market
  - The market can be reached through cost-effective channels such as media and personal networks
  - The competitiveness of the company’s offerings
  - Rate of returns meet or exceed the company’s investment

- **Threats:** a challenge caused by trends and disapproving advances leads to decreasing sales or profit for the business. To prevent threats, it is necessary for the company to come up with defensive marketing actions.
• Strengths and Weaknesses: these are vital for the company’s success at capturing opportunities and quarantine threats.

In this thesis, the SWOT analysis, as a part of the internal analysis, will be used to analyze the Case Company and its current situation in Chapter 4.

2.4.2.2 Growth Share Matrix

Having a comprehensive and detailed product portfolio is vital to a company’s success. Knowing the growth rate of each product and their current market share gives the company valuable insight on how to develop their product offerings and strategic planning process. The growth-share matrix, also known as Boston Matrix or BCG Matrix, is a model that helps company to analyze their product lines. In this thesis, the Case Company’s product portfolio is analyzed using this model.

![Growth Share Matrix](image)

**FIGURE 11. Growth share matrix**

High market share, low growth products are called Cash Cows. This type of product range is currently generating a lot of profit for the company. However, reinvestment in develop the “Cash Cows” might lead to disappointing return. The second position is defined as high market share, high growth products are referred as Stars. This kind of product is profitable and will eventually become the Cash Cows. On the other end of the spectrum, low market share, low growth products are called Dogs. These products are essentially not profitable and
unpromising. The final solution would be liquidation or extermination of these products. Finally, low market share, high growth products are illustrated as Question marks. Although they are currently not profitable, these products are potential. However, they require investments for further development. Unless the Question Marks become Stars or Cash Cows, it will transition to Dogs - a business liability. (Henderson 1970)

Utilizing the growth-share matrix, a well-balanced product portfolio of a company contains:

- Cash Cows for profit and funds for future growth
- Stars for near-future profitability
- Question Marks to become the next Stars with funds
- Dogs are considered liabilities, therefore it is necessary for the company to avoid having this type of product range in the portfolio.

2.5 B2B segmentation and market targeting

Segmentation is the process of grouping potential customers that have similar traits. These groups are expected to react positively to the company’s marketing strategy. (Fill-Fill 2005, 52.)

Business market segmentation employs elements such as geography, needs and usage rate similarly to consumer market. Moreover, B2B companies often take into account other major variables that are specific for the business and industrial landscape.
TABLE 7. Segmentation variables (Hutt-Speh 2010, 11).

<table>
<thead>
<tr>
<th>Segmentation Variables</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics</td>
<td>Industry</td>
</tr>
<tr>
<td></td>
<td>Customer size</td>
</tr>
<tr>
<td></td>
<td>Location</td>
</tr>
<tr>
<td>Operating Approaches</td>
<td>Customer Capabilities</td>
</tr>
<tr>
<td>Purchasing Approaches</td>
<td>Nature of relationships</td>
</tr>
<tr>
<td></td>
<td>Purchase policies</td>
</tr>
<tr>
<td></td>
<td>Purchasing criteria</td>
</tr>
<tr>
<td></td>
<td>Customer internal structure</td>
</tr>
<tr>
<td>Situational Factors</td>
<td>Urgency</td>
</tr>
<tr>
<td></td>
<td>Order size</td>
</tr>
<tr>
<td>Personal Characteristics</td>
<td>Buyer-Seller similarity</td>
</tr>
<tr>
<td></td>
<td>Risk-taking tendency</td>
</tr>
<tr>
<td></td>
<td>Loyalty</td>
</tr>
</tbody>
</table>

First of all, Demographics includes general information of the market segment. First of all, defining the industry helps marketers understand the needs of customers and purchase situation. Moreover, the marketers can subdivide the industry into different industries in order to develop a micromarketing plan. Secondly, the size of the customer is also vital since it can affect the needs and purchasing nature of the company. Lastly, knowing the location of business customers enable companies to make decision on deployment.

Secondly, Operating approaches assists the company on further identification of the market segment, including technology, user/nonuser status and customer capabilities. Meanwhile, Purchasing approaches tackle a more philosophical side of business, this variable includes power structures, buyer-seller relationships and purchasing policies.

Thirdly, Situational factors resemble temporary operating approaches with criteria such as urgency of order fulfillment, product application and size of order.
Last but not least, Buyer's Personal Characteristics mean companies can also segment the market according to personal characteristic of the customers. These characteristics include buyer-seller similarity, risk management strategies and loyalty. (Shapiro-Boroma 1984.)

![Diagram showing segmentation variables]

FIGURE 12. Segmentation variables (Shapiro-Boroma 1984, 4).

Among all of these, demographic is the most important variable to take into consideration.

Before ultimately choosing a segment, the company also has to consider other criteria in order to know whether the segment is realistically profitable:

- Measurable: Segment's characteristics such as size and purchasing power should be measurable
- Substantial: The segment is relatively big and profitable enough for the company to design a tailored marketing strategy
- Accessible: It should be possible to penetrate and conduct business within the chosen segments
- Differentiable: The segments should be different to each other. If two segments respond identically, they belongs to the same segment
- Actionable: It should be possible to implement strategies, campaigns and programs for the segment
2.6 Marketing mix

By analyzing and researching for the marketing plan, a marketing mix is effectively designed with 4 main traditional elements: Product, Price, Promotion and Place.

2.6.1 Product development strategies

A business product is structured with tangible and intangible attributes. Tangible attributes are core product which means the function of the product, and augmented value that is capabilities, design, packaging, etc. Intangible attribute, on another hand, refers to all elements perceived by the customer such as after-sale service and support. (Fill-Fill 2005, 57.)

![Three aspects of business product](image)


When the product is marketed in a foreign market, the product might varies in order to meet the company’s objectives in that market. There are three viable developments for the product in foreign markets:

To begin with, straight product extension strategy means bringing a product or service into the targeted market without changing the offering. Straight extension strategy is attractive to the company since it requires minimal effort and cost invested in developing the product. However, straight product extension might hurt sales and profitability if the product fails to satisfy the local customer.
Secondly, instead of keeping the product unchanged, the company performs researches and analyses to find out the market's needs and wants, then the product is altered accordingly. This strategy is defined as product adaptation. For a specific market or type of markets with a particular set of characteristics, product adaptation strategy would be highly effective.

Last but not least, product invention strategy focuses on developing a new product to meet the needs of the new market regardless of the product the company has in other markets. This strategy is highly effective since the product or service is highly specific for the market. However, this might increase research and development costs for the company. (Kotler-Keller 2012, 608.)

2.6.2 Promotion strategies

Promotion strategies are communication activities conducted to influence the target market of current and potential customers. Generally, when a company penetrates a foreign market, there are two possibilities:

- Communication extension: Similarly, companies can employ their pre-existing communication tactic for the new market. This keep the cost down and can be effective to a certain extent.
- Communication adaptation: With this strategy, company adapts their advertising and communication campaigns to the local characteristics. (Kotler-Keller 2012, 650.)

Within the concept of promotion, advertising, sales promotion and personal selling are major activities which can be used to build image and achieve sales goal.

First of all, advertising consists of non-personal communication activities. This type of promotion emphasizes on above-the-line programs such as direct mailing and sales call. Potential customers hence can be aware of the company’s offerings. (Cooper-Fletcher 2008, 596.)
Secondly, sales promotion often refers to any activities that includes incentives for potential customers. These campaigns help pushing the product or service to potential customers because it attach additional value to the original offering. However, sales promotion activities should be closely monitored since it can cause negative impact on the image of the brand.

Finally, personal selling means direct communication between sales officer and potential customers. Besides selling the product, this mean of promotion enable the company to maintain the relationship with customers. Therefore, personal selling is essential for the development of the company. (Jain 2009, 395.)

2.6.3 Pricing strategies

Pricing aspect is one of the most important part in the marketing mix since it heavily affects sales volume, marketing strategies and profitability. In comparison with consumer market, business market pricing has different price evaluation and flexibility.

Price evaluation: Consumer products is often priced based on their worth and substitute possibility. In business market, price of a product depends on its importance in the supply chain and the possibility of finding a substitute.

Flexibility: While consumer products’ prices are often fixed, the price in B2B scenario is more flexible and is affected by processes such as negotiating, discounting and bidding.

On an international scale, a company can set a standard price for their product or set prices for each market. A standardized pricing can make the product or service less attractive in some less developed markets. Moreover, the price in a foreign market is affected with additional cost such as transportation, tax and different types of margin. To counter these disadvantages in foreign markets, the company can adapt their product to drive down the cost and price. (Schindler 2012, 82.)
Nevertheless, with recent development in technology especially the Internet, customers now can easily see the price difference between different markets. Hence, companies are now leaning towards uniform pricing strategy.

2.6.4 Distributional Strategies

Distribution channels, also referred as marketing channels, involves transferring the product from providers to customers. During the process, the handling of both tangible and intangible aspects of the product is important and requires management effort.

FIGURE 14. Distribution channel in B2B travel industry

On international stage, there are several complexities for the company to take into account.

