

**CREATING COMPETITIVE ADVANTAGE
THROUGH ONLINE MARKETING: CASE
INTERAXIONSPLUS OY**



Järvinen Matti

2009 Leppävaara

LAUREA UNIVERSITY OF APPLIED SCIENCES
Laurea Leppävaara

CREATING COMPETITIVE ADVANTAGE THROUGH ONLINE
MARKETING: CASE INTERAXIONSPLUS OY

Matti Järvinen
Degree Programme in
Business Management
Thesis
May 2009

Matti Järvinen

Creating Competitive Advantage Through Online Marketing: Case InterAxionsPlus Oy

Year 2009

Pages 69

This thesis was made as an assignment for InterAxionsPlus Oy, which is a Helsinki-based destination management company. The purpose of this thesis is to investigate possibilities how the case company can improve its online marketing and increase the awareness of the company web site in order to achieve a competitive advantage in the business market. InterAxionsPlus Oy has decided to utilize newsletters to promote its services and therefore it is important to know what services are preferred by the clients.

The theoretical section of this thesis discusses business-to-business marketing, competitive advantage, online marketing, newsletters, destination management companies and incentive marketing. The empirical section includes general information regarding the case company and a SWOT analysis.

The research method chosen for this thesis was quantitative research and the data was collected using a questionnaire. The questionnaire was sent to various European companies in the travel industry. The questionnaire results were analyzed with SPSS 16.0, which is a statistical analysis program.

The results of this thesis indicate that InterAxionsPlus Oy should focus on promoting incentives such as team building, rally racing and snowmobile safari. The respondents were also interested in sightseeing tours, boat tours and cultural tours. In addition the results also indicate that the most valued characteristics of destination management companies are quality of services, price and good reputation. In conclusion, InterAxionsPlus should concentrate on the most popular incentives instead of offering a wide range of services. These services and web site updates can be promoted via e-mail newsletters.

Key words: business-to-business marketing, competitive advantage, online marketing, destination management company

Matti Järvinen

Kilpailuedun luominen internet-markkinoinnin kautta: Case InterAxionsPlus Oy

Vuosi 2009

Sivumäärä 69

Tämä opinnäytetyö tehtiin toimeksiantona InterAxionsPlus Oy:lle, joka on helsinkiläinen kohdejärjestelyjä tekevä yritys. Opinnäytetyön tarkoituksena on tutkia mahdollisuuksia miten yritys voi parantaa internet-markkinointiaan ja kotisivun tunnettavuutta, saavuttaakseen kilpailuedun yritysmarkkinoilla. InterAxionsPlus Oy on päättänyt hyödyntää uutiskirjeitä markkinoidakseen palveluitaan ja täten on tärkeää selvittää mistä palveluista asiakkaat ovat kiinnostuneita.

Opinnäytetyön teoreettinen osuus käsittelee yritysmarkkinointia, kilpailuetua, internet-markkinointia, uutiskirjeitä, kohdejärjestelyjä tekeviä yrityksiä sekä kannustematkoja. Työn empiirinen osuus sisältää yleistä tietoa InterAxionsPlus Oy:stä sekä SWOT-analyysin yrityksestä.

Tutkimusmenetelmäksi valittiin kvantitatiivinen tutkimus ja informaatio kerättiin kyselylomaketta käyttäen. Kyselylomake lähetettiin useisiin eurooppalaisiin matkailualan yrityksiin ja tutkimustulokset analysoitiin SPSS 16.0 ohjelmalla.

Tutkimustulokset osoittavat, InterAxionsPlus Oy:n tulisi keskittyä markkinoimaan kannusteita kuten tiimien kehittäminen, moottorikelkkasafari sekä ralliajo. Kyselyyn vastaajat olivat myös kiinnostuneita nähtävyyksien katselusta, venekiertoajeluista sekä kulttuuriretkistä. Tutkimustulokset osoittivat myös, että arvostetuimmat kohdejärjestelyjä tekevien yritysten ominaisuudet ovat palveluiden laatu, hinta sekä yrityksen maine. Yhteenvetona voidaan sanoa, että InterAxionsPlus Oy:n tulisi keskittyä markkinoimaan suosituimpia kannusteita sen sijaan, että yritys tarjoaisi suuren määrän eri palveluita. Näitä palveluita sekä muita uutisia voidaan markkinoida käyttäen sähköpostin välityksellä lähetettäviä uutiskirjeitä.

Asiasanat: yritysmarkkinointi, kilpailuetu, internet-markkinointi, destination management company

TABLE OF CONTENTS

1	INTRODUCTION.....	7
1.1	Purpose of the Study.....	7
1.2	Choice of the Research Context.....	7
1.3	Research Problem.....	7
2	THEORETICAL DISCUSSIONS.....	8
2.1	Definition of International Marketing.....	8
2.2	Internationalizing of a Service Company.....	9
2.2.1	Marketing of Services.....	10
2.2.2	Restrictions of Service Marketing.....	13
2.3	Online Marketing.....	13
2.3.1	Online Business Marketing.....	14
2.3.2	Small and medium-enterprises.....	15
2.3.3	Creating an Effective Web Site.....	16
2.3.4	Promoting a Web Site.....	17
2.3.5	E-Mail Marketing.....	18
2.3.6	E-mail Marketing Guidelines.....	19
2.3.7	Newsletters.....	20
2.3.8	Newsletter Guidelines.....	21
2.4	Competitive Advantage.....	22
2.4.1	Competitor Analysis.....	23
2.4.2	Assessing Competitors.....	23
2.4.3	Competitive Strategies.....	24
2.4.4	Market Leader Strategies.....	25
2.4.5	Market Challenger Strategies.....	26
2.4.6	Market Follower Strategies.....	26
2.4.7	Market Nicher Strategies.....	26
2.4.8	Outsourcing.....	27
2.5	Destination Management Companies.....	28
2.5.1	Incoming Agencies.....	29
2.5.2	Value Added Services of DMCs.....	30
2.5.3	Program Design.....	30
2.5.4	Logistics Management.....	31
2.5.5	Service Level.....	31
2.5.6	Supplier Management and Accounting.....	31
2.5.7	Customer Target Groups.....	31

2.6	Incentives	32
2.6.1	Marketing of Incentives	33
2.6.2	Pricing of Incentives	34
2.6.3	International Exhibition Market	34
2.6.4	International Congress Business in Finland	35
2.7	Theoretical Framework	35
3	METHODOLOGY OF STUDY	36
3.1	Marketing Research	36
3.2	Research Approach	38
3.3	Validity	38
3.4	Reliability	39
4	EMPIRICAL STUDIES	39
4.1	Selection of Case Study	40
4.2	InterAxionsPlus Oy Ltd	40
4.3	SWOT Analysis	41
4.3.1	Strengths	41
4.3.2	Weaknesses	42
4.3.3	Opportunities	42
4.3.4	Threats	43
5	RESULTS OF STUDY	43
5.1	Questionnaire results	43
5.1.1	Department	44
5.1.2	Events	44
5.1.3	Tours	45
5.1.4	Summer Incentives	48
5.1.5	Winter Incentives	51
5.1.6	Group Size	53
5.1.7	Frequency of Participation	54
5.1.8	Frequency of Using a DMC	54
5.1.9	Level of Satisfaction	55
5.1.10	Method of Discovery	55
5.1.11	Most Valued Characteristics	56
5.1.12	Open-Ended Comments	57
6	CONCLUSIONS	58
6.1	Findings and Data Analysis	58
6.2	Recommendations	61

6.3 Conclusions.....	62
LIST OF REFERENCES.....	64
FIGURES.....	65
TABLES.....	65
APPENDICES	66

1 INTRODUCTION

Creating a competitive advantage over one's competitors is important for every company across the globe and online marketing has prove to be one of the most effective competitive strategies in a business-to-business field. This case study focuses on online marketing strategies and how small and medium-sized companies can exploit these strategies in order to create a competitive advantage.

1.1 Purpose of the Study

The purpose of this thesis is to define what possibilities there are for InterAxionsPlus Oy to create a competitive advantage in the meeting and event-organizing business through online marketing and how to exploit these possibilities. The thesis examines various business-to-business online marketing theories and its main objective is to help InterAxionsPlus to improve its online marketing strategies.

1.2 Choice of the Research Context

This thesis is conducted for InterAxionsPlus, a company in which the researcher worked as a trainee in 2008. The company has recently launched a new web site and is now searching for solutions how to further improve it. Another issue to be investigated in this thesis is improving a company's marketing campaigns that are conducted via e-mail.

1.3 Research Problem

The research problem discussed in this thesis investigates how small and medium-sized companies can create a competitive advantage over their competitors using online marketing strategies. It also discusses different internet-related marketing strategies and theories.

This thesis consists of three major sections, as illustrated in Figure 1. Firstly, it discusses the theoretical background of international business marketing and internet marketing strategies. The second section, an empirical study, focuses on InterAxionsPlus while the last section of the study contains findings and suggestions.

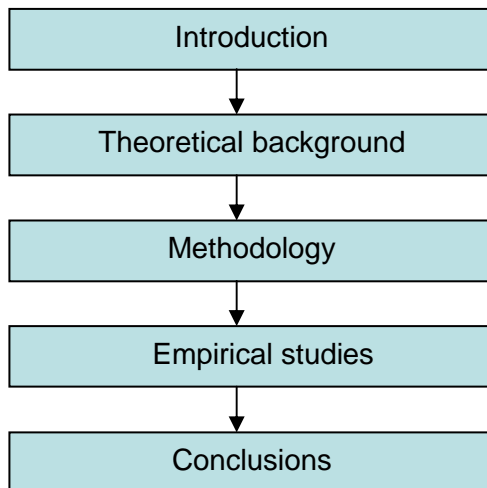


Figure 1 Structure of the thesis

2 THEORETICAL DISCUSSIONS

2.1 Definition of International Marketing

There are several different definitions for the word marketing. According to Kotler and Armstrong (2008, 4) marketing means managing profitable customer relationships. The most important objective of marketing is to attract new customers by promising superior customer satisfaction and value. It is crucial for companies to truly understand the consumer needs because a product that provides superior customer value is easier to sell to the consumers. (Kotler & Armstrong 2008, 5)

The importance of international marketing has increased due to globalization. Reasons such as a small domestic market, shortening product life cycles and growth aspirations have forced many companies to internationalize. Companies often adopt different strategies when entering foreign markets due to economic, cultural and political differences. (Bradley 2005, 2-3)

According to Bradley (2005, 3) international marketing means “identifying needs and wants of customers in different markets and cultures, providing products, services, technologies and ideas to give the firm a competitive marketing advantage, communicating information about these products and services and distributing and exchanging them internationally through one or a combination of foreign market entry modes”.

Furthermore, international marketing is a process which consists of several different stages. Firstly, the company identifies the needs and wants of the customers in different international markets. Secondly, the company has to provide the products, services, technologies or ideas that satisfy the customer needs in the chosen markets. Afterwards the company is expected to communicate regarding the assets being transferred across political or cultural boundaries. Lastly, the products or the services are delivered internationally using foreign-entry methods. (Bradley 2005, 3)

2.2 Internationalizing of a Service Company

The growth of the international service market can be explained by the changing world. The technological evolution has created several new fields of business and even changes in life in general. According to Bradley (2005, 177) “services include the following: wholesale and retail trade, restaurants and hotels; transport, storage and communications; financial, insurance, real estate and business services; personal, community and social services; government services”. In addition international services interact with a foreign culture and they involve services crossing borders. (Bradley 2005, 178)

Companies with large facilities do not necessarily have an advantage over smaller companies in the service industry. Small companies are often more effective in fields that rely on personal service as they can offer highly individualized and responsive service to the customers. It is crucial for a service company to carefully research potential markets in order to identify its target customers and to be able to satisfy customer needs more effectively. Another highly important element is the involvement of people as a majority of employees working for service companies communicate with their customers on a daily basis. Therefore, employees should undergo an extensive training in the area of communication to be able to promote the company more effectively. (Bradley 2005, 178)

There are several constraints regarding services as can be seen in Figure 2. Firstly, intangibility makes promoting services challenging as they cannot be displayed with ease. Secondly, the buyer of services has to rely on communications experience and word-of-mouth when making the final buying decision. It can also be difficult to differentiate services and as a result the company is often required to invest more capital in building a corporate image. (Bradley 2005, 179)

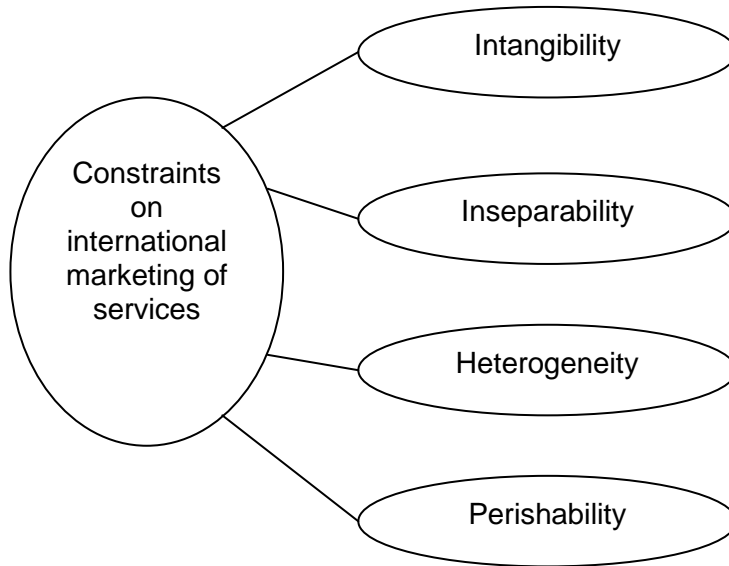


Figure 2 Constraints of international marketing of services (Source: adapted from Bradley, 2005, 179)

Lastly, the more intangible the service is, the higher are the costs and risks in internationalization. Another difference between products and services is that marketing services often requires the provider and the consumer to be at the same place. Services cannot be easily standardized and therefore require customization. A provider has to work closely with its customers to ensure the quality of services. (Bradley 2005, 179)

Service companies often have the same reasons for internationalization as product companies. These reasons include competitors, opportunism, stagnant domestic market, growth potential in foreign markets and exploiting a competitive advantage. A service company may also follow its internationalized client to a new location abroad. Companies often conduct thorough research on the target country's culture and social norms before entering a foreign market. This is done to ensure that there will be no conflicts due to cultural differences. (Bradley 2005, 180)

2.2.1 Marketing of Services

Similar marketing methods can be used for both products and services. However, it should be noted that there are several differences as well. Product marketing focuses on product attributes while service marketing emphasizes the delivery to the customer. Intangible services provide an opportunity to customize the services in order to satisfy customer needs and support these services with well-trained personnel. Naturally,

highly intangible services are more challenging to export as the marketer has to be in direct contact with the foreign client. (Bradley 2005, 183)

