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# A Strategic B2B Marketing Plan for the Indian Market: A Case Study of Timetravels Incoming Ltd

Le, Thu

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## A Strategic Business-to-Business Marketing Plan for the Indian Market: A Case Study of Timetravels Incoming Ltd

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This thesis project was carried out during the winter of 2017. The case company is Timetravels Incoming Ltd, a young start-up tour operator which is currently focusing on the Indian market.

In this thesis, a deductive approach and qualitative research methods are employed to answer a main question and three sub-questions. The main question is to figure out the applicable Business-to-Business marketing plan for Timetravels Incoming targeting in Indian Market. The thesis also studies the current situation, goals, objectives, resources and the plan of the case company. The thesis project examines the potential of the Indian market as well as addressing the challenges that the case company is facing.

The theoretical background chapter reviews general definitions and concepts related to B2B environment, marketing plan strategy and the marketing mix. These theories are summarized and highlighted to give a basis for next chapters.

Case study and semi-structured interviews were used in the thesis research. The semi-structured interviews were conducted with the case company's CEO, key personnel, customers and Visit Finland's representative located in India.

The outcomes of the thesis include a proposal for a strategic B2B marketing plan for the case company and insights into the Indian market.

Keywords: strategic B2B marketing plan, tour operator, service business, Indian incoming travellers

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## 1 Introduction

### 1.1 Situation discussion

Tourism plays a significant role in Finnish economy in recent years. The direct contribution of Tourism and Travel was EUR 4.3 billion, 2% GDP in 2016. This is forecast to rise by 2.8% to EUR 4.4 billion in the year of 2017. Moreover, 52,000 jobs (21% of total employment) were directly generated by Tourism and Travel. This includes employment by hotels, travel agents, airlines and other passenger transportation services. (World Travel & Tourism Council 2017).

Famous for wilderness, culture, magnificent Northern Lights and homeland of Santa Claus, combined with a lot of efforts of Finnish government, travel agencies as well as tour operators in terms of strategic promotional activity, Finland has become more and more attractive and unique destination for leisure, study and business purposes. To put it in another word, Finland is experiencing a mass growth in foreign tourists, especially those from Asian countries. According to Statistics Finland, there was 20.3 million overnight stays in Finnish accommodation establishments, of which foreign tourists account for 5.8 million.

On the other hand, while in Nordic region in general and Finland in particular, much of the focus of the travel industry is on the staggering growth of Chinese market, Indian is emerging as one the fastest-growing outbound market in the world, second only after China. Encouraged by 7% GDP global growth rate, a stable increase in personal income,

Well established in 2006, Timetravels Ltd is a Finnish tour operator and travel company, specializes in incoming activities, sport & fan travel and youth tourism. Over the past 10 years, the company has been serving more than 15 000 customers yearly who come from more than 60 different countries. Timetravels has grown to be one of the most experience inbound tour operators with totally out-of-the-box ideas for different travel experience. Due to a significant increase in incoming businesses, since August 2016, Timetravels Incoming has been founded as the subsidiary company of Timetravels. The intention of this new establish is to provide efficient resources to serve international market, in which Indian market accounts for 20 percent of annual sales. Taking the passion on serving Indian travellers, Case Company sees the huge potential of Indian market as second biggest market in Asia. Together with well performance last year leads to the high demanding of expanding, increase in the number of leads and significant growth in annual sales.

### 1.2 Purpose of the thesis

The purpose of the thesis is to study the Case Company's current situation, its strengths, weaknesses as well as goals and objectives. The thesis also aims to research and understand

business-to-business environment, Indian market and customers. Through the study of Case Company and market, final findings and solutions will be then proposed as a strategic B2B marketing plan to Timetravels Incoming Ltd.

### 1.3 Research problem

The main research question is “What is the strategic B-2-B marketing plan for Timetravels Incoming targeting in Indian market?”. There are three following sub-questions established to facilitate answering the main research question:

- What are the current situation, goals and objectives of the Case Company?
- What are the opportunities and challenges of target country that can affect the Case Company?
- How competitive is Indian incoming market in Finland?
- What are the effective B2B marketing programs for Indian market?

### 1.4 Research approach

The thesis will be conducted by deductive research approach, in which existing theory is used to support data analysis process and findings. Case study and interview is chosen as research strategy. The development of research is conducted under qualitative research model. The author of the thesis will gather internal information of the case company through the study of internal reports, which helps to get a clear picture about the Case Company. Together with that, the interviews with CEO, key employees of the Case Company as well as professional experts from Visit Finland will be carried out to obtain sufficient data for this research.

### 1.5 Theoretical approach

The thesis is implemented based on the support of various theories which provides general concepts and definitions needed to establish and develop an optimal strategy for the Case Company. First, market analysis plays an important role in any organization’s marketing process. To understand the market, internal analysis of the Case company and external analysis of Indian market shall be considered. In this case, study on the current situation of the Case Company, SWOT analysis is presented and examined. Moreover, in order to understand the business-to-business environment in India as well as the competition in this market, PESTEL, Competitor Analysis and Porter Five’s Forces are all discussed. Second, in terms of marketing strategy formulation, important and necessary knowledge related to marketing mix, market segment will be provided.

## 1.6 Framework of the thesis

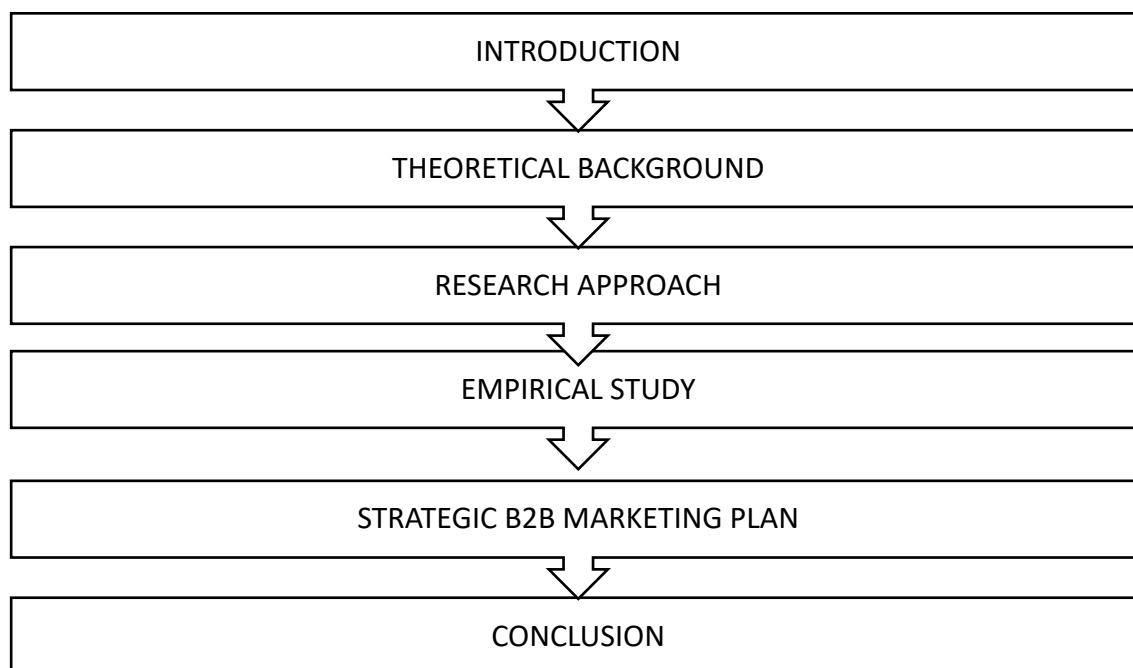


Figure 1: Framework of the thesis

The structure of the thesis is divided into six chapters including introduction of thesis, theoretical background, research approach, empirical study, b2b marketing plan, suggestion and conclusion.

Chapter 1 introduces briefly about the thesis background, research problem, research objectives as well as research approach and structure of the thesis.

Chapter 2 reviews key factors of to business-to-business marketing, definitions and concepts in tourism. Also, marketing plan strategy is explained well in details in this chapter, which supports for later chapter in the thesis.

Chapter 3 describes research design and implementation. Every single research method which used in the research process is explained well in this chapter.

Chapter 4 gives a more in-depth Indian outbound tourism and the Case Company. Utilizing PESTEL analysis will provide a clear picture of Indian macroeconomics and social aspect. Meanwhile, SWOT analysis of the Case Company is also presented.

Chapter 5 serves as a proposal B2B marketing plan for Case Company based on the results of analyses from previous chapters. All elements of the marketing plan will be presented consisting marketing mix, customer segment.



Chapter 6 represents the answers for research questions. It also consists of summary of the thesis process, the research results, limitations of the thesis and suggestions for future study.

## 2 Theoretical background

### 2.1 Tourism

#### 2.1.1 Definition

Definition of Tourism varies sources by sources, different person by person. Swain & Mishra (2012) described tourism as a complicated term since it comprises multiple processes and activities arising from a comprehensive relationship of tourists with service providers, local community, local government and environment.

Tourism was called by Goeldner & Ritchie (2012) as a composite of activities, service and industries that deliver a travel experience: transportation, accommodations, eating and drinking establishments, shops, entertainment, activity facilities, and other hospitality services available for individuals or groups that are travelling from home.

Tourism is the sum of the phenomena and relationships arising from the interaction among tourists, business suppliers, host governments, host communities, origin governments, universities, community colleges and non-governmental organizations, in the process of attracting, transporting, hosting and managing these tourists and other visitors.” (Goeldner, & Ritchie 2012).

#### 2.1.2 Tourism distribution channels

Goeldner & Ritchie (2012) defined tourism distribution channel as a link between suppliers of travel products to the buyers through either intermediates or not.

According to Cook, Yale & Marqua (2010), there are three main distribution channels for providing travel services from service suppliers to final customers. They are one -level (direct) distribution channels, two-level distribution channels and three-level distribution channels.