- The distribution system varies depending on the country
- The local distribution system is too complex or too basic to penetrate
- Regulations might restrict distribution efficiency

Nevertheless, when designing a comprehensive distribution strategy there are three alternatives:
Intensive distribution: The product/service is pushed to as many sales channels as possible. This enables potential customer to encounter the product/service more easily.

Exclusive distribution: In contrast with intensive distribution, the product is available limitedly at certain outlets in different territories. These outlets hence can distribute the product exclusively in their areas.

Selective distribution: This strategy is considered an intersection of intensive and exclusive distribution. In one area, there will be selected outlets that carry the product. This program ensures good business relationship and encourages outlets to sell the product. Also the strategy contains less distribution costs and risks. (Cooper-Fletcher 2008, 615.)

2.7 Implementation of the plan

A strategic plan is usually crafted with implementation in mind. The implementation process allows for continuous learning and adjustments as new data and situation emerges (Bryson 2011, 3). In order for tactics to be taken, means of monitoring the plan and measurement is also required (Cooper-Fletcher 2008, 570).

2.7.1 Gantt chart

Developed by Henry Gantt, Gantt chart serves as a mean of illustrating and monitoring tactics in the strategic plan. This tool is widely used and proven effective in modern project management. The Gantt chart also highlights the reason of business shortcomings and hence enable the company to amend their plan accordingly. (Gantt 1920, 5.)
A sufficient Gantt chart often includes various components: task name, duration, predecessors and multiple time period as well as time lines which illustrates the duration of each task. In modern time, Gantt chart can be created with different computer software such as Microsoft Excel and Microsoft Project.
3 EMPIRICAL RESEARCHES

For the thesis, the empirical researches is executed based on the mentioned theories and tools in Chapter 2 and will be used as data and blueprints for forming a strategic marketing plan. In this chapter, the implementation process of the authors’ empirical researches is documented in order to help the readers understand the process more clearly.

This chapter is divided into two parts: timeline of the process and reviews of each and every type of conducted researches. On the other hand, this chapter does not contain analyses of retrieved data. These analyses will be presented in latter parts of the study.

3.1 Research process timeline

In general, the empirical research process includes 2 types of researches: Desk research and interviews. The total time for the whole process is approximately two months since 15 of July to 15 of September. In each kind, the process consists of two parts: preparation and the actual implementation.

The prominent process during this timeline is desk research- or secondary research- which takes two months to complete. The research gets data from industry’s reports, credible news outlet, different players and the Case Company. These data serves as the backbone of the whole empirical research process.

In terms of conducting interviews, all information is obtained by face-to-face interviews. Moreover, the interviews are conducted separately on 2 different targets:

Internal interviews are conducted with the Case Company’s personnel to collect internal information, market insight, organization information, capabilities, mission and their future objectives. In order to get a detailed overview and precise data, the chosen personnel from the Case Company
are CEOs, managers and executives from both Timetravels Ltd and Timetravels Incoming Ltd.

Customer Interviews refer to interviews that are done with the Case Company’s existing partners. This type of interview gives an outlook on the industry, the end-customers, and industry players’ expectation. Furthermore, their recommendation is valuable for the both the Case Company and the authors.

As stated in Chapter 1, the main method for this thesis is qualitative research. Quantitative research and researches on consumers is not included in this thesis.

TABLE 8. Empirical research timeline

<table>
<thead>
<tr>
<th>Research types</th>
<th>Process timeline (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15/07-31/07</td>
</tr>
<tr>
<td>Desk research</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td></td>
</tr>
<tr>
<td>interviews</td>
<td>Questions</td>
</tr>
<tr>
<td></td>
<td>preparation</td>
</tr>
<tr>
<td></td>
<td>Interviews</td>
</tr>
<tr>
<td>Customer</td>
<td></td>
</tr>
<tr>
<td>interviews</td>
<td>Questions</td>
</tr>
<tr>
<td></td>
<td>preparation</td>
</tr>
<tr>
<td></td>
<td>Interviews</td>
</tr>
</tbody>
</table>

The research process, in general, starts from 15 July 2016 to 15 September 2016. In each type of interview, there are 2 procedure: question preparation and actual interviews. Concerning the order of interviews, internal interviews are conducted first in August while customer interviews are done in September.
3.2 Understanding collected data

Based on the presented timeline, each and every research methods and types will be explained to help the readers get better understanding of retrieved data.

3.2.1 Secondary research

Often referred as desk research, this method gives researchers both internal and external data on the Case Company. It also allows the authors to utilize other researchers’ data for the study. Data from secondary researches is often contained in the form of data archives. Although secondary research is important as a preparatory exercise, it does not lead to new revelations or breakthrough. (Rugg-Petre 2007, 33.)

Concerning the internal data for this study, different reports and documents on the Case Company’s performance were reviewed and interpreted. These information then is used in analyses and evaluation models such as Growth-share matrix. Furthermore, internal secondary data can help the authors identify the first two element in SWOT analysis: Strengths and Weaknesses.

For external data, secondary research focuses on gathering information on China and Chinese tourism market. Sources for secondary external data is usually from credible social and financial organizations such as Mckinsey and Tourism Councils. Moreover, data from governmental institutions is also documented. The achieved information is categorized and presented in PESTEL model and evaluated in Porter’s Five Forces in chapter 5. Regarding the SWOT analysis, these external information plays a crucial part in pinpointing the current and future opportunities and threats for the Case Company.
3.2.2 Interviews

Interview is a primary research method of qualitative research. It is deemed as a solid solution for gaining insight into educational knowledge and first-hand experience of the individuals who has expertise in the researched matter (Seidman 2013, 13). Regarding the actual operation of interviewing, it mostly involves oral-verbal questions and replies. Moreover, there are two kinds of interview research method:

Structured interview: the interviewer guides the interviewee through a series of predetermined questions

Unstructured interview: The interviewer asks general questions while the interviewee can answer in a more flexible way which might contain supplemental information. (Kothari 2004, 98.)

Semi-structured interview: interviews designed to contain pre-determined questions. However, these questions are relatively open so that the answers are improvised in a cautious way and not planned in advance. This method allows more in-depth information to be retrieved and generally more creative. (Wengraf 2001, 5.)

Additionally, interviews can be conducted in person, through email, phone or other communication tools. In this thesis, all the interviews are conducted in in person as the authors have the means to approach the interviewees personally. The interviews, hence, are grouped according to their targeted interviewees: internal interviews and customer interviews.

3.2.3 Internal interviews

As stated above, internal interviews are conducted with the purpose of retrieving unpublished data and information from the Case Company. Moreover, the interview is aimed to show the interviewee’s perspective on current situation, objectives and future plan of the company. In total, there are 6 internal interviews conducted with the help from the Case Company’s employees, including CEOs, Account managers and other
executives. The first two interviews is conducted with the CEO of Timetravels and Timetravels Incoming to get a general idea about the Case Company, its operation, business structure and future objectives of the company.

TABLE 9. Summary of internal interviews

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO interviews</td>
<td>Timetravels Incoming’s CEO Timetravels CEO</td>
</tr>
<tr>
<td></td>
<td>Company internal structure, current B2B strategy, future objectives and plans, market insights.</td>
</tr>
<tr>
<td>Staff interviews</td>
<td>Account Manager Sales Executive 1 Sales Executive 2 Sales representative in South China</td>
</tr>
<tr>
<td></td>
<td>Information of current product offerings Personal opinion on current and future situation</td>
</tr>
</tbody>
</table>

These interviews follows a structured format and are conducted separately with each CEO. After the CEOs interviews, the other 4 interviews are conducted sequentially with the Case Company’s employees with the focus being and their experience with customers and insights on current and future situation and strategies. The internal interviews are done in person and in semi-structured format.

3.2.4 Customer interviews

Similar to internal interviews, customer interviews is carried out on the Case Company’s existing customers. The interviewees are individuals working for these firms at management level and have substantial knowledge of the market and industry.
TABLE 10. Summary of customer interviews

<table>
<thead>
<tr>
<th>Customers</th>
<th>Interviewee</th>
<th>Subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer A</td>
<td>Customer A’s account manager</td>
<td>Evaluation of previous cooperation, business partner criteria, product criteria, values in conducting business</td>
</tr>
<tr>
<td>Customer B</td>
<td>Customer B’s account manager</td>
<td></td>
</tr>
</tbody>
</table>

The purpose of these interviews is to collect insights and information from the business customer's' point of view. Identically, the interviews are done in person and in semi-structured format.
4 INTERNAL ANALYSIS

Following the strategic planning process, the situational analysis serves a monumental role in forming the marketing plan. Hence the internal and external analysis, retrospectively, will be introduced in chapter 4 and chapter 5.

In this chapter, the Case Company will be analyzed and evaluated by different methods and models such as growth-share matrix and SWOT analysis. The chapter also employs data and information from the empirical process as well as internal reports of the Case Company to craft a solid base for the B2B marketing plan and future development.

