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B2B MARKETING PLAN FOR FLYING STARS

Degree Programme in International Business  
and Marketing Logistics  
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The purpose of this thesis was to create a marketing plan for Finnish tour operator Flying Stars as the company is starting to sell honeymoon packages to Estonia acting as a destinations management company. The services are sold to Estonian tour operators who will market and sell them onward to consumers. The aim of this thesis was to find one or two potential partners for Flying Stars and provide them information about the current situation of Estonian travel markets.

The thesis begins with a general introduction on the project which is followed by a brief explanation on the case company's operations. Chapter 3 discusses the purpose, objectives and conceptual framework created to guide both writing of the theoretical and the empirical part. The process of providing Flying Stars a marketing plan suggestion started with researching the theory on marketing planning, B2B marketing, marketing of services and marketing of tourism products. The theory part of the thesis was then combined from the theoretical pieces that were relevant in creating a marketing plan for the case company.

For the empirical part the writer used a structured online questionnaire that was sent to 21 Estonian tour operators in order to determine the level interest towards Flying Stars services and to find out what kind of factors they value in a destination management company. Four companies replied and they were all interested in cooperating with Flying Stars. The companies and their responses are reported and analyzed in chapter 6, together with the introduction of the research methodology.

The actual marketing plan suggestion can be found in chapter 7. It begins with an analysis of the case company's internal and external factors that have the potential to affect either negatively or positively in their attempts to move to Estonian markets. The factors are then summarized in the SWOT analysis. After the SWOT analysis the segmentation, targeting and positioning is explained. The third part in the marketing plan is the marketing mix that composes of the service description, pricing of the service, place, promotional tools used, process description and service blueprint, physical evidence of the service and people participating in the service production.

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## 1 INTRODUCTION

This thesis was made for Finnish tour operator Flying Stars which is trying to get a foothold in Estonian travel markets. The company needed a marketing plan suggestion to help them stars operating in the unfamiliar market area. This is why the thesis aims to provide Flying Stars information about Estonian markets and to find one or two potential partners to cooperate with.

In the writers opinion Estonians are both generally as consumers and as tourists underrated in Finland. The Finnish Tourist Board has conducted researches for example on what Russians, English, French and Germans think about Finland as a tourist destination and what kind of images are related to Finland in the Chinese social media. However there seems to be very little interest in Estonian tourists even though in January-February 2011 Estonian residents spent over 33 000 nights in accommodation facilities in Finland (Website of the Finnish Tourist Board 2011) and Finland is one of the most popular travel destinations in Estonia (Website of Statistics Estonia). This is what makes the thesis important and current.

Chapter 2 introduces the case company and their service concept. In chapter 3 the purpose, objectives and conceptual framework for the thesis are explained. The literature review starts from chapter 4 in which the nature of business, outlined in the conceptual framework, is defined. Chapter 5 includes the definition of marketing planning and the introduction of the marketing plan components chosen for this thesis. Chapter 6 discusses the research methodology used in collecting the primary and secondary data and the results of the primary data collection. In chapter 7 is the suggested marketing plan, made according to the marketing plan components discussed in the theory part. Chapter 8 describes the writing process and includes also the writer's own evaluation on the project.

## 2 FLYING STARS

Flying Stars Ltd is a privately owned travel agency established in 2008. They specialize in arranging honeymoons and also provide entire wedding packages. All the holidays that they arrange are individually designed in order to meet the needs and wishes of the customers. (Website of Flying Stars 2011) The company strives to provide their customers high quality and unique experiences, with the principle “anything can be arranged” (Malmberg, personal communication on 8.2.2011).

Flying Stars currently provides honeymoons for Finnish consumers and are seeking to expand their operations to Estonia, Germany and England. The internationalization will be done on a destination management company (DMC) basis which means that Flying Stars selling their services to foreign tour operators instead of consumers. In practice this works so that the tour operator in the foreign country markets and sells Flying Stars’ tour packages to consumers. Flying Stars is responsible for the customers from the moment they arrive in Finland. Their responsibilities cover arranging the transportation to the location in Finland, accommodation, dinners, trips and additional services needed during the stay. (Website of Flying Stars 2011)

Flying Stars has many partners all over Finland so they can provide customers a broad destination selection. The biggest companies they co-operate with are Naantali Spa, Ruissalo Spa, Äijälän Rusti, Rukapalvelu, Centro Hotel Turku and Visit Rovaniemi. (Website of Flying Stars 2011)

Even though Flying Stars is a fairly young company, the management has over 10 years of experience in the travel industry. Currently the business is run from the home offices of the managing director in Uusikaupunki and marketing manager in Naantali. (Malmberg, personal communication on 8.2.2011)

### 3 PURPOSE, OBJECTIVES AND CONCEPTUAL FRAMEWORK

The purpose of this thesis is to create a marketing plan that Flying Stars can utilize when the company is expanding their operations to Estonian markets. This thesis is a part of the company's EU funded internationalization project in which Flying Stars is seeking partners in England, Germany and Estonia. The primary partners are reliable Estonian tour operators that preferably have experience in arranging honeymoons or have some experience in arranging trips to Finland. The aim is to provide Flying Stars information on the travel agents operating in Estonia and to clarify their interest in selling honeymoons to Finland.

The objectives are to create a marketing plan for Estonian travel agents and find one or two potential partners for Flying Stars. Achievement of the objectives is guided by the following research questions:

- How to develop a marketing plan?
- What are the challenges of Estonia as a marketplace in the tour operating business?
- Are Estonian tour operators interested in providing their customers honeymoons in Finland?

The conceptual framework (see Figure 1) was developed by using Wood's (2003) components of a marketing plan that are placed in the center of the picture. The components are an analysis of the current market situation, marketing objectives, segmentation, targeting and positioning, marketing mix and financial plans. These act as a guideline for both the theoretical and empirical parts of the thesis. The picture was completed with three boxes around the marketing plan components in order to visualize the background against which this particular plan is written. The background concepts arising from the nature of business are travel industry, B2B marketing and marketing of services.

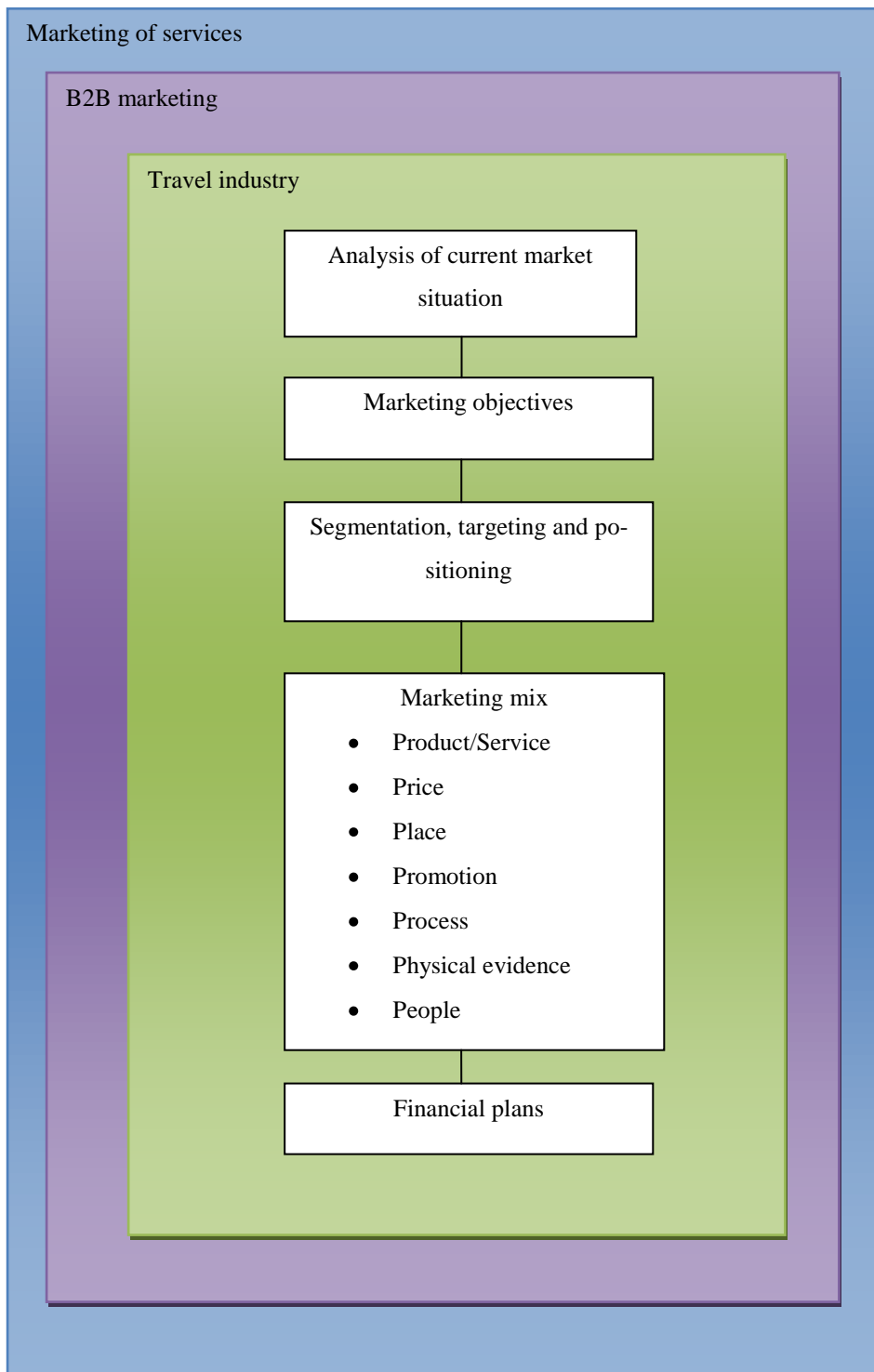


Figure 1: Conceptual framework. Modified from Wood 2003, 6.

## 4 NATURE OF THE BUSINESS

This marketing plan is directed at Estonian travel agents to whom Flying Stars is hoping to sell their services to and therefore it is written in both business-to-business (B2B) and services marketing context.

B2B services are services where the buyer is a company, like in this case a travel agency, or some other organization (Ojasalo & Ojasalo 2010, 19). Both marketing of services and B2B marketing have some special features that have to be considered when planning the marketing. In addition to the marketing of services and B2B marketing aspect there is also a third framework (see Figure 1) for this thesis, the travel agency business. The travel industry also has some elements affecting how travel services should be marketed.

The main characteristics differentiating services from goods are *intangibility*, *inseparability*, *perishability* and *heterogeneity* (Gilmore 2003, 10; Goncalves 1998, 4). Many services include tangible elements such as a hotel room in the tour operating service but the service performance that creates the customer's experience is *intangible*. A service cannot be seen, touched or smelled before buying it. *Intangibility* leads to many difficulties for service providers. First of all services cannot be produced in advance and warehoused or stored to be sold when the demand is high. The customers have to be served as they come which means that services are *perishable*. (Gilmore 2003, 10-11.) However customers can be held in stock to some extent. (Grönroos 2007, 54.) For example if some hotel is fully booked at the time the customer wishes to stay there Flying Stars can suggest that the customer postpones the visit by a week.

*Intangibility* makes services hard to communicate to potential customers (Gilmore 2003, 10) and evaluating the quality can be difficult for customers. Because customers cannot use the physical characteristics to evaluate what they are paying for, the perceived risk in buying services is higher than with products. (Goncalves 1998, 4-5.) *Inseparability* means that for most services the buyer and the seller need to be in the same place at the same time so that the service can be provided (Gilmore 2003,



11). For example a travel service is experienced by the customer as the service is produced thus making it impossible to provide without the customer's presence. Services are also *heterogeneous* meaning that the service cannot be exactly the same each time it is performed because it is done by people that do not perform as reliably and evenly as machines. As a result services cannot be standardized to the same extent as products. Also measuring and controlling quality is more difficult than with goods.

Even though the four elements are widely recognized and used by many authors, Lovelock and Wright (1999, 14) state that the four basic elements do not provide a comprehensive enough picture of the differences between services and goods and have added a number of characteristics to complete the picture. One of these is that customers do not obtain permanent ownership of any tangible element when purchasing a service. Often customers get the opportunity to use a tangible object, such as a car or a hotel room, or have the expertise of a service provider in their use for a period of time.