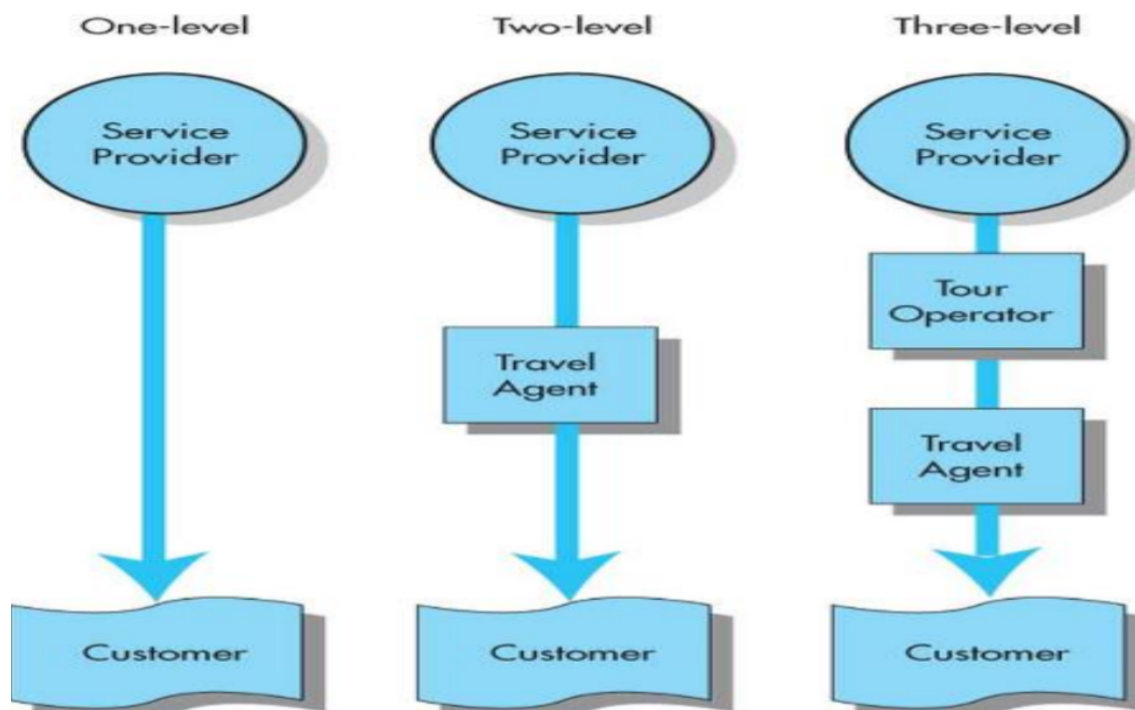


Figure 2: Tourism distribution channels (Cook et al. 2010)

### One -Level (Direct) Distribution Channels

Among the three main distribution channels, one-Level distribution channels are considered as the simplest form of distribution in which there is not any intermediate existing between tourism suppliers and travellers. A direct distribution channel may involve in call centers or computer sales. Using a direct chain of distribution can bring some several benefits for tourism suppliers. Without intermediates, the direct distribution channel normally has higher rates of profit rather than indirect one. Also, taking advantage of developed information technologies for tourism suppliers to reach their travellers makes the direct channel more feasible and cost-effective. However, the direct distribution channel tends to prevent service providers from extending geographical reach and developing business volume. (Cook et al. 2010).

### Two-Level Distribution Channels

One of the most significant differences of two -level distribution channel from direct channel is the involvement of one intermediate, travel agency (Cook et al. 2010). A travel agency is classified as a middleman in the tourism industry (Charles 2012). The major role of travel agencies is to provide retail travel services to end customers for commission on behalf of various tourism industry principals (Weaver & Oppermann 2000). Most travel agencies work as an independent department for dealing with business or corporate travel arrangements. Some travel agencies operate as general sales agents and they have offices oversee or in the same countries where their main offices are located (Sampad & Jitendra 2012).

Figure 3 describes how tourism suppliers devery their services to travelers via travel agents with the consideration of the flow of information and payments. Travel agencies mostly work

on a markup or commission basis. Commissions travel agents get paid from the service suppliers are determined by a level of sales, whilst markups present how travel agents earn money from the difference between the net price provided by suppliers and the selling price to customers. (Cook et al. 2010).

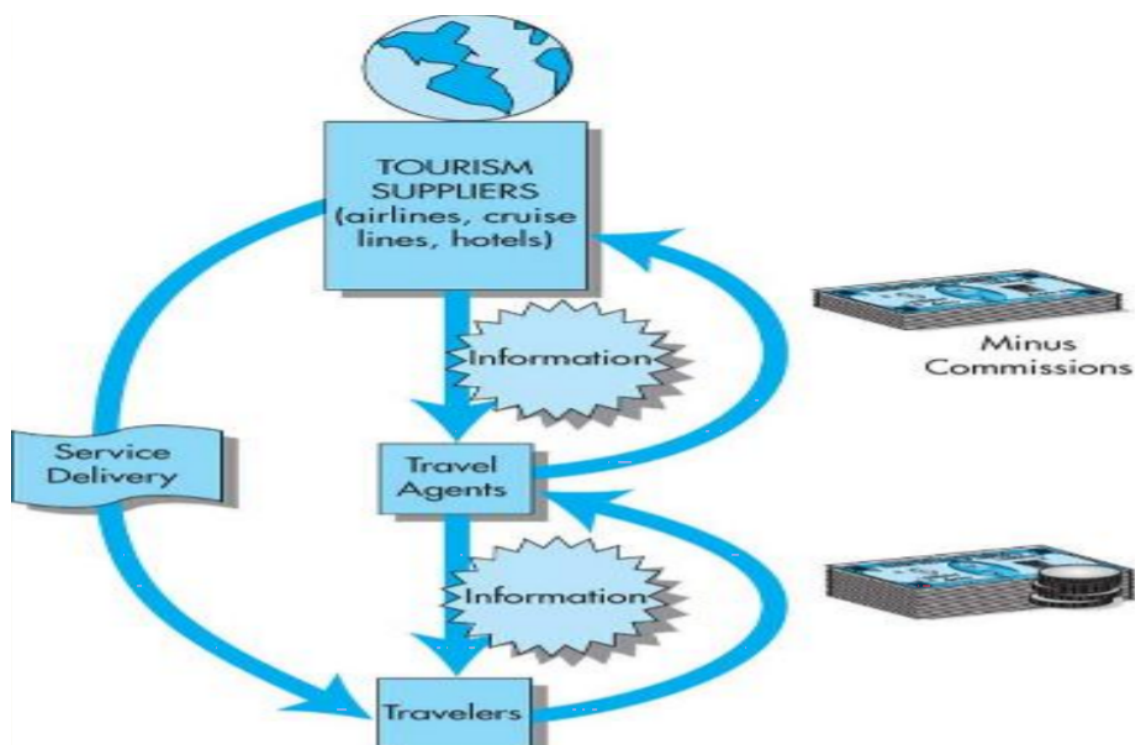


Figure 3: Flow of payments, information, and service delivery (Cook et al. 2010)

### Three-Level Distribution Channels

Beside travel agents, three-level distribution channels involve one more layer of intermediates - tour operators (Cook et al. 2010). According to Christopher (2009), tour operators hold the role of providing a package of service for the consumers, including some combination of accommodation, transportation, restaurants, attraction visits and so on. Some agree that tour operators are essentially wholesalers who purchases large quantities of service from the principals and break these into smaller units to sell to customers. On the other hand, some take the view that tour operators should not be identified as intermediaries since they are, in fact, changing and packaging a series of plenty of individual tourism elements into a whole new product, the inclusive tours, before distributing it to customers.

## 2.2 Business to Business environment

### 2.2.1 Major influences on business buying behaviour

Compared to consumer behaviour, business buying behaviour is driven by the many influences when they make buying decisions. These influences are classified into four main groups including environmental, organizational, interpersonal and individual.

Environmental factors such as derived demand made by ultimate consumers, economic outlook, political and regulatory developments heavily influence business buyers. Some believes that economic is the most important influences in the decision process, therefore, they buy from favour suppliers who offer the lowest prices, best products. In this case, it is suggested that marketers must focus on price and cost variables of products. (Kotler et. al 2006).

When it comes to organizational factors, basically business buyers must determine the motives for buying that specific products or services and follow procedures and organizational structures when making purchases. Marketers must to know specific company's objectives, policies and evaluation criteria on the suppliers. (Kotler et. al 2006).

Unlike consumer purchase, there are more decision makers and a more professional purchasing effort involving in a business purchase. Having many participants, with different levels of interest, authority, empathy and persuasiveness, been part of the buying decision process makes business marketing more complicated. Marketers have to learn interpersonal factors that shape the organizational environment and know the group dynamics. (Kotler et. al 2006).

As each participant in the buying center may has different age, education, income, professional identification, personality and attitudes towards risk, marketers must be as familiar with them as possible. Buyers may respond to personal factors by buying from know-how suppliers who show them respect and personal consideration. Whereas, they tend to reject suppliers that fails to respond or delay in answering inquiry. (Kotler et. al 2006).

### 2.2.2 Participants in business buying process

The decision-making unit of buying organization includes all individuals and groups who participate in the purchasing decision making process. They are users, influencers, deciders, buyers, approvers and gatekeepers. **Users** are those who within an organization directly make use the products or services. They usually trigger the buying proposal and help define product requirement. The weight of user opinion depends on the size of the organization. **Influencers**

have direct influence in buying decision, but not make the final decision. They often help in establishing product specifications and provide information for evaluating alternatives.

**Deciders** are those involving formally or informally in selecting product requirements and final suppliers. **Buyers** are official experts in selecting suppliers and arranging terms of purchase. **Approvers** have formal authority for approving decisions of deciders. **Gatekeepers** usually prevent sellers from reaching members of the buying center. (Kotler, Bowen & Makens 2006).

Due to limited time and resources to reach all of participants in a buying center, the smaller sellers may take the key buying influencers and deciders into consideration. While, the bigger sellers are able to reach as many buying participants as possible. (Kotler, Bowen and Makens 2006).

### 2.2.3 Business buying process

According to Kotler, Bowen and Makens (2006), business buying process contains 8 key stages which are listed in figure 4.

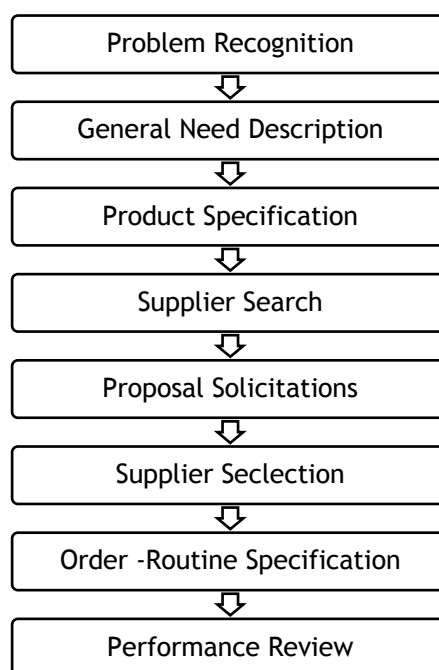


Figure 4: Stages of Business buying process (Kotler et al. 2006)

#### **Problem Recognition:**

In the first stage, the buying center must get to know more about what its organization needs and what options are available to address those needs. Problem recognition arises from the results of either internal or external stimuli. Internal stimuli come from the need for new product or production equipment. External stimuli can be a presentation, an ad or a call from a sales person.

#### **General need description:**

After the need is recognized, the quantity and requirements of the product is determined in the second stage of the business buying process. The buyer takes responsibility of identifying important characteristics of the product. Usually, the buyer is not aware of the benefits and specialties of various products or services, therefore, the marketer can assist buyers to define their companies' needs and show how specific products or services can satisfy them.

**Product Specification:**

After having general requirements determined, product specification comes next. In this stage, the buying organization needs to specify the product characteristics in details.

A list of specifications is essential in the selection of brand that the organization is going to make the purchase from.

**Supplier Search:**

In the fourth stage, the buyer proceeds to search for the most appropriate suppliers in the market. Various sources for the search process come from the fairs, existing contacts, Internet or personal recommendations from members of management, consultants, lawyers and others. Eventually, a short list of qualified suppliers as the result of this phase is drawn up.

**Proposal solicitations:**

Qualified suppliers are next invited to submit proposals. Those proposals are taken into consideration and analyzed throughout to choose the best suppliers from the pool in the next step. Some suppliers send only catalogs or videos, some send presentation of proposals given by sales representatives.

**Supplier selection:**

At this stage, the buying center conducts an analysis of all proposals and move forward to next step - supplier selection. The buying center may attempt to negotiate with preferred supplier for better terms of cooperation before making final decision. Eventually, the best supplier who offers product which meets all requirements of the organization at the cheapest price and best quality in the market is chosen.

