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Developing a business plan for a travel agency

Case Company: Scandic Info

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Developing a business plan for a travel agency
Case Company: Scandic Info

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Business plan for a sole trader: a case study of Scandic Info

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The objective of this thesis project was to create a feasible business plan for a sole trading company in Finland. The company, Scandic Info, is specialized in the facilitation of travel-related issues for Chinese travel groups and business delegations, as well as other travel-related consulting services in the Nordic countries.

The main purposes of the study are to explain the process followed to establish the company in question and to determine whether this business plan is profitable. The authors hope to be able to attract potential investors to provide the start-up capital necessary to launch the business.

A qualitative research method was adopted in the research. The research methodology was implemented by collecting primary data and secondary data. As a main tool, individual in-depth interviews were conducted to analyze the research problem.

In conclusion, the primary data collected from the qualitative research indicates that this business plan is interesting enough to attract potential investors; the secondary data collected from literature sources hints that the case company's business plan is not only feasible and applicable, but also is potentially profitable if it is realized properly.

Key words Business Plan, Fesible, Profitable,

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1 Introduction

Chinadaily (China to be biggest source of outbound tourists, 2012) indicates that “China is widely anticipated to overtake Germany and the United States to become the world’s biggest source of outbound travelers by the end of 2012. The China Tourism Academy put the final figures at approximately 70 million overseas trips made by Chinese mainlanders in 2011, an increase of more than 20 percent from the 57.4 million trips taken in 2010. This year, it is predicted that about 78 million Chinese will travel overseas, and the consumption generated from outbound tourism will reach a relatively high record, which would be approximately \$80 billion.”

With Chinese rapid overseas travel market increasing, more and more Chinese leisure groups and Chinese business delegations aim to visit Nordic countries. The number of Chinese visitors to the Nordic countries is expected to reach about 600,000 in 2012 (Chinese cardholders get access to all Nordea markets, 2012). In order to accommodate and cater incoming Chinese groups more smoothly, the local travel agencies in Nordic countries owned by Chinese entrepreneurs become highly sought-after for Chinese travel agencies.

In order to take advantage of this business opportunity the authors planned to establish a travel consulting company. It is important to note that the authors, namely Bian Na and Sun Bo, are a married couple. The operation of a small-sized company, which could be defined more explicitly as a form of a sole trade for the couple intending to set up the business together, is an ideal option.

In addition, the topic was chosen because both authors have the same work experiences and educational backgrounds. The most important issue is that the authors are interested in being self-employed and they believe that running a travel consulting company is also a relatively challenging career alternative.

The theoretical sections of this thesis provide a framework for the empirical study. The concept of creating a business plan is considered as a tool, and the authors will follow this tool to draw the process of the establishment of the company step by step. Combined with the theories of marketing analysis, the authors will analyze the profitability of the company. Moreover, the authors also state certain rudimentary definitions of tourism because it will help the readers who are not familiar with tourism industry to understand the different classifications of tourists and the functions to be a travel consulting business.

The research problem refers to proving the profitability of the company. The research methodology was implemented by collecting primary data and secondary data. Gathering primary

data was conducted by personal interviews consisting of four representative samples of potential customers. Secondary data is collected from Internet, reports and literatures.

1.1 Purpose of this thesis

The main purpose of this thesis is to create a feasible business plan for a sole trade company that is specialized in operation of the travelling issue of Chinese personal traveling groups and business delegations touring in Nordic countries. The key concepts of most important issues will be discussed in this thesis are: establishment, profitability and how to attract potential investors.

The authors will mainly concentrate on the establishment of the company step by step. Combined with theories of business plan, marketing, financial analysis and fundamental concepts of tourism, the authors will discuss the profitability of this business plan in the chapter of empirical study. Hopefully, the business plan can attract potential investors to provide the start-up capital necessary to launch a business.

1.2 Research problem

Research often is motivated by a problem, and the main problem of this research is to evaluate whether or not this business plan is a profitable one for the case company.

However, how to justify whether this is a sound business plan, there are numbers of aspects need to be considered. For example, whether the company is able to offer efficient services to the customers, or whether the company has the solutions to treat the threat of the competitors, and how to define the profitability of the business.

1.3 Research approach

Basically, the Scandic Info, as a wholesaler, provides services for Chinese international travel agencies and Chinese association of external trade development. The form of commercial transactions in the beginning of establishing Scandic Info is business to business, which means that the business to business context decides the necessity to conduct a qualitative research methods rather than a quantitative one. When Scandic Info access into a maturity period of enterprise, and the owner accumulate a certain level of wealth, the commercial transactions would be extended further to the form of business to customer.

Moreover, Scandic info is a sole trade company, the authors have to control the costs of promotion in the beginning of establishing the company, so, conducting a qualitative research is hereby more costing-wise.

The authors selected four in-depth interviews with specialists of tourism industry. According to these interviews, and other primary data and secondary data, the authors provide marketing analysis, SWOT analysis and financial analysis.

1.4 Limitations of the research

The authors have realized the limitations of qualitative method before utilizing the research methods. Therefore, the authors selected certain relatively professional and representative personnel within the tourism industry as interviewees. The professional and related backgrounds of these interviewees can be summarized as, firstly, they all possess the working experience in related fields for over eight years; besides, they have been working as decision makers in their companies, thus the feedback from them could be sensed to be more reliable. Most importantly, their businesses are all involved in the tourism market in Northern Europe.