4.1 Growth-share matrix

![Growth Share Matrix](image)

FIGURE 19. Growth share matrix of the Case Company’s products in Chinese market

To begin with, guaranteed departures to Saariselka which was newly introduced to Chinese market early autumn 2015 are considered cash cows because. Timetravels Incoming has absolutely highest market share. Due to the limited capacity at the destination, the growth rate cannot be
high. In fact, all the qualified cottages in Saariselka during Christmas and New Year season are booked by Timetravels Incoming about one year prior to departures. According to the European Sales of Timetravels Incoming, guaranteed departures to Saariselka has been popular and sold out quickly.

Secondly, Stars are guaranteed departures to Ruka was also newly introduced to Chinese market early autumn 2015. Timetravels Incoming is currently the only tour operator who organize guaranteed departure trips to Ruka guided in Chinese. Since the capacity of Saariselka is limited and Ruka obviously has more growth potential, Timetravels Incoming plan to increase the guaranteed departures to Ruka this Christmas, New Year and from January to April as well.

Guaranteed departures to Russia is a very popular product during spring season for international students in Finland. However, Timetravels Incoming promoted the same products to the Chinese market and it was not a success; therefore this product offering is considered as Dog. According to Key Account Manager of one OTA partner of Timetravels Incoming, the promotion time was short and the travel package was not competitive comparing to other similar products on the market.

Question Marks: Guaranteed departures to Iceland currently has a very low market share, but high growth potential. Iceland is a popular travel destination. Tons of similar products can be found on the market. It’s important and challenging to differentiate from others. (European sales of Timetravels Incoming). Another Question Mark is guaranteed departure to Lake Saimaa, which is a new summer product under development. The product is not yet tested by Chinese market. The first trail departure will be in summer 2017. On another hand, there were only three tailored study tours travelling with Timetravels Incoming from year 2015 to 2016. At Visit Finland China Roadshow 2016 Beijing stop, IDEAS Camping Education was invited to give market updates regarding the overseas study tour of Chinese market. According to IDEAS analysis, the market potential is considerably great (IDEAS 2016).
Finally, tailored leisure and M.I.C.E groups both have a comparatively low market share since Timetravels Incoming is a young start-up in this segments and many big market players has been operating tailored groups for longer time. Sales representative in South China indicates that Timetravels Incoming has a great potential of growth in tailored groups, because the company has absolute advantage in terms of Finnish Lapland destination recourse. And Finnish Lapland is popular than ever in China.

4.2 SWOT

Utilizing data from internal interviews, customer interviews as well as the authors’ own research, the SWOT analysis is presented in the table below.

TABLE 17. Timetravels Incoming SWOT analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>International team</td>
<td>Young start-up</td>
</tr>
<tr>
<td>Support from mother company</td>
<td>Limited destination recourses</td>
</tr>
<tr>
<td>Unique products</td>
<td>Cash flow risks</td>
</tr>
<tr>
<td></td>
<td>Weak presence in China</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe terrorist attacks</td>
<td>Big market players entering</td>
</tr>
<tr>
<td>Chinese TV Reality show</td>
<td>Northern Lapland</td>
</tr>
<tr>
<td>Increasing investments from</td>
<td></td>
</tr>
<tr>
<td>VisitFinland</td>
<td></td>
</tr>
<tr>
<td>New visa centers opened</td>
<td></td>
</tr>
</tbody>
</table>

Details on all 4 components of the SWOT analysis listed in the table are subsequently elaborated in the following subchapters.

4.2.1 Strengths

International team: Timetravels Incoming has international workers. Chinese employees who understands Chinese travelers’ preferences and habits are able to create the most suitable travel products for the target markets. Also, the communication efficiency is higher when two
counterparts are from the same country. Actually, low communication cost is one of the reasons why client A chose to work with Timetravels Incoming. (Customer A 2016) Besides, the Finnish employees are mainly working at the destinations with local service providers, such as contract negotiation, discovering new resources, and relationship maintenance. In short, Sales and marketing are taken care of by Chinese team, destination management are in better hands under Finnish team and product development should be a joint work.

Support from mother company Timetravels: With experiences in operating business in Finland and other Scandinavian destinations, the existing relationships with service providers are solid. Contracts with multiple destination service providers and destination management team in Lapland allow Timetravels Incoming to provide high quality service with a very competitive price to Chinese market.

Unique Products: Although Timetravels has been operating student trips to Northern Lapland for about ten years, such packaged guaranteed departures to Arctic Circle area guided in Chinese was newly introduced to the European Chinese market during early autumn 2015.

4.2.2 Opportunities

Europe terrorist attacks: Europe was a very popular destination for Chinese tourists. However, the frequent terrorist attacks in Paris, Brussels and Nice severely affected the tourism industry. Chinese holidaymakers are now avoiding central Europe as a travel destination. Northern and Eastern Europe are becoming more popular. (Sales representative in South China of Timetravels Incoming 2016)

In early 2016, two popular TV reality show Chef Nic and We are in Love both chose Finnish Lapland as one of their shooting destinations. Both TV Shows have received positive feedbacks from social media platforms. According to China outbound tourism research institute, the impact of overseas destination exposure in films and TV programs for Chinese
outbound tourism industry has been enormous. (China outbound tourism research institute 2016)

There is also a greater investments for Chinese market from Visit Finland: Visit Finland targeted travel agents and tour operators in China with Visit Finland China roadshow at end of May 2016, organizing workshops and seminars in different market areas: Hong Kong, Guangzhou, Shanghai, Beijing and Chongqing. Besides, StopOver Finland by Visit Finland is the main partner of ITB Asia 2016 to officially introduce its stopover initiative.

New visa centers opened in China: Finland’s visa services in China expanded throughout the country with 13 new visa centers opened in spring 2016. These cities are Changsha, Chengdu, Chongqing, Fuzhou, Guangzhou, Hangzhou, Jinan, Kunming, Nanjing, Shenyang, Shenzhen, Wuhan and Xi’an. In addition to these cities, Finland has application centers in Beijing and Shanghai. (Embassy of Finland 2016.) The increase number of visa application service points allows a cheaper and faster visa service.

4.2.3 Weaknesses

Young start-up: Timetravels Incoming was founded August 2016. The Asian incoming business under Timetravels started two years ago. In order to introduce a young Finnish tour operator to the market, significant marketing efforts are needed. Plus, most big market players already have their long-term cooperation with tour operators, which is challenging for a young start-up to “steal” the market share. (CEO of Timetravels incoming 2016)

Limited destination recourses: Timetravels Incoming share the same destination recourses with its mother company Timetravels. Finnish Lapland is the company’s biggest advantages in terms of destination management team and very competitive price. However, the company does not have much advantages in capital areas and the rest Scandinavian countries comparing to other tour operators.
Cash flow risks: Doing international business contains high risks, especially in tourism industry. A sufficient cash flow is required during peak seasons. According to previous experiences, Chinese partners rarely strictly follow the written rules in signed contracts. (CEO of Timetravels Incoming 2016)

Weak presence in China: Timetravels Incoming’s branch office in Tianjin China started in early July. According to European sales of Timetravels Incoming, distance training has been very challenging. (Sales Executive 1 2016) The main sales and operation team are still mainly based in Finland. Time differences, low communication efficiency, distances are the barriers for opening the market and generating sales.

4.2.4 Threats

Big market players entering Northern Lapland: Finnish northern Lapland has become a very popular travel destination. Big market players based in China, Helsinki, even based in Germany are ready to entering this new destination. When competing with these big market players who have sufficient capital to invest, and mature long-term cooperation with clients, the severe competition definitely will be a threat for Timetravels incoming. (CEO of Timetravels Incoming 2016)
5 COUNTRY ANALYSIS: CHINA

To solidify the theoretical foundation built in Chapter 2 and Chapter 3, empirical research is detailed during the course of Chapter 4 and Chapter 5. The following chapter depicts the macro socio-economic landscape of China. In order to develop an insightful evaluation, PESTEL model, as presented in Chapter 2, is applied.

5.1 Political

In comparison with Western democratic, People’s Republic of China has a distinctive political landscape. It is thus essential to truly understand Chinese politics in order to do business without having legal and cultural issues. However, examining the political system of the People’s Republic of China (PRC) is challenging due to various reasons: the secrecy of governmental affair, concealment of underlying political power and highly complex internal power competition. (Dumbaugh-Martin 2009, 2.) In general, the Chinese Communist Party (CCP) controls the state and society in China. In this part, the assessment is based on both foreign sources as well as domestic, CCP-run documents and media outlets to minimize biased and misleading information, which can be generated by both foreign forces and the CCP itself.

5.1.1 The Chinese Communist Party

In 1949, The Chinese Communist Party begun to rule mainland China. The PRC since has been a communist state despite the existence of other minor political parties. Following Marxist communist idealism, the CCP’s original governmental and economical model bear a strong resemblance to that of the Soviet Union. However, after the collapse of the USSR and Mao-Zedong’s decease, the second generation of CCP’s leader-led by Deng-Xiaoping has performed multiple alterations on the party’s structure as well as the economy. This substantial reform, in general, did not only help the party avoiding political downfall, but also turned China into the economic power as it is today. (Lawrence-Martin 2013, 2.)
FIGURE 20. The national Hierarchy of China Communist Party (中共中央组织结构图-Organizational Structure Chart of the Communist Party Central Committee 2016)

China Communist Party itself is highly hierarchical and authoritarian (Dumbaugh-Martin 2009, 1). This trait is reflected upon their party’s structure:

- **Politburo Standing Committee (PSC):** Placing at the top of the hierarchy, PSC is the most powerful, policy and decision-making unit with seven members. These members are also a part of bigger unit named Politburo with 25 members. The Central Committee is the broadest senior group of CCP including all members of Politburo. Members of the Central Committee are consecutively elected by more than 2000 delegates of Party Congress, which takes place every five years. (Murphy 2008.)