According to Bradley (2005, 182), service systems requiring high customer contact are more challenging to control than systems with low customer contact. High contact systems are often unable to meet the demand for the service due to each delivery being customized. In contrast, low customer contact systems have more potential to meet the demand. It should be noted that the time of demand and the quality of the service may be affected as the customer becomes involved in the process. (Bradley 2005, 182)

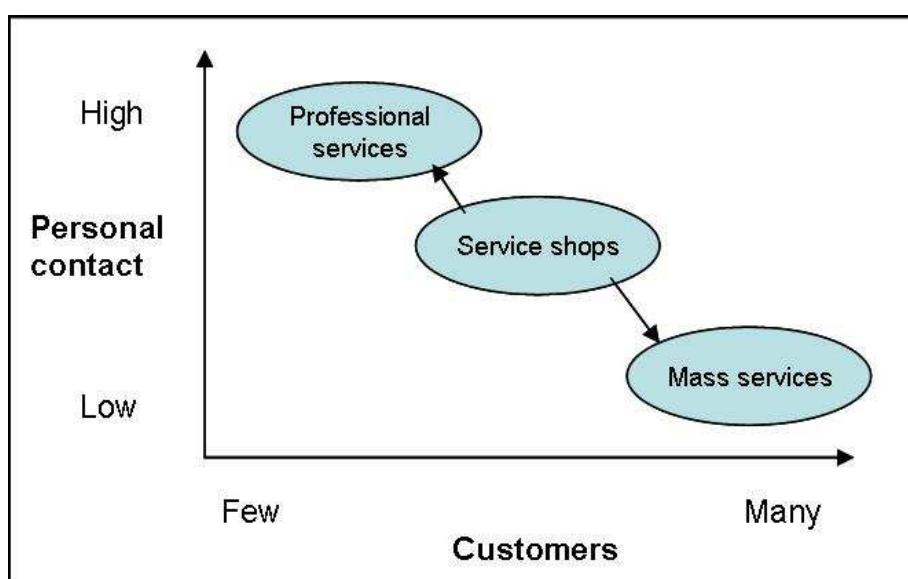


Figure 3 Contact and customers served (Source: adapted from Bradley, 2005, 184)

Marketing of services requires face-to-face contact with the customer and close relationship often leads to better results. Services that require close personal contact include tourism, engineering projects and management consulting. Furthermore, marketing of such services requires customization and a local presence in the target country. Providing highly professional services often means a smaller number of served customers due to the difficulty of maintaining a large number of close customer relationships simultaneously. In contrast, standardized services such as car leasing, usually involve a larger number of customers due to a less close relationship between the client and the provider. (Bradley 2005, 183)

According to Bradley (2005, 184), companies providing professional services should focus on personal selling, while franchising would be appropriate for more standardized services. Whether a company should customize or standardize its services depends on

how much customer contact is required by the service, as illustrated in Figure 3. Globally sold equipment-based services such as an automatic car wash can be standardized as they do not require close personal contact.

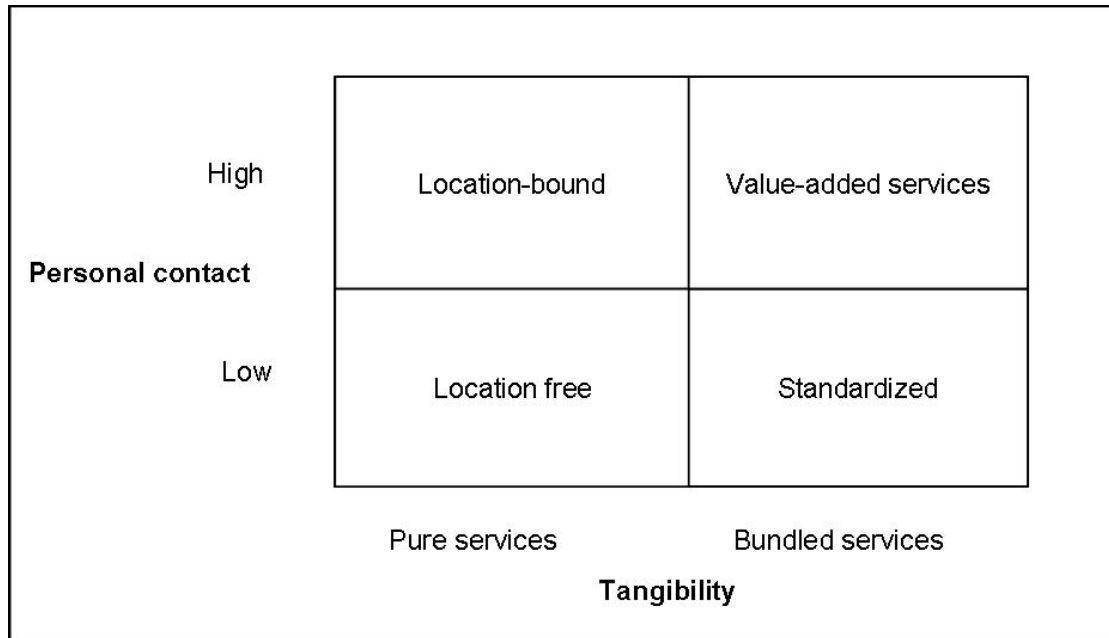


Figure 4 Contact and tangibility in international marketing services (Source: adapted from Bradley, 2005, 185)

Service companies possess a smaller set of foreign market entry methods due to an intangible nature of services. Services can be divided into four groups, as can be seen in Figure 4 above. Firstly, companies selling services which require little contact are categorized as location-free. These services include insurance, marketing research and transportation. A company executive travels to a foreign country for a short period to guide and conduct assignments. Permanent presence at the foreign destination is not required and the client does not visit the company to obtain ordered services. (Bradley 2005, 185)

Secondly, location-bound services require continuous contact with the client in order to successfully deliver the service. These customized services are focused on the home market and services such as management consulting, project management and engineering projects are considered location-bound. Thirdly, there are companies which provide products and standardized services. Both products and services are combined and often exported in the traditional manner as such services require very little per-

sonal contact. Lastly, there are value-added customized services which require close interaction between the supplier and the client. These services are highly customized to satisfy all customer requirements and for instance technical training and support, and major installations are “high contact bundled services”. (Bradley 2005, 186)

2.2.2 Restrictions of Service Marketing

Service companies may encounter restrictions by foreign governments and public agencies, and services which have political, cultural or security sensitivity are more likely to be restricted. Methods to control services include measures such as taxes, fees, licences and administrative and investment-related barriers. For instance, a government may delay granting a licence or refuse to certify certain professional services. Investment-related barriers may crucially affect a company’s internationalization plans since governments may be biased against foreign companies in certain countries. Furthermore, a company may encounter employment requirements and its access to advertising and communications facilities may be limited as well. (Bradley 2005, 186)

2.3 Online Marketing

Online marketing means marketing services and products, and building customer relationships over the internet. It is the fastest growing form of direct marketing. In 2005, more than 470 million people had access to the internet and the number is increasing. Kotler & Armstrong (2008, 493) claim that the internet has changed the way customers perceive speed, production information, service, price and convenience and it has also given marketers a new way to build customer relationships. (Kotler & Armstrong 2008, 493)

Fletcher, Bell & McNaughton (2004, 40) state, that “the internet reduces the impact of time and distance on marketing goods and services overseas”. In general, using the internet makes goods and services more competitive internationally because it creates efficiencies in distribution and transport, and reduces costs. The internet has created a standardized way for companies to communicate across country borders by reducing the language barrier in international marketing. It is also an effective way to gather and distribute information regarding international markets. Other considerable benefits include improved cash flows and more efficient payment processing.

The internet has created a borderless virtual platform for companies by allowing potential customers to display provided items regardless of time or geographical location. Customers, suppliers, competitors, and other network partners can form new virtual value chains and interact without undergoing traditional value-chain channels. The evolution of the internet has also created a special network of businesses. An intranet is a private network that uses internet-based technology to share a company's operational systems or information with its employees. The Ford Motor Company reduced the time required to develop a new car from components manufactured in different countries from 36 to 24 months by installing an extensive intranet across 120,000 workstations around the world. (Fletcher et al. 2004, 40)

Installing an intranet may increase productivity in several different ways. Firstly, it allows using video-based systems that can be utilized for training company personnel regardless of where people are located. These systems can also be used by managers to discuss company matters via video conference services. Using this method is more cost-friendly than for instance attending an international conference as it eliminates all transportation costs. Secondly, the intranet increases access to common databases and it allows different teams to work and communicate with each other around the world in real time. (Fletcher et al. 2004, 40)

2.3.1 Online Business Marketing

The importance of online business marketing is increasing and companies have adopted several different ways to attain new corporate customers. The most common business marketing tools include e-mail, usage of business-to-business internet sites, online product catalogues and trading networks. These new marketing methods have allowed companies to serve their customers more effectively and also offer them better prices. (Kotler & Armstrong 2008, 495)

A company using the internet as a part of its marketing mix is often perceived as a company at the leading edge of its sector. According to Fletcher et al. (2004, 39) online marketing increases operating efficiency and reduces costs. The company will also be able to access valuable information on a global basis and its ability to locate new potential customers may improve. Other possible benefits include the increased conversion rate of quotations into company orders and convenience for clients. Despite these benefits, the internet is not necessarily superior compared to other marketing mediums

as it has several disadvantages regarding security and viruses. (Fletcher et al. 2004, 39)

Today, company web sites contain a large amount of information regarding offered products, services, prices and the company itself. While this is convenient for customers, it should be taken into consideration that the information will be available for competitors as well. There is also an imminent threat of computer hackers, who are able to exploit possible security vulnerabilities. Even a short downtime of a company's web site may result in losing customers and increased maintenance costs. Setting up a web site and updating it continually may also require notable investments. Another important factor is training staff members whenever the company adopts new technology or computer software in order to reduce the possibility of misuse by employees. (Fletcher et al. 2004, 39)

2.3.2 Small and medium-enterprises

Smaller companies have always encountered market penetration issues due to limited resources such as capital and manpower. Limited access to information, being able to only supply small shipments, difficulties of visiting foreign markets and marketing profitable niches overseas are major challenges for small and medium-sized enterprises. However, conducting business online reduces all of these disadvantages and allows small and medium-sized companies to compete with large enterprises. The internet is an inexpensive way to access information and it enables the company to be in direct contact with its customer. According to Fletcher et al. (2004, 105), the internet "stimulates unsolicited trade inquiries and facilitates alliances involving risk sharing, outsourcing and information sharing". It also offers a relatively inexpensive marketing medium with a potential to reach a large number of customers.

Using the internet as a method for internationalization allows a small company to expand its foreign activities more rapidly and achieve competitive advantage even over large enterprises. Reaching niche markets may be challenging at the company's physical location but the internet helps overcome the problem as potential clients across the globe will be able to access offered products and services online. Creating a well-designed web site is a useful and inexpensive way to attract global customers. However, it should be noted that a company has to promote its web site via different mar-

keting media in order to make potential customers aware of its existence. (Fletcher et al. 2004, 41)

Online business allows small and medium-enterprises to co-operate on projects and also establish small business networks that gather information and share customer orders. Internationalizing companies often expand to developed countries first due to similar infrastructure and knowledge of English. However, Fletcher et al. (2004, 41) claim that “the use of the internet in international marketing is likely to depend on ability to exploit potential markets where English is not the first language and which are still at the developing stage of internet use”. (Fletcher et al. 2004, 41)

2.3.3 Creating an Effective Web Site

Firstly, an effective web site generates confidence regarding the company and includes elements such as postal address, logo and company premises. Internet users generally prefer fast, user-friendly sites and therefore using graphics and large pictures, which may slow down the site, should be avoided. Users should be warned if the web site contains pictures or other media such as videos. Other elements to be avoided when designing a web site include Java and frames. Focusing on communication between the company and the client is another important factor. This means that all featured information should be conveyed in a user-friendly way, making it easy for a user to find details on a product or general information regarding the company. (Fletcher et al. 2004, 274-275)

Choosing the right web service provider is crucial for every company because frequent web site downtimes may cause clients to abandon the site. An effective web site is operational 7 days a week, 24 hours a day and therefore possible problems need to be repaired as quickly as possible. Making the web site hacker proof is another challenge a majority of companies encounter and it is crucial to achieve in order to create an effective site. Continuously updated sites attract visitors as there is something new to see each time. A company can use marketing methods such as mass e-mailing or newsletters to inform its clients regarding new updates. Making the web site easy to update is beneficial due to factors such as less time spent on the actual updating process and lower maintenance costs. (Fletcher et al. 2004, 274)

2.3.4 Promoting a Web Site

Online marketing does not end at the creation of a web site as it requires promoting to gain potential visitors and clients. Creating an extensive marketing campaign to build awareness for the web site may be as large and costly as a traditional campaign and reaching all potential customers requires both electronic and traditional methods of marketing. The most common way is to feature the web site address on traditional print media advertisements or television and radio commercials. This is an effective way to promote the web site and the overall cost may be less than possible portal advertisement investments. (Fletcher et al. 2004, 276-277)

There is a number of online and offline methods how a company can promote its web site. The internet contains a large number of web sites specialized in searching for information featured on other web sites. A company can buy a certain keyword related to its field of business. Searching for the acquired keyword via a search engine will cause the company web site to appear on search results. A web site that is easy to find via search engines such as Google will generate more traffic and as a result the company will be able to reach more potential clients. (Fletcher et al. 2004, 276-277)

The growth of internet-based marketing has resulted in the establishment of companies providing online advertisement space. Such companies may offer advertising possibilities for other companies operating in the same field. For instance, a travel industry-related web site may feature internet addresses of travel agencies. However, this is not free and acquiring advertisement space on a highly popular web site may be a major investment for the company. (Fletcher et al. 2004, 276-277)

Interstitials are another often used method of online marketing. An interstitial is an advertisement appearing on a web site for a few seconds before another page is downloaded. However, some internet users may consider interstitial marketing an annoyance. Companies often have large databases of business contacts which can be used for building a network of associate sites. A company's associate sites refer to the main site, thus creating a large network convenient for clients as they can easily access related web sites. The associates may receive a commission based on generated traffic. (Fletcher et al. 2004, 276-277)

Internet discussion groups can be utilized for marketing a web site. This method, which is often free of charge, can be effective since the most popular discussion groups attract a large number of daily visitors. Another inexpensive marketing method is e-mailing. Many companies maintain customer lists based on previous clients and such lists can be used for e-mail marketing. Using a list of previous customers is more effective than relying on a more commercial list, as people who are already familiar with the company may view its e-mails. (Fletcher et al. 2004, 276-277)