**Order-routine specification:**

The buyer then writes an order with all specifications needed and hands over to chosen supplier. The selected supplier responds by offering a formal contract in which all terms of cooperation such as quantities, terms of payment and cancellation are mentioned in details.

**Performance review:**

In the last stage of business buying process, the buyer does a performance review of the product. The buyer evaluates if the product meets the buyer's specifications and consider if the buyer will make a purchase from that supplier again.

### 2.3 Analysis of business environment

Environmental analysis is a process to identify internal and external elements that can affect an organization's performance.

#### 2.3.1 External business environment

Analysing external business environment aims to address the potential influence of aspects within an organization's operating business environment.

##### a. PESTEL analysis

One of the most commonly used approaches to help organization assess their external environment is PESTEL analysis. It is an examination of six key factors including political, economic, social-cultural, technological, legal and environmental issues in the external business environment (Cadle, Paul and Turner 2014). PESTEL analysis allows an organization to have a look at external factors which can affect the organization's performance.

These six key factors of PESTEL analysis and their names are shown as below (Cadle et al. 2014).

- P stands for Political factors:  
The stability of the government or political situation, government policies, trade regulation and tariffs are mainly considered to assess how political influences may impact upon organizations and how they do business. These factors may be limited to the home country only, but this trend rare these days.
- E stands for Economic factors:  
Economic factors could be economic growth, interest rates, money supply, inflation, unemployment and so on. These factors have a significant impact on how organizations do business and how profitable they are. Economic factors can be divided into macro-economic factors and micro-economic factors. Whilst macro-economic factors are about the management of demand in any given economy, micro-economic factors consider the way people spend their income.
- S stands for Social-cultural factors:  
Social factors involve in the shared belief and attitudes of population, which might ultimately affect the sales of products or services. These social factors could be population growth, age distribution, health consciousness, lifestyles and so on.
- T stands for Technological factors:  
Technological factors are those arising from the development of technology, quality of academic research, demand for invention and innovation. Investigating

technological factors help organizations get to know how consumers react to plenty of trends.

- E stands for environmental factors:  
Environmental factors become more important since natural environment, global warming and climate changes are much more concerned. From consumer's perspective, they are highly demanding in the products they buy are sourced ethically or even from sustainable source.
- L stands for Legal factors:  
Legal factors could be legislation from trade practices and competition, employment law, health and safety legislation, company laws, financial law and so on. Those are important as an organization must be aware of what are and what are not legal to trade successfully.

#### b. Porter's Five Forces Analysis

Another technique that is also used to examine the business environment within which an organization is operating is Porter's Five Forces Analysis created by Michael Porter. Unlike PESTEL analysis, this technique focuses on analysing the industry's attractiveness and profitability and hence allows organizations to identify the competition that they must face (Paul et al. 2014).

The names and description of five forces which are potential sources of pressures within an industry are described below.

- Rivalry among existing competitors  
This force looks at the number of companies operating within an industry and the level of competition between them. In a market with a lot of rivals, suppliers and buyers are easily switch from firm to another which may offer better deals. On the other hand, where rival competition is minimal, the organization has tremendous power and healthy profit. (Paul et al. 2014).
- Threat of new entrants  
A company's power is heavy affected by the force of new entrants into its market. The more time and cost for competitors to enter a company's market, the more the company's position is significant strengthened. New entrants feel attractive in a market where it looks profitable and the barriers to entry is low (Paul et al. 2014). Those types of barriers specifically include the extent to which there are economic of scale, the amount of capital required to capture customer loyalty and create brand awareness and the capital required for inventories and absorbing start-up costs (Cooper et al.2008).
- Threat of substitutes  
The threat of substitution arises from the availability of substitutes, willingness of buyers to utilise substitutes products and services, the impact on profits of close



substitutes and the impact of the comparative price and quality if substitutes. If the substitution is easy and low cost, a company's power may be weakened. (Cooper et al. 2008).

- Bargaining power of buyers

This force describes the ability of buyers to drive prices down. It is affected by how many buyers a company has, how significant each buyer is, how much it does cost if they switch to other competitors. The bigger customer base is, the more power the organization holds. (Paul et al. 2014).

- Bargaining power of suppliers

The power of suppliers refers to the ability of suppliers to increase their prices. It is determined by how many potential suppliers a company has, how unique the product or service they provide is, and how expensive it is to switch from one supplier to another.

### 2.3.2 Internal business environment

#### a) The growth-share matrix

The growth-share matrix exists for evaluating a very diverse group of goods and services based on long terms planning and forecasts of economic. The matrix comprises four cells, each of them represents a different type of business (Kotler, Bowen and Markens 2006). Question marks: those are high-growth products or business units but have low relative market shares. They have significant attractive market potential but may require a lot of cash to develop their market share. Hence, the companies must decide whether to continue investing into these businesses or not.

Stars: when the question-mark business is successful, it become a star. The star could likely have high growth market and large market share. To keep up with growing market and fight off competitors, the organization must spend substantial funds. Stars usually profitable and if they maintain relative market share, they will become "cash cows".

Cash cows: Those who still have the largest relative market shares when the market growth rate falls to less than 10 percent are classified as cash cows. A cash cow generates a lot of cash for the company.

Dogs: Dogs are company businesses that have less-than-prominent market share in a low-growth markets. They usually produce low profits or losses, organizations therefore must choose to either continue investing in or dissolve these businesses.

#### b) SWOT analysis

A SWOT analysis is to identify an organization's strengths and weaknesses as well as broader opportunities and threats. It is a framework for examination and evaluation of internal and external operating environment of a firm. While, internal analysis including an analysis of strengths and weaknesses is implemented to assess skills and capabilities influenced by the firm. The analysis leads towards building a company profile which is a snapshot of where the firm stands in that particular time-frame and context. External analysis focuses on identify what is the current trends of the firm's environment and how they influence the firm. It allows the firm to see environmental opportunities that the organization can capture on as well as potential threats that could harm the success of organization. (Mountinho 2011).

## 2.4 Business to Business Marketing Plan Strategy

### 2.4.1 Market segmentation

Markets includes variety of buyers who have unique needs, wants, attitudes and buying practices. Therefore, instead of seeking for a perfect marketing program for all buyers, ideally, a company is supposed to divide a market into distinct groups and design a separate marketing program for each group (Kotler et al. 2006). This practice is identified as market segmentation. In order to segment a market, there are in fact many ways including geographic, demographic, psychographic, and behaviouristic approaches.

Firstly, geographic segmentation is the approach used to divide target market on the basis of geographical units such as nations, states, regions, cities. Gaining well knowledge of geographic customer preferences allows a company to modify or change its product offerings to meet the actual needs (Kotler et al. 2006). However, geographic segmentation method tends to assume that all customers in same geographic units have same needs. This approach is most effective once it is conducted in the combination with other segmentation methods (Goeldner & Ritchie 2012).

Secondly, in demographic segmentation, such variables as ages, life cycle, gender, income, occupation and education are most commonly used to classify customer groups. One of the most important advantages of this approach is measurability, or in order words, demographic variables are mostly easy to measure (Kotler et al. 2006). Like geographic segmentation, this approach relies on the assumption that all consumers in demographic group are similar in needs (Goeldner & Ritchie 2012).

Thirdly, in psychographic segmentation, buyers are classified into different groups based on social class, lifestyle and personality. This approach enables marketers to have better understanding of consumers' needs and motives, as a result, engage product and marketing design in a focused manner. Psychographic segmentation is unfortunately suitable for large

companies since this approach requires more detailed research in consumers. (Kotler et al. 2006).

Lastly, in behavioural segmentation, according to Kotler et al. (2006), a company divide customer groups by paying much attention on knowledge, attitudes and use or response to a product from its customers. Behavioural approach provides valuable insights into why customers buy certain products that marketers cannot get from other segmentation approaches. In addition, behaviour information can be obtained by variety of affordable ways such as emails, telephone and in-person interviews.

## 2.5 Business-to-Business Marketing Mix

According to Cooper, Fletcher, Fyall; Gilbert & Wanhill (2008), the marketing mix is formulated and implemented to satisfy the target market. The critical components in the Business-to-business marketing mix includes product, price, promotion and place (distribution).

### 2.5.1 Product

In B2C marketing, the customer is offered final product or service. Unlikely, the product in the case of B2B marketing can be in the form of raw material, semi-products or anything that the buying firms need for its production processes or operations. Business buyers will not invest in a product or service that does not meet their requirements.

In terms of product in tourism, the product comprises 4 levels: the core product, facilitating product, the supporting product, and the augmented product (Kotler at et. 2006). The core product is the most basic level that refers about what buyers is really buying to satisfy their needs. Facilitating products are those that enable customers to consume the core product. One important aspect of facilitating product is accessibility; or in order words, they must be present to make the product available when and where customers want it. Supporting products are additional goods or services that can be combined with core product in an attempt to add value for customers and differentiate it from the competition. The augmented product comprises everything surrounding the product or service and its delivery, including accessibility, atmosphere, customer interaction with the service organization, customer participation and customers' interaction with each other.

### 2.5.2 Price

According to Kotler et al. (2006), price is the only one of many marketing mix tools that generates revenue. Simply defined, price is the amount of money charged for a product or service. When it comes to price, business buyers are more focused on price and value than

consumer buyers since it directly affects their profitability. Unlike B2C marketing where the price is fixed and is printed on the product's package, the price in B2B marketing can mostly be negotiated. Business buyers usually ask sellers to quote the best offer at lowest price. Companies may choose one of three most common pricing strategies including cost-based pricing, value-based pricing and competition -based pricing.

First, cost-based pricing is the simplest pricing method by adding a standard mark-up to the cost of the product. In fact, the pricing method that pays much attention on costs rather than current demand and competition, it is, therefore, not likely the best choice. However, many sellers are still using this method for two main reasons. Firstly, it is easier for sellers to define costs than demand. Secondly, since sellers use their own data for deciding the costs, which allows them to take corrective action immediately once there are escalations in expenses.

Second, value-based pricing is implemented by considering the product's perceived. In order to set the price, the marketer cannot design the product, marketing program and then set the price. Instead, non-price variables in the marketing mix are used first to build perceived value in the buyers' minds; and setting price to match the perceived value is the next step. Third, competition-based pricing or going-rate pricing is based on those of competitors, with less consideration taken into costs or demand. Some firms may charge the same, some charge a bit more, or less rather than its competitors.

### 2.5.3 Place (Distribution)

A distribution system is the combination of several channels by which a tourism service is made available for buyers (Cooper et al. 2008). Selecting appropriate distribution channels is critical for marketing mix. A well-manage distribution systems make differences between market leader and a company struggling for survival (Kotler et al. 2006). The product in distribution system often passes through plenty of intermediaries before reaching to final customers. In the case of B2B marketing, those intermediates can be sales representatives, wholesalers, retailers. In addition, some tourism providers nowadays also undertake online distribution systems where they can potentially exploit worldwide market opportunity (Kotler et al. 2006).

According to Hudson S. & Hudson L. (2017), distribution mix can be classified into three common strategies. Those are intensive distribution, exclusive distribution, and selective distribution. Intensive distribution strategy is used in the case that the organization aims to gain high market coverage by distributing its travel services through all available intermediates. The exclusive strategy is an effective method for an organization which is trying to limit the number of intermediates in order to strengthen the company's position and

image. A company which is using selective distribution strategy may employ more than one distribution strategy but less than all possible distribution channels.