The contemporary CCP is an enormous, hierarchical network with 82.6 million members spreading all over the mainland as well as foreign countries. The impact of the CCP is significant in many parts of Chinese society and economy- schools, universities, state-owned and private corporations. Foreign enterprises, depending on their business activities, commonly have a party committee. (Dumbaugh-Martin 2009, 4.)
In 2012, Xi Jinping was elected as General Secretary of the Communist Party and Chairman of the CCP Central Military Commission. With his new positions, Xi informally established himself as the Paramount leader of CCP and Head of the government. (BBC China 2012.)

5.1.2 Policy towards international business and tourism

Various cultural elements have prevented Chinese citizen from having annual paid leaves. In turn, outbound tourism is unlikely to reach its potential. However, “The Outline for National Tourism and Leisure (2013-2020)”, published in 2013 by the State Council of China, has reinforced regulations on paid leaves for employees and encouraged companies, institutions as well as social organizations to give employees more travel options (World Tourism Organization 2013). Along with encouraging paid leaves, China’s national tourism administration published a document prohibiting mainland tourist from “uncivilized” behaviors (Kao-Ng 2013). In short, these newly implemented regulations are conducted in contemplation of establishing outbound tourism as a pillar part of the industry.

Infamously, heavy censorship is deployed by the CCP for political motives and controlling China’s massive population. Most of Western conventional channels for social networking and communication is censored and blocked, such as Facebook, Twitter, Gmail and online newspapers (Bristow 2010). Since Xi Jinping became the Paramount Leader of CCP, Internet censorship in China is increasingly tightened (Chin 2016).

5.2 Economic

China’s economy is the world’s second largest economy by nominal GDP according to International Monetary Fund (IMF). After China’s economic reform in 1989, the economy took off and was the fastest-growing economy in the world until 2015. The average growth rate in the past 30 years is approximately 10%. (IMF 2016.) Renminbi (RMB), which roughly translated as "People’s currency", is the official currency of PRC with yuan

Since 2012, the annual growth rate has been on the decline thanks to difficulties in manufacturing sector (Fung 2014). Recently, in 2015 and 2016, the Chinese economy has experienced major slowdown and volatilities especially the unexpected devaluation of the yuan and stock market crash (Long 2015). Nevertheless, according to KPMG, the Chinese economy is still expected to have stable growth and continue to be the biggest contributor to the world GDP in terms of purchasing power parity.

In the following sections, the authors focus on sub-topic of China’s economy that is relevant and significant to Aikamatkat’s targeted niche: the emerging middle class, the shift towards consumption-driven market and the outbound tourism industry.

5.2.1 Shift towards consumer economy

A Consumer economy is described as an economy that is mainly comprised of consumer spending (Sagami 2013). Since the economic
reform until recent times, China has been a production-driven economy and the biggest player in manufacturing and exporting (Sims 2013). However, the country’s traditional sectors—including steel, ship-building, industrial and real estates—are facing several problems. The main reason for these hiccups are factories’ overcapacity, stricter standards, environmental issues and weak global demand. (Barber 2016, 4.)

As a result, the Chinese’s economy has started its monumental shift to a more consumption and service-driven approach that can make the economic growth sustainable in the long run (Curran 2015). New policies and models from the government were deployed to encourage spending. (Mckinsey 2013). Despite the transition being excruciating for many companies and industries, the data shows promising progresses:

\[\text{FIGURE 22. Service sector’s contribution to China’s GDP growth 2009-2015 (KPMG 2016).}\]

5.2.2 Emerging middle class

The tremendous growth of China’s middle class comes as a result of the country’s current economic sensation. As forecasted by consulting firm Mckinsey, more than 75 percent of China’s urban population annual income will be between 9000$ and 34000$ by 2022. Chinese middle-class
citizens are taking on a wealthier lifestyle; thus spending more on luxury goods, entertainment services and having vacation (Long 2016). However, in comparison with their Western counterpart, China’s middle class spends much less and saves more (Chang 2016).

Despite this development, according to data from Trading Economics, average wage is 62029 Yuan (8400 €) per year. This figure is substantially smaller when being compared developed countries such as Finland or Sweden.

Another trend for the middle class in China is the rising smaller cities, especially the ones in Nonwestern region. McKinsey’s China (2013) report also suggests that middle-class household will account for 30% of the total household in smaller cities by 2022.

5.2.3 China’s outbound tourism

China, according to EUSME Centre, China has become and been remaining a powerhouse for both outbound and inbound tourism. While the domestic market still dominates the industry in China, the outbound tourism industry has seen the largest growth. (EU SME 2015.)

Inbound, Outbound and Domestic Travel in China 2015

![Inbound, Outbound and Domestic Travel Market Share in China](China National Tourism Administration 2015).

FIGURE 23. Inbound, Outbound and Domestic Travel Market Share in China (China National Tourism Administration 2015).
From 2013 to 2015, the total number of outbound tourists coming out of Mainland rocketed from 83 million to approximately 133 million. Spending from outbound traveling almost doubled from 100 billion to 200 billion US dollars. In 2015, international destinations started to get more momentum with Japan, Thailand and European countries as major destinations. Magnifying into Europe, in 2014, Finland attracts 44% more Chinese tourists when comparing to 2013. Other locations such as Spain, Norway, Croatia and Austria also saw similar developments. (Arlt 2015.)

Since 2014, China’s outbound tourism has been growing at double-digit rate and the number of outbound tourists hits the all-time high number each year. Furthermore, European countries are growing as tourism destinations for Chinese travelers. However, airline capacity is limiting growing potential of European destinations. (Shanghai Daily Jan 2016.)

Nevertheless, lower income growth, safety concern and a weaker Yuan are major factors that can halt China’s outbound tourism progress (CLSA 2016).

5.3 Social

Taking into account the social aspect, China is vastly different from European countries. Hence, it is utterly necessary to understand social figures and cultural characteristics of modern China and their effects on conducting business in tourism.

5.3.1 China’s social statistics

China, first of all, has the biggest population in the world with over 1.38 billion citizens. With the massive amount of inhabitant, the government has been taking actions on decreasing population growth rate. As a result, in recent years, China’s population growth rate is on the lower end of the spectrum- 0.5% in 2014 (World Bank 2016).
According to World Bank standards, China is an upper-middle income country. However, China’s change-from a landlocked socialist country to a global economic force- took place in a short amount of time uneven social and economic development between different areas. A major amount of China’s new middleclass lives in megacities such as Shanghai, Beijing, Guangzhou, Tianjin and Shenzhen (The Telegraph 2011).

FIGURE 24. China’s megacities and their economic contribution (Foreign Policy 2014).

Due to the vast geographical landscapes, there are over 250 languages and 56 different ethnic group in mainland China. Nevertheless, the most dominant group is Han Chinese with official language being Mandarin Chinese. (Xinhua net 2011.)
5.3.2 Cultural characteristics and orientation

China has one of the most complex and rich cultures in the world thanks to the country’s history. According to Hofstede’s culture assessment model, Chinese in general has a masculine culture with a high power distance, low individualism, high long term orientation, low uncertainty avoidance and low indulgence. (Hofstede Center 2016.)

![China cultural dimensions 2013](Hofstede Center 2016)

A high Masculinity and Power Distance score indicates that there is a gender and power distribution inequality in Chinese society. Men are more appreciated, have more power and responsibilities than women. High Masculinity also hints at the normal Chinese household being conservative with the main income coming from the husband. The social as well as corporate culture is highly hierarchical. Moreover, long-term Orientation has a great impact on Chinese people. Long-term relationships and secured, stable future are important in individual and business decision making process.

With a low score in Individualism and Indulgence, a Chinese individual is oriented towards their own family, company and organization and live within the social norms. As a matter of fact, work-life balance is a problem.
in China with 50% of the workforce feel stressful about their job. (Wall Street Journal 2013.)

5.3.3 Chinese students in Europe

Nowadays, Chinese students are increasingly present abroad. Having a long-term orientation, studying in foreign countries as a way to ensure success has become a general trend in China. In 2014, there are almost 120,000 Chinese students studying in Europe including the United Kingdom (Daily mail UK 2015). Waves of outgoing Chinese students bring cultural exchange as well as profit to European schools. Therefore, Universities in Europe has been expanding their presence in China. Chinese students, funded by their parents, is keen on experiencing Western cultures by living, studying and traveling. (World Education News & Review 2015.)

5.4 Technological

In recent decades, China has been increasingly developing its technology and science infrastructure. In 2012, the country’s spending on research and development (R&D) reached 164 million dollar and is expected to overtake the US’s spending in 2022. China expects scientific innovation to be the solutions for multiple issues such as pollution and social inequality (Xie-Zhang-Lai 2015).