There are also more traditional ways to promote a web site in addition to online methods discussed in the previous paragraphs. For instance, a company can promote its web site at exhibitions or on billboards. Print media and television commercials may also reach a large number of potential clients. Existing infrastructure, such as shops and newsletters, is another useful way to advertise a web site. (Fletcher et al. 2004, 277)

2.3.5 E-Mail Marketing

E-mail has quickly become an important online marketing tool. A recent study claims that nearly half of all business-to-business companies have used e-mail marketing to reach customers. The amount of money used on e-mail marketing has risen nearly billion dollars during the past decade and the total volume of sent e-mails in the United States was expected to reach 2.7 trillion messages in 2007. Online marketers have adopted new ways to attract potential customers: in addition to text, e-mail messages also contain pictures, videos and sounds, and they have been personalized for certain customer groups. (Kotler & Armstrong 2008, 503)

Although e-mail marketing has become more creative it is still facing problems such as spam messages. A spam message is an unwanted commercial e-mail message and at present 84% of all inbound e-mail is considered spam. Another recent study claims that the average consumer receives more than 3,000 spam messages a year. Unwanted commercial e-mail messages may even distance the customer from the company and therefore companies are encouraged to ask for permission to send marketing e-mail messages. This approach is called permission-based marketing and is considered the new standard model for e-mail marketing. (Kotler & Armstrong 2008, 503-504)

According to Kotler and Armstrong, e-mail can be the best direct marketing medium. Internet-based companies such as Amazon.com and Dell have been using email marketing successfully. Both companies have adopted a permission-based marketing approach and they offer highly personalized messages to customers. For instance Amazon.com is known for sending marketing e-mails based on the customers' previous purchases. (Kotler & Armstrong 2008, 504)

2.3.6 E-mail Marketing Guidelines

Every e-mail marketing campaign should follow the basic set of rules in order to make the campaign more effective. Firstly, the company should have a clear vision of what the objective of the campaign is. Secondly, ensuring that the company has the recipient's permission to receive marketing related e-mails is crucial as the message may be considered as being unwanted junk mail otherwise. This can be achieved by asking potential customers to register for a marketing list. A marketing list can be divided into several categories in order to help making e-mails more personalized for certain customer groups. Lastly, e-mail messages including informative content are generally considered more valuable by clients than advertising messages. (Haig 2001, 159-160)

All e-mail programs contain a Blind Carbon Copy (BCC) option which should be used in order to conceal each recipient's e-mail address when the campaign requires contacting several different companies simultaneously. Having permission to contact the client via e-mail does not mean that the message will automatically be opened. Therefore, the subject of the e-mail should indicate the content of the message clearly because e-mails with vague or suspicious subject lines are more likely to be considered junk mail. Furthermore, attaching files should be avoided as large files may lengthen the e-mail download time and attachments are rarely opened. (Haig 2001, 160-161)

Every sent e-mail should include an option to unsubscribe from the mailing list in case the recipient does not wish to receive further messages. This can be achieved by setting up a separate e-mail address for unsubscribing. The recipient will automatically be removed from the mailing list once the link included within the message has been accessed. This procedure ensures that each client on the marketing list is interested in the company and willing to receive further information. (Haig 2001, 160)

Marketing e-mails are often used to promote company web sites and therefore a web site address should be added to each e-mail message to increase web site traffic. Following general guidelines for marketing e-mails may not be sufficient and many recipients may choose to unsubscribe even if the marketing campaign is professionally executed. To discover what is effective and what is not, response rates and unsubscriptions should be monitored closely. This allows the company to improve its future marketing campaigns. Successful campaigns often lead to an increase of incoming mail and the company can expect to receive feedback and enquiries regarding sent e-mails. Therefore, it should be ensured that the company is able to respond as quickly as possible to received enquiries. (Haig 2001, 160-161)

Lastly, it is recommended to keep all marketing e-mail messages brief as companies receive a greater amount of mail than consumers. Executives may have very little time to read received e-mails, thus lengthy messages are more likely to be completely ignored. Different companies use different e-mail programs and as a result messages may be displayed differently on each computer. Using a narrow column width ensures that the e-mail message is displayed correctly on the recipient's computer. (Haig 2001, 160)

2.3.7 Newsletters

Newsletters provide benefits to both company and the customer. A client subscribing to a company newsletter receives relevant information regarding the company on a regular basis. This information is often exclusive and cannot be found on the company's website. A company can expect to receive an even wider range of benefits through newsletters. Creating awareness regarding the company's products and services through a traditional marketing medium may be costly and difficult. A newsletter is a cost-effective solution, which helps the company to reach the right people and distribute information regarding new content. However, potential customers must first be made aware of the opportunity to subscribe to a newsletter. (Haig 2001, 164)

Word-of-mouth is not limited to face-to-face meetings and the importance of online viral marketing is increasing. For instance, a person receiving a newsletter may send it forward to his or her colleagues, thus increasing the awareness of the publisher. This allows the company to exceed the number of direct subscribers and reach a greater number of potential customers. Companies are constantly trying to create a competitive

advantage over their competitors by conducting market researches and requesting feedback from customers. A newsletter can be used as a feedback tool for conducting both quantitative and qualitative research. (Haig 2001, 164)

Differentiation is an important part of creating a competitive advantage. A newsletter provides a notable opportunity for a company to differentiate itself from its competitors. Furthermore, Haig claims (2001, 165) that using a newsletter increases customer loyalty and attracts new potential customers. Increased customer loyalty is important as returning customers are often more profitable than new customers. Lastly, a business-to-business newsletter can be used for revenue generation, although free newsletters are more common.

2.3.8 Newsletter Guidelines

The main objective of a newsletter is building long-term customer relationships. This can be achieved by following general guidelines created for business-to-business newsletters. Firstly, the basis for the newsletter should be information rather than advertising as subscribers will more probably open messages containing relevant information regarding the company. Companies in the business-to-business industry often assume that their clients are familiar with business jargon. Avoiding jargon is important because using technical language may confuse the subscriber and even lead to the loss of the client. (Haig 2001, 166)

The format in which the newsletter is presented is important because it may cause the subscriber to either become a loyal reader or unsubscribe from the mailing list. Using plain text over HyperText Mark-up Language (HTML) is generally preferred due to factors such as compatibility, time and the threat of viruses. E-mail attachments should be avoided as well. Furthermore, small paragraphs and clearly indicated sections will make the newsletter easier to read. Lastly, possible web site addresses should be typed in full in order to convert the addresses into clickable links. (Haig 2001, 166)

According to Haig (2001, 166), all company newsletters should be archived in order to help potential subscribers to choose whether the information is relevant to them or not. Another factor to be taken into consideration is to determine how frequently the newsletter is produced. A daily or weekly newsletter requires a considerable amount of extra work to produce and some subscribers may choose to ignore the newsletter if it is dis-

patched too frequently. E-mail can also be utilized for acquiring feedback from customers regarding products, services and the company itself. A company should also be prepared to interact with its customers via e-mail.

2.4 Competitive Advantage

Competitive advantage is an advantage over competitors gained by offering consumers greater value than competitors offer. This section examines the theoretical basis for creating a competitive advantage.

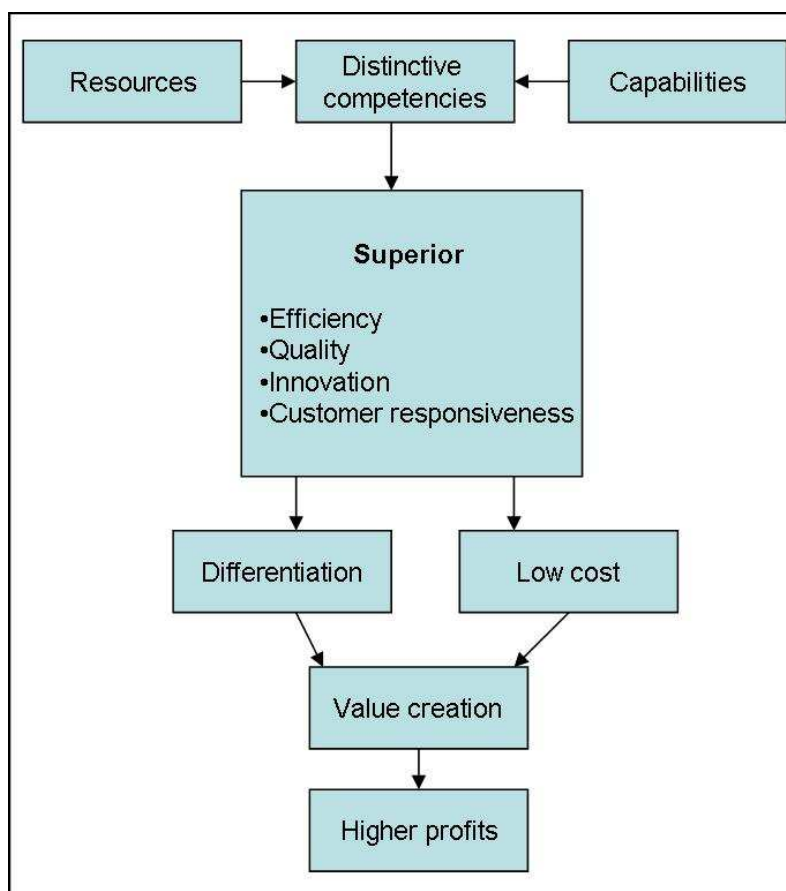


Figure 5 Creating competitive advantage (Source: adapted from Canzer 2003, 155)

As Figure 5 shows, development of distinctive competencies is important when attempting to create a competitive advantage over one's competitors. According to Canzer (2003, 155), distinctive competency is "a company's ability to provide superior efficiency, quality, innovation or customer responsiveness". A company's resources include human, informational and financial resources while capabilities such as skills and abilities are used to utilize these said resources. Efficient usage of resources and ca-

pabilities leads to the development of distinctive competencies. Superiority in efficiency, quality, innovation and customer responsiveness allow the company to differentiate its products and lower its production costs. As a result a competitive advantage over competitors is created and this generates higher profits for the company. (Canzer 2003, 155)

2.4.1 Competitor Analysis

The first step in creating an advantage over competitors is competitor analysis. It is a process of identifying and selecting the key competitors of the company. To succeed in the marketing environment, companies need to know their competitors thoroughly to be able to find areas of competitive advantage. Companies can identify their competitors either from an industry or marketing point of view. A company which chooses the industry point of view may perceive all companies operating in the same field as key competitors. The marketing point of view only considers companies that are targeting the same customer group as competitors. (Kotler & Armstrong 2008, 516-517)

2.4.2 Assessing Competitors

Assessing competitors means discovering competitors' strategies, objectives, strengths and weaknesses. Important information regarding competitors includes profitability, market share, cash flow, objectives and technological and service leadership. Kotler & Armstrong claim that knowing a competitor's mix of objectives reveals whether the competitor is satisfied with the current situation or not. Monitoring competitors also allows the company to react quickly to economical or strategic changes made by competitors. (Kotler & Armstrong 2008, 518)

If two companies share similar strategies, they often compete with each other. These groups of companies using same strategies are called strategic groups. If a company starts offering completely new products or services, it automatically enters a new strategic group and more key competitors arise. A company may also have competitors outside its own group due to overlapping of segments. For instance Kotler & Armstrong (2008, 519) claim that all major appliance manufacturers are trying to reach an apartment and homebuilders segment.

Furthermore marketers try to assess competitors' strengths and weaknesses by gathering data on every competitor's performance, strategies and objectives over the past few years. This is often done by gathering secondary data or customers' personal experiences. Another way to gain information is conducting a marketing research with dealers, customers and suppliers. A company can also benchmark itself against other companies. Benchmarking basically means comparing a company's products and processes to those of competitors to improve company's own quality and performance. (Kotler & Armstrong 2008, 519)

Eventually a company will choose which competitors to focus on. Generally companies prefer competing against weaker competitors as this requires less time and resources. However, it can be argued that a company should compete with stronger companies to improve its own performance. Many companies use customer value analysis to analyze the strengths and the weaknesses of competitors. The objective of customer value analysis is to determine which benefits customers value the most. After conducting a research a company should be able to detect whether it has a competitive advantage over its competitors in any field. (Kotler & Armstrong 2008, 520)

Companies can also benefit from competitors. For instance competition may increase the total demand on a certain product or it can lead to further product differentiation. Companies might also co-operate on product development in order to legitimize new technologies. (Kotler & Armstrong 2008, 521)

2.4.3 Competitive Strategies

There are three basic competitive strategies: overall cost leadership, differentiation and focus. Overall cost leadership means pricing the products lower than the competitors' in order to gain a large market share. This can be achieved by having the lowest production and distribution costs. Secondly, there is differentiation which is creating a highly differentiated product and a marketing campaign making the company to appear as an industry leader. Lastly, a company choosing focus as its strategy will concentrate its efforts on a few market segments instead of the whole market. Kotler and Armstrong (2008, 524) claim that a company pursuing one of these three strategies will presumably perform well.