#### 2.5.4 Promotion

Promotion is one of the most important elements in marketing mix. Promotion includes four main techniques: advertising, sales promotion, personal selling and public relations, each of them is used to achieve different promotional objectives (Cooper et al. 2008).

Advertising involves in any paid form of non-personal communication through the media which comprises travel guides, newspapers, magazines, radio, television, direct mail, web pages and billboards with the aim of either changing attitudes, building image or achieving sales (Copper et al.2008). Advertising can reach large number of buyers quickly at a low cost per exposure. However, it is found that advertising has impersonal characteristic since it is one-way mass communication with the audience. Indeed, using such a form of advertising as network TV advertising may require very large budget, therefore, Kotler et al. (2006) argue that advertising is not the economical promotional tool.

Sales promotion, besides advertising, is the most widely used form of promotion that dramatize product offers and boosts short-term sales. Different forms of sales promotion include an assortment of tools, coupons, contests, cents off deals, premiums and others. The nature of sales promotion is to attract consumer attention by providing inducements or contributions that give additional value to consumers and they invite and reward quick response. Sales promotion is highly effective in short-term period, however, has shortcomings in building long-run brand preference. (Kotler et al. 2006).

Personal selling is the most effective promotional strategy used to advertise and market products or services through oral presentation. Personal selling may involve hiring one to two representatives or sales to conduct face-to-face or telephone contact with whom that sellers want to communicate (Kotler et al.2006). The major benefit of personal selling is to enable salesperson to gain specific need of the customer and make quick adjustments. Since personal selling requires a long-term commitment for company's salesforce, personal selling is identified as the most expensive promotional tool (Kotler et al. 2006).

Cooper et al. (2008) describe public relation as non-personal communication that helps deliver positive updates about a business, its products and services to the public as well as control possible damage to the organization when a problem arises. Public relations may include press reviews, media interviews, corporate identity materials, Familiarization trips, etc. Public relation has several benefits. Such news stories, features and events of PR activities are much more credible rather than ads. In addition, public relations, like

advertising, are used to dramatize a company and product. However, one of the significant disadvantages of public relations is that it is difficult to control the timing and consistency of PR coverage.

### 3 Research approach

Saunders, Lewis and Thornhill (2009) stated that two most common research approaches are deduction and induction. Deductive approach is to test a theory. Quantitative data is normally, but not always, collected as the source for hypothesis test. The result of deductive approach is to either confirm or modify the original theory. In contrast, inductive approach is referred as building a theory. This approach begins with a research associated with qualitative data to narrow down the scope of the study. Ultimately, the generation of new theory is the outcome of inductive approach.

Saunders et al. (2009) lists three most important factors that affect the choice of research approach are the emphasis of the research, the nature of the research topic and the available time for the research.

Table 1 presents the comparison of deductive and inductive approaches.

Deduction emphasises	Induction emphasises
<ul style="list-style-type: none"> <li>• scientific principles</li> <li>• moving from theory to data</li> <li>• the need to explain casual relationships between variables</li> <li>• the collection of quantitative data</li> <li>• the application of controls of concepts to ensure clarity of definition</li> <li>• a highly structured approach</li> <li>• researcher independence of what is being researched</li> <li>• the necessity to select samples of sufficient size in order to generalise conclusions</li> </ul>	<ul style="list-style-type: none"> <li>• gaining an understanding of the meanings humans attach to events</li> <li>• a close understanding of the research context</li> <li>• the collection of qualitative data</li> <li>• a more flexible structure to permit changes of research emphasis as the research progresses</li> <li>• a realisation that the researcher is part of the research process</li> <li>• less concern with the need to generalise</li> </ul>

Table 1: Major differences between deductive and inductive approaches to research (Saunders et al. 2009)

In this thesis, deduction is used as the research approach. The research design is based on relevant concepts and theory of marketing strategy. The data is collected though semi-structured interview of representative, account manager and key customers of Timetravels

Incoming Oy Ltd. The research findings are concluded as the ground for the thesis author to propose the most effective B2B strategic marketing for the Case Company in Indian market.

### 3.1 Research strategies

Saunders et al. (2009) point out the number of research strategies that researchers may use for exploratory, descriptive and explanatory research. They are experiment, survey, case study, action research, grounded theory, ethnography and archival research.

Based on the research question and research objective of the thesis, case study is only employed in the thesis.

The case study is defined as a strategy which allows researchers to understand the complex issue or object by investigating an empirical phenomenon within its real-life context (Robson 2002). Yin (2011) adds that the case study strategy is the research with unclear boundaries between the phenomenon being studied and the context within which it is being studied. The data in case study strategy is collected by combination of various techniques including interviews, observation, documentary analysis and questionnaires within one study (Saunders et al. 2009).

Yin (2011) classifies the case study into four types based on the number of case design and the units of analysis including single case vs multiple case, and holistic case vs embedded case. A single case is used when an extreme or unique case comes along that presents valuable source of information. In contrast, multiple cases are referred to more than one case. In terms of the units of analysis, there are holistic case vs embedded case. Whist holistic case is based on systemic approach of a phenomenon, embedded case focuses on different sub-unites of a specific phenomenon.

The survey strategy is commonly conducted in business and management research to generate answers to the questions “who”, “what”, “where”, “how much” and “how many”. Data collected by the survey strategy is likely standardised. This is usually, but not necessarily, done by the means of a questionnaire, structured interview or structure observation. One of the biggest advantages of the survey strategy is that it enables the researchers to collect a large amount of data in a short time at an economical cost. However, researchers using the survey strategy may likely focus too much on the range of coverage to the exclusion of an adequate account of the implications of the data for relevant issues, problems and theories, the significance of those date is neglected (Saunders et al. 2009).

In this thesis, a case study strategy is adopted. To be more specific, this is a single, holistic case study as only one unique case as Timetravel Incoming is analysed.

### 3.2 Research models

Qualitative research provides insight information about the human side of an issue that is often contradictory behaviours, beliefs, opinions (Saunders et al. 2009). The main objective of qualitative research is to achieve a qualitative understanding of underlying reasons and motivations (Malhotra 2004). One of the most important advantages of qualitative research is flexibility with the use of open-ended questions, which give participants the opportunity to respond in their own words rather than choosing fixed answers.

Depth interviews are one of the three most common qualitative research techniques typically used in certain case for collecting data on individual's perspectives and experiences. Depth interviews are unstructured and direct way of obtaining information and are conducted on one-on-one basis (Malhotra 2004).

The research of this thesis is designed based on qualitative model, in specific, data is collected by depth interviews. Due to the non-standardised and complex nature of data in qualitative research, data analysis is undertaken manually.

### 3.3 Data sources

Researchers must decide from which data sources they are planning to collect data either primary data or secondary data, or both. In this research, data is gathered from both primary resources and secondary resources. Primary data is collected from depth interviews with CEO of Timetravels Incoming, account manager and the representative. Whereas, secondary data is acquired by reviewing official statistics, government reports and special journals, served as the supplements for primary data.

### 3.4 Data collection techniques

In this section, interview is discussed as it was used in the study. Interview is a discussion between two or more people with the purpose of gathering valid and reliable data that are relevant to a research question and its objectives (Saunders et al. 2009).

According to Saunders et al. (2009), considering the level of formality and structure, interview may be classified into three common types. They are structured interviews, semi-structured interviews, and unstructured or in-depth interviews. The interviewers in structured interviews ask each respondent the same series of questions that are standardised and created prior to the interviews. Semi-structured interviewers develop and use an interview guide that is a list of themes and questions which need to be covered during the conversation in a particular order. Unstructured interviews are referred as in-depth interviews containing open-ended questions and anticipated-direction conversation. Interviewers do not prepare any list of questions but have a clear idea about the aspects they



want to explore. For that reason, respondents in unstructured interview are able to talk freely and express themselves on their own.

Different forms of interview are displayed in the figure 5.

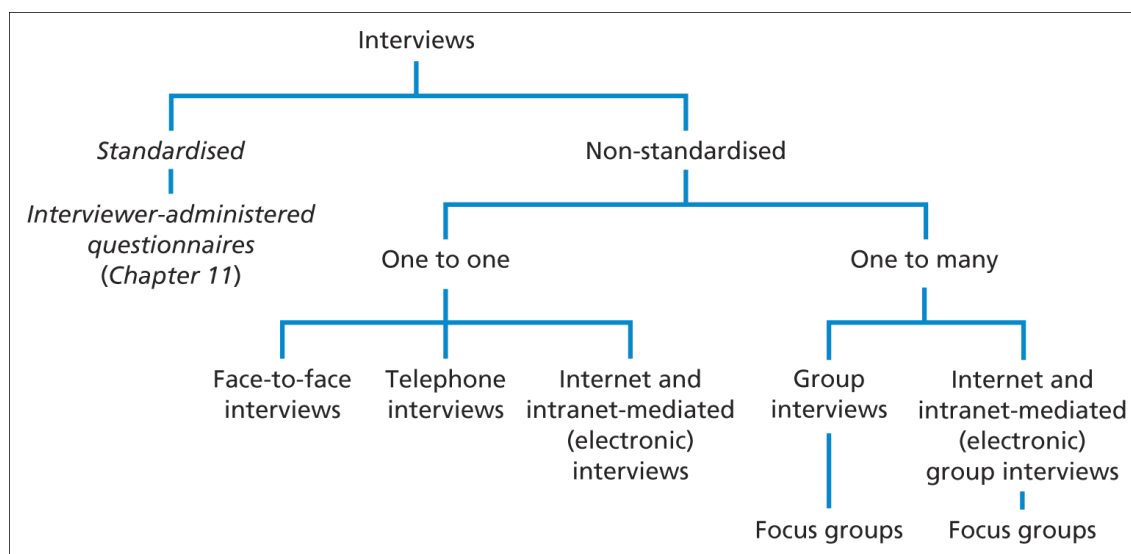


Figure 5: Forms of interview (Saunders et al.2009)

In this thesis, data was collected by utilizing semi-structured interviews of CEO of Timetravels Incoming Oy, key personnel and key customers in Indian market. Due to the distance, the interviews were conducted by either face-to-face meetings or skype calls.

### 3.5 Methodology

The depth interviews method is employed to gain the meaningful data for the research. The interviews have four sections, all is conducted to collect qualitative data. The first one is to collect data from CEO of Timetravels Incoming's perspective. This section contains eight main questions and addition ones added during the interview. The main objectives are to uncover the current situation of the case company, products, how potential the market itself as well as the plan for future expanding in India. Like the first section, the second part also includes two open-ended questions asking key employees of the case company about their thinking about how well Timetravels Incoming is currently doing and its future strategy. The third part has five initial questions asking key customers how they valuate Timetravels Incoming in terms of service quality and partnership. The four part aims to gain more knowledge how potential the market itself though the interview with representative of Visit Finland located in India.

The research was conducted during the period starting from 20 November 2017 until 09 March 2018. The internal interviews including interview sections with Timetravels's CEO, key personnel were conducted in the first stage starting from 20 November 2017 to 15 Jan 2018. Then the interviews of customers and Visit Finland's representative were done after the winter season in March 2018.

Answers from the interviews were analysed on the qualitative analysis basis including summarizing, categorizing and structuring.