Lovelock and Wright (1999, 15-17.) also add the people perspective to the characteristics. The benefits of goods come from their physical characteristics whereas the benefits of services derive from the nature of the service performance which always includes people. Consequently the difference between service businesses originates from the quality of the people serving the customer. There are also distributional differences between goods and services. Goods require physical distribution channels but many services are distributed either by using electronic channels or by combining the place of service production and service consumption to a single location.

Grönroos (2007, 53) writes that another common characteristic of services is that they are processes that consist of activities or a series of activities. The customer is often a part of this process as many services are produced and consumed at the same time. One important aspect is that the customer consumes the process rather than the outcome of it. Grönroos illustrates the process consumption's impact on marketing with a figure (see Figure 2). In the consumption of physical goods the processes of production and consumption are separate in time and space. Marketing is situated in the middle of these processes with the purpose of communicating the customer needs

to the production and selling the goods coming from production to the consumption side. All three elements are separate functions with no overlaps. The lower part of the figure shows that production and consumption are simultaneous processes. There is no gap between them that would require the process of marketing to connect the processes in a traditional way that is shown in the physical goods consumption part. Some traditional marketing activities, such as market research and efforts to generate interest among potential customers, are still needed to connect the production and consumption processes. However, the majority of marketing and customer relationship management lies within the simultaneous service production and consumption process. (Grönroos 2007, 59)

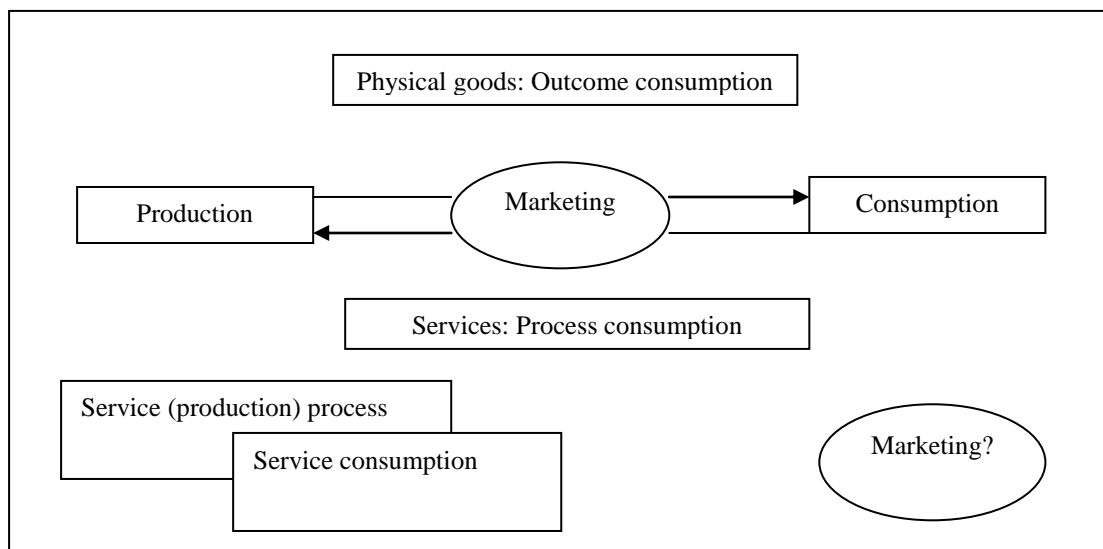


Figure 2: The nature of consumption of physical goods and services and the role of marketing. Grönroos 2007, 59.

Business-to-business and consumer markets have differences which effects how they should be marketed (Rope 1998, 15). In the B2B field the number of customers as well as suppliers is usually smaller and the communication between the seller and the buyer is more interactive and personal than when selling to consumers (Ford et al. 1998, 4). Establishing a long-term relationship is also common in B2B buying whereas consumers may change the company that they buy from on daily basis (Jobber & Lancaster 2009, 78). In consumer markets the company is actively selling a product. Consumers are often relatively passive in this process, they respond either by choosing to buy the product or not having usually little personal contact to the manufacturer. Business-to-business purchases are driven by a need for the product or ser-

vice and also the buyers often have to actively seek the right supplier that meets their requirements. In cases where the product or service is a bit more complex there are usually negotiations about the price and features so the buying process involves much more interaction than in consumer selling. (Ford et al. 1998, 4-5.) These negotiations are usually an important part of the organizational buying process because the prices and quantities in B2B buying are higher than in consumer buying. Supplier's list price is often taken as the starting point but the final price is highly dependent on the power relationship between buyer and seller and the parties' negotiation skills. (Jobber & Lancaster 2009, 78-79.)

Tourism products are interdependent. This means that travel services are packages of many different services the customer's experience is dependent on all the service providers that participate one way or another in creating the trip. (Middleton, Fyall & Morgan 2009, 51.) The tourism service provider's performance in the eyes of the customer is therefore tightly linked to the performance of all the parties related to producing the service. This is why the company that has the primary responsibility for producing the service should choose all producers of the service package especially carefully. (Albanese & Boedeker 2002, 129.) Albanese and Boedeker (2000, 129) use the word subcontractor when writing about the service providers that offer only a part, such as accommodation, of the tourism product. Even though Flying Stars considers their subcontractors to be more like partners, the word subcontractor is used in the empirical part to avoid mix-ups between the potential Estonian tour operator partners and the Finnish partners that take part in providing the final service. Another special feature in tourism business is that the demand can change dramatically between the seasons of the year. (Middleton et al. 2009, 55.)

## 5 MARKETING PLAN

Because a marketing plan is the outcome of marketing planning process it's necessary to explain what is meant by this process. McDonald (2007, 29) states that sales and marketing functions should be managed with a systematic process. The process should include setting marketing objectives, identifying different marketing options,

choosing one or more of them and making a schedule and budget for the execution. This systematic process is marketing planning, which is the plan for allocating marketing resources so that marketing objectives are met. (McDonald 2007, 29).

Marketing planning is used in dividing the potential customers into distinct groups, deciding on how the company wants to differentiate from competitors, determining the market size and planning the executable market share within a customer group (Westwood 2006, 6). The planning process and decisions on marketing activities are recorded into a marketing plan, a document made for the company's internal use. It describes the marketplace situation and defines the marketing strategies used in supporting business and organizational goals and meeting marketing objectives. (Wood 2004, 11.) A marketing plan should be written so that it is an easily understandable document that gives clear directions for marketing actions (Ferreri 2001, 63). Even though a marketing plan has to be eventually declared ready it is important to make the plans so that there is room for changes if the company's services, performance or marketing environment changes (Wood 2003, 5).

There are two general types of marketing plans: strategic and tactical or operational. Strategic marketing plans are usually made for the next three to five years. Strategic plans concentrate on broad long-term goals, for example, growing market share and revenue. Strategic plans also include decisions on how the customers are divided into groups (market segmentation), which customer groups are served (market targeting) and how does the company want to be perceived in the markets (positioning). They often have an emphasis on understanding the external environment and indentifying the forces that have an effect on it. (Bowie & Buttle 2004, 317; McDonald 2007, 39.)

McDonald (2007, 39) and Bowie & Buttle (2004, 319) suggest that a tactical/operational marketing plan should be made on the basis of a strategic marketing plan and therefore the strategic long-term plan should be made first. A tactical marketing plan typically covers a short time period, one year or less. When done on the basis of a strategic plan it uses the segmentation, targeting and positioning established in the strategic plan. It focuses more on details and the actual actions being taken. (Bowie & Buttle 2004, 319; McDonald 2007, 36.)

This marketing plan is mainly a strategic plan where segmentation, targeting and positioning is established. This plan puts a special emphasis on examining the Estonian markets and evaluating the company's capabilities within it. However, the plan also includes operational issues. Moving into foreign markets is never a quick process but this marketing plan concentrates on acquiring the business partners needed to start the operations, which usually does not take many years. Another operational element in the thesis is the suggestions on concrete marketing actions.

The content, length and format of a marketing plan can vary between different sized organizations working in different fields as it is ultimately the company's decision how the plans are made and what information is relevant in making the plans (Wood 2003, 5; McDonald 2007, 50). There have been many books written about marketing planning but the basic content of a marketing plan is quite similar in each of these. In this thesis the components of a marketing plan from Wood's (2003) book are used because the division of different parts was clear and the structure logical. These parts which are analysis of current market situation, SWOT analysis, marketing objectives, segmentation, targeting and positioning, marketing mix and financial plans are examined in the following sub chapters.

### 5.1 Analysis of current market situation

The first stage of marketing planning is the analysis of the current market situation. This involves examining the current situation both inside and outside of the organization. The information gained from the analysis acts as a base for the SWOT analysis in which the main strengths, weaknesses, opportunities and threats of the organization are identified. (Wood 2004, 39-40.) The main function of this market analysis is to get an understanding of what to expect from the markets that the company is entering to; what are the needs, problems and opportunities of that market. This information can then be used as a guide in the future marketing decision. (Parmerlee 2000, 11.) Wood (2004, 40), Parmerlee (2000, 11), McDonald (2007, 111) and many other authors use the term market auditing when writing about analyzing the market situation. The same term and the division to internal audit and external audit used by Wood (2004) were chosen for this work.

## Internal audit

Internal audit includes identifying organizational resources and capabilities, current offerings, previous performance, business relationships and key issues. These factors play a big role in determining the organization's strengths and weaknesses in the SWOT analysis. External audit covers political and legal factors, economic factors, social and cultural factors and technological factors that contribute to recognizing opportunities and threats (see Figure 3). (Wood 2004, 41-42.)

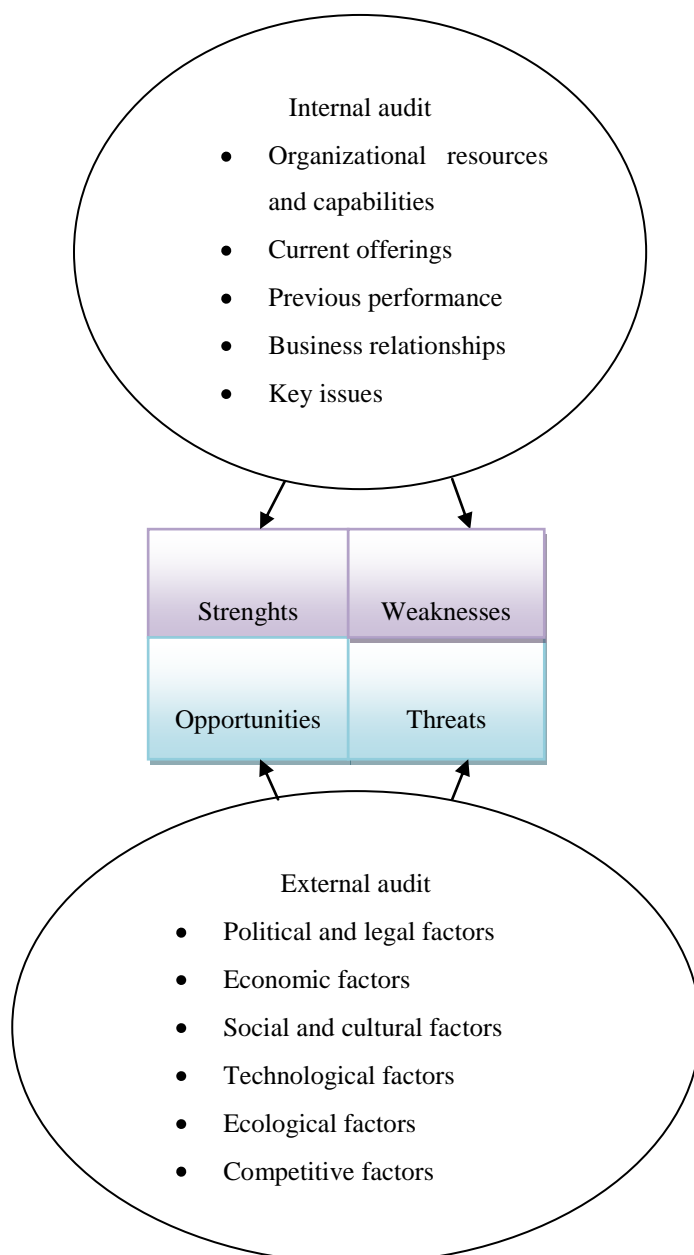


Figure 3: Internal audit, external audit and SWOT analysis. Modified from Wood (2004, 41-42).