Most importantly, China’s rapid and massive progress in the Internet has been a vital force in economic growth. Besides e-commerce, social media and communications companies dominate the internet industry in China with a massive user base (Harwitt 2016). Companies thus has been utilizing their online presence for various purposes ranging from recruitment and customer service to marketing.
Among various social and communications channels, WeChat- originally a messaging mobile application- emerges as the leading contender. The application has since expanded into payment and business interaction. With more than 1 billion users and 10 million business account, WeChat poses as a necessary marketing and communications channel for both domestic and foreign companies. (Brennan 2016.)
5.5 Legal

Finland’s visa services in China expanded throughout the country with 13 new visa centers opened in spring 2016. These cities are Changsha, Chengdu, Chongqing, Fuzhou, Guangzhou, Hangzhou, Jinan, Kunming, Nanjing, Shenyang, Shenzhen, Wuhan and Xi’an. In addition to these cities, Finland has application centers in Beijing and Shanghai. (Embassy of Finland 2016.) The increase number of visa application service points allows Chinese travellers to visit Finland in an easier and more comfortable way. Other Scandinavian neighbour countries are also being considerate for Chinese travellers. Thus Schengen visas application process are now much easier, especially for those citizens who lives in second-tier cities in China.

5.6 Environmental

Due to the country’s rapid industrialization and development, pollution has become one of the biggest issue affecting its citizens’ daily life as well as the economy. China overtakes the United States and tops the chart in greenhouse gasses emission. In 2014, the country is approximately liable for 27 percent of total global emissions (Council on Foreign Relations 2015).

The rapid degeneration of environment affects the country’s economy in multiple ways. Particularly in the tourism sector, the number of China’s outbound travelers is growing well despite the economic slowdown. The middle class views travelling as a way to escape the worsening air pollution and to improve life quality. (Gu 2015.)

5.7 Chapter 4 summary

The table below acts as a summary for the PESTEL analysis.
<table>
<thead>
<tr>
<th>Fundamental Elements</th>
<th>Possible Impact</th>
</tr>
</thead>
</table>
| Political system                 | • The risk of political volatility is small enabling Aikamatkat to have long-term strategies                                                   
|                                  | • Censorship by the CCP would have impacts on marketing and communication operations                                                        
|                                  | • More paid leaves enforced by the new policies helps increasing the number of outbound tourists                                                  
|                                  | • The government now sees tourism as a significant part of the economy and has new policies supporting the sector                                      |
| Economic environment             | • Forecasted strong economy enable more Chinese tourists to be financially able to travel abroad                                                
|                                  | • China’s shift to consumer economy can lead to an increase in outbound Chinese tourists                                                      
|                                  | • The growing middle class can be the ideal end-customers for Aikamatkat                                                                      |
| Society characteristics          | • Megacities contains the greatest potential for international travelling; therefore it is logical for Aikamatkat to focus on these cities                                               
|                                  | • It is necessary for Aikamatkat to understand Chinese culture to conduct business                                                              
|                                  | • With a monumental amount of Chinese student studying abroad, especially in Europe, this segment can be potential targeted end-customer for the Case Company |
| Technology background            | • Due to censorship, the Chinese internet has developed its own platforms for communications and social channels with a massive user base       
|                                  | • WeChat- a mobile application- is the most dominant channels for socializing, messaging, marketing and communications                        
|                                  | • The internet is a major channel for marketing and communications for domestic Chinese companies                                               |
| Law and policies                 | • Schengen visa application process is now much simpler which can result in bigger demand for European travel tours                               |
| Environmental issues             | • Pollution at home becomes one of the travel motivations for Chinese tourists                                                                                                                |

Throughout Chapter 4, the macroeconomic landscapes of China is clarified through six fundamental elements: political system, economic
environment, society characteristics, technology and environmental backgrounds. The chapter hence is able to answer the first sub-question.

- **What are the macroeconomic landscapes and challenges in China that can affect Aikamatkat’s strategy**
6 CHINESE TOURISM INDUSTRY ANALYSIS

With the macroeconomic landscape thoroughly reviewed in Chapter 4 and Chapter 3, Chapter 5 continue to look into the micro economic details on Chinese outbound tourism industry and its competitive situation. The Chinese tourism industry in this thesis refers to group of players that conduct activities in bringing Chinese tourists to Finnish and Nordic destinations. In order to achieve adequate results, the chapter shall utilize Porter Five Forces to examine the competitiveness of the industry.

6.1 Threats of new entrants

Threats of new players is taken into account when evaluating the competitiveness of an industry, as suggested in Chapter 2.

Travel industry, in general, have low entry barriers. First of all, the initial capital costs are usually relatively low because there is no expensive required assets for a travel agency startup (Evans-Campbell-Stonehouse 2003, 175). Concerning the Chinese outbound travel industry, the entry barrier is relatively low for those looking to set up a travel agency or tour operator according to Ctrip International’s report (2006). The Chinese company also believe the competition level will rise in the future due to low barriers to entry. In 2009, the new “Regulations on Travel Agencies” came into effect and lowered the requirement for an operating agency in China (China Tourism Academy 2010). In case of switching partners, business customer has minimal setback because it does not heavily affect the supply chain. Taking into account the cost for the end-customer, travelers can switch from one travel agency to another without any significant cost. (Bauer-Latzer 2012, 27.) Despite bringing Chinese tourists to Nordic destinations is a fairly new venture, there are already several players in the market (Timetravels market summary 2016).

With all the stated reasons, threats of new entrants are deemed as high.
6.2 Bargaining power of suppliers

As a destination management company itself, suppliers for Timetravels Incoming are activities and accommodation providers such as restaurants, hotel and activity providers. As all the product offerings of Timetravels Incoming is directly connected with these services providers, it is important to maintain the supply as stable as possible. With each tour, there are different service providers at different locations. Especially in those remote area, such as Vasatokka, there is usually only one association running one particular service. Therefore, concerning the amount of supplier, it is relatively limited and increases the bargaining power of suppliers. However, since there are several destinations, which can be seen as substitutes, the Case Company is able to have more freedom on dealing with suppliers. In terms of purchase size, tour operators usually book a considerable purchase. Moreover, thanks to the nature of tourism, each destination is self-differentiated, hence the services from suppliers are unique which leverages the position of the destination company. Finally, although the service providers has noteworthy power over their service offerings in one particular area, it is unlikely for them to operate their own tours, especially for foreign tourists.

In summary, with stated elements directly affecting the suppliers, the authors evaluates their bargaining power as **medium high**.

6.3 Bargaining power of buyers

Generally, buyers in the Chinese inbound travel industry are wholesalers, retailers and travel agencies that target Chinese consumers. The amount of Chinese travel agencies and Chinese-targeted agencies operating in Europe is tremendous. Although there big, dominant players on the buyer's side, the large amount of agencies and wholesaler makes it easier for the Case Company in negotiating the price.

Thanks to Nordic destinations' uniqueness, it is hard for buyers to aggressively drive down the price of the product. However, the switching
cost in travel industry is low, which allows existing buyers/customers to switch to a new tour operators in case of pricing conflicts.

Finally, when it comes to evaluating the profitability of self-producing products, there are a lot of barriers for the buyers: minimal connection, language difficulties, lack of market knowledge as well as profitability risks. The possibility of buyers self-producing products is, hence, small. However, there has been a case where an existing customer starts to operate their own tours to Nordic destinations (Timetravels Incoming CEO 2016).

To summarize, the buyers have medium bargaining power in Chinese tourism industry, thanks to a balanced mix between advantages and disadvantages.

6.4 Threats of substitute

According to Porter (1980), a high threats of substitute tends to stunt the growth and profitability of the product. Substitutes for the Case Company’s products, according to Timetravels Incoming’ Account Manager, are tours to other European destinations in the same level of uniqueness and price range. Concerning switching cost for customers, there is no significant switching cost for agencies and retailers to switch from Nordic tours to, for example, Eastern European tours. This minimal switching cost in the industry makes the Case Company more vulnerable to the threats of substitute. Furthermore, Finnish and Nordic destinations, as stated in chapter 4, are lesser known and more expensive than most European destinations. Along with a possible economic downturn in China, the lower retail price of substitute products might negatively affect Timetravels Incoming’s profitability. Lastly, a majority of the substitute tours are well developed since the destinations are more popular and traditional with a lot of big players and good feedback from end-customers. As a result, conservative business customers may be inclined to choose these substitute products.
Taking into account all of these elements, the Chinese tourism industry has high threats of substitute.

6.5 Rivalry among competitors

Concerning the rivalry of industry player, firstly, the number of competitor is taken into account. Kaytrip and Arctic China are the biggest tour operators in Nordic destination travel industry for Chinese tourists. Although there are other smaller operators such as Aurora Xplorer, according to CEO of Timetravels, their business conducts are insignificant. Therefore, there are only 3 considerable competitors in the industry. This loosen the rivalry within the industry.