On the other hand, the authors had formulated the relatively systematic and structured interview questions and utilized them to replace those unstructured ones before the interview commenced. However, it is inevitable that there are still limitations with regard to qualitative methods. For instance, the authors only selected four interviewees, and also tried to contact the key staff from the China National Tourism Administration when selecting the interviewees with the expectation to obtain certain information and official data considered even more professional and reliable, but unfortunately the authors did not receive any feedbacks.

1.5 Framework of the thesis

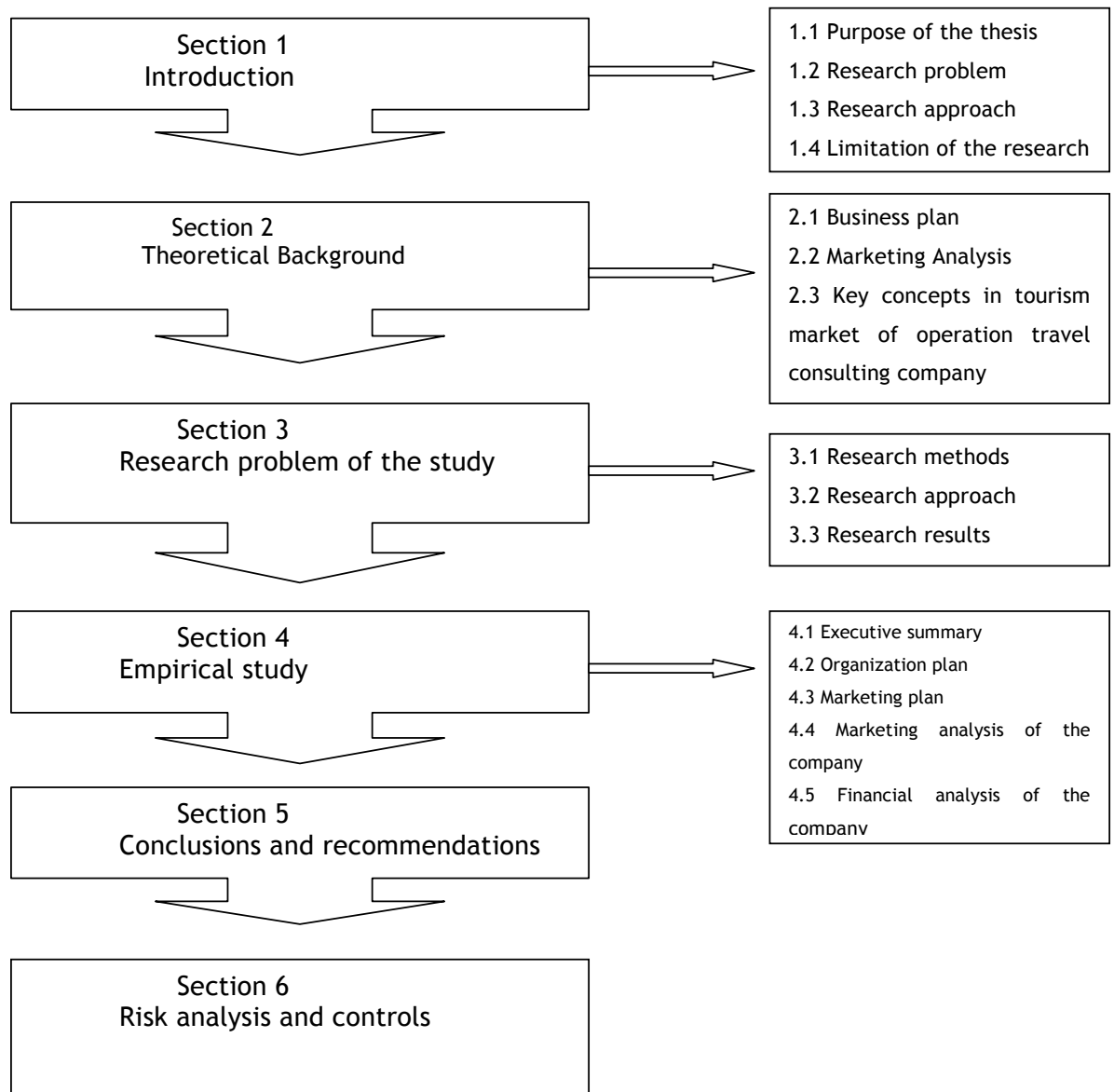


Figure 1 Framework of thesis

The thesis consists of seven sections, namely the introduction; theoretical background; research problem of the study; empirical study; risk analysis and controls, the conclusion and recommendations; as well as the theoretical linkage. The introduction states the purpose of this thesis, and a brief of research problems and approaches. The theoretical background focuses on the theoretical areas that are the fundamental of the empirical study. The conclusion and the recommendation will be present in the last two parts respectively.

2 Theoretical background

2.1 Business Plan

2.1.1 The basic concepts of business plan

According to Longenecker, Moore, Petty and Palich (2006, 105), the business plan is often considered a document outlining the basic idea underlying a business and describing related startup considerations. A business plan, more precisely, is an entrepreneur's game plan; it crystallizes the dreams and expectations motivating business owners to take the set-up plunge. The business plan should lay out a business owner's basic idea for the venture and include descriptions of where he or she is now, where he or she would like to be, and how a business owner intends to reach his or her destinations.