Internal audit starts with identifying organizational resources and capabilities that can be divided into four categories; human resources, informational resources, financial resources and supply resources. Planning the allocation of resources in a way that it supports the marketing plan is easier when it is determined what the resources are and how they are currently used. This step also helps in detecting any resource gaps. If there are some resource gaps detected the company can use outsourcing, strategic alliances or adjustments in the supply chain to repair these gaps. (Wood 2004, 43-44.) For Flying Stars one of the biggest resource gaps has already been identified and acted upon. Because it is a small company it would have been too expensive and risky to enter the Estonian markets by themselves. Therefore the decision to seek Estonian travel agencies as partners and act as an incoming travel agent was made. Other possible resource gaps will be examined in the empirical part as the internal audit of Flying Stars is conducted.

The following step in the internal audit is identifying current offerings. This means reviewing and analyzing the products and services that the organization offers. The analysis depends on the type of company but it usually includes evaluating the offerings in terms of product pricing and profitability, product sales and market share, structure of product mix and product lines, customer needs satisfied by features and benefits and contribution to organizational performance. The analysis should also include consideration on how effectively the resources are allocated to the current offerings and how well the offerings are in line with the organization's vision. (Wood 2004, 45.)

Previous performance can also help in identifying the company's strengths and weaknesses. The performance indicators examined should include at least sales, profits, previous trends in sales and profits by product, region and customer segment, results on previous marketing plans and customer acquisition, retention and loyalty trends and costs. (Wood 2004, 45-46.) The previous performance of the case company will not be examined in the empirical part because it is mainly linked to their sales to Finnish consumers. Flying Stars is also actively following their performance and would therefore not gain from the analysis.

Business relationships can also contribute to the organization's strengths and weaknesses. Therefore the business relationships should be evaluated during the internal audit. It is important to consider the value added by suppliers and strategic alliance partners, the capacity, quality, service, commitment and costs of suppliers, changes in business relationships over time and level of dependency on suppliers. (Wood 2004, 46.) Business relationships have a strong impact to the case company because as mentioned in chapter 4 a trip as an entity is the sum of the tour operator's services and the services of the company providing accommodation.

Wood (2004) lists key issues as the last part of internal audit. Key issues include the things that could come in the way of achieving goals or are essential to the company's success. These are additional elements that the company identifies as contributors to strengths or weaknesses. Key issues can for example originate from the industry's special characteristics. (Wood 2004, 47.)

### **External audit**

PEST analysis is a well-known type of analysis that is often used in conducting a market analysis. The advantage of PEST analysis is that it makes organizations consider external factors that could be important to their business position and performance (Smith & Raspin 2008, 63-64.) PEST analysis includes evaluating political, economic, social and technological factors of the market. There have been many variations made from the PEST model. These variations also include other factors to consider in addition to the four elements introduced in PEST. (Smith & Raspin 2008, 63.) Wood (2004) has used political, economic, social and technological factors in her book's external audit but has also included the evaluation of legal, cultural, ecological and competitive issues.

Smith and Raspin (2008, 63, 68.) stress, that PEST analysis should contain only the information that is relevant for the company. While some information can be regarded as interesting or nice to know, it may not be truly valuable for the company. Therefore the information collected should be evaluated in terms of relevancy for the company when gathering external information.



External audit starts with researching and analyzing the political and legal factors that impact on the company's marketing and other operations (Wood 2004, 48). Evaluating these factors provides information about the potential opportunities and threats arising from regulations, laws and business requirements (Smith & Raspin 2008, 63; Wood 2004, 48). Because all relevant legal factors such as responsibility division and cancellation terms are determined in the contract made between the case company and the foreign tour operator.

Economic factors effect on businesses and their customers' ability to buy goods and services because they often have an impact on income, debt and credit usage (Wood 2004, 69). Economic factors relevant to this thesis include:

- economic growth
- industry specific economic growth
- consumer confidence
- unemployment

(Smith & Raspin 2008, 65)

Social and cultural factors affect the size and composition of markets and segments. These issues also have an impact on customers' requirements, characteristics, attitudes and perceptions. Also demographic details should be examined when considering important social and cultural factors. For B2B selling the social and cultural trends that affect size and growth of the industry the company is selling to. (Wood 2004, 50.) Even though Flying Stars is selling their services to businesses, the end customers to their services are consumers. This is why demographic issues are not entirely left out, for example household incomes are examined in this thesis.

Evaluating technological factors is one part of the PEST model. Changing technology can have some effect on customers, suppliers, competitors, marketing techniques and organizational processes. (Wood 2004, 51-52.) The operations of Flying Stars include very little technological issues and therefore technological factors are not examined in the external audit for the company.

Companies and consumers are increasingly interested in ecological factors and sustainability is on everybody's mind. This is why companies often try to evaluate the ecological factors that may result in opportunities or threats for the company. (Wood 2004, 52.)

All companies face competition and in order to be successful a company must satisfy the needs and wants of customers better than competitors (Kotler, Bowen & Makens 1996, 107). SWOT reveals the factors with which the company is able to compete but evaluation of rivals is needed to determine how the company is situated in the market competition (Wood 2004, 52-53.) Analyzing competitors includes identifying the competitors, determining their strengths and weaknesses and understanding their strategies (Jobber 2007, 778).

First of all the company needs to identify the competitors. Kotler et al. (1996) suggest that there are four levels of competitors. One type of competitor is those who offer the similar products and services to same customers with a similar price. Then there are the companies that provide the same or same type of product or service. On the third and fourth level the competition is evaluated more broadly. The third level of competitors includes all companies offering the same service, which in the case of Flying Stars would be all travel agencies. On the fourth level the companies whose products or services the customer could spend money on instead, are also considered competitors. (Kotler et al. 1996, 107-108.) In this thesis only the first two levels of competitors will be evaluated since the companies in these levels represent direct competition to Flying Stars.

Second step in competitor analysis is to assess the strengths and weaknesses of competitors (Jobber 2007, 280). Paley (2007, 55) argues that the strengths and weaknesses should be examined in terms of basic factors such as product quality, pricing, promotion, management leadership, distribution and financial condition. Jobber (2007, 780) instead writes that in each industry the success factors are different. This is why companies should identify six to eight key success factors in their industry and evaluate the competition's performance in these key areas. Hints on the performance of competitors can be sought from financial data, market data and customer

data. All the information may not be accessible or important and the amount of information necessary to seek depends on the management.

The evaluation can be conducted by using a rating scale and giving your own company and each competitor a score in the key success factors for example on a scale from one to five. This gives the company a capability profile that illustrates the strengths and weaknesses of your own company and competitors (see Figure 4). When the performance of the company can be seen in contrast to the competitors' performance the formation of competitive strategies is easier. For example Figure 4 suggests that the company should develop strategies to improve key success factor 3 as it is not performing in that area as well as its competitors. (Jobber 2007, 780-781.)

	Your company	Competitor 1	Competitor 2
Key success factor 1	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Key success factor 2	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Key success factor 3	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Key success factor 4	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Key success factor 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Key success factor 6	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Key success factor 7	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

Figure 4: Company capability profile. Modified from Jobber (2007, 781)

After having found out competitors' performance capabilities, their strategies should be examined. This includes determining how the competitors are aiming to differentiate in the market and are they trying to increase or maintain the current sales and market share or perhaps seeking more profit through increases in prices. (Jobber 2007, 781-782.)

### SWOT analysis

A SWOT analysis is a summary of the company's key strengths and weaknesses in comparison to key opportunities and threats (see Figure 3) (McDonald 2002, 43). According to Wood (2004) strength is a company's internal capability that helps in

achieving the organization's goals, utilizing opportunities and defending from the threats. Weakness is the exact opposite to this. It may come in the way of achieving objectives or complicate the handling of opportunities and threats effectively. Opportunities and threats exist outside the organization and they cannot be changed from within the organization. They are circumstances that the company can take advantage of (opportunities) or circumstances that have to potential to harm the company's performance (threats). (Wood 2004, 41-43.)

The purpose of making a SWOT analysis is to match the company's resources with the environment. When the strengths, weaknesses, opportunities and threats are recognized it assists in achieving a competitive advantage as:

- the strengths can be developed forward and used to exploit the opportunities arising from the environment
- actions can be taken to reduce the weaknesses or develop strategies that leave little room for risks arising from weaknesses
- exposure to threats can be minimized (Friend & Zehle 2004, 85.)

However it is good to keep in mind that the underlying reasons, significance and duration of the factors and trends arising from the environment are hard to estimate and situations can change unpredictably in a fast phase (Wood 2004, 40-41). SWOT analysis is a fairly plain tool but the advantage of it is that it is quick to make and offers an easily understandable strategic review (Friend & Zehle 2004, 85).

## 5.2 Marketing objectives, segmentation, targeting and positioning

A marketing objective relates to what the organization is aiming to sell, how much and to whom. Defining objectives when making a marketing plan is important because they both set a direction for the marketing strategies and makes it possible to determine whether the strategies have lead to the desired outcome. (McDonald, 2007, 275-276.) The marketing objectives should be defined in a way that when the marketing plan is implemented it is easy to see whether they were met or not. It is useful to express the objectives in clear terms for example percentages or other figures, rather than using terms such as increase, improve or maximize that lack proper measurability. Objectives serve the company most if they are in line with the mission

statement, marketing budget and market situation (McDonald 2007, 276; Westwood 2006, 34.) Marketing objectives should be also realistic yet challenging, so that achieving them is not impossible but they inspire pushing towards higher performance (Wood 2003, 70).

Because buyers are different, organizations cannot appeal to all of them at least not in the same way and that is why marketers often use target marketing. Target marketing is dividing the potential customers to groups of customers that have some similarities, choosing one or more of these and developing marketing strategies that appeal to the group. (Kotler 2003, 9.) Target marketing consists of three main steps: market segmentation, market targeting and market positioning (see Figure 5) (Kotler et al. 1996, 240).

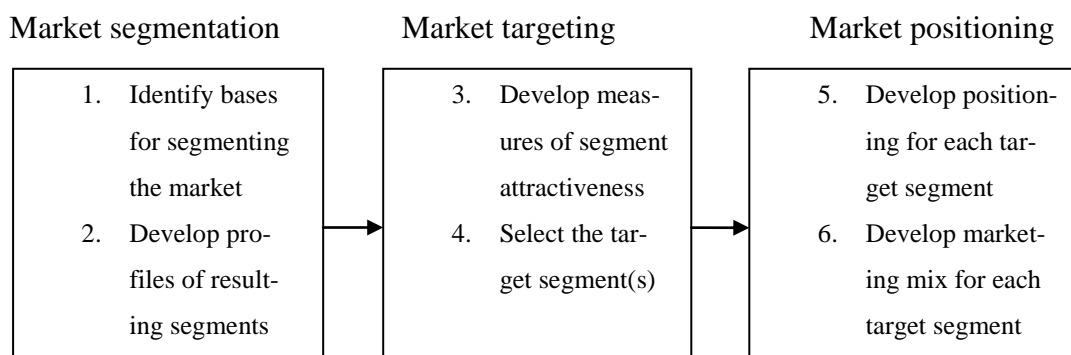


Figure 5: Target marketing. Kotler, Bowens & Makens (1996, 240)

## Segmentation

The goal of segmentation and targeting is to find and choose the customer groups, segments, which the company can best serve with their resources and capabilities (Goncalves 1998, 115; Rope 1998, 56). Segmentation should not be done just for the sake of having segments. They should be meaningful and of actual use for the company. Kotler (2003, 286) has defined five criteria that make a market segment useful:

1. The segments' size, purchasing power and characteristics have to be measurable.
2. The segments must be large and profitable enough to serve.
3. The segments must be accessible, meaning that reaching and serving the segment is possible.

4. Segments are different enough from each other to require different marketing-mix elements.
5. Finally the segments have to be actionable so that it is possible to make effective programs to attract and serve the segments.

In business-to-business marketing successful segmentation and targeting is especially important because the number of customers is usually smaller than in consumer marketing and the company cannot afford to lose any potential customers (Rope 1998, 58). For Flying Stars the segmentation and targeting is greatly dictated by their chosen service concept. The decision to act as a destination management company has made only tour operators and travel agencies potential customers.