Three new strategies have been introduced in addition to the basic competitive strategies. Firstly there is operational excellence meaning that “the company provides superior value by leading its industry in price and convenience”. This is achieved by reducing costs and creating an efficient delivery system. The customers of such companies value good quality services and products but for an inexpensive price. (Kotler & Armstrong 2008, 524)

The second strategy is customer intimacy. Companies adopting this strategy provide superior value by segmenting their markets by offering products and services which satisfy the exact customer needs. All products and services are specifically created for the company’s unique customers. A company needs to build close, long term relationships with its customers in order to succeed in this strategy. Customer intimacy means higher prices, but the customers can expect to receive exactly what they need. (Kotler & Armstrong 2008, 524)

A company using product leadership as its strategy provides superior value by offering high quality products and services continuously. The main objective of a product leader is to make its own product obsolete by creating and releasing new, superior products at a fast pace. These companies serve customers who are seeking for new and innovative products regardless of the price. (Kotler & Armstrong 2008, 524)

2.4.4 Market Leader Strategies

A market leader is a company with the largest market share in the industry. Market leaders often lead other companies in price changes, new products, distribution coverage and promotion budget. After becoming the market leader, a company will have to adopt new strategies in order to secure its market share. The three main strategies are expanding total market and protecting or expanding market share. Expanding the total demand is possible by developing new uses for products or finding new users. For instance a company selling beauty products for women may create a new product line for men. Furthermore, the company can internationalize and start selling its products abroad. (Kotler & Armstrong 2008, 528)

A market leader can also choose to protect its market share from competitors. This can be achieved by creating new innovations continuously. A company needs to be aware of its own possible weaknesses in order to prevent its competitors from benefiting from

these opportunities. Maintaining competitive prices and consistent quality of products also helps to protect a company's market share. (Kotler & Armstrong 2008, 529)

A small market share increase might signify a large sales increase. This means that expanding a company's market share is a desirable strategy for many market leaders. According to many studies, increasing market share raises profitability as well. However, in many cases the cost of buying a higher market share may exceed the returns. (Kotler & Armstrong 2008, 529-530)

2.4.5 Market Challenger Strategies

Market challengers can be almost the same size the leaders and therefore they can adopt both defensive and aggressive strategies. Firstly, a market challenger can try to take over market leadership by targeting the leading company. This can be achieved by observing the leader's strengths and improving the company's operations accordingly. Secondly, the challenger can choose to avoid the leader and challenge smaller companies. Companies which try to gain market share by driving other companies out of business, often target smaller competitors. Attacking the leader requires more resources as the company has to compliment the competitor's product quality, pricing and distribution efforts. (Kotler & Armstrong 2008, 530)

2.4.6 Market Follower Strategies

Many companies choose to be followers instead of trying conquer market leadership at any cost. A follower might have advantages such as not having to invest as much capital into developing new products and markets, and gaining experience from the leader. Furthermore a follower can copy or improve the leader's products for much lower costs. This allows the follower to become profitable without directly targeting the leader. However, there are often other challengers that may try to target the company. Therefore the follower has to maintain consistent product quality and manufacturing costs and prices. (Kotler & Armstrong 2008, 531)

2.4.7 Market Nicher Strategies

A market nicher is a company specialized in a certain, often small, segment. Small companies with limited resources often become market nichers and their main objec-

tive is not pursuing the whole market. Even a small company can be successful through smart niching. An ideal niche market has growth potential and is large enough to be profitable. Another important factor is discovering a segment which is of little interest to competitors. (Kotler & Armstrong 2008, 533)

The reason why market nichers can be successful is knowing the core customer group better than other companies. This allows a market nicher to offer superior quality and customer satisfaction over competitors who might casually offer the same products or services. However, operating in a niche market has disadvantages such as the niche growing until it starts attracting large companies or the market might simply cease to exist due to technological or lifestyle changes. (Kotler & Armstrong 2008, 533)

Generally speaking a company must monitor its competitors closely, whether it is a challenger, leader, follower or nicher. It cannot neglect its customers either since customer-centered companies can identify new opportunities better due to constant monitoring of evolving customer needs. This allows the company to choose the most important customer groups and also concentrate on creating superior value for its customers. Market-centered companies follow closely both customers and companies in designing their marketing strategies. (Kotler & Armstrong 2008, 534)

2.4.8 Outsourcing

Outsourcing can be used as a strategic method and it is especially useful for small and medium-enterprises. Outsourcing is used by companies that seek other companies to provide value-chain elements more cheaply than can be done by the company itself. A company can become more competitive by focusing on producing such elements of the final product that give the highest added value. Many industrial companies are a part of a network supply chain. For instance, an industrial company may co-operate with component suppliers located abroad while the final product is provided to customers who are located in another country. (Bradley 2005, 161)

Outsourcing can also be used in online business to share information among different companies in the value chain by utilizing the internet and electronic data interchange (EDI) systems. Companies outsource their activities for different reasons. Firstly, certain activities such as bookkeeping and maintenance provide little added value if conducted by the company itself. Secondly, a small company may lack resources to pro-

vide logistics or develop entirely new products. Lastly, some activities, such as advertising, can be accomplished better by companies specialized in them. (Fletcher et al. 2004, 105)

2.5 Destination Management Companies

According to the Association of Destination Management Executives (ADME), a destination management company (DMC) is “a professional services company possessing extensive local knowledge, expertise and resources, specializing in the design and implementation of events, activities, tours, transportation and program logistics”. DMCs provide ground service based on their knowledge of given destination. These services include hotel accommodation, transportation, excursions, restaurants, activities, gala dinners, themed events, conference venues, logistics and translation services.

(www.adme.org)

The experience and event marketing industry is relatively new in Finland, although local DMCs and experience companies produce incentives and events for Finnish clients as well. Especially Lapland is known for exotic incentives such as reindeer, husky and snowmobile safaris, canoeing and winter fishing, which attract both foreign and local clients. (Boxberg, Komppula, Korhonen & Mutka 2001, 111)

Using a destination management company as a local agent has several benefits. Firstly, it is simpler than booking every service separately as the client contacts and pays the DMC directly instead of negotiating with each supplier by itself. Secondly, a DMC has knowledge of the best local restaurants, hotels, transport companies and its ongoing relationships with the suppliers ensure that the company only co-operates with the best vendors. As a result the client can expect to receive service of the highest quality from every participating party. DMCs also offer new and creative ideas and concepts for teambuilding and special events. (www.adme.org)

There are approximately 250 foreign travel agents around the world that offer Finland as a travel destination. Travel agencies, incoming agencies, DMCs, transport companies and event organizers meet potential foreign partners personally at different workshops and travel industry-related exhibitions. The largest exhibitions are Internationale Tourismus Börse (ITB) in Berlin, World Travel Market (WTM) in London and European Incentive & Business Travel Market in Geneva (EIBTM). (Boxberg et al. 2001, 111-112)

A majority of foreign travel agencies use at least partly Finnish incoming agencies for acquiring needed services. However, a growing number of travel agencies are directly contacting the providers of primary services such as hotels and restaurants. According to Boxberg et al. (2001, 113) neglecting the middleman has affected Finnish incoming agencies, which are often being used only for booking certain activities such as sight-seeing tours and museum visits. Boxberg et al. further argue that Finnish providers of primary services can be blamed for this phenomenon since they often offer the same prices for both Finnish and foreign agents. A buyer not using a Finnish agency will make more profit but from the supplier's point of view there is no guarantee that an unknown foreign agent will disburse the payments.

According to Boxberg et al. (2001, 113), it is beneficial for local suppliers and service providers to co-operate with incoming agencies and DMCs. For instance commission is only paid for materialized agreements. Co-operating with a local agent offers an opportunity for a service provider to take advantage of an agent's experience and contacts. Maintaining an extensive foreign client database may be problematical while maintaining a company and local agents often know their contacts personally, making possible negotiations easier.

Agents can provide valuable information regarding services due to a high level of experience and knowledge. This allows a service provider to improve its services and it can also fully concentrate on product and service development instead of spending valuable time and capital on marketing. From a financial point of view using an agent reduces the risk of not receiving negotiated payments. An agent is fully responsible for all payments to service providers even if it does not receive money from its client. A travel industry-related service provider may have clients from all over the world and it is challenging to acquire knowledge of each represented culture. An experienced agent knows the language, culture and commercial customs of the market area, making it considerably easier for a service provider to operate in a said market. (Boxberg et al. 2001, 114-115)

2.5.1 Incoming Agencies

Incoming services are travel-related services produced, marketed and sold for customers from abroad. In 1999 there were approximately 20 Finnish incoming agencies which all concentrated on promoting Finland. Half of these agencies were specialized

in serving foreign customers. Finnish incoming agencies often co-operate with foreign incoming agencies and offered package tours may include additional activities in nearby countries. For instance a foreign client participating in a congress in Finland may also visit Russia or Sweden during the journey. (Boxberg et al. 2001, 107)

2.5.2 Value Added Services of DMCs

This section further discusses destination management services in general and how a DMC creates superior value for its customers. The main topics of discussion are program design, supplier management, accounting logistics management and service level.

2.5.3 Program Design

Program design is an opportunity for a DMC to prove its local knowledge and expertise. Conference visitors are a noticeable client segment and therefore DMCs often evaluate and analyze possible conference venues to fulfill the needs of the client. Deciding factors include demographics and the size of the group, and once a suitable venue has been discovered, it is a DMC's responsibility to secure it. A DMC can also incorporate certain themes or messages into events and activities. (www.adme.org)

Restaurant-related services are also managed by DMCs and restaurants often offer special group menus to travel agencies. An experienced DMC has the knowledge to recommend different menu options based on a client's cultural background. Also, the bigger the group size, the higher is the probability that there are people who require a special diet. A DMC makes sure that the client's needs regarding special diets, portion sizes and menu choices are satisfied and that there will be no incompatibilities. A DMC also takes matters such as restaurant timings into consideration when creating quality events for the client. (www.adme.org)

A business journey may include leisure time and many companies request activities such as sightseeing tours or museum visits. Activities often showcase unique elements of the destination country, which are not always available for the general public. A DMC thoroughly evaluates different entertainment options, making sure they are consistent with the objectives of the event. Furthermore, entertainment contracts are managed by the DMC. (www.adme.org)

2.5.4 Logistics Management

Fluency of logistics is crucial for any event or meeting. A DMC plans and manages all logistical elements including timing requirements, service level, financial and safety concerns. A DMC may also be responsible for arranging schedules and timelines for events and for securing an adequate execution of services once the client has arrived. Other important factors to be taken into consideration include arrival and departure changes, cancellations and additions; and efficiency of transportation. Street closings, construction sites or weather considerations may affect transportation and therefore these possibilities are being investigated by the DMC beforehand. (www.adme.org)

2.5.5 Service Level

Destination management companies are generally known for providing high level services and one of the most notable elements is ensuring that the offered program meets adequate customer service level. Furthermore, safety and comfort of all guests must be maintained during planned activities. This can be achieved by being in close contact with the suppliers and by requesting constant feedback from the group leader. There is always a possibility that timings or the group size undergo changes even during the visit, hence the DMC has to inform its vendors and suppliers of these changes. The company can also ensure the level of service by selecting and managing staff members who participate in delivering services. (www.adme.org)

2.5.6 Supplier Management and Accounting

A DMC is a link between the client and the service providers. The company is responsible for negotiating all costs and other components of supplier services and also for managing timing and delivery of confirmed services. Other important services managed by DMCs include auditing vendor invoices, providing detailed accounting of all charges to the client, documenting all additional fees on-site and paying all supplier invoices in the required time. (www.adme.org)

2.5.7 Customer Target Groups

Local groups and individual travellers often use travel agencies or service providers directly when booking services. A company that uses travel services may often have a

special contract with a local travel agency. Hence business travellers generally use the same travel agency as their company for booking travel services. (Boxberg et al. 2001, 128)

Business-to-business clients differ from other clients as they use incoming agencies and DMCs for booking travel related services. Business-to-business marketing concentrates on personal sales and customer visits. For instance a company representative may visit several potential destinations before making the final buying decision. Business-to-business clients often request packages which include everything from entertainment to hotel accommodation. (Boxberg et al. 2001, 129)

Reservations and bookings by foreign groups are generally made via DMCs, travel agencies or incoming agencies as these groups are often seeking for packages specifically created for them. Meeting and congress clients is a notable customer group and packages produced for them often include pre- and post-tours and activities such as sightseeing tours and excursions. (Boxberg et al. 2001, 130-131)

2.6 Incentives

An incentive is a high quality package tour or a short experience journey offering an exceptional location, programme and service. Incentives are usually organized by DMCs or travel agents. The average group size is 60 participants and employees' spouses are often invited to join the journey at the expense of the company. (Seaton & Bennett, 1996, 337)

The incentive industry is the most profitable travel-related industry and as a result many travel agencies and DMCs have specialized in creating incentives. In Finland many incentive-providing companies are located in Lapland due to the popularity of the location. (Boxberg et al. 2001, 109)

Companies often use incentives to reward their employees for superior accomplishments. These achievements usually include maintaining customer satisfaction, reducing staff turnover and accomplishing financial objectives. According to Seaton & Bennett (1996, 337), using incentive travel as a reward is most common amongst insurance companies and car dealerships.

Companies producing incentives seek for high quality venues such as hotels, restaurants and cruise ships in order to create an exclusive experience for the participants. Incentive programmes often involve entertainment, themed food and beverages, and participative or spectator events. The most commonly offered activities include shooting, fishing, golfing and visits to luxurious spas. An incentive programme may also be planned around a well-known sporting event such as the Wimbledon tennis tournament. (Seaton & Bennett, 1996, 338)

Production costs for incentives are much higher than for package tours due to exclusive services. These services are often created especially for business customers, meaning that the incentives may not be available for normal tourists. Incoming agencies are seeking for high-class incentives and their objective is being able to offer luxury regardless of the location. (Boxberg et al. 2001, 109)

2.6.1 Marketing of Incentives

DMCs advertise their services through both traditional and electronic brochures. These brochures only contain the framework for the actual incentive and the final package is created together with the customer. Prices included in the brochures are never final and the total price may even be higher. Online marketing and word-of-mouth are useful ways of marketing for DMCs as many of these companies are rather small, often only employing 2-10 employees. Building a large network of international contacts is crucial as DMCs often co-operate with each other. DMCs are usually not in direct contact with the end client. For instance, if a Spanish pharmaceutical company is planning to attend a conference in Finland, it first contacts a local Spanish DMC which then contacts a Finnish DMC regarding the offer. (Boxberg et al. 2001, 110)

Negotiations between DMCs may take several months and Boxberg et al. (2001, 110) claim that the first offer rarely leads to an agreement. Furthermore, negotiations are not limited between DMCs as suppliers are also a part of the process. DMCs usually negotiate with several different suppliers simultaneously in order to obtain the most profitable prices. Most common suppliers include hotels, restaurants, transportation companies, conference venues, museums and translation services. An offer may undergo numerous changes regarding factors such as group size, way of transportation or restaurants meals before an agreement is made.

DMCs receive either special group prices or commission from their suppliers depending on the group size. DMCs charge higher fees than normal travel agencies due to the large amount of work involved in the offer-making process. For instance a representative of a local DMC may visit the target country to ensure that the offered services are adequate. (Boxberg et al. 2001, 110)

According to Boxberg et al. (2001, 110), incentive-related services are of high level in Finland and there is a large amount of potential to create even more desirable incentives for foreign customers. Site Chapter Finland, formerly known as Incentive Association Finland, has around 120 members including approximately 20 DMC offices. One third of these companies are located in southern Finland while the others are in Lapland. In general DMCs operate in areas with a high number of foreign visitors.