### 3.6 Credibility and validity

#### 3.6.1 Credibility

Some believes that the circumstances in qualitative research are so complex and dynamic that using of non-standardised interviews may help researchers be flexible to explore the complexity of the topics (Saunders et al. 2009). However, the use of semi-structured interviews may lead to concerns about credibility whether alternative researchers can reveal different or similar results. The concerns about the credibility of this type of research method are involved in various forms of bias. Those may result from either interviewer bias or interviewee bias (Saunders et al.2009). Considering bias from interviewer, it may occur when the interview imposes his own beliefs and reference to the questions being asked. Indeed, the interviewer possibly shows the bias in the way he explains the answers received from responders. When it comes to bias from interviewee, the cause of this bias does not necessarily relate to any perception regarding the interviewer. Interviewees may, in principle, be willing to participate but may be sensitive to unstructured exploration of certain topics. Therefore, the interviewee may choose not to disclose and discuss one aspect of the topic you would like to explore.

Due to the fact that the objects for qualitative research are human beings, it is much more difficult to do credibility evaluation in qualitative research than in quantitative research (Kananen 2013). The researchers, however, must take into account credibility issues associated with different stages of the research process from planning stage, collecting data to analysis and conclusion stage.

The research was conducted on one single case company and its' findings were not compared with other studies and could be subject to changed. Indeed, the suggestions have not been yet applied in the case company. The credibility of the research is still unmeasurable. However, in order to increase the data quality, together with two-year experience in the case company, the researcher did well prior planning, preparation and implementation for the whole research.

#### 3.6.2 Validity

Saunders et al. (2008) stated that findings from qualitative research are based on the use of small and unrepresentative number of cases. The data collections, findings and suggestions of the research are solely used for Indian incoming market and the Case Company. The term of Indian incoming market includes Indian wholesalers, travel agencies located in India as well as

travel agencies outside of India such as United Arab Emirates. The results may not be applied for other circumstances.

## 4 Empirical study

### 4.1 PESTEL analysis

#### 4.1.1 Political aspect

Being one of the largest democracies in the world, Indian is a federal constitutional republic governed under the British style of parliamentary system, in which the president of India is the head of the state and the Prime Minister of India is the head of the government. Under the constitution, the president performs the function of presidency in accordance with the advice by the Prime Minister and the Council of Ministers. There are over 28 states and seven union territories in the whole country. Governors are appointed by the President to each state for the term of five years.

India's political environment are highly influenced by multivariate factors such as political stability and government's policies, the ideologies of political parties as well as interests of politicians. India's political, in general, has been described as average stable. There are flexible regulations on international trade, India in addition has not had external wars. Nevertheless, Indian politics in recent decades has become a dynastic affair. The reasons for this state could come from the absence of party organizations, independent civil society associations and centralized financing of elections.

According to World Economic Forum, corruption is still considered as the most problematic factor when doing business in India, posing a challenge to the country's economic growth (Global Competitiveness Report, 2017). Although the government has stepped up to encounter corruption, red tape and bribery become more widespread. There are high risks when dealing with India's judiciary, police, public services and public procurement sectors.

#### 4.1.2 Economic aspect

<b>Economy</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2016</b>
GDP (current US\$) (billions)	316.70	462.15	1,656.62	2,263.79
GDP growth (annual %)	5.5%	3.8%	10.3%	7.1%
Inflation, GDP deflator (annual %)	10.7%	3.6%	9 %	3.6%
Agriculture, value added (% of GDP)	30 %	24 %	19 %	17 %
Industry, value added (% of GDP)	32 %	31 %	32 %	29 %

Services, etc., value added (% of GDP)	38 %	45 %	49 %	54 %
Exports of goods and services (% of GDP)	7 %	13 %	23 %	19 %
Imports of goods and services (% of GDP)	9 %	14 %	27 %	21 %
Gross capital formation (% of GDP)	29 %	27 %	41 %	30 %
Revenue, excluding grants (% of GDP)	12.6%	11.9%	13.3%	12.6%
Net lending (+) / net borrowing (-) (% of GDP)	-3,4 %	-3,9 %	-3,5 %	-4,1 %

Figure 6: Country data - India (The World Bank 2018)

India is the world's seventh- largest economy, sitting between France and Italy. By 2050, Indian economy will become the world's second -largest economy, behind only China, according to IMF (World Economic Outlook Update, January 2018).

Indian economy is picking up supported by several recent remarkable policies such as the new goods and service tax and open-door policy for foreign investors. India's gross Domestic Product grew at constant prices grew by 6.7 percent in the year of 2017 and is expected to have increased 7.3 percent in 2018 as per statistic from International Monetary Fund (IMF). Meanwhile, the percent change in the average consumer price index of India, or inflation rate, has been relatively fluctuated, well below 4 percent in 2016 and picking up to 4.6 percent in the year of 2017.

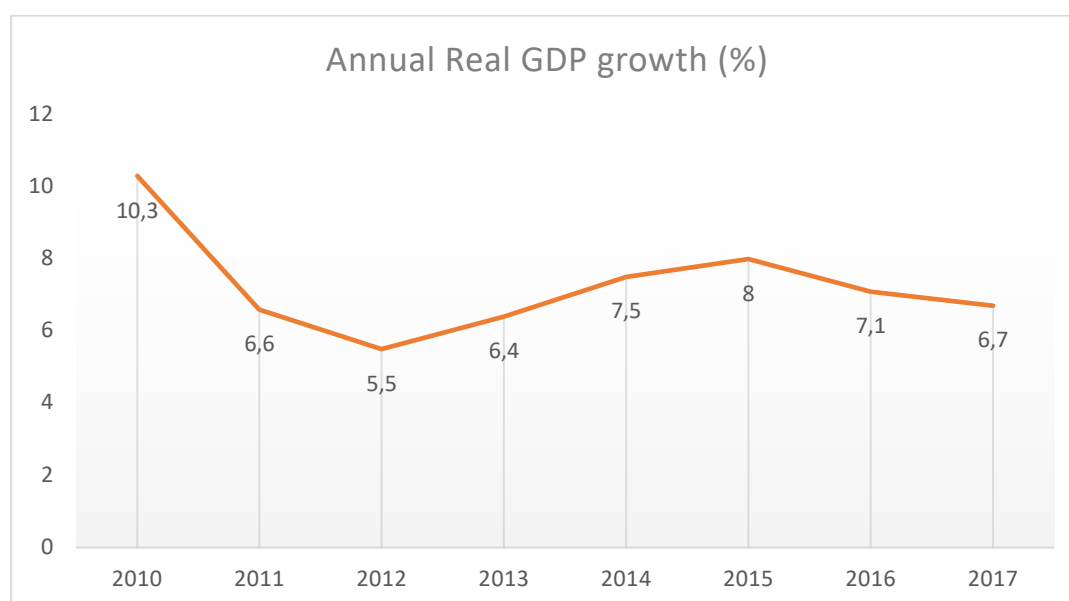


Figure 7: Annual Real GDP (International Monetary Fund 2018)

The per capita net national income in 2017 - 2018 stood at US\$ 1580, witnessing the growth of 8.6 percent from the preceding fiscal ended March 2017 (at US\$ 1454). However, India's per capita income is still well below other large emerging countries. The Union Budget for 2018 - 2019, announced by India's Union Ministry for Finance in February 2018, focuses on boosting the rural economy and strengthening the agricultural sector, creating infrastructure and improving healthcare for less economically privileged and quality of education. Farmer's income is committed to increase double by 2020, the budget of US\$ 225 billion will be spent on creation of infrastructure in rural area.

The new goods and service tax (GST) becomes the new engine for growth (OECD 2017). Despite of relatively high transitional cost from introduction of GST, in the long run it will improve productivity and boost cooperate investment and growth by creating a unified national market and increasing the amount of economic activity taking place in former sector of the economy.

#### 4.1.3 Social - cultural aspect

Carried out in 2017, the population of India was exactly 1,339,180,127. This is the second most populous country in the world after China and various studies have proved that Indian will surpass China and become the world's most populous country by 2050.

The figure 8 shows the distribution of the population by age of India from 2015 to 2030. The - younger age groups make up a large percentage of total population. In specific, the age group of 15 - 59 years is the fastest growing age segment and is estimated to account for 53.5% of India's total population by the year 2030. From the graph, it is also clear that growth rate of working-age population would exceed the growth rate of total population during 2015 - 2030, which might provide an opportunity for raising the saving rate and expanding the productive capacity of workers in India.

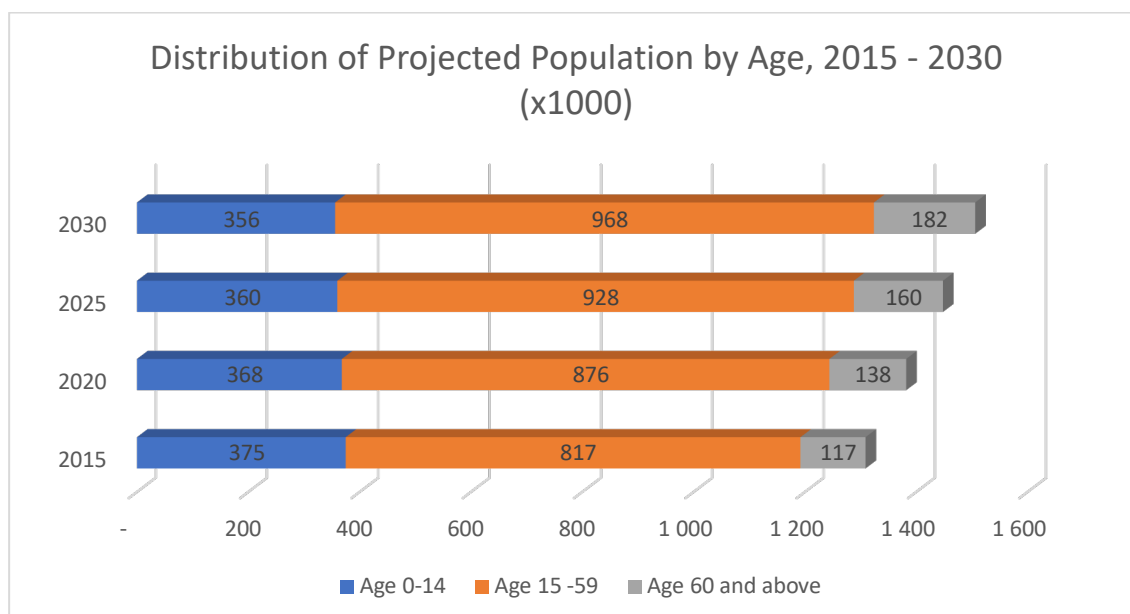


Figure 8: Distribution of the population by age of India during the period of 2015-2030 (World Population Prospects 2017)

One of the most noticeable features in administrative division of India's population is that there are many cities with populations of more than one million. Located in Tier 1, these cities are Mumbai, Bangalore, Delhi, Chennai. Mumbai, the most populous city in the country, is well recognized as commercial, entertainment (Bollywood) and financial centre of India. Bangalore which is likely referred to as the Silicon Valley of India is home of about 35% of the country's software industries with many research universities and technology parks. Widely known as economic capital of North India, Delhi, in fact, is the third most populous city in the country after Mumbai and Kolkata. Located at the coastal port, Chennai serves as the gateway to south India. The city is a major manufacturing centre with about 48% of India's auto components and 29% of its automobiles produced.