### **Targeting**

When the segmenting process has been gone through it is time to evaluate the segments and choose which of these segments the company will pursue. Not all customers are right for the company and in business-to-business field it is better to target the customers that are likely to do business with the company for a long time than the ones that are easiest to attract or seemingly most profitable. Loyalty and a long-term business relationship are more profitable in the long run. (Hunter 1997, 250-251.)

According to Kotler (2003, 299.) there are five target market selection patterns that the company can choose from after having evaluated different segments: single-segment concentration, selective specialization, product specialization, market specialization and full market coverage. In single-segment concentration the company focuses on serving one particular segment. The advantage of this is that the company achieves extensive knowledge about the segment's needs and a strong presence in the market segment they have chosen. Also cost savings can be gained with specialized promotion and distribution. Concentration on a single segment involves a risk that the competitors may invade the segment and leave the company with a smaller market share. Selective specialization means that a company chooses a number of segments that are each attractive and appropriate so the company is not dependent on just one segment and the risks are smaller.

In product specialization the company makes a certain product that can be modified to different customer groups, and sells it to more than one segment. The company has thus the possibility to build a strong image in the product area that they have chosen. Market specialization includes concentrating on serving many needs of a certain customer group (Kotler 2003, 299). For Flying Stars their consumer targeting is very much based on market specialization because they have chosen to serve honey-mooners. Full market coverage means that the company tries to serve all customer groups with a large variety of products. This is possible only for large firms such as IBM in the computer market or Coca Cola in the beverage market (Kotler 2003, 299.) and is not a viable option for the case company.

### **Positioning**

Positioning means designing the company's offering and image so that it has a distinctive place in the chosen markets. (Kotler 2003, 308.) Basically positioning is the act of differentiating the company's products or services from those of competitors.

Positioning business products and services is often bit more difficult and subtle than in business-to-consumer marketing. In consumer goods and services advertising is often the most important factor in communicating the company's position. In B2B marketing positioning is communicated via personal selling, sales promotion, advertising and trade shows. Bingham, Gomes & Knowles (2005) introduce six positioning strategies for B2B marketing: positioning by technology, quality, price, distribution, image and service. (Bingham, Gomes & Knowles 2005, 192.) Positioning by technology and distribution will not be discussed further because they are not applicable for Flying Stars. Also positioning by price is left out because Flying Stars is not capable or willing to be perceived as the cheapest option in the market (Malmberg, personal communication on 8.2.2011).

Positioning by quality can be difficult but is often a profitable strategy. Organizational buyers tend to avoid paying for unnecessary quality. On the other hand the desired quality level of a product or service is seldom overrun by a lower price. Quality positioning often means charging higher price. A company does not have to make their offerings expensive when choosing to position by quality but if they simulta-

neously emphasize on low prices there is a risk that buyers associate the low price with low quality. (Bingham et al. 2005, 193.)

Image positioning is made by creating an exclusive image for a product or service. (Bingham et al. 2005, 193.) The competing offerings may be very similar but the customer's perceive them differently because of company or brand image. In order to succeed in image positioning the company must convey a distinctive message that communicates the offering's benefits and position and the image must be supported by everything that the company says and does. A company can also differentiate from competitors by offering additional services that competitors' service package is lacking. (Kotler et al. 1996, 262-263.)

### 5.3 Marketing mix: 7 P's

Marketing mix is a tool for developing marketing strategies (Paley 2001, 54). Traditionally the marketing mix elements include product, price, place and promotion but due to special features in marketing services, the service marketing mix includes three additional elements: process, people and physical evidence (Goncalves 1998, 6). The reasons behind these additional elements will be discussed later on when all seven marketing mix elements are introduced in the subchapters.

By making adjustments in the marketing mix components companies can response to the needs of customers effectively. These adjustments can include such things as new service offerings, better prices or use of new marketing channels. (Goncalves 1998, 6-7.)

#### 5.3.1 Product/Service

The first P in the marketing mix is product/service that can stands for either tangible goods or intangible services depending on which the company is offering. (Ruskin-Brown 2006, 104) A service offering can be divided to core and supplementary product elements. Core product provides the central benefit and satisfies a specific customer need. It defines the business that the company is operating in. For example



the core product of insurance is risk management. Supplemental service elements bring additional benefits that enhance the core product and differentiate the service offering from competitors' services. Examples of supplemental services are billing, order taking and informing about the service. (Lovelock & Wright 1999, 76-78, 178.)

Travel services include many different components such as accommodation, transport and catering. The product is a package of tangible and intangible components. From the customers point of view the product covers the complete experience of the trip. For the tourist the product is an experience available at a price. The five main components of a travel service are: destination attractions and environment, destination facilities and services, accessibility of the destination, image of the destination and price to the consumer. (Middleton et al. 2009, 120-123.)

Destination attractions include:

- Natural attractions such as landscape, climate, natural resources and other geographical features of the destination.
- Built attractions like ski slopes, architecture, monuments and managed visitor attractions.
- Cultural attractions include history, religion, art, music, theater and dance attractions.
- Social attractions are related to the way of life and customs of the host population and possibilities for social encounters.

Destination facilities elements located in the destination are:

- Accommodation units such as hotels, holiday villages, campsites and guest-houses.
- All restaurants, bars and cafés.
- Transport means at the destination from taxis to cycle hiring.
- Sports/interest/adventure/activity like ski schools, sailing schools and trekking facilities.
- Other facilities and services such as language schools, health clubs, information services and equipment rental.
- Retail outlets for example clothing and souvenir shops.

(Middleton et al. 2009, 123-125.)

Accessibility of the destination means the private and public transportation aspects that determine price, speed and convenience of traveling to the destination. Accessibility is determined by infrastructure of the roads, airports, railways and marinas, the public transportation vehicles size, speed and range, prices charged and possible road tolls. Images and perceptions are one part of the travel product. The attitudes and images that the customer has about the destination is an important factor in making the purchasing decision. These attitudes are not always based on factual knowledge or previous experience and are therefore hard to change. However the travel service provider can take advantage of the image by providing physical evidence that backs up the image and better attracts the people to whom the destination image appeals to. (Middleton et al. 2009, 123-125.)

Price to the consumer is the last component of a travel service. Price is the sum of costs deriving from travelling, accommodation and participation in facilities and services in the destination. Prices vary highly according to the distance travelled, choice of activities and quality of accommodation. (Middleton et al. 2009, 123-125.)

### 5.3.2 Price

Price can be defined simply as the amount of money received from a good or a service. It is the only marketing mix element that generates revenue. (Kotler et al. 1996, 403.) Price is one of the crucial elements affecting travelers' purchase decisions because for the customer it is the most concrete measurement of the products value. With pricing decision companies try to reach both strategic and tactical goals. (Albanese & Boedeker 2002, 162-163.)

Pricing should reflect the company's long term strategies such as positioning and market development strategies. Strategic pricing is done by defining the basic price level for the products. (Albanese & Boedeker 2002, 162-163.) Positioning determines how the company is perceived in the markets, which determines the perceived value of the company's products and services. Therefore the pricing strategy should support the positioning. (Luther 2001, 127-128.) Tactical pricing decisions are plans

for unexpected situations such as sudden changes in demand or unpredicted actions of competitors. Tactical decisions can for example include customer discounts given in certain situations or special prices of a sales campaign. (Albanese & Boedeker 2002, 163.)

### 5.3.3 Place

Place refers to the company's "route to market". It includes decisions on how the product or service is distributed to the customer. (Ruskin-Brown 2006, 116.) Services are often distributed either directly or through an agent (Jobber 2007, 685).

Selling travel services is done either directly or indirectly. In direct distribution the customer and the travel services provider interact directly either so that the purchase is made in the premises of the service provider or through direct selling methods such as online booking or phone. When the selling is done indirectly it includes intermediate channels. Incoming agencies work through indirect selling by providing their services to foreign tour operators who sell the services forward in their home country. (Albanese & Boedeker 2002, 150-152.) The selection of a distribution channel is especially important to a travel agency when selling services abroad. Successful cooperation with a travel agent abroad minimizes the company's own marketing efforts in the target area. (Boxberg, Komppula, Korhonen & Mutka 2001, 86.)

### 5.3.4 Promotion

The promotional efforts of Flying Stars are directed to the Estonian travel agents and therefore this section will include only the promotion methods applicable to the case.

B2B marketing is often direct marketing. Also in this case the marketing to the Estonian travel agents is primarily handled with direct marketing. Coe (2004, 31-33) discusses both the positive and negative sides of three direct marketing methods: direct mail, e-mail and telephone.

Direct mail is the most traditional of these direct marketing methods. The advantages of it is that people rarely get irritated when receiving mail and that it is tangible, the recipient can touch and see it unlike a telephone conversation. Direct mail can however also be easily ignored. (Coe 2004, 31-33.) Direct mail usually does not attempt to do the entire selling job but is rather a supportive element. It can be used, for example, to inform about an upcoming sales call. (Bingham et al. 2005, 318.)

E-mails are inexpensive and fast and one of the main problems in using e-mail in direct marketing is that everyone else has also realized this which leads to overflowing inboxes in companies. Many unrecognized or unwanted e-mails get deleted before they are even opened. Telemarketing is a much more personal way of approaching than direct mail or e-mail and this is one of its largest benefits. It is a productive medium because of the chance for a dialogue that, even a well designed, direct mail or e-mail does not offer. A telephone conversation can never be as productive as a face-to-face encounter but it does offer some benefits compared to a sales visit. First of all in B2B field people are often better available through phone than in person. Another benefit is time. A phone call of ten minutes can help determine whether the need for the product or service exists or move the buying process otherwise forward whereas as sales visit usually takes much more time. (Coe 2004, 33-37.)

The word telemarketing still often causes a negative reaction. The key in B2B telemarketing is that the calls should not be strictly and obviously scripted. The caller should rather be conversational and well enough informed about the subject of the call to follow a fairly loose script. (Coe 2004, 33-37.)

Direct marketing in this case will be used in getting the initial contact with the potential partners. If the relationship between Flying Stars and a few potential customers reaches to a point where the cooperation is likely, there is a need for further promotion. Albanese and Boedeker (2002, 210-211.) have listed marketing methods for travel agents marketing their services to their “retailers”, meaning the companies that sell their services onward. The marketing efforts are especially important when the company is selling their services to foreign travel agents because getting the services sold to consumers is highly dependent on the foreign travel agents’ motivation to sell Finnish travel services and Finland as a destination.

Marketing to retailers can be done with provisions or additional provisions when the retailer has been successful in selling the services, by providing materials such as posters and stands for brochures or by participating in workshops or arranging trips to the destination. Albanese and Boedeker (2002, 210-211.) refer to these trips as “educationals” so the same term will be used in this thesis.

Workshops are sales events for travel professionals in which the travel service producers and retailers meet. The purpose of these events is to support the cooperation between service providers and retailers. The workshops are usually arranged by the organization responsible for the development of the travel industry in the country. Educationals are trips arranged to the destination. The goal of these trips is to introduce the destination, get the retailer excited about it and in this way enhance the motivation to sell the destination. (Albanese & Boedeker 2002, 210-211.) Educationals’ duration is typically 3-5 days (Malmberg, personal communication on 29.04.2011).

### 5.3.5 Process

Process defines “the procedures, mechanisms and flow of activities by which the service is delivered” (Zeithaml & Bitner 2003, 25). The service process can be designed with a service blueprint. It is a map that describes the service system and different stages of it. A service blueprint composes of customer actions, onstage contact employee actions, backstage contact employee actions and support processes (see Figure 6).