2.6.2 Pricing of Incentives

Incentives are taxable income for recipients in the area of the European Union. The incentive is paid by a company or an organization which wishes to reward its staff members or a certain reference group. There are many factors to be taken into consideration regarding pricing of incentives. Firstly, a DMC which is producing incentives and activities may have invested a large amount of capital in marketing, planning and testing the requested services before the client has arrived. The contribution margin has to cover these expenses as they are not tax deductible. Incentives are not offered to ordinary tourists due to exclusiveness of the product and high-level requirements. As a result a DMC may add up to 50% extra to the final price. (Boxberg et al. 2001, 178)

2.6.3 International Exhibition Market

The international convention and exhibition market can be divided into two sections: conventions and meetings, and exhibitions and trade fairs. High quality exhibition venues are located in most major cities across the globe and the economic importance of the tourism industry has been noticed by national governments. As a result, many venues and centres have been supported by governments through supplementary taxes, subsidies and grants. Furthermore, exhibition visitors generate extra income and other benefits for the destination country. (Seaton & Bennett, 1996, 323)

Convention- and exhibition-related tourism generates new employment opportunities at the location. A research conducted by the International Association of Convention and Visitor Bureaux (IACVB) estimates that a new employment opportunity is generated by every \$20 000 spent by the visitors. New exhibition venues may also improve the destination's image and lead to a renewal of the city's infrastructure. A new venue often leads to construction of new hotels, restaurants and leisure facilities as the current infrastructure may not be adequate for an increased number of visitors. (Seaton & Bennett, 1996, 323)

2.6.4 International Congress Business in Finland

The meeting, incentive and congress industry is dominated by travel agencies and destination management companies specialized in the highest service category. This is due to the fact that congress visitors bring more money into the country and use luxury hotels and restaurants. The most important international congress venues in Finland are located in Helsinki, Turku, Tampere, Rovaniemi, Jyväskylä, Lahti and Lappeenranta. There are also smaller cities which have modern congress venues suitable for international congress visitors. The exclusive incentives offered to congress visitors are superior in both quality and price compared to services offered to normal tourists. (Boxberg et al. 2001, 108-109)

Organizing a congress requires a wide range of services: transportation to the congress-hosting country and congress venues, accommodation, restaurant services, technical equipment, assistants, interpreters, banquets and incentives. Business customers also often request cultural and free-time activities such as sightseeing tours and local museum visits. Organizing an international congress in Finland would not be possible without help from foreign travel agencies regarding travel arrangements. Airlines and shipping companies may offer delegates congress excursions for special prices. (Boxberg et al. 2001, 109)

2.7 Theoretical Framework

The theoretical framework of the thesis consists of three major sections: online marketing, competitive strategies and destination management, as illustrated in Figure 6.

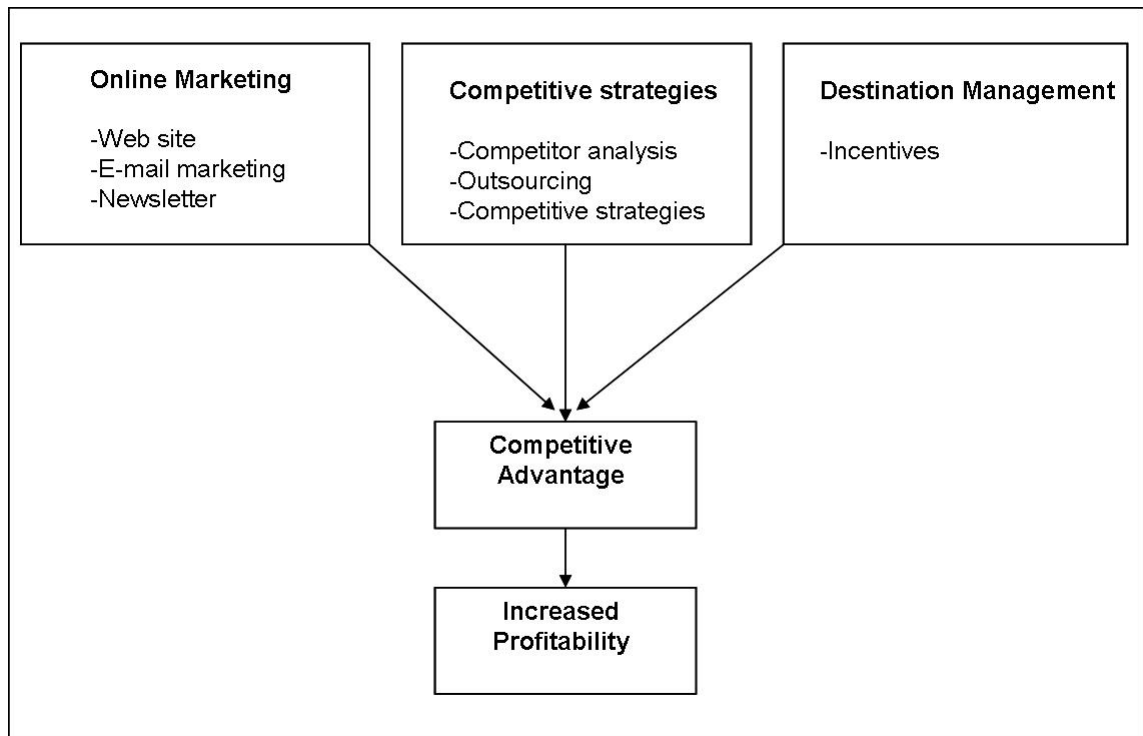


Figure 6 Theoretical framework of the thesis

3 METHODOLOGY OF STUDY

This section of the case study will explore the methodology of the research.

3.1 Marketing Research

Kotler & Armstrong (2008, 100) state that “marketing research is the systematic design, collection analysis, and reporting of data relevant to a specific marketing situation facing an organization”. Furthermore Hague and Jackson (1999, 11) claim that “the purpose of market research is to assist and improve marketing decisions”. Marketing research is often used to investigate issues such as customer satisfaction and purchase behaviour. Conducting a research allows the company to assess market share and market potential and measure the effectiveness of factors such as promotion, pricing, distribution and products. (Kotler & Armstrong, 2008, 100)

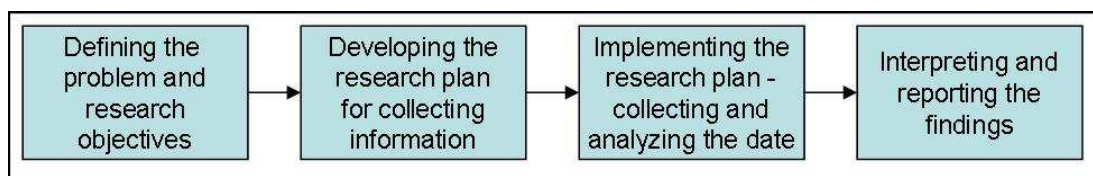


Figure 7 The marketing research process (Source: adapted from Kotler & Armstrong, 2008, 101)

The marketing research process includes four stages, as illustrated in Figure 6. Firstly, the company has to define the research problem and objectives. This often requires researchers and marketing managers to work closely together as the manager understands the research problem information while the researcher knows how to obtain information regarding the research problem. A research plan is developed after identifying both problem and the objectives. Researchers will determine what type of information is needed and how to gather it efficiently. The research plan contains sources of existing data, research approaches to be used, contact methods, sampling plans and methods how to gather information and it is presented in a written proposal. (Kotler & Armstrong, 2008, 100)

After the research has been approved by the management, the researcher will start implementing the plan and collecting data. There are two types of data: secondary data and primary data. Secondary data is information that exists already and has been collected for another purpose. Researchers often start the process by gathering secondary data from sources such as the company's internal database and commercial or government data services. Obtaining secondary data is faster and inexpensive compared to primary data collection. However, it should be remembered that the needed information may not exist or is difficult to obtain. The researcher also has to make sure that all collection of secondary data is relevant, reliable, current and objectively reported. (Kotler & Armstrong, 2008, 102-103)

Primary data is information collected for a specific purpose. The researcher should take factors such as research approach, contact method and sampling plan into consideration when planning primary data collection. Methods for collecting data include surveys, observation and experiments and these methods can be utilized by using contact methods such as online, mail and telephone surveys, and personal interviews. The next stage is defining the sampling plan. The sampling plan's objective is to determine who will be surveyed, how many people will be surveyed and lastly, how the people in the sample should be chosen. Large samples provide more reliable results than smaller samples but conducting an extensive research costs more. (Kotler & Armstrong, 2008, 105 & 108-109)

Implementing the research plan involves collecting, processing and analyzing information. The researcher should ensure that the plan is implemented correctly and that the collected information is complete and accurate. Afterwards the researcher will interpret

the findings and report them to the management. Researchers and company managers often analyze the results together, making sure that the findings are interpreted in the best possible way. (Kotler & Armstrong, 2008, 110-111)

3.2 Research Approach

There are two primary research methods: qualitative and quantitative research. The main objective of qualitative research is to answer questions such as “what”, “why” and “how”. It often involves small samples of consumers and uses a wide variety of data collection methods and interpreting findings is an integral part of the data-collection process. The qualitative approach also offers different ways how consumers can express themselves as the interview structure is flexible. Gordon and Langmaid (1994, 3) claim that the strengths of the qualitative approach include factors such as depth of understanding, a broader and deeper database and being able to provide a better source of ideas for creative and marketing teams. (Gordon & Langmaid, 1994, 1)

Quantitative research is used for measuring factors such as brand shares, market size, consumer attitudes and purchase frequencies. (Hague and Jackson, 1999, 11) Quantitative research provides statistical and numerical measurement and the conducted survey can be repeated in the future, allowing the researcher to compare the results of different surveys. The strengths of quantitative research include individual responses, sub-group sampling and being less dependent on the researcher’s executive skills or orientation. (Gordon & Langmaid, 1994, 3)

The chosen research approach for this study is quantitative research and all empirical data was gathered using an online questionnaire. Using an online questionnaire was specifically requested by InterAxionPlus’ managing director, Helena Kuulkers. The researcher was given a list of contact persons across Europe and approximately 300 questionnaires were dispatched to various European companies via e-mail. 31 respondents filled in the questionnaire and a majority of these companies were travel agents, DMCs and conference organizers.

3.3 Validity

Reliability and validity are important factors which should be taken into consideration when conducting a research. According to Ghauri & Grønhaug (2005, 80), validity re-

fers to whether the researcher is measuring what is intended to be measured. For instance, a research may not be valid if respondents have misunderstood certain questions but the researcher still analyzes these misinterpreted responses. There are two types of validity: internal validity and external validity. Ghauri & Grønhaug (2005, 85) state that internal validity refers to a causal relationship between variables and to what extent it exists while external validity refers to what extent the findings can be generalized.

The research presented in this study is valid due to the fact that the respondents interpreted all questionnaire questions correctly as all questions were related to respondents' field of business. The respondents were given a month to complete the questionnaire which ensures that factors such as lack of time did not affect the answers. However, it can be argued that the sample is too small to perfectly illustrate the general opinion regarding research questions. Validity can be considered high despite the small sample as all respondents belong to the same field of business.

3.4 Reliability

Reliability is the stability of the measure. For instance, if another researcher conducted the same research, the results would still be the same or similar. The research can be considered reliable if acquired results are similar with each other. (Ghauri & Grønhaug, 2005, 81)

This study can be considered reliable as recent researches conducted by IMEX in 2008 and 2009 have produced similar responses. However, there are issues which may lead to different results in the future. The current global crisis may have influenced respondents to choose inexpensive incentives over more expensive ones. Some contacts in the used database are quite old and there is a possibility that employees leave their current companies in the future. If another researcher were to conduct this same research in the future the results might differ due to this factor.

4 EMPIRICAL STUDIES

This section contains background information regarding InterAxionsPlus and an analysis of the company's strengths, weaknesses, opportunities and threats.

4.1 Selection of Case Study

The researcher worked in InterAxionsPlus as a trainee for six months in 2008, giving him a deeper understanding of the subject. InterAxionsPlus launched a new web site in October 2008 and is now planning to utilize online marketing to make potential clients aware of the company. There is plenty of competition in InterAxionsPlus' field of business and therefore the company is considering different options how to create a competitive advantage. Due to limited resources the company is interested in online marketing. The objective of this research is to discover ways to utilize e-mail newsletters and also to determine which incentives to focus on in the future.

4.2 InterAxionsPlus Oy Ltd

InterAxionsPlus Oy Ltd is a small, privately-owned company specialized in destination management and in organizing incentives, meetings, conferences and different company events such as product launches. The company also offers professional assistants for conferences held in Finland. InterAxionsPlus, located in Helsinki, was founded in 2001 by Mrs. Helena Kuulkers, who is the company's managing director and the only full-time employee. There are usually 2-3 trainees or part-time employees working in the company at a time. (Interview with Helena Kuulkers)

InterAxionsPlus' business idea is to be a full-service company offering highly-trained and representative assistants to assist both Finnish and foreign clients during international conferences and exhibitions. The company offers a wide spectrum of services and provides incentives and personalized tours for its clients. Other services provided include special event planning, award ceremonies, themed dinner events, welcome and farewell receptions and gala dinners with entertainment. InterAxionsPlus also organizes transportation and hotel accommodation. (www.interaxionsplus.com)

InterAxionsPlus has built a large network of contacts in countries such as Sweden, Norway, Denmark, Estonia, Russia, Austria, Spain and the Netherlands and the company is a member of both the Society of Incentive & Travel Executives (SITE) and Meeting Professionals International (MPI). According to Mrs. Kuulkers, the company is trusted by its suppliers and has established long relationships with some of the best suppliers in Finland and other countries such as Sweden, Denmark and the Nether-

lands. Furthermore Mrs. Kuulkers claims that a majority of the clients are pharmaceutical companies from all over Europe. (Interview with Helena Kuulkers)

4.3 SWOT Analysis

This section will discuss InterAxionPlus' strengths, weaknesses, opportunities and threats. The chosen method for this evaluation process is SWOT analysis (see Figure 7). According to Kotler & Armstrong (2008, 52), company's strengths "include resources, internal capabilities and positive situational factors that may help the company to serve its customers and achieve its objectives". In contrast weaknesses include negative situational factors and internal limitations. Opportunities are favourable factors or trends that the company may be able to exploit in order to gain competitive advantage. Lastly, threats are unfavourable external factors that may affect company's performance. (Kotler & Armstrong, 2008, 52)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Management • Use of trainees • Outsourcing • Good reputation • International contacts 	<ul style="list-style-type: none"> • Limited resources • Lack of experienced employees • Current website
<ul style="list-style-type: none"> • Global economic crisis • Global partners • Large database of contacts 	<ul style="list-style-type: none"> • Global economic crisis • Local competition • Unreliable clients
Opportunities	Threats

Figure 8 SWOT analysis of InterAxionsPlus

4.3.1 Strengths

InterAxionsPlus has several strengths that have potential to create a competitive advantage over competitors. Firstly, the company's managing director Helena Kuulkers is highly experienced in the field of destination management. Secondly, using trainees

and part-time employees is cost-friendly and has made the company more profitable. According to Mrs. Kuulkers, InterAxionsPlus has a good reputation amongst both clients and suppliers and as a result the company has gained several returning clients since its establishment. The good reputation has helped the company to build long-lasting relationships with suppliers such as hotels, restaurants and transportation companies. (Interview with Helena Kuulkers)

InterAxionsPlus is a typical DMC as it uses outsourcing as the main strategic method. Using outsourcing allows InterAxionsPlus to organize incentives and services for large groups despite the company's small size and limited resources. Outsourcing everything from bookkeeping to transportation has allowed the company to focus on its strengths such as human resource management. As a result, InterAxionsPlus has become more competitive.