The newly-published 2017 edition of the World Economic Forum's the Inclusive Growth and Development Report presents that inequality level keeps growing in Indian society. It is calculated that the richest 1% in India own 53% of its wealth, a 36.8% increase from the year of 2000. Whilst, the richest 1% in the United States own 37.3% of its wealth.

India, in fact, scores high on Power Distance, 77, reflecting that the less powerful people within a country accept that power is distributed unequally.

Although there are plenty of investment opportunities and scopes for enhancing the healthcare services, India still struggles with multiple challenges: low government spending, high private healthcare expenditure, shortage of skilled professionals, lack of education infrastructure. To be more details, only 4.7 percent of the total Gross Domestic Product (GDP) was being spent on healthcare and it is expected to be raised up to at least 5%. India

spends the least on healthcare per capita, which averages 75\$ per person, among the BRICS and other industrial nations (Figure N). According to World Health Organization, private spending of households covers most of the health care expenditure in India. More seriously, Indian healthcare sector continues to witness a significant shortage of medical professionals with only 0.7 doctors per 1,000 patients, which is even lower than WHO's standard of one doctor per 1,000 patients. While the country is facing a lack of healthcare workfare, there is not enough medical institutes and most of them are in urban areas. (The World Bank Data)

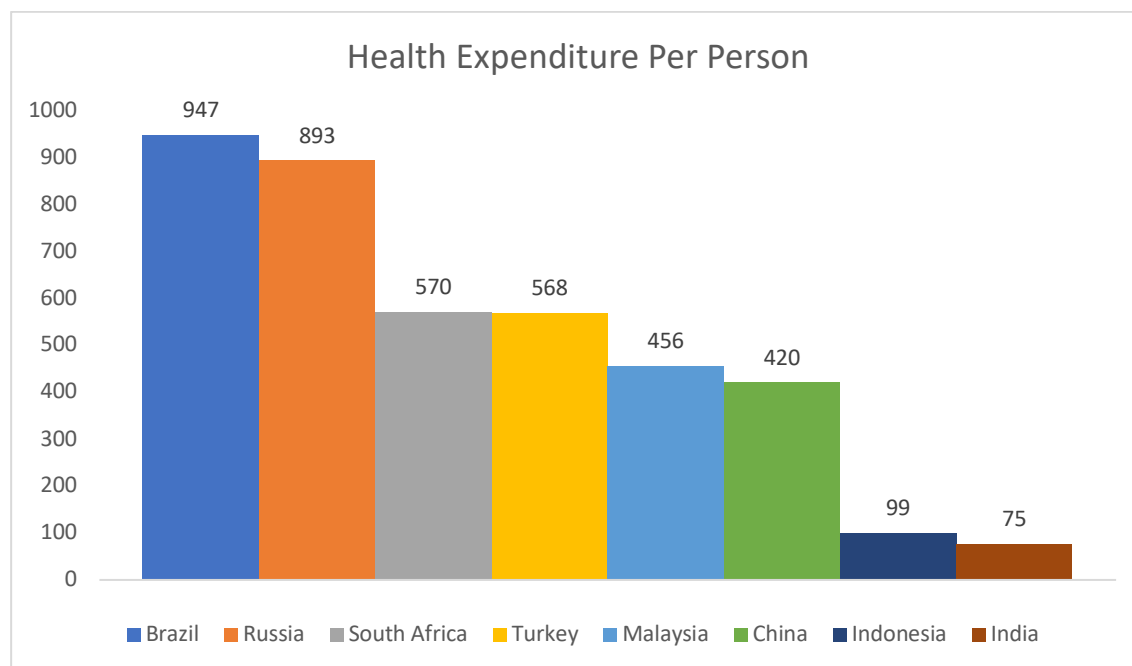


Figure 9: Health Expenditure per person by country (Ministry Human Resource Development 2018)

According to education statistics published by Ministry of Human Resource Development (2018) there is a sustainable growth in the number of higher educational institutions in India. The number of universities and similar institutions has grown considerably during the last 5 years, from 723 in 2013 - 2014 to 903 in 2017 -2018 by almost 24.9%. Whereas, the number of colleges has slightly increased by 6.6% from 36634 in 2013-2014 to 39050 in 2017-2018. Responding to an increase in higher educational institutions, the student enrolment has risen by 13.3% from 32.34 million students in 2013-2014 to 36.64 million students in 2017-2018.

#### 4.1.4 Technological aspect

India possesses one of the strongest IT sectors in the world, the third-largest scientific and technical man power in the world. According to Government of India, Ministry of Statistics and Program Implementation, 80.12 lakh new cell phone connections was provided by private

sector while the public sector provided 47.74 lakh new cell phone connections during April - September 2017 - 2018 (Annual report 2017-2018).

According to a release dated March 29, 2018, Mobile Internet report in India in the year of 2017 implemented by Internet and Mobile Association of India (IAMAI), there is a strong increase in telecom subscribers making India to be one of the fastest growing major telecom markets in the world. Remarkably, mobile segment experienced a fast growth and covered a wider market over the past few years with a large subscriber base and huge revenue and capital investment by operators. However, witnessing the dominance of mobile penetration in India's local telecom sector, the fixed broadband is still under developed and expected to grow at moderate rate in the next couple of years.

India currently has about 460 million Internet users, makes the country become the second largest online market only behind China. By 2021 the number of Internet users in India is estimated to be about 635.8 million. Noticeably, the majority of India's Internet users are mobile phone internet users who take advantages of cheap alternatives to expensive landline internet requiring PC desktops and infrastructure (IAMAI 2018).

#### 4.1.5 Environmental aspect

Like many other countries, India faces the challenge of managing trade-off between economic growth and environmental pressures. Those challenges include air pollution, water pollution, deforestation, loss of biodiversity, etc.

One of the most serious environmental issues of India is inadequate or lack of fresh water. A research published by United Nations Educational, Scientific and Cultural Organization (The United Nations world water development report 2017) demonstrated that among two third of the world's population currently experiencing water scarcity for at least one month a year, 50 percent of them live in China and India. Indeed, 70 percent of groundwater in India is contaminated and water consumption exceeds renewable water resource.

A 2018 version of ambient (outdoor) air quality database from the World Health Organization (WHO), based on measurements and calculations as of 2016 from air monitoring stations in 4300 cities, revealed that India has 11 of 12 cities with the highest levels of air pollution, almost 10 times the recommended maximum safe limit for air pollution. Vehicles, burning of coal and wood for cooking, dust storms or forest fires are considered as main sources for unhealthy level of air pollution in the country. The WHO states that the unaccepted safe limit of air pollution can cause an increase in respiratory illnesses related to pollution, such as lung cancer, asthma, dysentery, and diarrhea.



#### 4.1.6 Legal aspect

Regulations related to passport and visa requirement is extremely important for Indian travellers. In some cases, the matter of access to visa has significantly influence on travel destination choices. Improving visa processing of arrival countries is therefore essential to reduce to barriers and make Indians more likely to visit. For Schengen Area, tourist visa application can be processed within 15 to 2 days. Noteworthy, according to agreement between Finland and India, holders of an Indian Diplomat passport can travel to Finland without visa application starting on December 6<sup>th</sup>, 2017. This may result in a surge in outbound volume of business travel from India to Finland and potentially make Finland become one of the most preferred destinations for Indian travellers.

#### 4.2 Indian outbound tourism and Porter's Five Forces Analysis

##### 4.2.1 The intensity of competitive rivalry

Rivalry of industry player is considered when evaluating the competitiveness of an industry. To be more specific, the competition in the market place is, firstly, determined by the number of existing competitors. According to the CEO of Timetravels Incoming, the company recently faces intense competition from Kuoni, Tumblare and new players such as Southern Travels, the Village Escape. Like Timetravels Incoming, both Tumblare and Kuoni offer wide range of services in Nordic area from leisure groups to tailored-made programs for Indian tourists. These both players have a majority of market share and rest of players has very low market share.

Secondly, industry growth also has a heavy influence on the competitiveness among existing firms in the market. Finland in particular and Nordic countries in general witnessed an impressive development in Indian outbound tourism, that brought the country as one of the promising market to watch out. The number of outbound trips by Indian nationals recently increases about 25% yearly. According to UNWTO, Indian outbound is estimated to grow up to 50 million by 2020. Number of nights spent by Indian travellers increased significantly in last summer (June - August 2017) by about 41% to 22,000. Summer was used to be the main season for Indian travellers to travel to Finland; surprisingly, in the winter of 2016-2017 (December - February) about 58.5% increase in demand of Indian travellers towards Lapland, especially Rovaniemi, to experience the Northern Lights, glass igloos and so on.

Thirdly, the degree of differentiation is also considered in analysis of the intensity of competitive rivalry. As the travel service is in fact easy to be copied by competitors, the big players of Nordic destination travel industry in Indian market are competing on pricing and

product differentiation. Pricing war especially becomes tougher in couple of few years (CEO of Timetravels Incoming, 2017).

To sum up, taking into account of all above factors, level of rivalry among existing firms in Indian market is medium high.

#### 4.2.2 Threats of new entrants

Capital cost of entry is an important determinant of the extent of the threat of new entrant. The tour operator is characterized by relatively low entry barriers as firstly there is low required capital cost (Evens, Stonehouse, Campbell 2003). Unlike hotels and cruise lines in tourism industry, expensive assets or big investment is not necessary for tour operators. Secondly, if companies can produce differentiated products or service and customers are brand loyal, it gives a huge advantage over new entrants who are trying to enter the industry. Concerning the switching cost for buyers, they can easily switch from tour operator to another one without any significant cost.

Thirdly, substantial economies of scale are also potential barriers for new competitors who are not able to match their lower unit costs of production. New entrants will face the challenge in offering package tours since they have limited number of service suppliers result in limited number of destinations. Those new entrants depend heavily on key service providers such as coach companies or hotel chains, it leads to high level of risks and low profit margin. Whilst, the existing big operators are able to negotiate with service providers to offer reasonable prices with flexible options for their customers.

Finally, new competitors may feel suffer from the difficulty in access to input and distribution channels. In specific, shortage of necessary input such as accommodation is one of the barriers for new players since existing operators have already contracted all available accommodation especially high season. Moreover, the large tour operators have developed for years their distribution channels including travel agents, call centres and online platform that requires huge amount of investment for new entrants.

For all stated reasons, even though there are great challenges for new competitors, the author evaluates the threats of new entrants for Indian market is medium.

#### 4.2.3 Threats of substitutes

Porter (1980) indicated that substitute products are something whose performance and price are comparatively same as product of the industry. According to Accounting Manager of Timetravels Incoming, the industry is enriched with enormous number of substitutes. For instance, more travellers recently do self-driving tour instead of taking a package tour arranged by tour operator. Also, end-travellers can buy directly cruise trips which are offered

by cruise lines covers multiple countries with luxury service level at reasonable price. Furthermore, as Finland and Nordic countries are not well-known in India market as other European Destinations which are able to offer same travelling experience but low-price level. The willingness of buyers to switch to substitute is another factor affecting the extent of the threats of substitutes. The switching cost for customers (travel agencies and retailers) to switch from Nordic destinations to other parts of Europe is relatively low, which makes the Case Company more suffering from the threats of substitutes.

In summary, the Case Company is under pressure due to high threats of substitutes.