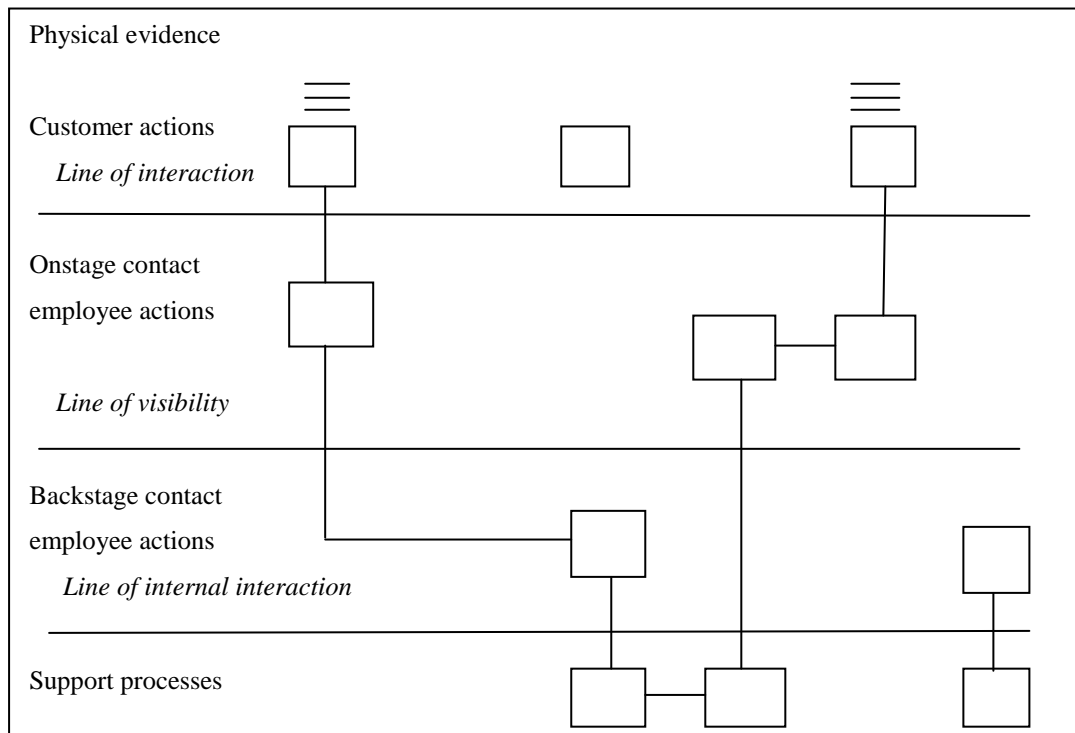


Figure 6: Service blueprint components. Zeithaml & Bitner 2003, 234.

The customer actions area includes activities of the customer in the process of purchasing, consuming and evaluating the service. Onstage contact employee actions consist of all activities that are visible for the customer performed by the contact employee. Backstage contact employee actions are performed behind the scenes and are invisible for the customer. These actions support the onstage process. On the bottom of the picture are support processes. Support processes are the internal services, steps and interactions that support the onstage and backstage employees in the service delivery. (Zeithaml & Bitner 2003, 234-235.)

There are four key action areas in the blueprint that are separated by three horizontal lines. First being the line of interaction that represents the direct interaction between the customer and the service provider. The vertical lines crossing the line of interaction are the points of direct connection. The line of visibility separates the service activities visible to the customer from those that are not visible. It also indicates what actions are made onstage and what backstage. The third line is the line of internal interaction that separates contact employee actions from actions performed

by other service support people. At the top of the blueprint there is physical evidence of the service that is usually listed above each point of contact. (Zeithaml & Bitner 2003, 234-235.)

### 5.3.6 Physical evidence

Physical evidence includes the environment in which the service is delivered and all tangible components supporting the service performance or communication (Zeithaml & Bitner 2003, 25).

As mentioned earlier, services are intangible which makes them hard to communicate to customers. (Gilmore 2003, 10) Service providers need to give the customers signs of tangibility in order to communicate the service to customers and develop an understandable image in the customers' minds (Goncalves 1998, 41). Paying attention to physical evidence is important because the customer uses these tangible cues to evaluate the service before buying it (Zeithaml & Bitner 2003, 282).

Physical evidence includes the servicescape and other tangible elements. Servicescape refers to the style and appearance of the physical surroundings where the customer and service provider interact. (Lovelock & Wright 1999, 200.) Because of the nature of the business the customer and the service provider do not need to interact in a physical surrounding therefore making the servicescape irrelevant for the case company so the physical evidence of Flying Stars composes of the other tangible elements.

Other tangible elements of the service are business cards, stationary, employee's clothing, brochures, web pages, reports, virtual servicescape and billing statements. (Zeithaml & Bitner 2003, 282.)

### 5.3.7 People

Because people are a significant factor in delivering most services they have to be included in the marketing strategy of a service company. People participating in the delivery of a service have an influence on how the customer perceives the service. The employees' appearance, behavior and attitudes are all factors that affect on how customers experience the service. (Zeithaml & Bitner 2003, 24-25.) Many authors write about the importance of employee training, recruitment and motivation as a part of the marketing mix. Flying Stars is run by only two people and are not planning on hiring new work force thus the theory on these subjects is not included in this thesis.

### 5.4 Financial plans

The overall marketing budget of the project has been established by Flying Stars and therefore this section will only include theory on how to allocate the funding between different activities of the marketing plan.

Budgets can be made for each marketing mix program. These budgets list costs that generate from the marketing mix decisions (Wood 2002, 112). These lists should be as detailed as possible and present all marketing related costs. (Parmerlee 2000b, 108). Marketing mix budgets can also include expected sales, gross or net margins and other profitability measures if the company considers it useful. (Wood 2002, 112).

The division of resources between different marketing mix components should reflect the strategic direction set by other marketing plan components for example allocation of the money differs according to whether the company is developing new offerings for their existing customers or seeking new customers for their existing products. (Vyakarnam & Leppard 1999, 138-147.)

The marketing mix is the most obvious expense of the marketing plan but there are also others. For example if the company is expanding to new markets they might



need a market research and decide on hiring an external party to conduct it or need access to different kind of databases when making the external audit. (Vyakarnam & Leppard 1999, 138-147.)

## 6 RESEARCH METHODOLOGY AND POTENTIAL PARTNERS

### 6.1 Research methodology

Marketing research was conducted to support the marketing planning. Burns and Bush (2000, 7) define marketing research as “the process of designing, gathering, analyzing, and reporting information that may be used to solve a specific marketing problem”. Both primary and secondary data was needed for Flying Stars suggested marketing plan. *Secondary data* means all data that already exists whereas *primary data* is the information gathered with a new research study (Wright & Crimp 2000, 32).

The most important step in the marketing research process is the definition of the problem that needs to be solved (Burns & Bush 2000, 74). This is why the starting point of the research was defining the problem. The research problem was easily found from the research questions formed in chapter 3; Flying Stars does not have knowledge on Estonia as a marketplace and they do not know whether their services would evoke interest among Estonian tour operators.

In order to solve the research problem the writer decided to approach a few Estonian tour operators. The tour operators were searched from Estonia’s company register (Website of RIK Center of Registers and Information Systems 2011) and chosen by researching their websites. The writer chose the companies based on the overall appearance of the website and the financial status of the company. Some companies were left out because the websites gave an unprofessional impression. Companies in liquidation were not considered reliable enough and lacked the financial stability to qualify as partners and were therefore not approached.

An online questionnaire was chosen as the means for examining the interest level of the Estonian tour operators. The questionnaire was executed so that the writer formed nine questions that were sent together with the cover letter suggestion to Jaana Malmberg. She made suggestions about additional questions and the questionnaire was improved according to her advice. Writer chose to use English in the questionnaire because the potential partners and Flying Stars need to have a common language in order to cooperate. When using English in the questionnaire it was possible to rule out the respondents that did not have the adequate language skills. The technical execution of the online questionnaire was created by Juha Hietaoja, the planning officer of SAMK with the e-Lomake software of SAMK.

The link to the questionnaire was sent together with an e-mail cover letter on March 18<sup>th</sup> to 21 companies. The companies were given two weeks to answer the questionnaire so the last day for submission was April 1<sup>st</sup>. On March 30<sup>th</sup> only one company had replied and therefore all the companies were sent a reminder e-mail. The reminder e-mails worked to some extent and three more companies replied to the questionnaire. The results of the questionnaires were used in deciding on what companies will be represented to Flying Stars as potential partners. The initial idea was to also conduct telephone interviews with the companies but the companies that replied were not willing to take part in an interview.

The research method used was of quantitative nature. However the purpose was not to create statistical data but rather to get an overview of the Estonian tour operators' level of interest on providing honeymoons to Finland via a destination management company (DMC) and to evaluate the suitability of different travel agents for Flying Stars purposes.

The primary data for the research was collected with an online questionnaire (see Appendix 1). The questionnaire was structured and it contains closed questions in which the answer options are given, questions with a rating scale and open-ended question in which the respondent answers in his or her own words (Wright & Crimp 2000, 140-141).

The questionnaire could have been executed also as a phone interview or by mailing the questionnaire. The online questionnaire was chosen because it has many advantages over telephone interviews or mailed questionnaires. Online questionnaires are economical and efficient. The same questionnaire is sent to all prospective respondents which makes sure that they all answer the exact same questions whereas in interviews, the form or order of questions might vary. Online questionnaires are also easy to administrate. They questionnaires were self-administrative meaning that the respondents answer the questions on their own. Self-administrative online questionnaires are inexpensive because there is no mailing or telephone costs or need for an interviewer. When the questionnaire is made online the respondent can answer whenever they want. The completed online questionnaires are also easier and faster to return than for example mailed questionnaires. (Burns & Bush 2000, 264-256, 269, 283.)

The disadvantage in self-administrative questionnaires is that there is a possibility that the respondent does not answer all the questions, refuses to answer the questionnaire or the respondent misunderstands some question and makes errors in answering. In an online form the quality of the answers can be somewhat better controlled than on paper questionnaires because restrictions that for example rule out the possibility to skip some question can be built on the online form. (Burns & Bush 2000, 268-270.) Conducting an online questionnaire requires that the potential respondents' e-mail addresses are known and that they actively use e-mail.

Secondary data is especially useful when the market and the companies operating within it are unfamiliar (McNeil 2005, 69). This is why secondary data played a relatively important role in the marketing plan of this thesis. Secondary data was used to study both the external and internal factors affecting on the marketing planning. Therefore the secondary data includes information from the case company's internal documents and external data from Estonian and Finnish statistics, newspapers and websites. The school library informatician Katrin Kippasto who is a native speaker of Estonian provided help throughout the information gathering process by translating search words and giving tips on potentially useful websites. The writer also sent an e-mail to the Finnish-Estonian Chamber of Commerce requesting information on Esto-

nian business culture to supplement the external audit but unfortunately they did not reply.

## 6.2 Potential partners

Four tour operators answered to the questionnaire, three by using the online questionnaire form and one company preferred to answer the questions in a telephone conversation in Finnish. All four companies expressed interest in cooperating with a Finnish destinations management company that arranges honeymoons to Finland and the writer suggests that each of these companies are contacted by Flying Stars. However there are a few issues that may pose obstacles to cooperation that will be examined as the companies are introduced. Three of the companies wished to stay anonymous so these will be referred to here as Company 1, Company 2 and Company 3. The names of these companies will be provided only to Flying Stars. Diamond Travel Ltd gave their permission to reveal the company's name in the public version of the thesis.

Diamond Travel Ltd was the only company that had previous experience in arranging honeymoons. They were also the only company that had arranged trips to Finland. Diamond Travel's most popular honeymoon destinations are Indonesia, Bali, Turkey and the Greek Islands and they arrange approximately 10 honeymoons per year. According to Diamond Travel Estonian couples spend on average 600-2000€ on their honeymoon. Average duration of the honeymoon they answered to be 7-14 days and according to Diamond Travel honeymoons are more commonly made during winter months.

Diamond Travel considered price and good variety of destinations to be the most important factors of a destination management company (see Figure 7). The second most important factors were quality and unique destinations. Flexible service was considered to be the least important of the factors and the importance of flexibility on the scale of 1-5 was 3. Because price was such an important factor for the company and Flying Stars wants to offer consumers luxurious experiences rather than small budget vacations, the price may be an obstacle for cooperation. Diamond Travel

answered their target group at the moment being “business”, whether this means business travelers or other tour operators/travel agents this does not appear from the answer. However both of the possible options mean that the company’s current customer focus is very different from that of Flying Stars which can also lead to difficulties in the cooperation.

Companies 1 and 2 did not have any experience in arranging honeymoons and were thus unable to answer the questions concerning honeymoons. However they still answered to the question concerning the common season of honeymoons and both thought that honeymoons are made primarily during summer months. Company 1 announced that their main customer groups at the moment are free individual travelers (single travelers or small groups) and group inclusive tours (people participating on package trips where the price includes accommodation, meals etc.). The factors that Company 1 valued most in a destinations management company were price, quality and flexible service (see Figure 7). Unique destinations and good variety of destinations came second.