Lastly, InterAxionsPlus has created an extensive network of international contacts. The managing director, Helena Kuulkers, attends personally several travel industry-related conferences and exhibitions every year and meets other agents face-to-face. As a result, the company has several partners across Europe. InterAxionsPlus operates with both incoming and outgoing groups and therefore having reliable international partners is crucial.

4.3.2 Weaknesses

Using trainees may be cost effective but at the same time it can be considered a weakness because trainees' lack of experience may affect the company's overall performance. The management supervises trainees closely and almost all tasks are monitored. However, this means that the management has less time to focus on the company's core processes. InterAxionsPlus is rather small and therefore it has very limited resources. This issue has affected the company's web site as it is not updated regularly. Furthermore, the company is not using newsletters currently.

4.3.3 Opportunities

The on-going global economic crisis may also create new opportunities. Many DMCs and incoming agencies may go bankrupt depending on how long the slump will last. If InterAxionsPlus overcomes the slump it will possibly encounter less competition in the

future. As mentioned earlier, InterAxionsPlus has a rather large database of contact persons including both local and international companies. These contacts can be utilized in future e-mail marketing campaigns and the company will save time as it does not have to spend time on seeking contacts.

4.3.4 Threats

The current global economic crisis is the most notable threat and according to Helena Kuulkers, it has already affected many DMCs operating in Finland. Being able to create a competitive advantage becomes even more important during an economic slump. Co-operating with new clients always involves a high risk. As discussed earlier, the DMC is responsible for paying all suppliers even if the client fails to pay the company. Therefore, it is very important to ensure a client's reliability before the final agreement because a small company such as InterAxionsPlus may go bankrupt if it was required pay a large sum of money to its suppliers.

According to Site Finland (www.site-finland.fi/) there are 15 DMCs and incentive agencies operating in Helsinki. In addition to these 15 companies, InterAxionsPlus encounters competition from large hotel chains which offer the same services as DMCs. As a result, many foreign incentive groups and conference visitors contact hotels directly, buying only activities such as sightseeing tours from DMCs. Mrs. Kuulkers claims that this phenomenon has affected Finnish DMCs. (Interview with Helena Kuulkers)

5 RESULTS OF STUDY

The questionnaire results are presented in this section and analyzed by the researcher. Firstly, the researcher will provide background information regarding the questionnaire. This is followed by the questionnaire results and finally the results will be analyzed.

5.1 Questionnaire results

The researcher was given access to the company's database and approximately 300 questionnaires were dispatched to various companies via e-mail. InterAxionsPlus' managing director Helena Kuulkers was satisfied despite the low response rate (10.33 %) as it is challenging to obtain answers via e-mail according to her. It should be

noted that all respondents belong to the travel industry and some of them are former clients of InterAxionsPlus.

5.1.1 Department

Respondents were asked which department they belong to and the most popular choice was the sales or marketing department (41.9%) which indicates that meetings and incentives are often organized by these two departments. In contrast, 8 respondents (25.8 %) stated that they work for either the meeting or event department and 4 respondents (12.9 %) chose management. Finally, 19.4 % of respondents did not belong to any of the categories and chose the option “other” as can be seen in Table 1.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Sales / Marketing Department	13	41,9	41,9	41,9
Meeting / Event Department	8	25,8	25,8	67,7
Management	4	12,9	12,9	80,6
Other	6	19,4	19,4	100,0
Total	31	100,0	100,0	

Table 1 Department in which respondents belong

5.1.2 Events

Table 2 below illustrates respondents' most often organized events. Incentives and meetings were both chosen by 9 respondents (29 %). In contrast, exhibitions (9.7 %) and company dinners (3.2 %) were not very desirable. However, 9 respondents (29 %) stated that they organize all four types of events as frequently.

		Frequency	Percent	Valid Per- cent	Cumulative Percent
Valid	Company dinners	1	3,2	3,2	3,2
	Exhibitions	3	9,7	9,7	12,9
	Incentives	9	29,0	29,0	41,9
	Meetings	9	29,0	29,0	71,0
	All of the above	9	29,0	29,0	100,0
	Total	31	100,0	100,0	

Table 2 Respondents' most often organized events

5.1.3 Tours

As can be seen in Table 3, almost one third of the respondents (32.3 %) are interested in architectural sightseeing tours and 3 respondents (9.7 %) very interested. 29 % of respondents chose the option "No opinion" which may indicate that they may not have participated in architectural sightseeing tours before.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very interested	3	9,7	9,7	9,7
	Fairly interested	10	32,3	32,3	41,9
	No opinion	9	29,0	29,0	71,0
	Not very interested	7	22,6	22,6	93,5
	Not interested at all	2	6,5	6,5	100,0
	Total	31	100,0	100,0	

Table 3 Respondents' level of interest for architectural tours

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very interested	8	25,8	25,8	25,8
Fairly interested	10	32,3	32,3	58,1
No opinion	5	16,1	16,1	74,2
Not very interested	5	16,1	16,1	90,3
Not interested at all	3	9,7	9,7	100,0
Total	31	100,0	100,0	

Table 4 Respondents' level of interest for boat sightseeing tours

It can be seen from Table 4 that 58.1 % of all respondents showed interest in boat sightseeing tours while 8 respondents (25.8 %) were not interested in such tours. Finally, 16.1 % of respondents had no opinion regarding boat sightseeing tours.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very interested	8	25,8	25,8	25,8
Fairly interested	10	32,3	32,3	58,1
No opinion	7	22,6	22,6	80,6
Not very interested	4	12,9	12,9	93,5
Not interested at all	2	6,5	6,5	100,0
Total	31	100,0	100,0	

Table 5 Respondents' level of interest for cultural tours

Table 5 illustrates respondents' interest for cultural tours. 25.8 % of respondents were very interested and 32.3 % interested in cultural tours, making it a popular choice. In comparison 4 respondents (12.9 %) chose the option "not very interested" and only 2

respondents (6,5 %) chose “not interested at all”. 22.6 % of respondents have no opinion regarding cultural tours.

	Frequency	Percent	Valid Per- cent	Cumulative Percent
Valid Very interested	11	35,5	35,5	35,5
Fairly interested	7	22,6	22,6	58,1
No opinion	5	16,1	16,1	74,2
Not very interested	5	16,1	16,1	90,3
Not interested at all	3	9,7	9,7	100,0
Total	31	100,0	100,0	

Table 6 Respondents' level of interest for sightseeing tours

Table 6 illustrates respondents' level of interest for sightseeing tours. Respondents seem to favour sightseeing tours as 35.5 % chose the option “very interested” and in addition to this, 22.6 % of respondents stated that they were interested. 16.1 % of respondents were not very interested in sightseeing tours while 9.7 % were not interested at all. 5 respondents (16.1 %) had no opinion regarding the matter. In conclusion it can be said that sightseeing tours are desirable amongst the respondents.

Table 7 shows that boat sightseeing tours are desirable amongst respondents as 58.1 % of all respondents were either very interested (25.8 %) or interested (32.3 %). In contrast 16.1 % of the respondents were not very interested and 9.7 % were not interested at all in boat sightseeing tours. 16.1 % of the respondents chose the option “no opinion”

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very interested	8	25,8	25,8	25,8
	Fairly interested	10	32,3	32,3	58,1
	No opinion	5	16,1	16,1	74,2
	Not very interested	5	16,1	16,1	90,3
	Not interested at all	3	9,7	9,7	100,0
	Total	31	100,0	100,0	

Table 7 Respondents' level of interest for boat sightseeing tours

5.1.4 Summer Incentives

29 % of respondents were interested in fishing incentives while 12.9 % of the respondents stated that they are very interested, as can be seen in Table 8 below. A notable amount of respondents (29 %) did not have an opinion regarding fishing-related incentives. Three respondents (9.7 %) were not very interested and 6 respondents (19.4 %) were not interested at all. The low number of respondents being interested in fishing incentives indicates that these incentives are not very desirable.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very interested	4	12,9	12,9	12,9
	Fairly interested	9	29,0	29,0	41,9
	No opinion	9	29,0	29,0	71,0
	Not very interested	3	9,7	9,7	80,6
	Not interested at all	6	19,4	19,4	100,0
	Total	31	100,0	100,0	

Table 8 Respondents' level of interest for fishing incentives

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very interested	2	6,5	6,5	6,5
Fairly interested	12	38,7	38,7	45,2
No opinion	7	22,6	22,6	67,7
Not very interested	6	19,4	19,4	87,1
Not interested at all	4	12,9	12,9	100,0
Total	31	100,0	100,0	

Table 9 Respondents' level of interest for golf incentives

38.7 % of respondents were interested in golf incentives but in contrast only 6.5 % of respondents chose the option "very interested". The second most popular option was "no opinion" which was chosen by 22.6 % of respondents. 19.4 % of respondents were not very interested in golf incentives while 12.9 % of respondents were not interested at all, as can be seen from the Table 9.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very interested	3	9,7	9,7	9,7
Fairly interested	10	32,3	32,3	41,9
No opinion	3	9,7	9,7	51,6
Not very interested	6	19,4	19,4	71,0
Not interested at all	9	29,0	29,0	100,0
Total	31	100,0	100,0	

Table 10 Respondents' level of interest for hiking incentives

Hiking incentives divided respondents' opinions as can be seen in Table 10. 9.7 % of respondents said that they are very interested in hiking incentives and 32.3 % of respondents were fairly interested. In comparison 29 % of respondents were not interested at all and 19.4 % of respondents were not very interested. Three respondents (9.7 %) said that they have no opinion regarding hiking incentives.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very interested	7	22,6	22,6	22,6
Fairly interested	12	38,7	38,7	61,3
No opinion	3	9,7	9,7	71,0
Not very interested	3	9,7	9,7	80,6
Not interested at all	6	19,4	19,4	100,0
Total	31	100,0	100,0	

Table 11 Respondents' level of interest for rally racing incentives

It can be seen from Table 11 that rally racing incentives were popular amongst respondents as over 60 % of respondents were either very interested (22.6 %) or fairly interested (38.7 %). In contrast 19.4 % of respondents stated that they are not interested in rally racing incentives at all and three respondents (9.7 %) chose the option "not very interested".

As can be seen in Table 12, team building is a popular incentive with 15 respondents being very interested (48.4 %) and 7 respondents (22.6 %) interested. Only three respondents (9.7 %) were not very interested and it should be noted that none of the respondents chose the option "not interested at all". 6 respondents chose the option "no opinion" which may indicate that they do not know what team building incentives are.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very interested	15	48,4	48,4	48,4
Fairly interested	7	22,6	22,6	71,0
No opinion	6	19,4	19,4	90,3
Not very interested	3	9,7	9,7	100,0
Total	31	100,0	100,0	

Table 12 Respondents' level of interest for team building incentives

5.1.5 Winter Incentives

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very interested	4	12,9	12,9	12,9
Fairly interested	11	35,5	35,5	48,4
No opinion	6	19,4	19,4	67,7
Not very interested	4	12,9	12,9	80,6
Not interested at all	6	19,4	19,4	100,0
Total	31	100,0	100,0	

Table 13 Respondents' level of interest for anti-slip course incentives

Table 13 illustrates respondents' interest in anti-slip course related incentives. An anti-slip course is a slippery course used for testing a participant's car driving abilities. 35.5 % of respondents were interested in anti-slip course incentives but only 4 respondents (12.9 %) were very interested. 19.4 % of respondents were not interested at all and 12.9 % were not very interested. Lastly, 19.4 % of respondents did not have any opinion regarding anti-slip course incentives.

	Frequency	Percent	Valid Per- cent	Cumulative Percent
Valid Very interested	12	38,7	38,7	38,7
Fairly interested	8	25,8	25,8	64,5
No opinion	4	12,9	12,9	77,4
Not very interested	3	9,7	9,7	87,1
Not interested at all	4	12,9	12,9	100,0
Total	31	100,0	100,0	

Table 14 Respondents' level of interest for husky safari incentives

A majority of respondents (64.5 %) expressed their interest towards husky safari incentives as is illustrated in Table 14. In comparison the option "not very interested" was chosen by 9.7 % of respondents and the option "not interested at all" by 12.9 % of respondents.

	Frequency	Percent	Valid Per- cent	Cumulative Percent
Valid Very interested	10	32,3	32,3	32,3
Fairly interested	7	22,6	22,6	54,8
No opinion	6	19,4	19,4	74,2
Not very interested	3	9,7	9,7	83,9
Not interested at all	5	16,1	16,1	100,0
Total	31	100,0	100,0	

Table 15 Respondents' level of interest for reindeer safari incentives

Table 15 shows that 54.8 % of respondents were interested in reindeer safari incentives. 6 respondents (19.4 %) had no opinion while 8 respondents expressed either very little interest (9.7 %) or no interest at all (16.1 %).

		Frequency	Percent	Valid Per- cent	Cumulative Percent
Valid	Very interested	10	32,3	32,3	32,3
	Fairly interested	12	38,7	38,7	71,0
	No opinion	3	9,7	9,7	80,6
	Not very interested	2	6,5	6,5	87,1
	Not interested at all	4	12,9	12,9	100,0
	Total	31	100,0	100,0	

Table 16 Respondents' level of interest for snow mobile safari incentives

As Table 16 shows, snowmobile incentives are amongst the most popular incentives as 71 % of respondents were either very interested (32.3 %) or interested (38.7 %). 9.7 % of respondents chose the option "no opinion" while 12.9 % of respondents were not interested at all. In addition two respondents (6.5 %) had very little interest towards snowmobile safari incentives.

5.1.6 Group Size

		Frequency	Percent	Valid Per- cent	Cumulative Per- cent
Valid	1-20	4	12,9	12,9	12,9
	1-49	4	12,9	12,9	25,8
	1-99	6	19,4	19,4	45,2
	1-199	8	25,8	25,8	71,0
	Over 200	9	29,0	29,0	100,0
	Total	31	100,0	100,0	

Table 17 Respondents' usual group size for meetings and incentives

Respondents were also asked how big their groups for meetings and incentives are (see Table 17). The options "1-20" and "1-49" were both chosen by 12.9 % of respon-

dents while 19.4 % of respondents chose the option “1-99”. Options for larger group sizes were notably more popular as 25.8 % of respondents chose the option “1-199” and 29 % of respondents claimed that their groups are larger than 200 persons.