Business plan refers to a road map through the jungle of present business world. It shall guide entrepreneurs step-by-step through each aspect of the start-up processes. By accurately detailing a proposed company's market competition, strategies for implementation, and financial projections, the business plan reveals to the entrepreneur the clear direction to vast fortunes or, as the case may be, potential pitfalls or barriers to access.

The business plan is also considered significant in convincing potential investors to part with their hard-earned fortunes. Within the statement of the business plan, a potential investor would be enabled to clearly behold the company's purpose, philosophy, plan of action, expected challenges, and route for future success. (Sharma 1999, 113)

2.1.2 Elements of Business plan

A business plan generally consists of six sections including the executive summary, opportunity analysis, the organization plan, the marketing plan, risk analysis and the financial plan.

2.1.2.1 The executive summary

The executive summary functions as an introduction to the business plan offering a concise overview of the proposed business. It is able to highlight the most critical information that bankers and potential investors would like to obtain before investing in a new business. (Sellars 2009, 4)

There are more detailed questions with regard to what should be expound in the first of executive summary. What the business will do, to whom it will sell its products, and how the business will implement these processes, what the novelty value of a new entrepreneur's

business idea (i.e. what is new about it) would be and why customers would be interested in its product. Also, a brief introduction of expertise among the entrepreneurs and the employees, their educational backgrounds, work experience and their strengths and weaknesses must support the business's operations (Becoming an Entrepreneur in Finland, 2011).

2.1.2.2 The opportunity analysis

The opportunity analysis section provides readers with a review of the industry and competitor factors that will influence the prospective development.

In an opportunity analysis, the new entrepreneurs shall provide themselves with a relatively clear depiction of the industry and the competitive environment. For instance, entrepreneurs should discover that whether they would bring innovations (something new) to the industry, or whether company would possibly offer the same products or services as competitors.

Besides, a description upon the target customers is crucial in an opportunity analysis. It shall include the approximate quantitative numbers of them, where they are, on what basis they decide to make a purchase, what would the added values in the product or service would be for potential customers and what the customer problem or requirement is.

Most importantly, an opportunity analysis requires offering details of the number of customers in the product's market, the competitive environment and the prospects for future growth. The business owners should explain which market the company would like to target, such as a domestic market or a global one. What in an opportunity analysis should also be clarified is that whether or not the company is able to be extended to new markets later on, how this would happen and what obstacles there may be for entering the marketplace, including regulations, constraints, customs duties and other risk factors. (Becoming an entrepreneur in Finland, 2011)

2.1.2.3 The organization plan

The organization plan describes how a firm will be structured and organized, where it will be located, and what office or retail space it will occupy. A relatively successful organization plan comprises discussions towards numbers of key components, namely the company name, the form of ownership, the usage of outsourcing and the selection of a business location.

Considering the company name, Sellars (2009, 26) points out that an effective name for a business is very important because it can create a sustainable competitive advantage. A good name of a company should have these characteristics. First of all it shall be easy to be re-

membered and pronounced; then It should be as unique as possible versus names of competitors; It would also be required to present a relatively positive and favorable brand image for the firm; meanwhile It needs to communicate certain substances about the current and future nature of the firm; besides, It, if possible, should be designed visually to be distinctive, by utilizing a relatively unique font or graphic element and it should be available for a trademark or service mark.

When setting up a business, it is required to operate within one of three ownership structures including sole proprietorship, partnership, or corporation. A business owned by one person is a sole proprietorship. A partnership means a business owned by two or more people. Corporations are firms that have been granted sine of the same legal rights as a person by a state government and may require numbers of owners (Sellars 2009, 27) The authors attempt to operate the case company in a form of Sole proprietorship in the future, So, the next paragraph will emphasis this concept in depth. According to Sellars (2009, 28), Sole proprietorship is considered by far the most common form of the ownership. The owner must register a license from the city where the company is located. This type of company is easy to be formed and often does not require the assistance from an attorney. The owner enjoys all profits that may be earned. However, he or she is also highly liable towards any debts or legal claims against the business. Financing to launch and operate the business is limited to the resources of the owner or personal loans. Stock cannot be issued in order to raise capital.

Outsourcing is contracting with other firms that if a task needs to be preformed and it can be implemented more effectively, efficiently, or at a relatively lower cost. Outsourcing to professional advisors is currently quite common. There are some of the professional advisors that companies would hire for specific uses, such as attorneys who would be responsible for generating legal contracts; accountants preparing financial statements and government forms; bookkeepers who mainly focus on recording sales and expenses, paying bills, and conducting payroll; advertising agencies that generate ideas for public promotions and advertising, as well as to be responsible for designing and editing marketing brochures and schedule media (Sellars 2009, 29).

A business owner is required to possess a relatively acute sense in selecting a geographic location for the business, especially if it is a retail store, a restaurant, or a service that would possibly be visited and accessed by customers personally. However, location is not a significant issue for businesses that manufacture products or offer services that do not require any personal access from customers. (Sellars 2009, 35)

2.1.2.4 The marketing plan

Sellars (2009, 4) argues that “products or services that the firm will offer are outlined in the marketing plan. It also describes pricing, distribution, and promotion strategies of the firm.”