Company 2 is currently focusing on holiday packages, cultural roundtrips and individual travelers. Company 2 valued most quality, unique destinations and flexible service (see Figure 7). Second on their rating was good variety of destinations and price was third. Company 2 clearly values quality over price and is probably willing to pay for quality service which increases the suitability of this company to Flying Stars. Companies 2 and 3 showed the most interest towards Flying Stars’ services. After answering the questionnaire both companies requested more information about Flying Stars by e-mail.

Company 3 did not answer the online questionnaire because the representative of Company 3 sent the writer e-mail requesting to make the questionnaire on the phone and in Finnish. Company 3 did not have experience in arranging trips to Finland but they have considered adding Finland to their destination selection and thought that Flying Stars could be a suitable option for this purpose. They were currently selling travel packages to families and young Estonians, most popular destinations being Turkey, Egypt and Dubai. The representative of Company 3 said that price is an important factor for them because of the low income level. She also said that the price

is of course always dependent on the quality of the trip. Whether the pricing of Flying Stars will be an issue for Company 3 can be determined only after further negotiations. Company 3 was especially interested in 3-4 day packages and wanted to know more about the destinations offered and pricing.

The following figure summarizes the tour operators' answers on question 12 in which they were asked to rate the importance of five different factors in a destination management company. The scale was from 1 to 5, 1 being the most important and 5 least important.

	Diamond Travel	Company 1	Company 2	Company 3
Price	1	1	3	1
Quality	2	1	1	1
Unique destinations	2	2	1	2
Good variety of destinations	1	2	2	2
Flexible service	3	1	1	2

Figure 7: Importance of price, quality, uniqueness of destinations, good variety of destinations and flexibility of service in a destinations management company.

## 7 SUGGESTED MARKETING PLAN

### 7.1 Market audit and SWOT

#### **Internal audit**

One of the major resources of the company is the people working in it. Both of the partners have an education in tourism. The managing director has ten years of experience in the travel business and has a lot of knowledge on how the industry works. The company has operated now for three years concentrating on honeymoons. Al-

though Flying Stars is just starting their DMC operations, the experience they have on Finnish honeymooners will be an important asset in their DMC side.

The company is owned and operated by two people. This has both positive and negative sides. When the bureaucracy in the company is virtually nonexistent their ability to respond to different kind of situations is fast which makes the service flexible. Flexibility of service was an important issue for most of the companies that answered the questionnaire. On the other hand the size of the company poses restrictions on how many customers the company is able to serve.

Flying Stars has a network of partners in different parts of Finland. They currently have subcontractors in Rovaniemi, Turku, Naantali, Kuusamo and Uusikaupunki. This enables them to offer a wide selection of destinations. All subcontractors have been carefully chosen to ensure the level of service quality that Flying Stars seeks to offer. All the partners are chosen with the luxurious service offering in mind and this is one contributor to the price of the service.

Flying Stars positioning is well supported by their website and brochures. The pictures and visual appearance used in the website and brochures embodies the luxurious and fairytale like romantic honeymoons the company seeks to offer. When the image of the company is clear and coherent the service is easier to market.

### **External audit**

Estonia, like many other countries has had its fair share of recessions but has started an impressive recovery. Estonia's gross domestic product decreased 14% in 2009 but the economy is predicted to grow by 4% this year. However the recovery has required cutting salaries and stricter taxation policies. (Helsingin Sanomat 6.1.2011) The current average monthly salary is 822 euros and expected to decrease during this year. (Harju & Palttala 2011) During the past few years Estonia has suffered also from unemployment. According to Statistics Estonia in the 4<sup>th</sup> quarter of 2010 the unemployment rate was 13.6 %. (Website of Statistics Estonia 2011)

Even though the income levels presented in statistics are always average and include the wages of both more and less wealthy Estonians, it should be recognized that the low average income level may impact negatively on the number of potential end customers. This may cause some hesitation among the Estonian tour operators because Flying Stars' services are not the cheapest and Finland is a fairly expensive travel destination. This is not a serious threat, since there are naturally Estonians with earning above the average income level. However it should be made clear to the potential partners that not all honeymooners can afford Flying Stars services and the consumers that Flying Stars is hoping to attract are the more wealthy Estonians that are willing to pay for luxury. If some of the potential partners want to be perceived as a tour operator providing inexpensive packages, Flying Stars' services would probably not fit as a part of their package selection.

The common currency is expected to boost both business and travelling between Finland and Estonia (Kunnas 2010) and it has been estimated that the number of Estonians travelling from Tallinn to Helsinki by ship will increase during this year (YLE Helsinki 2010). Whether the reason is the common currency or something else, statistics support the claims of Estonians increasing travelling to Finland. Despite the recession according to a research conducted by Statistics Finland on January 2011 the overnight stays of Estonians increased by 18% compared to January 2010 (Website of Statistics Finland 2011).

Estonian travel agencies and tour operators net sales in 2009 was approximately 120 million euros while in 2008 the net sales was a bit over 177 million and in 2007 approximately 168 million (Website of Statistics Estonia 2011). From the statistics it is clear that the sale of travel industry in Estonia has decreased but this may be a consequence of the recession and now that the economy is starting to recover it is possible that also travel industry will grow during the following few years.

According to a research conducted by Statistics Finland and the Finnish Tourist Board (MEK), Estonians spent, on average, 165 euro during their visit in Finland. This is far less than the average 287 euro expenditure of tourists in Finland. (Väntönen 2010) In the final quarter of 2010 Estonian residents spent on the average



490,32 euros for a foreign trip with overnight stay (Website of Estonian Ministry of Foreign Affairs 2011).

Statistics in 2009 revealed that the most popular destination among the outgoing visitors served by Estonian travel agencies and tour operators was Finland. Nearly 60 000 visitors' travel destination was Finland. The two most popular destinations after Finland were Egypt (33 340 visitors) and Turkey (27 384 visitors). (Website of Statistics Estonia 2011)

The fact that Finland clearly is a popular travel destination may result in being either an advantage or a disadvantage for Flying Stars. For Estonians Finland as a travel destination is near, familiar and easy to travel to which can make it a desirable honeymoon destination. On the other hand the same attributes can make it unexciting and too ordinary for a honeymoon. These are of course always just generalizations and depend on the personal preferences of the customer. One conclusion that can be made from these statistics is that Estonian tour operators should be quite familiar with selling Finland as a travel destination. This is an advantage for Flying Stars because many of the tour operators already have experience on marketing Finland to travelers.

### **Competitive factors**

The writer was unable to detect companies in Finland that offer the same service than Flying Stars. Also according to Jaana Malmberg honeymoons are still quite little productized in Finland and companies similar with Flying Stars do not really exist in Finland. There are incoming travel agencies that provide basic destination management services but are not specifically arranging honeymoons and do not offer the kind of package of services that the case company does. Flying Stars should however keep their eyes open for emerging competitors as the wedding business seems to be getting bigger and companies are trying to come up with ways to get their share of the money spent on everything related to weddings.

Three competing companies, The Travel Experience, SaariTours and Next Travel, were picked out from the website of Finnish Travel Agents Association (Website of SMAL 2011) from the list of incoming tour operators. Since no incoming tour operators arranging honeymoons were found, the main criterion for choosing the potential competitors was the similarity of destinations offered. Offering similar destinations means that companies would be in theory able to offer the Estonian tour operators packages that have the same type of destinations and activities than Flying Stars even though the specific honeymoon services are lacking.

**The Travel Experience** offers destination management and incoming tour operations for corporate groups, leisure groups and free individual travelers (FITs). Their destination offerings include many Finnish destinations (for example Helsinki, Lapland, Turku archipelago) and also packages with a combination of Finland and other Scandinavian countries, Russia or Baltic States. For FITs they offer seasonal ready-made packages but for groups the packages are tailor-made. The Travel Experience offers groups a full range of services including hotel reservations, guides, sightseeing programs, cruises, restaurants and a wide range of additional services. Groups with specific interest or theme are offered for example: cycling, canoeing, photography, fishing, architecture, food & drinks theme, opera, ballet and jazz tours. (Website of The Travel Experience 2011) The Travel Experience has got a broader selection of destinations than Flying Stars but their services lack the luxurious feeling that Flying Stars have. The website of the company gave the impression that the company's main focus is on serving corporate and other special interest groups and individual travelers are left in the background.

**SaariTours** is an incoming and outgoing travel agency that provides tour operators and individual travelers tailored service. They focus on arranging package trips full of experiences and activities. They offer golf, culture and art, design and archipelago tour packages combining different destinations in the west coast and Southern Finland (for example Helsinki, Hanko, Turku, Tammisaari). Their example packages duration is from one to eight days, excursions varying from trips to old mansions and medieval churches to architectural sightseeing in Helsinki. (Website of SaariTours 2011) The excursions offered by SaariTours are quite different from Flying Stars activity selection. SaariTours seems to focus their excursions on historical and cultural

tours whereas Flying Stars example packages have city tours and outdoor activities. SaariTours' range of services is quite narrow compared to the other companies, at least according to their website. It is also possible that they offer a wider range of services but their service selection is poorly presented on the site.

**Next Travel** markets themselves as a destination management company offering high quality services. Their service offerings include meetings, conferences, special interest groups, shore excursions, special events, FIT programs and transports. Destination selection includes Helsinki, Turku, Lapland, Tallinn, Stockholm, St. Petersburg, shore excursions and company visits to Nokia, Rapala, Marimekko, Artek or Arabia. Next Travel offers travel agents the possibility to design travel packages for their customers with an online program. This enables tailor making the packages according customer wishes. (Website of Next Travel 2011) Next Travel serves many different customer groups and that requires also a wide range of services offered. Their packages can be tailor made with an online program which enhances the flexibility.

The key success factors used in the competitor analysis were chosen based on discussions with Flying Stars managing director on the key issues of the industry: variety of destinations, quality, flexibility of service and range of services. Quality of the companies' services is impossible to reliably evaluate just by examining their websites and because of that it was left out from the analysis. The figure below illustrates how well Flying Stars, Travel Experience, SaariTours and Next Travel succeed on the industry's three key factors on the scale of 1 to 5.

	Flying Stars	Travel Experience	SaariTours	Next Travel
Variety of destinations	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Flexibility of service	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Range of services	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

Figure 8: Competitor analysis

## SWOT

The results of the internal and external audit of Flying Stars have been gathered into a SWOT-analysis. In the analysis (see Figure 9) the strengths and weaknesses of Flying Stars and the opportunities and threats arising from the company's external environment have been determined.

<p>Strengths</p> <ul style="list-style-type: none"> <li>• Flexibility</li> <li>• Variety of destinations</li> <li>• Unique service concept in Finland</li> <li>• Coherent image</li> </ul>	<p>Weaknesses</p> <ul style="list-style-type: none"> <li>• Limited human resources</li> <li>• Price</li> </ul>
<p>Opportunities</p> <ul style="list-style-type: none"> <li>• Common currency</li> <li>• Tour operators interest towards the service</li> <li>• Finland is familiar as a destination</li> <li>• Lack of competitors offering the same type of service package</li> </ul>	<p>Threats</p> <ul style="list-style-type: none"> <li>• Low income level</li> <li>• Recession</li> <li>• Honeymoons are commonly made to warm and exotic destinations</li> <li>• Finland might be perceived as too familiar or unexciting for a honeymoon</li> </ul>

Figure 9: SWOT-analysis of Flying Stars

### 7.2 Segmentation, targeting and positioning

#### Segmentation and targeting

The segmentation is greatly dictated by the chosen service concept; there are not many possibilities when the requirement is that the companies to which the service is sold to is a reseller of tourism services. Therefore the only possible customers for Flying Stars were tour operators and travel agencies. Flying Stars has chosen tour operators as their target group.

## Positioning

The positioning strategy of Flying Stars is a combination of quality positioning and service positioning. Flying Stars wants to stand out in the market with reliable service and luxurious honeymoon packages with a wide range of supplementary services. Positioning is supported with the visual image of the website and brochures, pricing and selection on subcontractors. Because there are no companies offering the same service package, achieving this position is realistic. Whether the customers will perceive Flying Stars this can be determined only after the cooperation has started.