Secondly, the industry growth directly affects the competitiveness between competitors. A fast-growing industry is beneficial for all players, thus reducing the competitiveness level of the industry. On another hand, an industry with no significant growth requires players to be more competitive and gain market share from each other. Chinese market is growing quickly and monumentally at the moment and Nordic destinations are becoming more and more familiar with Chinese tourists as exquisite choices at competent prices. Therefore, the Chinese market is forecasted to outgrow Japanese market in the near future.

Thirdly, if there are considerable exit barriers in the industry, the competitors are less likely to withdraw from competition. In this aspect, the travel industry has very little exit barriers since their products are not physical products and the amount of investment is not as high as other industry. Hence the competitiveness level is, once again reduced.

To sum up, the rivalry level of the Nordic destination travel industry in Chinese market is at medium level due to all the mentioned factors.

6.6 Analysis conclusion

The table below acts as a conclusion for the Porter Five Forces analysis.
<table>
<thead>
<tr>
<th>Forces affecting competitiveness</th>
<th>Competitiveness level</th>
<th>Assessment details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threats of new entrants</td>
<td>HIGH</td>
<td>+Low entry barriers +Low capital requirements + Future legislation relax +Customer switching cost is low</td>
</tr>
<tr>
<td>Bargaining power of supplier</td>
<td>MEDIUM HIGH</td>
<td>+Limited amount of suppliers for each destination + Product offerings are unique - Several destinations as options - Suppliers are unlikely to operate their own tours</td>
</tr>
<tr>
<td>Bargaining power of buyers</td>
<td>MEDIUM</td>
<td>+Large amount of buyers + Low switching cost - It is difficult and unlikely for buyers to operate their own tours However, there has been a case where a buyer operate their own tour and became a competitor</td>
</tr>
<tr>
<td>Threats of substitutes</td>
<td>HIGH</td>
<td>+A lot of substitute products, which are tours to other European destinations +Low switching cost for both business customers and consumers + Substitutes has several competitive edges including availability as well as pricing + Substitute products are well developed</td>
</tr>
<tr>
<td>Rivalry among competitors</td>
<td>MEDIUM</td>
<td>+ Many notable competitors - The industry is growing at a fast pace - Low exit barriers</td>
</tr>
</tbody>
</table>
In this table, the plus sign (+) represents elements that increase the competitiveness of the industry while the minus sign (−) refers to factors decreasing the competitiveness. Serving as the industry analysis of this thesis, this chapter concludes the external analysis part.
7 B2B MARKETING PLAN

With several analyses being carried out as well as reviewing theoretical documents, the authors are able to evaluate the Case Company in different aspects and perspectives. Consequently, this chapter serves as a concrete and detailed strategic B2B marketing plan for Timetravels Incoming. First of all, the final market segmentation and targeting will be introduced as a common ground for developing strategies. After defining Case Company’s customer segment, strategies for each element in the marketing mix is presented based on acquired insights and evaluation from different parts of the thesis. Lastly, a forecasted financial projection in future implementation of mentioned strategies.

7.1 Market segmentation and targeting

For strategic planning, choosing segments is absolutely vital to the success of the company in that particular market and industry (Cravens-Piercy 2006, 104). By segmenting and targeting, the Case Company is able to identify potential customers and continue to maintain relationship. Therefore the eventual purpose of this part is to find out Timetravels Incoming’s potential customer in the Chinese market. The process of market segmentation includes defining selected segment based on the Case Company’s objectives, existing customer review and evaluating new potential customers in the targeted segment.

7.1.1 Targeted segments

As mentioned in Chapter 2, there are various segmenting variables when it comes to B2B segmentation. After conducting interviews and discussion with Timetravels Incoming as well as reviewing its current customers, important variables for the Case Company is identified and there are criteria to be met in each variable by the business customer. Based on the objectives stated in the previous chapter, there are two segments that suits the company’s preference of segmenting variable:
Segment 1: Travel agencies and wholesalers bringing in Chinese tourist from People's Republic of China

Travel agencies and wholesalers which brings Mainland Chinese tourists will be one of the main segment for Timetravels Incoming in the near future. In this particular segment, there are several segmenting variables to be met. In terms of demographic characteristics, these agencies and wholesalers conduct business in tourism industry, particularly in bringing Chinese tourists to European countries. Targeted customers in the segment is located inside Mainland China, which includes Autonomous regions such as Hong Kong, Macau and Tibet. The respective size of the business customer in this industry has relatively insignificant impact. However, the Case Company focus will be on medium to big travel agencies and wholesalers.

Concerning operating variables, technology is hardly a concern for players in tourism sector. Nevertheless, business customers from Mainland China should be reachable via the Internet. WeChat, Tencent QQ, email and websites are essentials for establishing and maintaining business relationships. Moreover, customer capabilities are also important. Business partners should have experience and ability in bringing Mainland Chinese tourists to international or European destinations. Their current product offerings is similar to Timetravels Incoming’s products. Regarding purchasing approaches, the buyer-seller relationship is the most important criteria. The customer is not currently selling competitors’ products or having ties with competitors.

TABLE 21. Segmenting variables of Segment 1

<table>
<thead>
<tr>
<th>Segmenting variables</th>
<th>Details</th>
</tr>
</thead>
</table>
| Demographics         | Travel industry  
Bringing Chinese living in Mainland China to European destinations  
Located in Mainland China (People’s Republic of China) |
Segment 2: Travel agencies bringing in Chinese tourist living in Europe

Travel agencies which brings Chinese tourists living in Europe is another key segment for Timetravels in upcoming years. The targeted agencies conduct business in bringing Chinese citizen living in Europe. These agencies is located in Europe. Similarly, the size of customers in this industry plays a minor role and the Case Company will focus on medium and big players. Besides demographics, other variables in this segment is comparatively identical to the former segment mentioned above.

TABLE 22. Segmenting variables of Segment 2

<table>
<thead>
<tr>
<th>Segmenting variables</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics</td>
<td>Travel industry Bringing Chinese living in Europe to European destinations Located in Europe</td>
</tr>
<tr>
<td>Operating Approaches</td>
<td>Have online presence as well as communications (emails, WeChat, Tencent QQ, website) Experienced and currently having similar product offerings</td>
</tr>
<tr>
<td>Purchasing approaches</td>
<td>Customers does not sell competitors' similar product or have ties with competitors</td>
</tr>
</tbody>
</table>
7.2 Marketing Mix

After defining the Case Company’s targeted market as well as the future objectives, actual and concrete marketing strategies are crafted utilizing the marketing mix-4Ps model: Product, Price, Promotion and Place. Hence, in this subchapter, the strategies is divided into 4 sub sections: Product strategies, Pricing strategies, Promotion strategies and Distribution (Place) strategies.

7.2.1 Product strategy

As stated in previous chapters, Nordic destinations are becoming increasingly popular to Chinese travelers. As a result, more competitors are producing similar trips which can potentially have a negative impact on the Case Company’s profitability. Developing new product is a powerful solution for the Timetravels Incoming to advance its business as well as prevent competitors from copying the product (Kumar 2006). On the other hand, improving existing product creates competitive edge for the Case Company against competitors.

TABLE 24. Product invention strategy

<table>
<thead>
<tr>
<th>Product strategy</th>
<th>Developing new products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destination suggestion</td>
<td>Saimaa Lake</td>
</tr>
<tr>
<td>Estimated length of trips</td>
<td>7 days</td>
</tr>
<tr>
<td>Target segments</td>
<td>Both segment 1 and segment 2</td>
</tr>
<tr>
<td>Estimated pricing</td>
<td>355-385€/pax</td>
</tr>
<tr>
<td>Season</td>
<td>Summer</td>
</tr>
<tr>
<td>Starting time</td>
<td>Summer 2017</td>
</tr>
</tbody>
</table>
Saimaa is a lake located in southeastern Finland. It is the largest lake of the country with thousands of island within the region. As a tourist destination, Saimaa Lake offers family-oriented trips, outdoor activities, sauna culture, festivals and the town of Mikkeli and Savonlinna (Visit Saimaa 2016).

Saimaa is also easier to reach when compared to other destinations such as Lapland region. It takes only a couple of hours to transport from Helsinki and several different modes of transportation are available for both end customers as well as the Case Company.

**TABLE 25.** Product adaptation strategy

<table>
<thead>
<tr>
<th>Product strategy</th>
<th>Adapting existing product</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target segment</strong></td>
<td>Segment 2</td>
</tr>
<tr>
<td><strong>Details</strong></td>
<td>“Room guarantee” features for additional fee in order to have proper room accommodation</td>
</tr>
</tbody>
</table>

Accommodation is one of the most important parts to Chinese travelers in terms of travel experience (Key Account Manager 2016). However, in the product offerings, accommodation types are usually Lappish cottages which can accommodate 6-10 consumers and have different room types such as bunk bed, twin beds and loft with mattress. The variance of room types caused inequality arguments among Chinese travelers. The authors hence propose a “room guarantee” feature as a solution for this problem: for an additional fee, the traveler can be guaranteed a room in order to enhance the travel experience.
7.2.2 Pricing strategy

According to the sales assistants, the team has been mostly using 1.3 mark-up for 95% of the inquiries of tailored groups – segment one. The authors suggest to apply a more flexible mark up rates between 1.25 and 1.35. The price should be flexible and depends on the market, season, itineraries, negotiating, bidding and so on.