A successful marketing plan describes the product and service critically from the customer’s point of view. It will illustrate the features of the products and services compared to the competitors’, those features include the pricing strategies, competitive advantages, products’ and services’ usages and their weaknesses.

In a marketing plan, it is quite significant to figure out what marketing measures the owner of company would use to reach the customers and inform and convince them of the benefits of the product. Also, a marketing plan pays attention to how and in what way the potential customers will find the company. Besides, how a company’s owner would direct the advertising at specific customer groups needs to be discussed. In addition to that, considering what the look and name of the enterprise, amongst other things, say to the customer and what the enterprise’s brand comprises and how the company attempts to distinguish itself from the competitors, as well as how the company’s owner arrange the sales work are also critical in a marketing plan (Becoming an entrepreneur in Finland, 2011)

2.1.2.5 The financial plan

The financial plan outlines the calculations of investments, the profitability, sales and details concerning the assets and debts of the company in a financial period. It includes the investment calculation, profitability calculation and sales calculation (Sellars 2009, 4).

The investment calculation refers to a specific algorithm often used to demonstrate that the sources of funding and the expenditure requirements for the business in its initial stages. Expenditure requirements include those investments adopted to launch the business’s operations. Among other things, such as initial stock purchases, machines and real estate required for proceeding production, registration fees and security deposits, as well as working capital for a 3-month long period would be included in expenditure requirements. Under the provision of working capitals, an evaluation is made of those fixed costs including wages and salaries, rental, insurance, bookkeeping, etc. The fixed costs are required to be paid even when the business does still not generate sufficient sales to cover costs. For this reason, working capital is added to investment requirements for the initial stages. In addition, in the funding calculation, the sources of funding are shown for an amount equal to the investment sum; the sources of funding should cover the expenditure requirements. The sources of funding may include shareholders’ equity and property offered as a capital contribution, loans, business

subsidies and external equity investments (Becoming an entrepreneur in Finland, 2011). What needs to be remembered, to an entrepreneur, is that business startup funding should not be sensed as one of these sources of funding as it is intended for the entrepreneur's own subsistence (Becoming an entrepreneur in Finland, 2011).

The profitability calculation could be adopted to offer evaluation towards where the break-even position (critical point) arises for a given price level and profit margin, as sales volume is changed. This can be utilized to discover whether a sales target is realistic. The sales target (net sales) can also be calculated as a monthly, weekly or hourly sales target. Optionally, it is also possible to analyze whether it may be worthwhile to modify the margin and sales price, if the sales volume seems unrealistic. Thus, a simple sensitivity analysis can be generated, simply to show how big an effect there is on the profit forecast if the price is altered (Becoming an entrepreneur in Finland, 2011).

In the sales calculation, the minimum invoiced sales target indicated by the profitability calculation could be apportioned amongst a number of client groups. This makes it easier to assess the importance of the customer relationships; any discounts and variable costs for products being sold should be taken in consideration (Becoming an entrepreneur in Finland, 2011).

A business's activities are subject to all kinds of risks. It is quite critical to a business owner to implement analysis on the business's risk factors in the short- and the long-term. The main objectives of a business risk analysis is to figure out how the company's owner will acquire a key person to commit to the business and what will happen if he or she determines to leave and whether this business idea's features could easily be duplicated. (Becoming an entrepreneur in Finland, 2011)

2.1.3 Benefits of a business plan

Setting up a business always requires a well designed and researched plan at the very first place. According to Annie Rose (Business plans- Add values to your organizations, 2012), numbers of benefits of a well designed and crafted business plan are able to be defined. In her opinion, business Planning enables the enterprise to identify objectives and goals clearly. The company formulates objectives after discussing thoroughly with superiors, colleagues and subordinates. These objectives help the firm to achieve stability of business and maximize its profit. Meanwhile, business planning helps to circumvent piece-meal approach and to obtain integrative approach, and also to view the organization in total rather than department wise. In addition to that, a business plan aims at the long-term plan rather than short-term plan and by which integrates the enterprise's plan with the national plans and priorities.

In a business plan, certain factors like the environmental factors or technological factors influence the business plan significantly would be taken into consideration. Considering the technological factors, technology has been upgraded continuously. The changes in technology are key driving forces, resulting in high technology. Considering the environmental factors, the phenomenon such as liberalization, privatization and globalization not only brought significant changes in the economy, but also they have enhanced the competition. This resulted in tough rival status mainly between domestic and foreign enterprises. (Business plans- Add values to your organizations, 2012)

2.2 Marketing analysis

2.2.1 Target market

In general, a target market refers to a selected market consisting of different chosen segmentations of clients that a company has decided to serve. The selection of target market is based on the analysis of market segmentation. In a same target market segment, customers possess similar individualities and are supported by a single marketing mix strategy developed to fulfill those requirements. (Jobber 2010, 261)

A target market is able to be considered a specific group of people that entrepreneurs decide to be part of their customer base. These projections are based on both demographic and market researches conducted with a large number of sample groups. There are several factors need to be considered in determining a target market. In case of helping to comprehend how a target market is developed, entrepreneurs would be required to study examples of target markets. (Examples of a target market, 2012)

2.2.2 Marketing Mix

“Marketing mix is a general phrase which describes the different kinds of choices organizations have to achieve in the whole process of bringing a product or service to market.” (The marketing mix and 4 Ps, 2011)

Professor E. Jerome McCarthy in Michigan (Cohen 2006, 54) summarized many controllable elements under only four categories, each beginning with the letter “p”: package (product), price, promotion, and place (Distribution). These four categories of controllable marketing variables are known as “the four Ps”.