### 7.3 Marketing mix

#### 7.3.1 Service

Flying Stars core service product is arranging honeymoons. The service offering includes many supplementary service elements which are the following:

- tailor-made travel programs for special groups (such as wedding parties)
- personalized meet and greet
- departure assistance at the airport
- customer service and 24h emergency contact during the customers stay
- providing information material in the customers native language
- coordination and administration of pre-wedding and wedding formalities
- arranging exclusive wedding venues and functions
- arranging renewal of vows
- providing a translator

(Website of Flying Stars 2011)

Flying Stars also offers so called pre-honeymoon packages. These are shorter trips designed for couples that want to take a little vacation right after the wedding and are going on their actual honeymoon later to somewhere further away. Another package

alternative is a relaxing weekend getaway before the stressing final wedding arrangements are made. (Flying Stars service concept for internationalization 2011)

Because all trips are tailor-made according to customer wishes components of a travel service (destination attractions and environment, destination facilities and services, accessibility of the destination, image of the destination and price to the consumer) vary depending on what destination the customer chooses and what kind of additional services the customer wants to purchase. Here is one example of Flying Stars' packages:

Archipelagian Honeymoon (example)

One night stay in Centro Hotel, Turku

Superior Double Room

- \* Breakfast
- \* Fruit platter, sparkling wine and marshmallows in room upon arrival
- \* Guided private walking tour in Turku (1,5 hour)

Limousine Transfer from Turku to Rymättylä ( 45 min.)

Three nights on Paradise Island, Rymättylä, Naantali

- \* Private Luxury Cottage
- \* Boat transfer from Äijälä Shore till Paradise Island (5 min.)
- \* Sparkling wine and flowers in cottage upon arrival
- \* Breakfast
- \* Dinner
- \* Lunch
- \* Free use of sauna in the cottage
- \* Guided Get to know Paradise Island- tour

Extras:

- \* Smoke Sauna
- \* Fishing Trip
- \* Boat Trip
- \* Hiking

(Website of Flying Stars 2011)

### 7.3.2 Price

The service is a combination of many different service components that depend on the end customer and therefore a fixed price is impossible to determine. The price of the service is always dependent on factors such as the duration of the trip, the destination chosen, level of accommodation chosen and any customer specific wishes. Price of the package example introduced in the service part is approximately 1000 €/person.

### 7.3.3 Place

Service is sold indirectly through an Estonian tour operator to consumers. Consumer contact is made through the foreign tour operator, who forwards the consumers' needs and wishes by e-mail to Flying Stars. The service is mainly provided by using e-mail, phone and mail. This is why there is no need for the Flying Stars representatives to be in the same physical location with the Estonian tour operator buying the service and the operations can be run from the two partners' home offices.

### 7.3.4 Promotion

#### **The website**

The website of Flying Stars has currently introduces only on three of the destinations offered by the company; Turku, Uusikaupunki and Rovaniemi. Now when the potential partners, and later on potential end customers of the service, go to the website the versatile destination offering and extensive network of subcontractors are not clearly visible on the site. This is why more destinations and example packages should be presented on the website. The company could also consider presenting more excursion and activity possibilities on their site; something for the couples that enjoy outdoor activities, something for the ones interested in culture etc.

The website now introduces only one wedding package in Rovaniemi and therefore another example wedding package could be added to the site. Flying Stars uses Naantali Spa and Ruissalo Spa as subcontractors but for some reason there is no mention about a spa honeymoon on the website and this could be another addition worth considering. Since Flying Stars has pre-wedding and pre-honeymoon packages as a part of their service concept for the internationalization both of these alternatives could be also presented on the website to illustrate the range of possible service packages offered by the company. Flying Stars have their customers' travel stories on display in their Finnish website. Customers' travel stories could be also added on their international website and used as part of the promotion. The writer also noticed some mistakes in the spelling when examining the website of Flying Stars. Correcting this type of small mistakes would enhance the professional image of the company.

### **E-mail advertisement**

All potential partners are sent an e-mail in which the company and the destinations offered are introduced. The e-mail should also include a few example packages and the pricing of them. To indicate the flexibility and variety of the packages, packages with different destinations, price, length and excursions should be presented. Due to the low income level in Estonia one of the example packages could for example be a cheaper weekend trip.

To make sure that both Flying Stars and the potential tour operators are on the same page it is also important already in the initial contact e-mail to give some insight on what Flying Stars is expecting from their partners and what the company has to offer to their partners.

Company 3 requested information in Finnish. The other companies could be given the information both in English and in Finnish because many Estonians speak Finnish and might speak and understand Finnish even better than English. When the potential partners are approached, the e-mails should be designed so that the service



features emphasized appeals to that particular company. The questionnaire results can be used to assist in this.

At the end of the e-mail a phone or Skype conversation is suggested and the contact information for a suitable person is requested.

### **Telemarketing**

The potential partners have already received the basic information about Flying Stars from the e-mail and have possibly also visited the company's website. It is important to determine the actual level interest early on. This way if the tour operator does not think that cooperation is possible both companies time is saved. Informing the potential partner well about all important aspects of Flying Stars operations and asking questions about the tour operator's needs and wishes concerning the cooperation helps to determine whether Flying Stars can provide them what they are looking for and vice versa.

The phone conversation is also a good opportunity to figure out what kind of packages would interest Estonians. Even though only one of the potential partners had previous experience in arranging honeymoons, the tour operators know what Estonians typically value when going on a trip abroad.

### **Educational**

Once the negotiations have proceeded to the point that an actual contract can be made, the representative or representatives of the partner/partners are invited to Finland. The trip serves as an education for all parties and also provides a good opportunity to close the deal. However the trip should not be all about business, instead the partners should be given a taste of the luxury that their customers will receive when they are on a trip arranged by Flying Stars. This will help in motivating the tour operators to sell Flying Stars' trips.

Lapland already has a strong and successful brand in the tourism industry and many people have a clear image of what it has to offer as a travel destination. The archipelago is a big part of Flying Stars destination variety but it is not necessarily as well known as Lapland and this can make the archipelago harder for the tour operators to market. It would be therefore good to get the tour operators acquainted with the archipelago.

However, the managing director of Flying Stars said that the destination is ultimately selected based on the tour operators requests. Flying Stars intends to inquire the tour operators what destination they would be interested to visit and what they want to see and do in the destination. The educational is then designed based on their wishes. Before the trip the partners are sent a program for the educational and information on the destinations so that they can get to know the destinations beforehand. (Malmberg, personal communication on 29.04.2011.)

The educational is an important tool in the promotion of Flying Stars services also because it offers a chance to face-to-face discussions between the parties that is not self-evident due to the distance between Flying Stars and their potential partners. No matter how many e-mails are sent or phone calls are made between the parties, face-to-face conversations are always more productive.

### 7.3.5 Process

The service blueprint is divided into two parts: the process before the trip, outlined in Figure 10, and the process during and after the trip which is presented in Figure 11. The process starts when a consumer expresses interest in going on a honeymoon in Finland or arranging a wedding in Finland. The consumer is always in contact with the Estonian tour operator not Flying Stars. The tour operator finds out the amount of people travelling, the desired destination, the desired level of accommodation, timing and duration of the trip and all the other wishes that the customer has concerning the trip. In this the tour operator can utilize the destination information and seasonal packages provided by Flying Stars or design the package from scratch with the customer.

When it is clear what the customer wants the tour operator sends a request for quotation on e-mail to Flying Stars. After this Flying Stars counts the price for the trip and searches alternative solutions if some of the customer wishes cannot be fulfilled for some reason. The offer is then e-mailed to the tour operator who presents it to the consumer. If the customer accepts the offer the tour operator sends a reservation confirmation to Flying Stars. When the reservation has been confirmed Flying Stars makes all the necessary bookings (accommodation, transportation in Finland, dinners, excursions etc.). Then Flying Stars sends the travel vouchers and other necessary travel documents to the Estonian tour operator who delivers them to the end customer. The invoicing is also handled before the trip.

When the time of the trip comes Flying Stars makes sure that transportations are handled smoothly and provide 24h emergency contact during the stay. Once the service has been provided Flying Stars asks for feedback from the customers. Development of the service is implemented according to the feedback. The service development actions depend on the feedback received and can include numerous actions. Therefore in the blueprint these actions are merely referred to as “service improvement”.