TABLE 26. Pricing strategies for Timetravels Incoming

<table>
<thead>
<tr>
<th></th>
<th>Lower mark-up</th>
<th>Higher mark-up</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market</strong></td>
<td>Central China</td>
<td>HongKong, Eastern and Southern China</td>
</tr>
<tr>
<td><strong>Season</strong></td>
<td>Summer</td>
<td>Winter</td>
</tr>
<tr>
<td><strong>Itineraries</strong></td>
<td>Other Scandinavian countries, and capital areas</td>
<td>Saariselka and Ruka</td>
</tr>
</tbody>
</table>

Firstly, Level of consumption in Central China is comparatively lower than Eastern and Southern China, hence different mark-ups. Secondly, the company has an extrem peak and off season. So the authors suggest the sales team to increase the mark-up during the winter, and lower the mark-up during the summer time. Thirdly, thanks to big numbers of travellers from guaranteed departures and mother company Timetravels. Tailored groups benefit from economies of scales at destinations such as Saariselka and Ruka, enjoying competitive offers from service providers. However, there are too much market substitutes in capital areas in Finland and other Scandinavian countries. Timetravels Incoming has absolutely no advantages comparing to the competitors who have the ownership of restaurants and souvenir shops. Therefore, the authors suggest to keep the mark-up high for itineraries in Saariselka and Ruka, and lower the mark-up or even give up the capital areas.
Timetravels Incoming now has a uniform pricing strategy for segment two. All the partners get 10% commission on top of our suggested selling price. The authors suggest to continue the current one since 10% is about at the average level in the industry and no partners have complained or asked for a higher one so far.

7.2.3 Promotion strategy

Promotion strategy is one of the focus of the Case Company’s marketing program. Promotional programs help the company to influence trade contacts and customers, get new leads and maintain existing customers. The authors propose a set of promotional activities which can help Timetravels Incoming acquire its objectives. Within promotion strategies, the Case Company is advised to focus on 3 methods: sales promotion, public relation and most importantly, personal selling.

TABLE 27. Proposed promotional methods and their activities

<table>
<thead>
<tr>
<th>Promotional methods</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Promotion</td>
<td>• More familiarization trips for potential customers</td>
</tr>
<tr>
<td></td>
<td>• Providing incentives for TV show trips</td>
</tr>
<tr>
<td>Public Relation</td>
<td>• Sponsoring events for Chinese students in Europe</td>
</tr>
<tr>
<td></td>
<td>• Organizing product release event</td>
</tr>
<tr>
<td>Personal selling</td>
<td>• Open and expand the office in Mainland China</td>
</tr>
<tr>
<td></td>
<td>• Attending travel fairs</td>
</tr>
</tbody>
</table>
First of all, in terms of sales promotion, providing more familiarization trips for potential customers and offering incentives for TV programs are proposed tactics for the Case Company. Familiarization trips help business customers become familiar and understand the product. (Burgess 2016) With more trips organized, especially for new tours, more customers can participate and consider potential business with Timetravels Incoming. Moreover, according to CEO of the Case Company, familiarization trips have been greatly effective in current and previous partnerships.

Subsidizing price and providing incentives for trips that end-customers are public figures or mass media crew are taken into account in promotion strategy. Being competitive in pricing can lead to effective mass advertising to both segments for the Case Company. However, the profit for these trips are hence relatively low.

Concerning public relation, being a sponsor for events held by Chinese student union in Europe helps the company to reach more potential customers in segment 2, especially business customers and end-customers. The proposed events’ organization includes:

- Association of Chinese students and Scholars in Germany (VCSW)
- Chinese students Association in Finland
- Chinese Embassies in Germany and the United Kingdom

Another important public relation program is product release events. Organizing these events in China and Finland can bring in potential business customers and end-customers. Moreover, the customers can get to know about the company, its objectives, missions and vision as well as the product portfolio. It also improve the relationships with current customers.

Finally, personal selling is the most vital factor in the Promotion mix to the Case Company’s future success and development. Based on the basic
concept of persuading prospect to purchase goods or services, three probable programs are proposed.

Opening a new office in China brings huge benefit for the Case Company in terms of both marketing and logistics. As explained in chapter 4, in Chinese business context, relationships play an important role. With an office in China, relationships with current customers will be solidify and improve. Because of the geographical closeness and similar time zone, difficulties and problems are solved more quickly Moreover, it is more cost effective for Timetravels Incoming to participate in events and promotional activities in China. The cost for workforce in China is also lower than Finland. The proposed details in opening a branch office in China is summarized in the table below.

**TABLE 28. Proposed plan for opening an office in China**

<table>
<thead>
<tr>
<th>Timetravels Incoming office in China</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Tianjin/Shanghai</td>
</tr>
<tr>
<td>Number of employee</td>
<td>4</td>
</tr>
<tr>
<td>Roles</td>
<td>Sales call and business meetings</td>
</tr>
<tr>
<td></td>
<td>Participating in travel fairs</td>
</tr>
<tr>
<td></td>
<td>Maintaining relationships with customers in Mainland China (Segment 1)</td>
</tr>
</tbody>
</table>

Participating in travel fairs and road shows is also an important activity proposed by the authors. These events offer a great opportunity to create connections with prospective customers. There are 4 probable events that can greatly benefit the Case Company: ITB Asia, VisitFinland China Road show, MATKA Nordic Travel Fair and ITB Asia
ITB Asia is an annually held three day B2B trade show and convention for the travel industry; it is designed to become the primary event for the Asia Pacific travel industry, much like its parent event – ITB Berlin.

Now in its ninth year in Singapore, ITB Asia will taking place at Marina Bay Sands. It is organized by Messe Berlin (Singapore) Pte Ltd and supported by the Singapore Exhibition & Convention Bureau. Today, ITB Asia is the premier meeting place for the travel trade industry and a forum for establishing high-quality customer contacts and conducting businesses. This is where international exhibitors of all sectors within the travel-value chain commerce, and Asia Pacific’s leading travel companies and emerging small and medium-sized enterprises meet with top international buyers from the MICE, Leisure and Corporate Travel markets. (ITB Asia 2016) In 2015, VisitFinland is one of the major exhibitor of ITB Asia.

Another major event is Visit Finland’s China Road show. Visit Finland coordinates Finnish participation in major international travel fairs. China Road Show is aimed at the China market with different stops in China’s biggest cities: Guangzhou, Shanghai, Beijing, Hong Kong and Chongqing. (Visit Finland 2016)

MATKA Nordic Travel Fair follows the constantly evolving travel business and our goal is to provide the best possible platform for the travel trade to grow. MATKA offers a unique opportunity to meet the decision makers of the travel trade industry and consumers with purchase power in an inspiring environment. Companies will have profitable encounters and will grow your brand through numerous encounters.

ITB China is a new travel trade show which is solely focused on Chinese tourism market. The event gathers international destinations, companies and providers in Shanghai in order to connect them with Chinese counterparts. In 2017, the event is set to take place on 10-12 of May. (ITB China 2016.)
7.3 Programs implementation

The programs in the marketing mix is proposed to be implemented as the figure below

![Gantt Chart of marketing programs implementation](image)

FIGURE 29. Gantt Chart of marketing programs implementation

Firstly, in product strategies, tours to Saaima Lake is sold as a new product from January to May 2017 in order to be ready for the summer season. On the other hand, “Room guarantee” service will be implemented in the winter season which is from November 2016 to February 2017.

In terms of promotion strategies, familiarization trips for potential customers is operated during the summer of 2017. Another important program is opening a new office in China. The authors advise that this task takes place as soon as possible which can be November and December 2016. As for sponsoring, these events are China’ national holidays and new student events which are mostly in September and October. Last but not least, upcoming important travel fairs will be in May 2017 and will last for one month.
8 CONCLUSIONS

This chapter serves as the final conclusions for the whole thesis. All findings and results from empirical research as well as theoretical analyses, hence, will be presented in a clear and condensed approach. Moreover, the chapter also suggests viable future studies that need further clarification and is directly connected to this thesis. There are 3 subchapters tackling each subject: answers for research questions, research suggestions as well as readability and validity.

8.1 Answers for research questions

As stated in Chapter 1, the reason of writing this thesis is to craft a proposal B2B marketing plan for the Case Company’s Chinese market. To fulfill this purpose, the main question which includes four sub-question will be answered with the results and findings from analyses and empirical researches. Each and every sub-question’s answer serves as a part of the main research question’s final answer.

What is the optimal B2B marketing strategy for the case company in the Chinese market?

- What are the Case Company’s situation, objectives, strengths and weaknesses?