#### 4.2.4 Bargaining power of buyers

Concerning the bargaining power of buyers, the number of customers and the volume of their purchases are, firstly, taken into account. The amount of Indian travel agencies operating outbound trip to Nordic countries is tremendous, but each act independently of each other and buy small quantities of products (CEO of Timetravels Incoming, 2017). This results in limited bargaining power when dealing with tour operators in Finland and Scandinavian countries.

Secondly, the number of tour operators operating in Nordic countries and targeting to Indian market, on the other hand, are large in comparison to buyers, which leads to the fact that the bargaining power of buyers will tend to have a strong influence upon prices charged and competitive structure of the industry due to plenty of choices and hugely potential availability to shop around. However, due to the uniqueness of the destinations, it is challenging for Indian travel agencies to negotiate the price down as much as they expect.

Thirdly, the switching cost for buyers in the travel industry is relatively low, this allows Indian buyers to switch from one tour operator to another with even zero cost. Furthermore, as large number of substitutes are available, customers are accordingly more powerful in terms of bargaining power.

To summarize, the bargaining power of buyers for the Case Company in the industry is classified as medium level.

#### 4.2.5 Bargaining of Power of suppliers

The more unique and scarce of the resources, the more powerful the suppliers are. In fact, as a destination company itself, the resources offering for Timetravels Incoming are mainly accommodation, transportation and catering services. Depending on destinations, for example, the resources of suppliers in such remoted areas as Northern Finland are relatively limited, giving suppliers the considerable power. However, there are plenty of destinations being considered as substitutes, the Case Company may not be reluctant to switch from one

destination to another. Minimal switching cost and big volume purchases together, Case Company have great power in price negotiation with suppliers.  
For all stated reasons, the bargaining power of suppliers of the Case Company is medium.

#### Conclusion of Porter's Five Forces Analysis of Timetravels Incoming

Force	Strength	Comments
Competitive Rivalry	Medium High	<ul style="list-style-type: none"> <li>• Two big competitors</li> <li>• Highly potential industry growth</li> <li>• Pricing war</li> </ul>
Threats of New Entrants	Medium	<ul style="list-style-type: none"> <li>• Relatively low entry barriers</li> <li>• Insignificant switching cost</li> <li>• High difficult level in access to input and distribution</li> </ul>
Threats of Substitutes	Somewhat High	<ul style="list-style-type: none"> <li>• Enormous number of substitutes</li> <li>• Low switching to other destinations</li> </ul>
Bargaining Power of Buyers	Medium	<ul style="list-style-type: none"> <li>• Tremendous number of buyers, but each act independently and buy small quantities of products</li> <li>• Large number of tour operators</li> <li>• Relatively switching cost</li> </ul>
Bargaining Power of Suppliers	Somewhat Medium	<ul style="list-style-type: none"> <li>• Huge number of substitutes</li> <li>• Low switching cost</li> </ul>

Table 2: Conclusion of Porter's Five Forces Analysis of Timetravels Incoming

### 4.3 The Growth -Share Matrix of Case Company



Figure 10: Growth-Share Matrix of Timetravels Incoming in Indian Market

#### 4.3.1 Cash cows

Taking passion for serving Indian travellers since 2015, Timetravels Incoming has various product segments over the years, out of which tailored-made package tour for leisure groups, according to CEO of Timetravels Incoming, is the highest revenue generating source of income for the Case Company (70%). The tailored-made package tour for leisure groups allows customers to get a unique package tour as per request of each individual group, it somehow helps the Case Company reinforce its competitive position in the market.

Thus, tailored-made package tour for leisure groups is currently a cash cow for the Case Company in Indian market.

#### 4.3.2 Stars

MICE visitor is one of the fastest growing outbound business travel market segment from India. According to the figures published by Indian Ministry of Tourism, India has currently 1.5 million outbound MICE travellers annually, which is estimated to generate 6.5 million outbound tourists by 2020. Among tour operators for MICE segment, Timetravels Incoming is holding a certain amount of market share in a very much growing market, the Case Company is young company though. This indicates the high possibility of package tour for MICE travellers turning into a cash flow for the Case Company.

#### 4.3.3 Question marks

Driver guide package tour for family travellers can be regarded as question mark for the Case Company as it is being tested in the market for the year of 2018. The future of travel guide package under the management of Timetravels Incoming Oy Ltd is emerging phase. In a positive way of thinking, it can become a source of revenue for Timetravels Incoming as the rising trend in travel guide package tour can bring higher revenue and profitability to the company. On the other hand, as the progress is still uncertain, the possibility of failure of this package tour might take place.

#### 4.3.4 Dogs

According to CEO of Timetravels Incoming, the company had decided to launch its own winter guaranteed departures to Finnish Lapland with the aims of covering huge market segment as FIT travellers for last winter 2016- 2017. This package tour can be identified as the dog as it is included in the list of products that have not been able to become the source of profitability for Timetravels Incoming Oy Ltd. Contrary to the company expectation, the way the Case Company approach the FIT travellers did not succeed due to lack of product compatibility with the customer needs and preference as well as a lack of appropriate marketing strategy as the root cause of problem.

#### 4.4 SWOT analysis of Case Company

<b>SWOT ANALYSIS</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Well qualified and experienced employees</li> <li>• 2-year experience in serving Indian travellers</li> <li>• The World's Only Official Partner of Santa Claus</li> <li>• High level of partnership satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Weak presence in India</li> <li>• Little market share</li> <li>• Lack of marketing activities</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Large number of potential destinations for developing new package tour</li> </ul>	<ul style="list-style-type: none"> <li>• Tough competition in the industry</li> <li>• Loss the loyalty of business partners</li> </ul>

Figure 11: SWOT analysis of Timtravels Incoming Ltd

#### 4.4.1 Strengths

There are 4 main strengths of Timetravels Incoming Oy ltd.

First, thanks to significant distribution into the brand development of Santa Claus and Santa Claus Village in Rovaniemi, Timetravels has been rewarded as the World's Only Official Travel Partner of Santa Claus since 2015. This allows the Case Company to the create unique travel package service under the Santa Claus brand name.

Second, though Timetravels Incoming is described as new player in Indian market, Timetravels Incoming has differentiated it from other competitors by serving customers with great passion, focusing on service quality, maintaining the high level of standard. Customer A (2018) explains one of the biggest reasons influencing them to choose Timetravels Incoming is the service level of the company always goes beyond their expectation.

Third, the Case Company has many well qualified and experienced employees, this is considered as one of the key factors stimulating Timetravels Incoming to reach even above satisfied service level. Each team in the company has different training and quality check programs frequently either quarterly or seasonally. As a result, concerning the sales team, they have great knowledge about the destinations they are selling to the customers. Meanwhile, resources and operation team have built strong partnership with local service

providers and integrated with sales team to make sure the service offering to final travellers always goes smoothly. (CEO of Timetravels Incoming Oy 2017).

Last but not least, Timetravels Incoming has effectively achieved the high level of partnership satisfaction, 90% of current partners highly believe in optimistic long-term partnership with Timetravels Incoming, according to the Account Manager of Timetravels Incoming (2017).

#### 4.4.2 Weaknesses

One of the weakest points of the Case Company is lack of presence in Indian market in comparison to the Case Company's competitors even though the Account Manager of the Case Company keeps regularly contacting current clients (Timetravels Incoming's CEO 2017).

Secondly, as a young start-up tour operator since 2016, many of Timetravels Incoming's marketing campaigns have not been implemented so far. The Case Company has participated in several travel fairs with the aims of building the brand awareness, but it seems that those marketing efforts are not enough for the market. (CEO of Timetravels Incoming 2017).

Third, Timetravels Incoming has little market share in the market. According to Visit Finland's representative in India market, the biggest tour operators who are achieving the majority of incoming Indian traveller market are located in Copenhagen, Denmark. Those operators brought about 11000 Indian travellers to Finnish Lapland during the winter 2017 while only less than 1000 Indian traveller were travelling with Timetravels Incoming in the same period.

#### 4.4.3 Opportunities

Finland, as well as other Nordic countries, have been popular among the Indian travellers during the period from June to end of August as there are mass groups coming for four-Nordic-countries package tours (Customer B 2018). The growing awareness of Finland as travel destination in summer season in Indian market could enable Timetravels Incoming and other Finnish tour operators to promote Finnish winter products involving Santa Claus, snow activities and attractive accommodations (Account Manager of Timetravels Incoming 2018). Concerning Northern Finland, each city has its own uniqueness, and attractions enables the case company to make their package product variety.

#### 4.4.4 Threats

As travel package products are easy to be copied, innovation becomes a competitive advantage and essential for any market player. New start-up tour operators with product innovation can easily take market share away from the existing market players. Therefore,



Timetravels Incoming may be threatened with extinction unless the innovation in products and services is taken into account (Account Manager of Timetravels Incoming 2017).

One of the biggest threats from the market is loss the loyalty of business customers who potentially either switch to other tour operators or skip land tour operators and work directly with local service providers. With promised big volume, these partners possibly get the competitive rates for local services. In this case, Timetravels Incoming not only loses its partners, but also has new competitors (CEO of Timetravels Incoming 2017).

## 5 Strategic B2B marketing plan

Based on the results of all analysis in previous chapter, the author wants to propose a strategic marketing plan for Timetravels Incoming Oy Ltd. Market segmentation and marketing mix are discussed in more details.

### 5.1 Market segmentation and targeting

It is vital for any company to identify how to divide its target market into distinct groups that might require separate marketing programs (Kotler et al. 2017). Based on the objectives of Timetravels Incoming and business customer reviews, two market segments that the Case Company may consider are travel agencies and wholesalers bringing Indian travellers from India, and travel agencies and wholesalers bringing Indian travellers from UAE.

#### 5.1.1 Travel agencies and wholesalers bringing Indian travellers from India

Travel agencies and wholesalers bringing Indian travellers from India is one of the main target segments for Timetravels Incoming. In more specific, concerning geographic variable, those target travel agencies conduct outbound business in tourism industry across India from metros, Tier 1 and Tier 2 cities. Those travel agencies either bring free-independent travellers (FIT), group travellers or specialities including incentive, youth travellers to Nordic countries. The size of the segment is relatively significant as according to Visit Finland's representative, there are almost 25 0000 agents that have business size from small to large can meet the variables of the case company's market segmentation.

#### 5.1.2 Travel agencies and wholesalers bringing Indian travellers from UAE

Travel agencies and wholesalers bringing Indian travellers from UAE is another target segment that Timetravels Incoming may take into consideration. In term of geographic variable, those target travel agencies and wholesalers conduct outbound business in tourism industry serving Indian travellers living in Dubai. Regarding the types of travellers, those travel agencies focus on bringing individual travellers as a family or groups of incentive travellers.

## 5.2 Marketing mix

The marketing mix is the combination of several elements that the firm can do to influence the demand for its product (Goeldner & Ritchie 2003).

### 5.2.1 Product Strategy

Due to tough competition in terms of price in Indian outbound market, new products are currently necessary and considered as the main product strategy for Timetravels Incoming. Two product lines proposed to develop are Magic Adventure tours to Finnish Lapland for leisure and incentive groups, and summer and winter camp for school groups.

First, the Magic Adventure tours to Finnish Lapland is came up with to satisfy the needs from both market segment 1 and segment 2 mentioned in previous section. The chosen destination for Indian leisure and incentive groups is Finnish Lapland in winter season from middle of November until end of March.