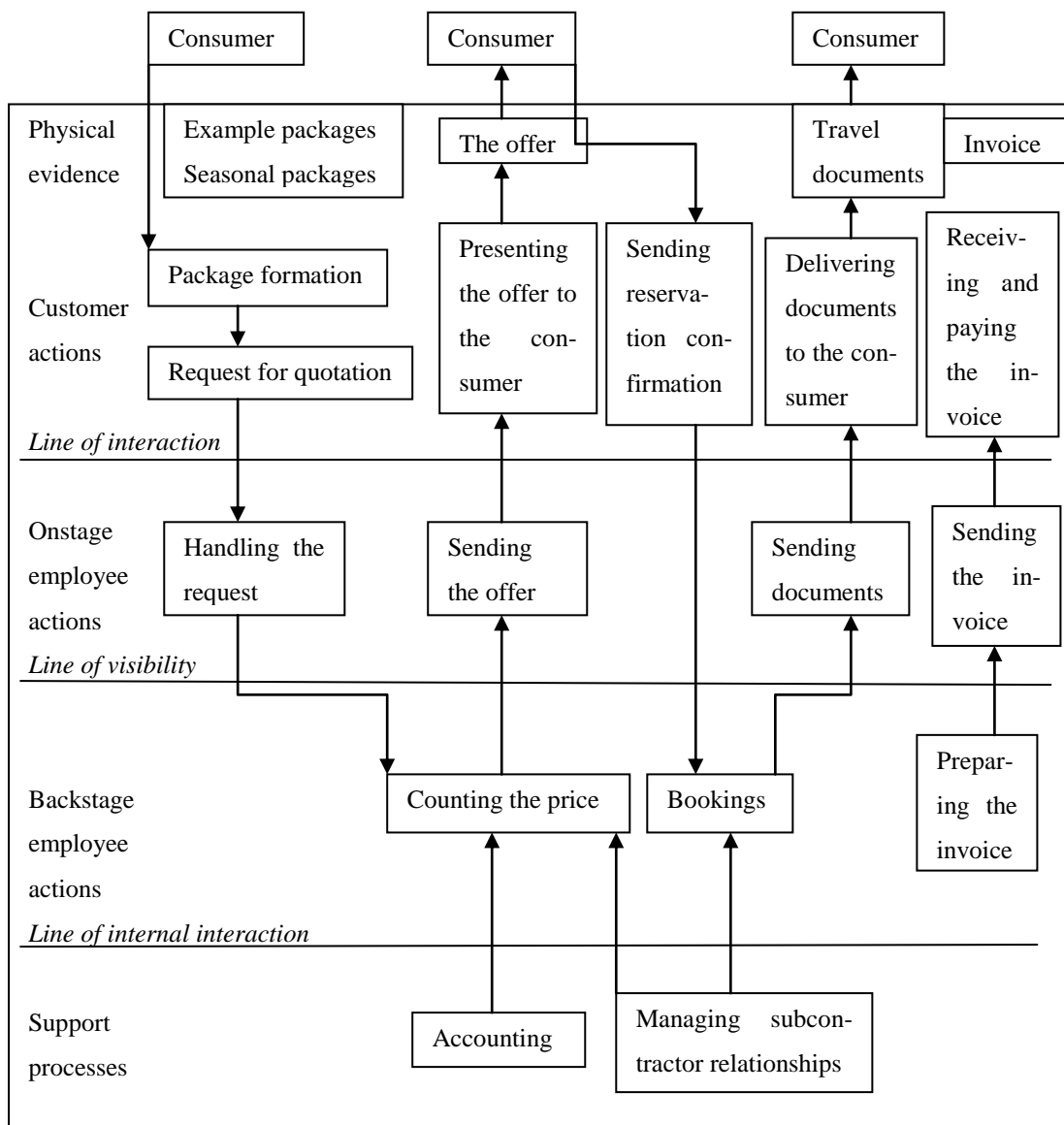


Figure 10: Service blueprint before the trip

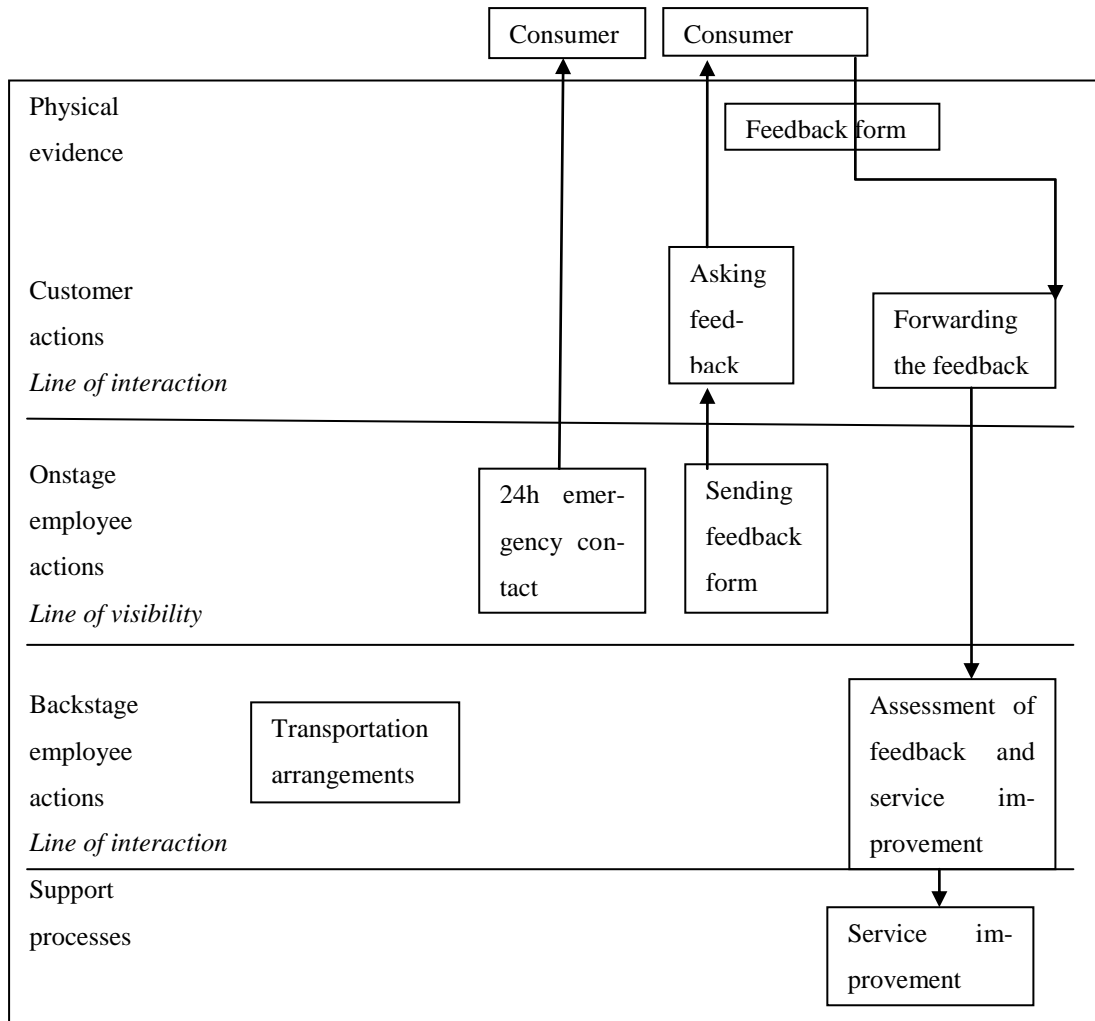


Figure 11: Service blueprint during and after the trip

### 7.3.6 Physical evidence

Physical evidence of the service includes the following things:

- Brochures
- Website of the company
- Billing statements
- Emails (offers, example packages, seasonal packages)
- Contract made between Flying Stars and the tour operator
- Travel documents

### 7.3.7 People

As mentioned earlier the company is run by the managing director, Jaana Malmberg and marketing manager, Niina Aitamurto. For now they have been able to manage all operations by themselves but if the internationalization project is successful and the customer amounts increase significantly the company might need to recruit an employee for example to handle some of the bookings and help with the emergency contact.

### 7.4 Financial plans

The budget for Flying Stars internationalization's Estonia part is approximately 5000€. Because of the limited budget all the promotional tools selected are fairly inexpensive and the execution can be done well within the budget. Marketing in this case is possible to handle with a small budget because the marketing can be mainly done directly without expensive television, radio or newspaper advertising.

The e-mail advertisement can be done with the price of an internet connection that is already a part of the company's fixed costs. The additions on the website do not require anything else but the time of Flying Stars because they administrate the site by themselves. Telemarketing costs the price of the phone calls to Estonia. If the tour operator is able and willing to handle the conversations through Skype it would be a cheaper option. The price per minute depends on whether the call is made to a cell phone (price 0.45-0.50€/min depending on the operator) or to a landline (price 0.20-0.25€/min depending on the operator).

The precise cost of the telemarketing is hard to determine because the price varies between different operators. The amount of telephone conversations needed in the marketing and negotiations also depends on the potential partner; some might wish to go through all the details on the phone and some might prefer e-mails. In order to keep the costs in control Flying Stars should early on try to determine whether the cooperation with a company is likely. Flying Stars representative should not use more than a maximum of two hours on the phone with each of the tour operators try-

ing to determine whether there is a future for the cooperation. The total cost of this would be approximately 240€. If a common ground for further negotiations is found in these conversations Flying Stars should consider the possibility to travel to Estonia if it seems that negotiations can be handled more cost-effective this way.

The educational's costs are handled so that the tour operators will only pay for the travel costs to Finland by themselves. Flying Stars is responsible for transportations to the destination, foods and drinks during the trip, accommodation, excursions and all other activities during the trip. As the purpose of the educational is to get the tour operators interested in selling trips to the destination visited the accommodation provider in the destination is usually willing to provide the accommodation and destination activities either for free or for a small payment. How much the educational will cost to Flying Stars depends on the number of participants on the educational, the destination and the duration of the trip. When taking the budget in to consideration, the educational and the program involved in it should be designed so that the cost of it does not exceed 2000€.

## 8 EVALUATION OF THE PROJECT

The project began at the end of September 2010 when the writer approached Jaana Malmberg as an effort to find a good thesis subject. As it turned out Flying Stars were in the middle of their internationalization project and one of their target markets was Estonia. Since the writer had some experience of the country having lived in Tallinn for three months, Flying Stars decided that a marketing plan for the Estonian markets would be a suitable and useful subject for the writer's thesis.

The first meeting with Jaana Malmberg, the managing director of Flying Stars, the supervising teacher Nea Saarinen and the writer was held on October 8<sup>th</sup> 2010. In the meeting Jaana Malmberg explained more about the company's operations, their internationalization project and what they were expecting and hoping from the thesis. Due to the EU funding involved in the project Flying Stars had a deadline in getting

their marketing efforts started before summer 2011. It was agreed that the thesis would be returned to Flying Stars in the beginning of May 2011.

A project plan was then written to clarify what has to be done during the process, in which order and with what kind of schedule. Searching for the books on marketing planning, B2B marketing and marketing of services started in the beginning of December. There are numerous marketing plan books written which made the search easier but also opposed some challenges. Even though most books presented quite similar frame for the marketing plan, many of them were written from the perspective of large companies selling consumer goods. This made it difficult to determine the parts of the theory applicable for a small company selling B2B services. On the other hand it also forced the writer to browse through many different books and pick out the most relevant parts of them thus making the theory versatile. Because of the amount of books researched, writing of the theory part took longer than expected and the theory was finished in the beginning of March.

Because the writer had little knowledge of the tourism industry and destination management operations the help of Jaana Malmberg was needed already in the writing of theory to make sure that all the theory gathered was relevant in their business. The process therefore gave the writer a lot of knowledge not only on marketing planning, B2B marketing and marketing of services but also on how the travel industry works and what kind of challenges companies operating within it have to face.

The empirical part of the thesis began with creating the questionnaire and sending it to the Estonian tour operators. The questionnaire had three main purposes; to examine Estonian tour operators' level of interest towards Flying Stars services, to determine what the respondents want from a destinations management company and to find out a few basic things about Estonian honeymooners. Even though the questionnaire was not a huge success and only four companies answered, all the companies expressed interest towards cooperation. One of the most important objectives was to find one or two potential partners for the case company and Flying Stars now has four potential partners that they can approach and start to market their services to them and start creating basis for cooperation.



Flying Stars was also hoping to get basic facts from Estonian honeymooners, such as how much money is spent and what are the most popular destinations. This is why the questionnaire was added questions for tour operators that have experience in arranging honeymoons. Since only one of the companies that responded had arranged honeymoons it was not possible to get a comprehensive insight to the matter. The amount of respondents might have been higher had questionnaire had been translated and sent in Estonian. Also sending the questionnaire to more companies could have resulted into more replies. On the other hand sending the questionnaires in Estonian would have made determining the respondents' level of language skills impossible. As the questionnaires were answered in English and one questionnaire in Finnish it can be presumed that the potential partners and Flying Stars are able to communicate in English or Finnish in the future.

Information for the suggested marketing plan was researched on the Internet from statistics, news articles and websites. In the suggested marketing plan the writer was in her own opinion able to find good general information about the external situation on the market that Flying Stars will hopefully find useful. The competitor analysis became rather vague as it was difficult to estimate the companies merely by their websites. All the companies were also very different from Flying Stars because they lacked the honeymoon packages and the supplementary services related to producing that type of packages thus making meaningful comparison difficult.

Overall this project gave the writer new and interesting perspectives to already familiar marketing terms. The writer learned how to apply the central theory on marketing planning to a real life situation. The special features of B2B marketing, marketing of services and marketing of tourism products also became familiar in the process of writing this thesis. The goals set in the beginning of the process were met and in schedule. However some things could have been done differently. If the whole process was to be done again, the writer would use more time in the marketing research and make a more profound research. The whole this could have also written from the perspective of finding a partner but by using the marketing plan as a starting point Flying Stars also received inexpensive and easily executable suggestions for the company's promotional efforts.

Flying Stars had already in the end of this process contacted a few of the potential partners presented in this thesis, so the thesis has already helped the company. Because of the tight schedule set for the project it was not possible to observe to what extent will the suggested plan used. The writer is hoping that one of the contacts provided by her will lead to cooperation and that also other parts of the thesis will contribute to Flying Stars efforts in selling their services to Estonia.

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## APPENDIX 1

Cover letter and the questionnaire for Estonian tour operators

Dear Sir or Madam,

I am a Finnish student at Satakunta University of Applied Sciences preparing my bachelor's thesis for a Finnish tour operator Flying Stars. Flying Stars is a destination management company that focuses primarily on arranging honeymoons. They are now expanding their operations to Estonia and looking for a reliable Estonian tour operator to cooperate with. More information about the company can be found from Flying Stars' website [www.flyingstars.fi](http://www.flyingstars.fi).

I am conducting a small survey to examine the level of interest among Estonian companies. I would greatly appreciate if you could use a few minutes of your time to answer the questions found in the link below. If the link does not work, please copy the link to the web address field of your browser. Please submit your answers by 1.4.

Sincerely,

Tanja Mäkelä

1. Name of the company
  
2. What are the main customer groups that your company is serving at the moment?
  
3. Does your company have experience in arranging honeymoons?  
Yes                      No  
If not, please move forward to question number 10.
  
4. What are your most popular honeymoon destinations?

5. How many honeymoons does your company approximately arrange per year?
6. Have you arranged honeymoons to Finland or other Scandinavian countries?  
Yes                      No
7. How much on average do Estonian couples spend on their honeymoon?
8. What is the average duration of an Estonian couple's honeymoon?
9. Are honeymoons made more commonly during summer or winter months?
10. Does your company have experience in arranging trips to Finland?  
Yes                      No
11. Would you be interested in cooperating with a destination management company that provides honeymoons and wedding packages to Finland?  
Yes                      No
12. What are the things that your company would value in a destination management company? Number the following factors from 1-5, 1 being the most important and 5 being least important.
  - a) Price
  - b) Quality
  - c) Unique destinations
  - d) Good variety of destinations
  - e) Flexible service
  - f) Other:

13. Would you be willing to participate in a telephone interview to answer additional questions and learn more about the company?

Yes                      No

14. If you answered Yes to the previous question please provide name and contact information here:

15. Does your company wish to stay anonymous in the public version of the thesis?

Yes                      No