Timetravels is a Helsinki-based tour operator company which provides travel experience to Northern Lapland and other Nordic/Russian destinations. The company has had more than 15,000 customers from about 70 different countries since its launch. Since August 2016, Timetravels Incoming Ltd was founded as a subsidiary company of Timetravels. The role of the newly established company is to take care of the Asian market, especially Chinese market. The market has proven itself as increasingly profitable and still hold more potential. Concerning the company’s product portfolio, there are two major product lines: guaranteed departures and tailored group departures. Both products are growing extensively in terms of sales and profitability. Guaranteed departures to
Saariselka is the most profitable product at the moment while others such as tailored leisure and study group tours are becoming more prevalent.

Taking into account the company’s strengths and weaknesses, Timetravels Incoming has a diverse, international workforce which is vital for doing business internationally. Moreover, the product lines are considered unique and trendy for Chinese market. Finally, the company has financial support from Timetravels- the mother company. On the other hand, the Case Company also has various limitations such as lack of destination resources, limited experience and a weak presence in Mainland China.

- *What are the macroeconomic landscapes, challenges and opportunities in China that can affect Timetravels Incoming’s strategy?*

China, as the most populous country in the world, has a vast difference when compared with European countries. The uniqueness of Chinese market shows in political system, economic environment, society characteristics and values, legal issues as well as technology and the environment. Concerning opportunity, one of biggest element are the fast-pace growth of Chinese economy and is middle class consumer, which are likely to have positive impact on the Case Company’s future business. Moreover, the number of Chinese student in Europe is on an upward slope indicating great opportunity in doing tourism towards this segment. Nevertheless, there are numerous obstacles such as political downfall, economic recession, cultural differences and legal issues. These problems can have negative effect on Timetravels Incoming’s profitability.

- *How competitive is the Chinese tourism market?*

The competitiveness level of the Chinese tourism market is affected by several factors. The market has a high threats of new entrants, medium high bargaining power of supplier, medium bargaining power of buyers
and rivalry as well as high threats of substitute. The competitiveness level hence deemed as medium/medium high.

- **What are the viable customer segment and effective B2B marketing programs for Chinese tourism industry?**

There are two feasible customer segment. The first segment (Segment 1) are Travel agencies and wholesalers bringing in Chinese tourist from People’s Republic of China. At the same time, the company focuses on travel agencies bringing Chinese citizens from European countries (Segment 2). To target both segments, a mix of marketing programs is prepared with 4 sets of activities: Product development, Pricing, Promotional activities and Distribution strategies.

In terms of product development, the strategy is to develop new tour and adjust existing tours according to the end-customers. Tours to Saimaa Lake will be introduced as the new summer product and “room guarantee” service will be implemented in the winter season.

Concerning the pricing strategy, in segment 1, the authors suggest different markup for different economic regions and for different products. For example the company can offer winter tours to Shanghai region, which I an economic powerhouse, with higher markup.

Promotion is the focus of the proposed marketing mix with several strategic programs in sales promotion, public relation and personal selling. Within advertising, Timetravels Incoming is advised to operate more familiarization trips for potential business partner as well as provide incentives for media and TV show trips. As for public relation, sponsoring Chinese student organizations’ events in Europe and hosting Product release event are feasible activities for the Case Company. Last but not least, attending travel fairs and a branch office in China can greatly help personal selling aspect of the company which can result in better relationship and long term profitability.

Distribution strategies are different for each segment. In segment 1, the Case Company is recommended o switch from exclusive to selective
distribution, which can enhance their profitability in potential areas. For segment 2, a more exclusive distribution can enable Timetravels Incoming to manage and perform better with its business customers.

8.2 Suggestions for further researches

The content of this thesis is shaped for the purpose of answering the main research questions. Nevertheless, there are a series of important related issues that are not covered in the study. Therefore, these issues are highly recommended to be studied if any further researches take place, including:

What are the most effective B2C marketing strategies for the Case Company in the Chinese market?

How can Finnish companies enter Chinese tourism market?

Risks in conducting business in China

What are the most effective strategies for the Case Company in South East Asia?

These are important researches that can be greatly beneficial for the Case Company and other Finnish tourism companies as well as individuals who are interested in conducting business in China.

8.3 Reliability and validity

This thesis employs different methods of data acquisition which are desk research and interview including internal interviews and customer interviews. During desk research process, all the sources of used data is carefully checked for credibility and accuracy. These data are mainly from government, governmental organizations, non-governmental organizations, business and financial reports of trustworthy companies, etc. Therefore, the data from this process is highly reliable. On the other hand, the interviews are conducted in a formal and semi-structured format
with CEOs, key employees and important customers. Consequently the data and result from this process also have a high level of reliability.

Concerning the validity of this thesis, all theories and theoretical frameworks, models and figures are taken from credible sources such as books, journals, reports and trusted documents. The data is decidedly updated in order to produce correct assessment. Thus the validity of this study is assured.
9 SUMMARY

China is an economic sensation of the 21st century with a huge and quickly emerging economy. Thanks to the economic development and its great population, tourism has become one of the most prevalent industry with strong domestic and international companies. As a result of several factors, the number of Chinese tourist visiting Finland and Nordic destinations is increasing. On the other hand, The Case Company, Timetravels Incoming, is established as a subsidiary company for Timetravels Ltd. which targets Chinese and international market. Hence, the thesis is written in order to help the Case Company develop the Chinese B2B market. The authors also propose a strategic B2B marketing plan for the Case Company's review.

In this study, deductive approach and qualitative research are deployed in order to answer the main research question as well as sub questions. Data is divided into two types: primary data and secondary data. Primary data is retrieved via internal documents and also by doing qualitative research including different interviews. Secondary data, by its concept, is acquired by researching public documents, journals, articles and books.

With the research approach and data acquisition laid out, the thesis is hence divided into two parts: theoretical and empirical studies.

The theoretical part serves as a base for all the reasoning, models and formulas in the thesis. In this thesis, Chapter 2 covers the whole theoretical part with literature reviews with different theories, concepts and models. The authors decide to employ strategic planning framework in order to reach the study's objectives. Therefore, in the literature review, there are three important parts: internal analysis, external analysis and strategy formulation. SWOT analysis and Growth share matrix are mentioned in the internal analysis while PESTEL and Porter Five Forces are explained in the external analysis part. The strategy formulation includes the theories of market targeting and segmentation as well as marketing mix. Furthermore, Chapter 2 also tackles important tourism
concepts, practices and theories to help the readers understand the background of this study.

Consequently, the empirical part is conducted throughout Chapter 3 to Chapter 7. In Chapter 3, the empirical research practice is illustrated with specific timeline and details of the interviews. After describing the process, data from the interview with customers and the Case Company, along with its product portfolio, is analyzed. Chapter 4 deploys the SWOT analysis and Growth share matrix to demonstrate the evaluation of strengths, weaknesses and its product offerings. After the Case Company overview, in chapter 5, China and its macroeconomic characteristics are evaluated via PESTEL analysis. To achieve deeper understanding of the market and its competitive environment, the Chinese tourism market is analyzed with Porter Five Forces and competitor analysis.

Lastly, the strategy formulation process starts in Chapter 7. Market segmentation, based on retrieved data and information, indicates possible customer segments for Timetravels Incoming. With defined targeted segments, the plan continues with the marketing mix which acts as the authors’ proposals for the Case Company in different aspects of B2B marketing.

In conclusion, findings, analysis results and suggestions stated in the thesis are again mentioned and finalized. Despite reaching a viable answer for the research questions, there are some related questions which should be answered if there is a continuous research on this topic. Lastly, the validity and reliability of this thesis is clarified and proven based on credible sources and sufficient researches during the process of the study.
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APPENDICES

APPENDIX 1. Internal interviews

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<tr>
<th>Interviewees</th>
<th>Chief Executive Officer of Timetravels Ltd.</th>
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<tbody>
<tr>
<td></td>
<td>Chief Executive Officer of Timetravels Incoming</td>
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<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Could you us me about Timetravels Ltd.?</th>
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<tbody>
<tr>
<td></td>
<td>Could you tell us about the development of TimetravelsIncoming?</td>
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<tr>
<td></td>
<td>Could you tell us about Timetravels current business situation?</td>
</tr>
<tr>
<td></td>
<td>Could you tell us about Timetravels Incoming current business situation?</td>
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<td></td>
<td>What are the objectives for Timetravels Incoming in the future?</td>
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<td></td>
<td>Can you give us some insights on the market and your products?</td>
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<table>
<thead>
<tr>
<th>Interviewees</th>
<th>Account Manager</th>
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<tr>
<td></td>
<td>Sales Executives</td>
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<td></td>
<td>Sales representatives in Southern China</td>
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<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Can you give us some information on the company’s current product?</th>
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<tbody>
<tr>
<td></td>
<td>Could you give us your thoughts on future situation and opportunities?</td>
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## APPENDIX 2. Customer interviews

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>Company A’s Account manager</th>
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<tr>
<td></td>
<td>Company B’s Account manager</td>
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<tr>
<td><strong>Questionnaires</strong></td>
<td><strong>What is the criteria of a good business partner?</strong></td>
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<tr>
<td></td>
<td><strong>What is the criteria of a successful travel product?</strong></td>
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<td></td>
<td><strong>What are the values in conducting business that you consider important?</strong></td>
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<td></td>
<td><strong>Can you give us your evaluation of current cooperation with Timetravels Incoming?</strong></td>
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