Taking advantage of Timetravels's dedicated destination teams who know their areas inside out and take the greatest care of tourists, those trips to Northern Lapland highly focus on delivering "travel experience" to end travellers rather than price-wise tours. In terms of chosen destinations of Northern Lapland including Rovaniemi, Ruka Kuusamo and Saariselkä, the region can be accessed either by overnight train or direct flight from Helsinki. Depending on travel date and inclusions, the price of this package tour varies from 1600 EUR up to 2000 EUR.

Second, camp tours for school groups include summer camp and winter camp developing to meet high demanding of youth travellers of market segment 1 mentioned in the previous section. In terms of destination for those camp trips, Youth Center Piispala, located in middle of the beautiful region of Central Finland at Lake Kivijärvi is chosen as the wonderful place to organize camps for groups of children and youth with more than 60 different camp programmes ranging from sports ad health or nature and adventure activities to arts and crafts. Founded since 1982, the centre is the biggest among ten youth centres, supported by the Finnish Ministry of Education and Culture. Those camp trips are all about learning Finnish culture, seeing unique place, playing and enjoying exciting activities with local children and youths for the duration of 7 days. The package tour designed includes transportation, accommodation, professional guidance and the best choice of cultural activities. The price for those package tours is around less than 800 EUR per children for group of minimum 20 persons.

<b>New products</b>	Magic Adventure tours to Finnish Lapland	Summer Camp tours
<b>Target market segment</b>	Segment 1 & Segment 2	Segment 1

<b>Destinations</b>	Finnish Lapland: Rovaniemi, Ruka, Saariselkä	Youth Center Piispala
<b>End travellers</b>	Leisure and incentive groups	Children and youth travellers
<b>Travel duration</b>	7 days	7 days
<b>Package price/ person</b>	1600 EUR - 2000 EUR	Less than 800 EUR

Table 3: New product development for Timetravels Incoming Ltd

### 5.2.2 Pricing strategies

Due to business nature of Timetravels Incoming in travel industry, the pricing strategy of travel products are highly influenced by seasonality, product distinctiveness, method of distribution and margin of profit desired.

For the new product of Magic Adventure tours to Finnish Lapland, Timetravels Incoming may employ two different mark-up rates for two separate market segments. While, the mark-up rate varying from 1.2 to 1.3 will be applied for clients of market segment 1, the company may use higher mark-up rate to price the tailored-made package products for clients of market segment 2. In addition, due to tough competition in Indian market in terms of price, in order to attract more customers and keep them interest in the product, Case Company may price the package product at an economy price and offer separate costs for optional activities. For such limited-capacity activities as Sampo Icebreaker or King Crab Safaris, Timetravels Incoming enjoys huge commission rates thanks to long-term partnership with local service providers and big volume of travellers bringing to the North, which enables the Case Company gets more profit on the optional activities rather than on the standard package tours.

When it comes to the pricing strategy for camp tours, like first new product, the Case Company may be flexible in mark-up rate for the package tour. In more details, the mark-up rate of 1.25 and 1.2 shall be applied for tours during summer season and school holidays; and low season respectively. The price charged as the whole package tour are offered as net rate for Indian wholesalers and local travel agencies.

### 5.2.3 Place - Distribution Strategy

Indirect distribution channel involving local travel agencies and wholesalers located in India is the main distribution strategy that Timetravels Incoming employs to distribute its products to the market. Location is one of the most important aspects determining current distribution of Timetravels Incoming. As located far away from the market, a representative based in India is urgently necessary for Timetravels Incoming. The representative not only can bring

Timetravels Incoming closer to Indian local agencies and wholesalers but also speed up the brand image building process.

Online booking system is another distribution channel that Timetravels Incoming may consider, especially for new product number 1. Based on the current official website, Timetravels Incoming is highly suggested to develop an online booking system where Indian local travel agency can make reservation for the great number of FIT travellers. Providing agent login code is essential to serving travel agents, each partner is given a separate number dedicated to different commission percentages. One of the advantage of online booking system is it saves labour while it enables travel agencies and independent travellers to check up-to-date availability of ready-made package tours twenty-four hours a day, seven days a week.

#### 5.2.4 Promotion Strategy

The targets of promotion strategy are to get new leads and maintain the existing customers for Timetravels Incoming. Within the promotion strategy, two main methods including personal selling and public relations are suggested to implement in order to achieve the objectives of the Case Company for both market segment 1 & segment 2.

Concerning the personal selling method, travel trades and sales calls are proposed for Timetravels Incoming to create desire, persuade customers, and to close the sale. Based on those targets, there are three possible travel trades that Timetravels should participate including SATTE, MATKA Nordic Travel Fair and Arabian Travel Market. SATTE is the largest annual Indian Tourism Trade Fair hosting over 1000 exhibitors and local agents from 28 states across India. The objective for the case company to participate in this travel fair is to increase awareness of Timetravels Incoming brand and to get the meeting scheduled with important buyers and build important connects.

MATKA Nordic Travel Fair, the largest travel fair in the Nordic countries, is held annually in Helsinki, Finland. Like other exhibitors, Timetravels Incoming can seize the trade show as a great presentation platform for its new package products by insight meetings with decision makers of travel industry and business customers with strong purchase power. Arabian Travel Market (ATM) is the international travel and tourism event gathering inbound and outbound tourism professionals within the Middle East. Participating in the event gives Timetravels more access to Indian travel agencies located in United Arab Emirates and nearby countries during four days of face-to-face meetings.

Sales calls are part of personal selling method. The objective is to generate interest, inquiries and boost confirmed business for Timetravels Incoming. The sales calls are employed to gain

connects with large and mid-size agents in four prime markets Mumbai, Delhi, Bangalore and Chennai. The focus will be to form long term partnership with the agents already selling itineraries to destinations Timetravels Incoming caters to and create a base of new agents who have the capability of doing business with Timetravels Incoming.

According to Goeldner & Ritchie (2003), personal selling is more effective when supplemented by public relation activities. Within this method, familiarization tours and incentive trips for Bollywood filmmaker at competitive price are employed as part of the marketing mix. Familiarization tours (FAM tours) are a form of promotion activities organized for travel agents and other persons who influence travel decisions to visit a destination in order to become more familiar about the destination (Goeldner & Ritchie 2003). Timetravels Incoming is advised to keep providing more FAM trips for potential business partners with a mix of agents from across India and influential media to new tours developed by the company, this may enable these partners to get great knowledge about Timetravels Incoming and its products, providing them complete confident to sell the products.

Using popular entertainment media platforms to benefit the destination and the Case Company through celerity association is another effective practice in public relations. Since Bollywood is the world's largest film industry in terms of number of releases, through Bollywood the Case Company can reach the Indians in India and the huge Indian diaspora of 16 million spread across the globe. Therefore, for this kind of promotion practice, Timetravels Incoming is highly suggested to give subsidizing and competitive price, the profit for these trips is not relatively high though.

### 5.3 Implementation plan





Figure 13: Gantt chart for Promotion Strategy (Part 2)

In terms of the Promotion Strategy, based on the new developed products, promotional materials are acquired and completed by end of December as the SATTE fair and MATKA Nordic Travel Fair are organized in January 2019.

After the travel fairs, sales calls and follow up emails will be delivered to new partners. After that, most potential ones will be invited to the FAM trips to Lapland, when there are snow and winter activities are still available.

Arabian Travel Market will be organized in April, all marketing materials shall be ready for the fair as well.

## 6 Conclusion

Based on the theoretical reviews and empirical analysis, the research has answered the research problem and sub-questions.

- What are the current situation, goals and objectives of the Case Company?

The Case Company has tapped into Incoming Indian market for 2 years but achieved little market share. The goals of the Case Company are to expand faster and gain greater market share in the next two years. The biggest strengths of the company are focusing on the quality of service, qualified and experienced employees as well as products branded under Santa Claus. Taking advantage of beautiful nature in Northern Lapland, the case company can innovate new products and services in the destinations. However, the company is also facing its weaknesses including weak presence in Indian market, little market share, and lacking long-run marketing strategy and marketing activities. More seriously, the threats of losing market share to new competitor and customer's loyalty are addressed in previous chapters.

- What are the opportunities and challenges of target country that can affect the Case Company?

Based on the results of PESTEL analysis, one of the highlighted problems in India in terms of politics is corruption; however, there are only high risks when dealing with Indian's public sectors. Regarding the economic factors, Indian's economy is picking up and evaluated as potential as China in the future. Since there are many good signs in the economy such as growing in consumption, increase in income, in respond, it is optimistic to estimate that the number of outbound travellers is getting bigger and bigger. Moreover, India is the second most populous country in the world after China, this somehow shows that the Indian outbound market is huge, and the real boom will come. However, Indian citizens are facing seriously polluted environment and low-standard level of public healthcare service, this opens for Finland and other Nordic countries potential opportunities to develop package tours highlighting the pure and beautiful of nature. In terms of legal factors, it is noticeable that an improving in visa processing to Finland and Nordic countries will attract more Indian travellers.

- How competitive is Indian incoming market in Finland?

Based on the results of Porter's Five Forces Analysis, the level of rivalry among existing firms in Indian market is evaluated as medium high. Even though there are great challenges for new competitors, the threats of new entrants for Indian market is assessed as medium.

- What are the effective B2B marketing programs for Indian market?

Beyond the research, strategic B2B marketing plan is proposed as suggestions for the Case Company. Market segmentation and marketing are clarified clearly in previous chapter. In



terms of market segment, there are two biggest segments including travel agencies and wholesalers located in India and travel agencies and wholesalers in Dubai bringing Indian travellers to Finland and Nordic countries.

Regarding the marketing mix, product strategy, pricing strategy, distribution strategy and promotion strategy are suggested in detail. Magic Adventure tours to Finnish Lapland and Summer camp tour are two new products proposed to launch to the market. Regarding the price strategy, two different marked up rates shall be applied for two market segments. For distribution strategy, Timtravels Incoming shall urgently look for a representative who brings the company get closer to target customers and contributes in building Timtravels Incoming's brand in the market.

As the competition in the market is relatively tough and the company may change its objectives and developing strategy, the B2B marketing plan should be updated regularly when the time goes by.

Although the thesis has answered the research questions, there are plenty of questions that are not covered in the study. One related research question which can be carried out in further study is "What is the strategic marketing plan for Indian travel agencies and wholesalers based in Europe?".

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## Appendices

1. Interviewing the CEO of case company
  - Could you tell me about Timetravels Incoming Ltd?
  - What is the current situation in your company?
  - Could you give me some information about the company's major market?
  - When did your company enter to Indian market?
  - Could you give me some information about the company's product portfolio in Indian market?
  - What are the major customer segments in Indian market?
  - What are the major challenges for your company in Indian market?
  - What might be the company's strategy in the future?
2. Interviewing case company's key employees
  - What is the current situation in your company?
  - In your opinion, what might be the company's strategy in the future?
3. Interviewing key customers of Timetravels Incoming
  - What are important criteria of good partner from your point of view?
  - What are the values in conducting business that you consider?
  - How do you think about the cooperation with Timetravels Incoming?
  - How do you think about package service/tours provided by Timetravels Incoming? Do they meet your demands?
  - Could you give me your evaluation of performance of our sales representative?
4. Interviewing the Representative of Visit Finland based in India
  - How do you evaluate the growth of Indian outbound market?
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