The marketing mix is described in the following figure:



Figure 2 Marketing mix (Source: The marketing Mix 2010)

These four Ps are the parameters that the firm can control, subject to the internal and external constraints of the marketing environment. The purpose is to make a decision that centralizes the four P's on the customers in the target market in order to create perceived value and generate a positive response (The marketing mix, 2012). The 4 Ps comprise the package (product), price, place (distribution) and promotion.

Concerning the definition of the package (product), in the case of consumer package goods, retail, and business to business companies, the product refers to a tangible object which is merchandised to customers. On the other hand, the product takes the form of some invisible offering in the service business. For example, future benefits or future promises (Hiebing Jr. & Cooper 2003, 214). There are three fundamental actions could be implemented with any product. The product can be introduced and presented into the marketplace, it is able to be changed or modified, and it can be taken back. Each option can be the best in different conditions. (Cohen 2006, 55)

Price is one of the rudimentary components in marketing mix, and it could be considered also as one of the most difficult elements for which to develop a plan (Hiebing Jr. & Cooper 2003, 233). To entrepreneurs, when introducing a new product or service into target market, three

fundamental pricing strategies could be followed based on the different conditions in specific business scopes. These three basic pricing strategies are penetration pricing, meet-the-competition pricing and price skimming (Cohen 2006, 55)

According to Cohen (2006, 55), Penetration pricing refers to a pricing strategy enabling the business owner to enter the market with a relatively low price and ultimately the market shares as large as possible.

Meet-the-competition pricing involves introducing a product or service at about the equal as that of its competitor. If this strategy is used, the differences of product should be performed in some other ways, Such as higher quality or better services (Cohen 2006, 56).

Price skimming refers to pricing a new product at a relatively high level of price. Skimming is continually adopted when a new product or service is in the marketplace at the first time. For example, computers, when first to market, were frequently priced with high price. For one, it was because of the cost of components and labor. For another, it was because of the non-existence of the competition in the marketplace. (Cohen 2006, 56)

Place often refers to the location where the products are shown and can be sold or purchased. The method of buyers purchasing products can be divided into tangible markets and intangible markets (Marketing mix - meaning and its elements, 2012). Place also could be defined as the transmission of products and services from the manufacturer or seller to the user or buyer (Hiebing Jr. & Cooper, 2003, 247). In Cohen's opinion (2006, 57-58), place as a element of marketing mix, refers to the channel and distribution strategies to support the business operation in the target market. There are six basic channel alternatives to consider, including the direct or indirect channel, single or multiple channel, length of channel, type of intermediaries, number of distributors at each level, and which intermediaries to use.

According to Hiebing Jr. and Cooper's opinion (2003, 264), promotion refers to an activity or a strategy which is offering motivation above and beyond the product's inherent features and profits to stimulate incremental purchase or association with the product over the short run. Promotion provides added incentive, encouraging the target market to perform some incremental behavior. The incremental behavior results in increased short-term sales and/or an association with the product (e.g., product usage or an event-oriented experience).

Promotion incentives can be divided into four major areas, namely the price incentives referring to some type of savings off of the original price of the product; the product that functions as a sample of the product; the merchandise or gift, which can be considered to be the opportunity for customers to receive added goods or bonus; and an experience, which means

that in certain special events , such as contests, parities or other promotional activities, there is always a chance for customers to win a reward (Hiebing Jr. & Cooper 2003, 264-265).

2.3.2 SWOT analysis

SWOT analysis aims to analyze the strengths, weaknesses, opportunities and the threats of the company on both internal and external circumstances. It enables the company to estimate the strengths and weaknesses in the context of the opportunities and the threats. A SWOT analysis comprises the analysis of the firm which concerns internal elements, the market analysis that involves both internal and external elements, the product, portfolio and matrix analysis on internal and external elements, as well as the analysis of general external environment. In order to conduct a SWOT analysis, the first step is to define and list respectively the strengths, weaknesses, opportunities and threats. Only important factors should be included and listed according to the degree of significance. After the analysis, the outcome could be utilized within the business plan (Graham 2004, 85-89).

2.3 Key concepts in tourism market

2.3.1 Typology of tourists

Tourists can be classified into various categories on the basis of motivation behind travel, purpose of travel, number of tourists, and geographical areas of the visits. According to the motivation behind travelling to a specific destination, tourists can be grouped in mainly eight different categories including recreational tourists, pleasure tourists, business tourists, educational tourists, health tourists, religion tourists, relatives tourists and cultural tourists.