5.1.7 Frequency of Participation

Table 18 illustrates how often respondents participate in conferences and organize incentives abroad. A majority of respondents (61.3 %) organize incentives or participate in conferences abroad more than three times a year and 22.6 % of respondents chose the option “1 or 2 times a year”. In comparison 2 respondents (6.5 %) claimed to have never participated in conferences abroad and 3 respondents (9.7 %) participate occasionally.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid More than 3 times a year	19	61,3	61,3	61,3
1 or 2 times a year	7	22,6	22,6	83,9
Occasionally / once every few years	3	9,7	9,7	93,5
Never	2	6,5	6,5	100,0
Total	31	100,0	100,0	

Table 18 Respondents' frequency of participating in conferences and organizing incentives

5.1.8 Frequency of Using a DMC

22.6 % of respondents always use DMCs when organizing meetings abroad while 38.7 % respondents stated that they use DMCs occasionally. However, 38.7 % of respondents have never organized meetings abroad, as illustrated in Table 19.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Always uses DMCs	7	22,6	22,6	22,6
Sometimes uses DMCs	12	38,7	38,7	61,3
Has not organized meeting abroad	12	38,7	38,7	100,0
Total	31	100,0	100,0	

Table 19 How frequently respondents use DMCs when organizing meetings abroad

5.1.9 Level of Satisfaction

As Table 20 shows, a majority (51.6 %) of respondents were either very satisfied or satisfied of services provide by DMCs. In contrast 48.4% of the respondents were neither satisfied nor dissatisfied which indicates that they may have never used destination management services

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very satisfied	6	19,4	19,4	19,4
Fairly satisfied	10	32,3	32,3	51,6
Neither satisfied or dissatisfied	15	48,4	48,4	100,0
Total	31	100,0	100,0	

Table 20 Respondents' level of satisfaction in services provided by DMCs

5.1.10 Method of Discovery

As illustrated in Table 21, 35.5% of respondents discovered the DMC they used through DMC's own web site and 12.9 % of respondents used other web sites such as SITE and MPI. Word-of-mouth also appears to be an important method as 9 respondents (29 %) discovered the DMC via friends and acquaintances. Respondents (22.6 %) who chose the option "other" mentioned sources such as internet search engines and other companies.

	Frequency	Percent	Valid Per- cent	Cumulative Percent
Valid Company web site	11	35,5	35,5	35,5
Other web site	4	12,9	12,9	48,4
Acquaintance	9	29,0	29,0	77,4
Other	7	22,6	22,6	100,0
Total	31	100,0	100,0	

Table 21 How the chosen DMC was discovered

5.1.11 Most Valued Characteristics

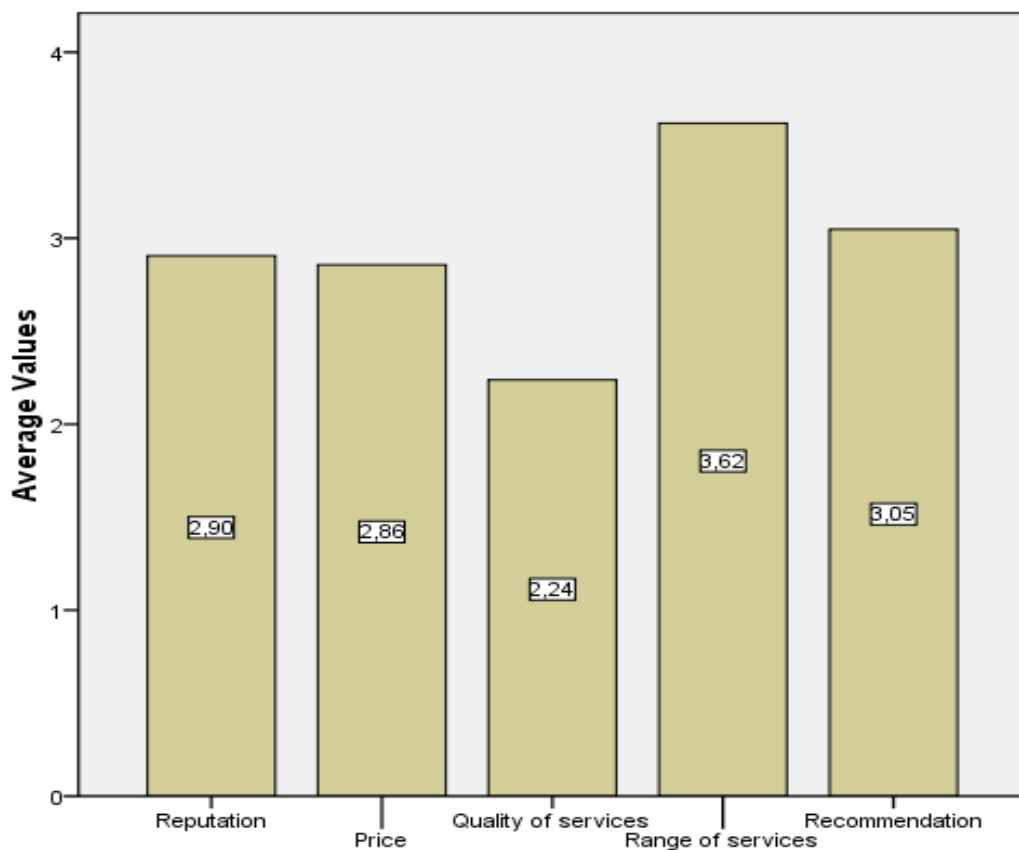


Figure 9 Most valued characteristics of DMCs

Respondents were asked to rank the following characteristics on a scale of 1-5 (1 being the most important and 5 being the least important): reputation, price, quality of services, range of services and recommendation by others. Respondents valued qual-

ity of services the most with the average ranking being 2.24. In contrast respondents did not consider range of services nearly as important, as can be seen in Figure 8.

5.1.12 Open-Ended Comments

The questionnaire contained two open-ended questions: "what kind of places or sights do you find the most interesting when arranging meetings and incentives?" and "what is a good destination management company like?" According to respondents the most interesting places and sights are the following:

- Mountains
- Lakes
- Sea
- Special architecture
- Well known cities such as Paris, London and Amsterdam
- Hospitals
- Hotels
- Rural locations
- Old castles
- Locations related to the organized event
- Meeting facilities close to nature
- Tourist objects
- Small pubs

When asked what a good destination company is like the respondents mentioned the following qualities:

- Inexpensive
- Offering a large range of services
- High quality
- Reliable
- Interested in the customer's needs and wishes
- Experienced
- Service minded
- Professional

- Flexible
- Being able to solve possible problems
- Has many contacts

6 CONCLUSIONS

In this section the researcher will discuss the most important findings, analyse the results and present development proposals regarding investigated issues.

6.1 Findings and Data Analysis

Research findings are presented in this section and analyzed. The results were analyzed with the SPSS program and the theoretical section of this thesis is the basis for the presented conclusions.

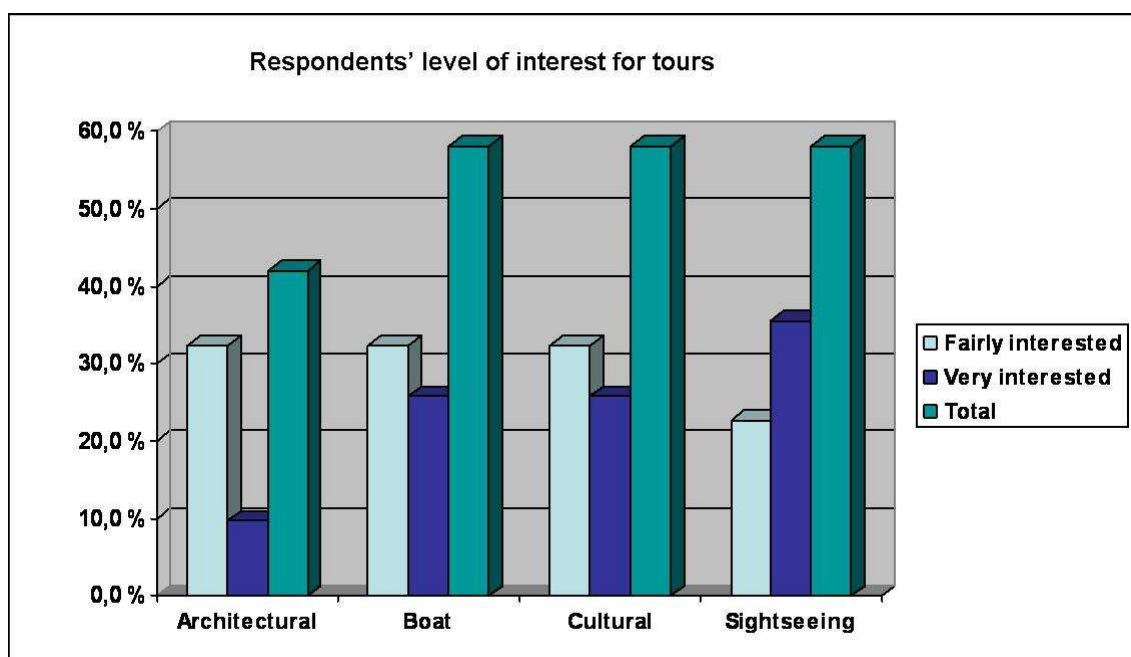


Figure 10 Respondents' level of interest for tours

The researcher was asked to investigate which tours are preferred by the respondents. The purpose of this was to determine which tours InterAxionsPlus should promote on its website and in newsletters. The results show that boat sightseeing tours, cultural tours and sightseeing tours are equally popular as 58 % of respondents expressed their interest in each of these three options. Architectural tours were notably less popular as only 42 % of respondents said that they were interested in such tours.

As a conclusion it can be said that InterAxionsPlus should continue offering boat tours, cultural tours and sightseeing tours while less emphasis should be put on promoting architectural tours. Focusing on a smaller set of tours would also ensure that every tour is of high quality. As can be seen in Figure 9, respondents value quality of services over the range of services which further indicates that InterAxionsPlus should choose a few main tours and concentrate on perfecting them.

The results presented in Figure 10 indicate that InterAxionsPlus should focus on creating team building-related incentives as over 70 % of respondents expressed their interest towards these incentives. Another notable factor is the high number of respondents choosing the option “very interested” over “interested”. In other categories respondents who chose the option interested clearly out-number the ones who chose the option “very interested”.

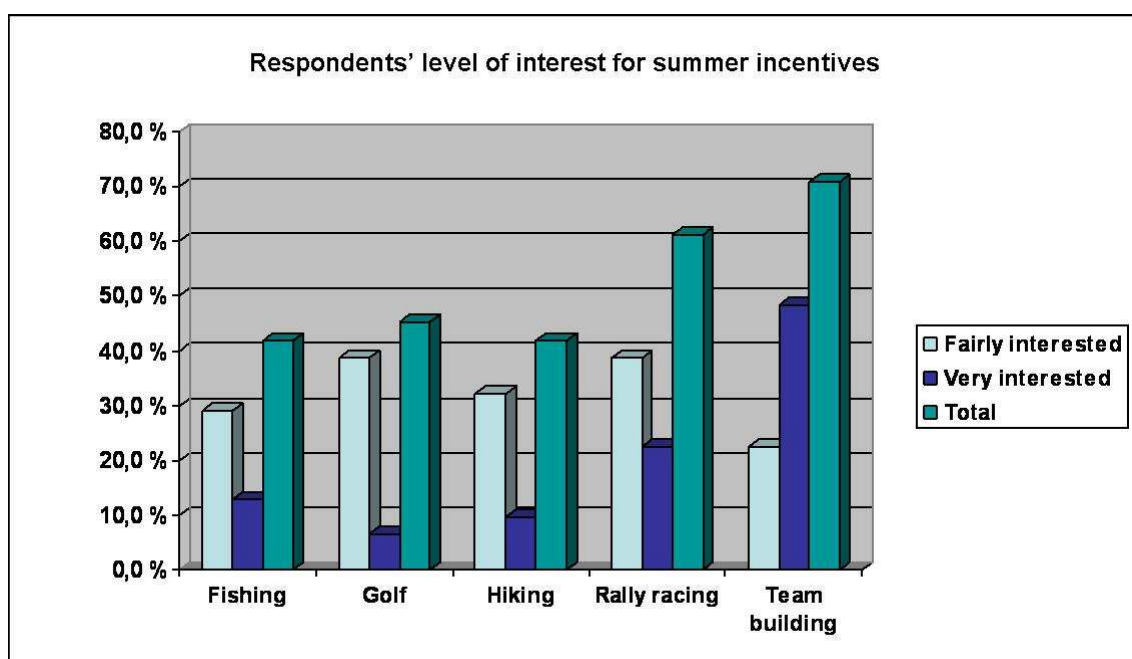


Figure 11 Respondents' level of interest for summer incentives

Recent researches conducted by IMEX have shown that companies are more interested in participative incentives than in activities such as theatre or museum visits. 61.3 % of respondents were interested in rally racing, making it another highly popular summer incentive. InterAxionsPlus should take this into consideration despite the fact that a majority of respondents organized meetings and incentives for rather large groups as can be seen in Table 17. Organizing rally racing for large groups may be challenging but offering the incentive to a smaller group would be recommended.

In contrast fishing, golfing and hiking were not as popular as team building and rally racing incentives. Less than 50 % of respondents expressed their interest in each one of these three incentives. InterAxionsPlus should not neglect hiking and fishing as Finland offers a good basis for these incentives. Also Finnish clients may be more interested in golfing than foreign clients because countries such as Spain and Portugal can offer better golfing facilities than Finland.

Winter incentives were slightly more popular than summer incentives, as is illustrated in Figure 11. This may be because incentives such as reindeer and snowmobile safaris are exclusive to Northern European countries. A majority of respondents are located in countries such as the Netherlands, Spain and the United Kingdom where winter incentives are not available. The snowmobile safari was the most popular winter incentive with an impressive interest level of 71 %. As a result it can be said that InterAxionsPlus should create different snowmobile-related incentives and promote them through newsletters.