Recreational tourists defined tourists who wish to liberate from the boisterous public sphere of urban life to access to a tourist destination to rest, rejuvenate, and refresh physical and mental vitality. Pleasure tourists defined those who would like to spend their holidays experiencing a change of climate, beholding something new, enjoying natural scenic beauty, spending time on a crowded beach and undertaking adventure sports for a thrilling experience. Often Business tourists are corporate mainly executives, political representatives, academics, and government officials attending conferences, conventions, symposia, and meetings, and these activities lead to the creation of opportunities for the promotion of business tourism. Educational tourists are consisting of teachers, students, researchers, and scholars visiting educational institutions for exchange programmes and for pursuing higher studies. Health tourists defined tourists who travel to spa and ayurvedic treatment centers or any other modern health care facilities for treatments, refreshment, and any other medical purposes. Religion tourists defined people with a primary motive of visiting religious places or shrines for fulfillment of their religious needs in life. People with the basic need for meeting friends and

relatives called visiting friends and relatives tourists. Cultural tourists defined people with an interest in learning and experiencing the features of culture and heritage (Swain & Mishra 2012, 13).

2.3.2 Functions of travel agency

According to Swain and Mishra (2012, 272), the operation of each travel agency is based on the scope of its activities, scale of business, and the size of its organization. The functions of travel agency are defined generally into five major categories, including providing travel information, preparing and arranging itinerary, purchasing and issuing tickets of public transportations, implementing accommodations and reservations, and also coordinating the purchasing of the travel insurance.

Providing travel information is the primary function of a travel agency. Up-to-date, accurate, and timely information regarding destinations, modes of travel, accommodation, sight-seeing, shopping, immigration, passport, visa, custom clearance, procedures for health and security rules, and restricted area permits are collected, arranged, stored, and shared with customers and principal service providers (Swain & Mishra 2012, 272).

Preparation of itinerary, packaging, and costing is also the function of a travel agency. Tour itinerary generally contains the terms and conditions, dos and don'ts, and services that are included and excluded. The itinerary guides tourists for undertaking safe and comfortable travel. In order to keep the view preferences of target customers, the travel agency prepares customized and readymade packages. There are different factors like modes of travel, client choice, income, age group, country, and region that determine the level of sales of the packages. Costing is also another major function that includes various elements of cost in package tours (Swain & Mishra 2012, 272).

Issuance of tickets is a traditional function of the travel agency and it used to be a major source of income of the travel agency. A travel agency sells air, train, cruise, and bus tickets to clients. And they also reserve, cancel, and deliver the tickets (Swain & Mishra 2012, 272).

Accommodation reservation is a major function of a travel agency. A travel agency reserves rooms, conference halls, restaurants, bars, and meeting rooms on the request of clients and makes advance payment if it is a bulk booking; payment is settled periodically (Swain & Mishra 2012, 272).

Travel insurance protects tourists against personal and baggage loss. Insurance is the subject matter of solicitation and travel-related insurance products are high on service excellence with world-wide coverage and are a great value for money (Swain & Mishra 2012, 272).

3 Research problem of the study

3.1 Research methods

The authors will adopt qualitative research methods in the thesis. Primary research and secondary research are included in the qualitative research methods for the research questions.

The database of this study is secondary data of competitors collected from internet to analyze the case company's market position. The research approach is face to face interview. The aim of the research is to analyze market strategy by conducting a SWOT analysis of the case company. Moreover, this research also aims to evaluate the strength. A business service structure that would distinguish the business from other competitors will be created based on this research.

Primary research is showed in this thesis by the results from four interviews between authors of the thesis and managers from different travel agencies. Interviews were conducted by oral questions and documented in the form of paper files by the authors. It can be found in research process section of the thesis. There were six interview questions prepared by the authors and they were all utilized during the whole process of all interviews. Interviews were conducted orally in Chinese but documented manually in English. The answers from the interviewees are related to the business plan directly.

The reason why authors would like to utilize interview as the research approach (primary data) is that the business concept of the company is business to business instead of business to customers. The company is a relatively small company in the market. The company does not have enough budgets for advertising and promotion to create a relatively high level of awareness in order to attract numbers of customers. In this case, authors decided that they would like to set up a sole trade company in the context of "business to business", which means that they will cooperate with other bigger travel agencies offering similar products and services as the case company to acquire more customers. In doing so, they will be able to turn the competitors into partners. It will be reflected in marketing analysis section in this thesis (SWOT analysis).

The purposes of the interview are to discover whether or not, to those Chinese local travel agencies, the concept of establishing a sole trade company in Finland and being their partner

is interesting enough; to create opportunities to decrease the amount of competitors in the market therefore increase customers for the company; to figure out why there is a possibility that certain big travel agencies in China might refuse to cooperate with small travel agencies.

3.2 Research approach

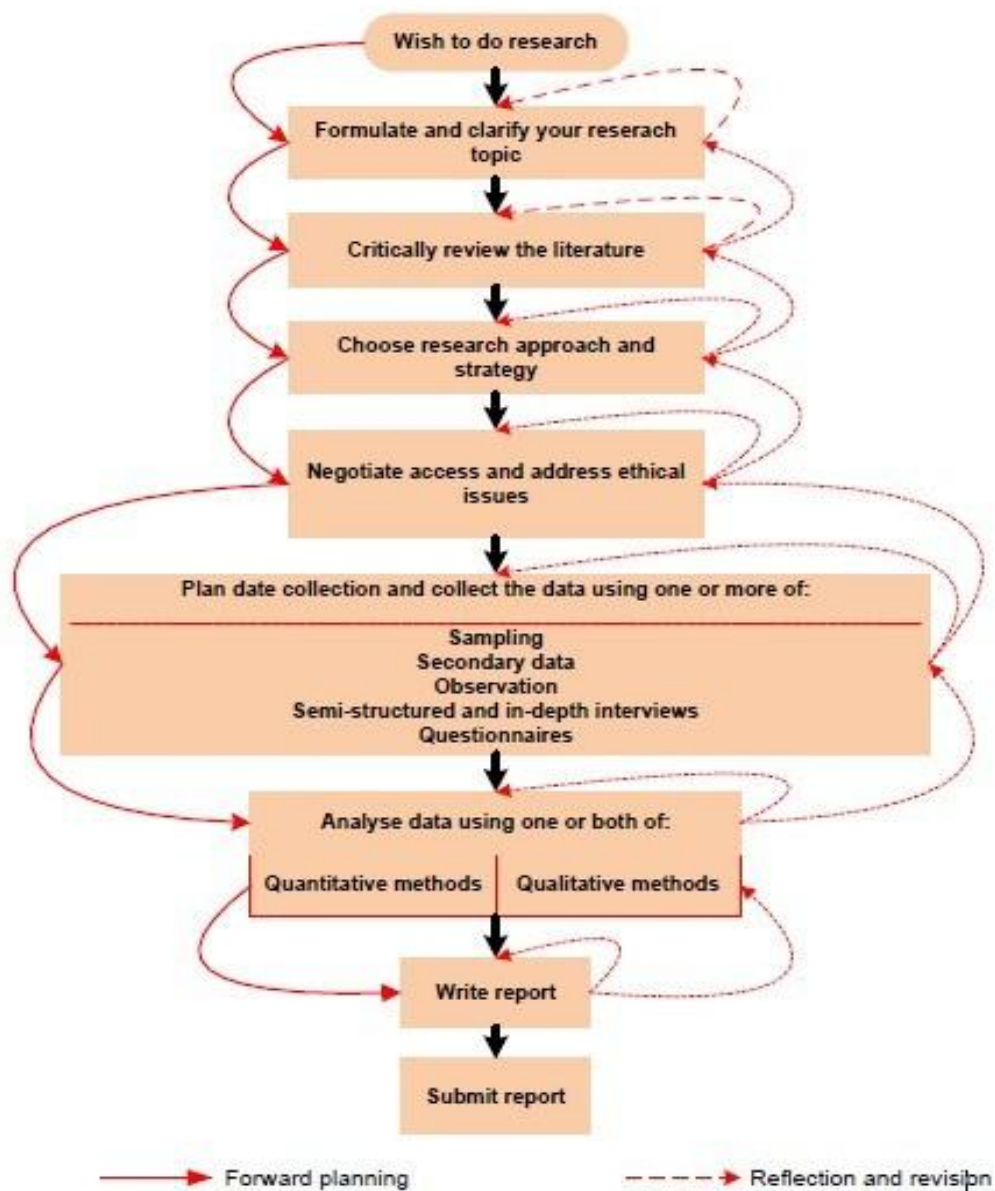


Figure 3 the research process

(Source: Mark Saunders, Philip Lewis and Adrian Thornhill 2003)

The figure presented above shows the process of business research. The first process begins with the wish to conduct the research, and then the researcher would formulate and clarify the research topic. The third step refers to the literature reviewing and choosing the strategy

of research approach, after this it needs to be negotiated towards access and address ethical issues. Planning data collection and collecting the research data can be implemented afterwards, which includes: sampling; secondary data; observation; semi-structured and in-depth interviews and questionnaires. The authors will choose in-depth interviews in this case of study, so that qualitative methods were used as analyzed data in the thesis.

“Conducting in - depth interviews is a method that provides more information with a relatively low level of budget without many of the limitations focus groups can impose. One - on - one in - depth interviews should be considered more often by researchers for a number of critical reasons, and these reasons are more quality; more quantity; more depth; more representation; more efficiency and more value.” (Aaker et al. 2000, 188)

3.3 Research process for the business plan

The authors prepared six questions in the interview. Questions are all related to the tourism market nowadays. Authors invited four interviewees for the interview. Three interviewees are from three different big travel agencies in China one interviewee is from Tian Jin enterprises association for foreign economics and trade. They explained the current situation of the Nordic tourism market for Chinese potential customers and how it will further develop in their expectations. The authors also questioned the possibility to create a cooperating relationship for the case company with those big travel agencies where interviewees come from and they showed a relatively high level of interest towards the business plan formulated by the authors.

3.3.1 What are individual in-depth interviews

Individual in-depth interviews are interviews mainly conducted face-to-face with the respondent, in which the subject matter of the interview is explored in details. There are two rudimentary types of in-depth interviews. They are nondirective and semi structured, and their differences lie in the amount of guidance the interviewer provides (Aaker et al. 2000, 187).