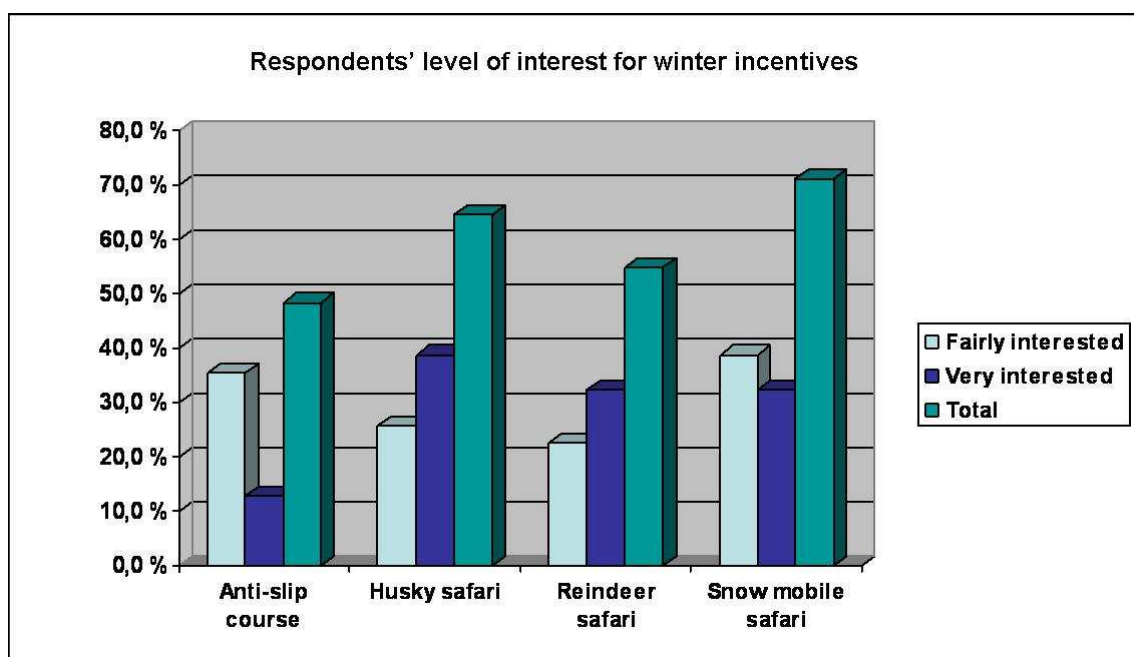


Figure 12 Respondents' level of interest for winter incentives

64.5 % of respondents expressed their interest towards husky safaris, making it another popular winter incentive amongst respondents. In contrast, reindeer safaris and anti-slip course incentives were not as popular. The interest level for reindeer safaris was 54.8 % and therefore InterAxionsPlus should consider further promoting these

incentives. However, anti-slip course incentives were less desirable to respondents and as a result these incentives should not be included in the marketing newsletters.

6.2 Recommendations

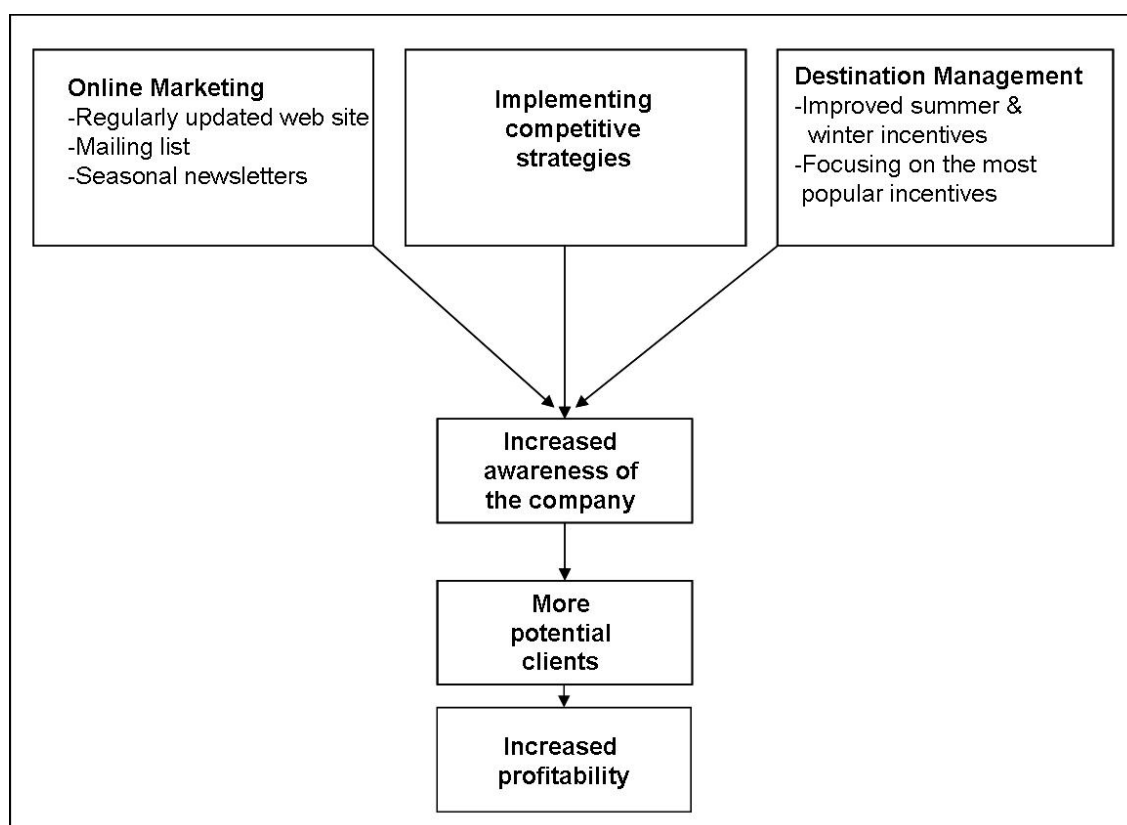


Figure 13 The results framework

Firstly, it is recommended that InterAxionPlus' web site is updated on a monthly basis as an out-dated web site may affect the company's image. Helena Kuulkers states that InterAxionsPlus offers high-quality services and therefore it is crucial that the web site is always up to date. The company's web site does not currently have a section for updates but it could be added easily. Information regarding updates and new incentives or tours could be presented in the news section or on the front page.

InterAxionsPlus' management is creating new incentives but promoting them has been a challenge. It would be recommended to create a mailing list, to which potential clients can subscribe. The subscribers would receive information regarding updates and other news via e-mail 4-6 times a year. The company could start dispatching newsletters on a seasonal basis as it offers different incentives depending on the season.

For instance, a newsletter regarding summer incentives could be sent to subscribers very early in the spring since companies often book their journeys several months in advance. Creating an extensive mailing list will require plenty of time but one should be created in order to be able to fully utilize online marketing methods presented in this case study.

The popularity of winter-related incentives indicates that InterAxionsPlus should start co-operating with Lappish companies more closely. Building a long-term relationship with a local Lappish DMC or an incentive producer would ensure that InterAxionsPlus is always able to provide high-quality winter incentives in Lapland. InterAxionsPlus should be able to provide high-quality services in Lapland despite the physical location of the company, as Northern Finland is still the most popular destination for incentives.

The popularity of winter incentives can be utilized in online marketing as well. The amount of sent newsletters per season could be higher during the winter season while less popular seasons such as spring would require less attention. InterAxionsPlus should make sure that it does not dispatch newsletters too often as potential clients could consider such e-mail messages unwanted junk mail. However, it should be remembered that newsletters should not be solely dedicated to advertising incentives and there should not be any prices. InterAxionsPlus' web site contains examples of incentives without prices but it would be recommended to provide approximate prices on the web site instead of newsletters.

Finally, the company should also focus on relationship marketing as word-of-mouth is one of the most effective marketing methods. This is indicated by the research results as almost 30 % of respondents discovered the DMC they used via colleagues and acquaintances. InterAxionsPlus' management should continue attending travel industry-related exhibitions abroad to further increase awareness of the company. Furthermore, the company's mailing list address should be added to the business cards as this would be an easy way to promote the newsletter face-to-face. The possible effects of the recommendations are presented in Figure 13.

6.3 Conclusions

The main objective of this thesis was investigating different methods how a small company such as InterAxionsPlus can create a competitive advantage over its competitors

through online marketing. The case study should provide a strong theoretical basis for online marketing and all presented ideas are inexpensive and can be executed easily. However, it is too early to say whether the recommendations presented in this thesis will be effective or not due to the current global economic crisis which has affected the whole industry. The results of this case study will be seen at earliest during the winter of 2010 as most companies have already made their decisions regarding next summer.

LIST OF REFERENCES

- Boxberg, M. Komppula, R. Korhonen, S. Mutka, P. 2001. Matkailutuotteen markkinointi- ja jakelukanavat. Helsinki: Edita Publishing Oy
- Bradley, F. 2005. International Marketing Strategy fifth edition. England: Person Education Limited
- Canzer, B. 2003. E-Business: Strategic Thinking and Practice. Cincinnati: South-Western College Publishing
- Fletcher, R. Bell, J. McNaughton, R. 2004. International E-Business Marketing first edition. 2004. Cengage Learning Business Press
- Ghuri, P. & Grønhaug, K. 2005. Research Methods in Business Studies: A Practical Guide third edition. Great Britain: Pearson Education Limited
- Gordon, W. & Langmaid, R. 1994. Qualitative Marketing Research. Great Britain: Gower Publishing Ltd
- Hague, P. & Jackson, P. 1999. Market Research: A Guide to Planning, Methodology and Evaluation second edition. Great Britain: Kogan Page Publishing Books
- Haig, M. 2001. The B2B E-commerce Handbook. Great Britain: Kogan Page Publishing Books
- Kotler, P. & Armstrong, G. 2008. Principles of Marketing 12th edition. United States of America: Pearson Education Inc.
- Season, A.V. & Bennett, M.M. 1996. The Marketing of Tourism Products: Concepts, Issues and Cases. International Thomson Business Press
- Internet Sites
- Association of Destination Management Executives 2009. [WWW-document]. <<http://www.adme.org/dmc/what-is-a-dmc.asp>>. (Accessed on 10 March 2009).
- InterAxionsPlus Oy 2009. [WWW-document]. <<http://www.interaxionsplus.com/company/about-us>>. (Accessed on 12 February 2009).
- SITE Chapter Finland 2009. [WWW-document]. <<http://www.site-finland.fi/jasenluettelo.html>>. (Accessed on 15 March 2009).
- Unpublished Sources
- Kuulkers, Helena. 2009: Interview with managing director, 13 February 2009. InterAxionsPlus Oy, Helsinki

FIGURES

Figure 1 Structure of the thesis	8
Figure 2 Constraints of international marketing of services	10
Figure 3 Contact and customers served	11
Figure 4 Contact and tangibility in international marketing services	12
Figure 5 Creating competitive advantage.....	22
Figure 6 Theoretical framework of the thesis	36
Figure 7 The marketing research process.....	36
Figure 8 SWOT analysis of InterAxiomsPlus.....	41
Figure 9 Most valued characteristics of DMCs	56
Figure 10 Respondents' level of interest for tours	58
Figure 11 Respondents' level of interest for summer incentives.....	59
Figure 12 Respondents' level of interest for winter incentives	60
Figure 13 The results framework	61

TABLES

Table 1 Department in which respondents belong	44
Table 2 Respondents' most often organized events.....	45
Table 3 Respondents' level of interest for architectural tours	45
Table 4 Respondents' level of interest for boat sightseeing tours.....	46
Table 5 Respondents' level of interest for cultural tours	46
Table 6 Respondents' level of interest for sightseeing tours	47
Table 7 Respondents' level of interest for boat sightseeing tours.....	48
Table 8 Respondents' level of interest for fishing incentives	48
Table 9 Respondents' level of interest for golf incentives.....	49
Table 10 Respondents' level of interest for hiking incentives	49
Table 11 Respondents' level of interest for rally racing incentives	50
Table 12 Respondents' level of interest for team building incentives.....	51
Table 13 Respondents' level of interest for anti-slip course incentives.....	51
Table 14 Respondents' level of interest for husky safari incentives.....	52
Table 15 Respondents' level of interest for reindeer safari incentives	52
Table 16 Respondents' level of interest for snow mobile safari incentives	53
Table 17 Respondents' usual group size for meetings and incentives	53
Table 18 Respondents' frequency of participating in conferences and organizing incentives	54
Table 19 How frequently respondents use DMCs when organizing meetings abroad ..	55

Table 20 Respondents' level of satisfaction in services provided by DMCs.....	55
Table 21 How the chosen DMC was discovered.....	56

APPENDICES

Questionnaire	67
---------------------	----

Questionnaire

Thesis survey for Laurea Polytechnic

1) Name of your company

2) Your position / title in the company? Please answer freely.

3) Which department do you work at? Please choose one option.

- Sales / Marketing Department
- Meeting / Event Department
- Management

Other, what?

4) What kind of events do you mainly organize in your company? Please choose one option.

- Company dinners
- Exhibitions
- Incentives
- Meetings

5) What kind of places / sights do you find the most interesting when arranging meetings and incentives? Please answer freely.

6) How interested are you in the following tours?

1 = Very interested, 3 = No opinion, 5 = Not interested at all

	1	2	3	4	5
Architectural tour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Boat sightseeing tour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cultural tour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sightseeing tour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7) How interested are you in the following summer incentives?

1 = Very interested, 3 = No opinion, 5 = Not interested at all

	1	2	3	4	5
Fishing <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Golfing <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hiking <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rally racing <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Team building <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8) How interested are you in the following winter incentives?

1 = Very interested, 3 = No opinion, 5 = Not interested at all

	1	2	3	4	5
Anti slip course <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Husky safari <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reindeer safari <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Snow mobile safari <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9) For how many persons do you usually organize meetings / incentives? Please choose one option.

- 1-20
- 1-49
- 1-99
- 1-199
- 200 or more

10) How often does your company organize meetings / incentives or participate in conferences abroad? Please choose one option.

- More than 3 times a year
- 1 or 2 times a year
- Occasionally / once every few years
- Never

11) If you have organized meetings or incentives abroad, have you used services of a local destination management company / professional conference organizer?

- Our company always uses local destination management companies or professional conference organizers
- Our company has sometimes used local destination management companies or professional conference organizers
- Our company always arranges meetings and events itself, even abroad
- Our company has not organized meetings abroad

12) If your company has used the services of a local destination management company / professional conference organizer, how satisfied were you with the service received? Please choose one option.

- Very satisfied
- Fairly satisfied
- Neither satisfied or dissatisfied

- Fairly dissatisfied
- Very dissatisfied

13) Which characteristics do you / would you value the most when choosing an outside destination management company / professional conference organizer? Please rank them 1 for the most important to 5 for the least important.

- a. Good reputation:
- b. Price:
- c. Quality of services:
- d. Range of services:
- e. Recommendation by others:

14) In your opinion, what is a good destination management company / professional conference organizer like? Please answer freely.

15) When you have used an outside destination management management company / professional conference organizer (abroad), where did you find out about the company?

- From advertisements
- From the web page of the company
- From some other web page e.g. web page of an association of meeting planners (SITE/MPI)
- From a friend/colleague/acquaintance
- From a magazine for professionals
- Our company has never used a DMC/PCO

Other source, what?

Thank you for participating in this survey!