3.3.2 The process of interview

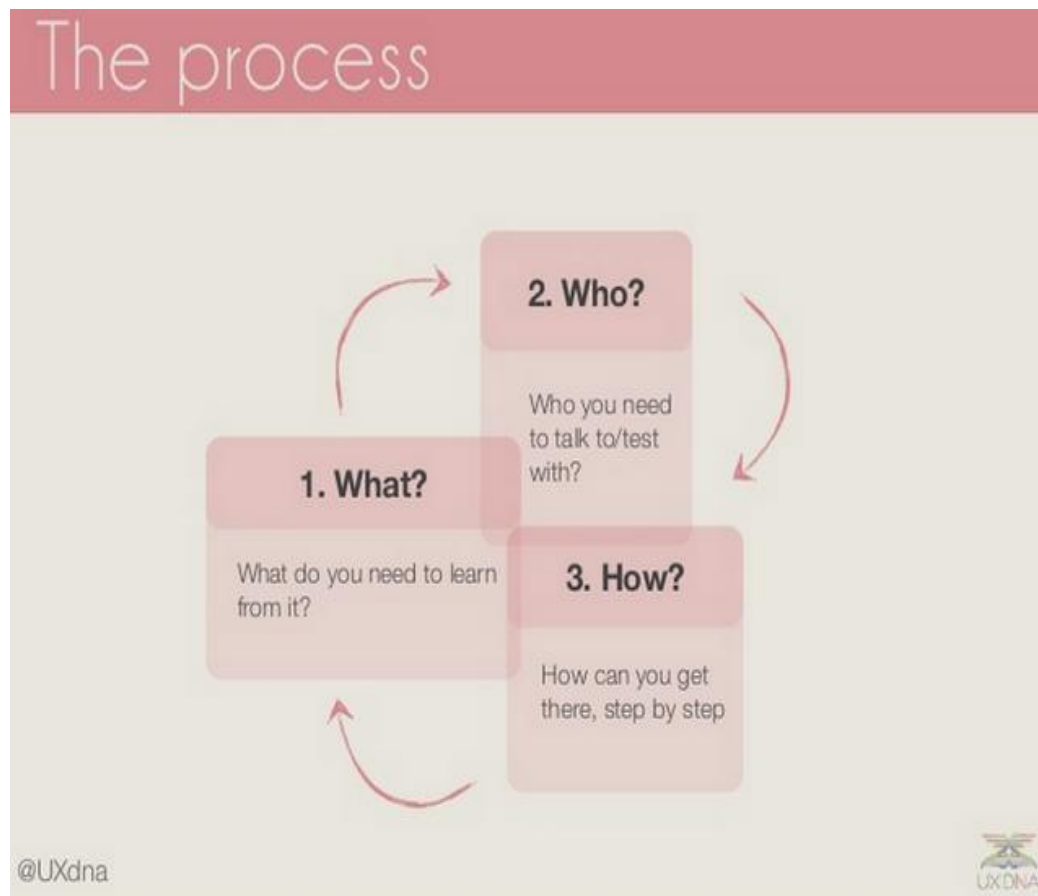


Figure 4 Interview process

The above figure presents the process of the interviews. Normally, it consists of three main parts in the process. Firstly, to define, for the interviewer, what the expected information would be from interviewees. Thus, prerequisite research on interviews is important and highly required. Secondly, it is required to define the targeted group of interviewees in the interview, normally the interviewees invited shall be highly professional and considered as experts within the field related to the subject of the interview. The third part is the body of the process, which refers to how to properly conduct the interview step by step. It includes how interviewers shall prepare the questions before the interview, what methods could be for interviewers to adopt to ask the questions in the interview, how interviewers accentuate the main point step by step through the interviewing process. Three parts of the process are interacting and linked.

4. Empirical study

4.1 Research results

Anyone planning a career in business should understand what marketing research can do. Every day, marketing managers are required to implement decision makings. Effective decision making depends on quality input. Also marketing research plays a critical role in translating data into applicable information. Any business seeking an edge in attracting and retaining customers in competitive market environments turns to marketing. (Gilber et al. 2005, 5)

Interviews indicate that Chinese travel agencies are highly interested in cooperating with local Finnish travel agencies. Because Finnish travel agencies are able to easily establish contacts, arrange business trips, and organize Chinese enterprises to participate in exhibitions in operating industries. It will be a win-win situation if the authors' company will build a cooperating relationship with big travel agencies from China.

The most important reason why Chinese travel agencies would like to cooperate with the authors' company refers to time and geographical advantages. Firstly, there is no time and place differences between authors' company and tourist groups touring in Nordic countries, by this authors mean, the case company is able to solve customers' problems as soon as possible in case of emergency so that customers do not need to call back to China. Secondly, as a local Nordic travel agency, the case company is able to access certain essential tourist information quickly and more easily. It is able to contact local restaurants, hotels and transportation companies immediately without any language barriers. Thirdly, Chinese travel agencies could also minimize their costs on human resources, information access and transportations by cooperating with the case company instead of using their own tourists guide (they are probably not as familiar as local tourist guides are with Finnish culture, people and places; they also need to spend money on airplane tickets and accommodations if they travel with the customers).

In conclusion, the prospect of establishing cooperation with Chinese travel agencies is optimistic.

4.2 Executive summary

4.2.1 Overview of the purposed business

With the increase of the market demands, Scandic Info determines to become a travel consulting company to provide professional tourism consulting services towards Nordic countries for certain Chinese international travel agencies, multinational travel suppliers and travel

sellers. The owners of Scandic Info possess specialized knowledge of business management and ideal working experiences on tourism. In addition, accumulated network of the customers will also be helpful for the development the case company.

Scandic Info will be established on 31st January 2013 to bring a variety of forms of services, either single or in combination. Scandic Info not only functions as a conventional travel agency providing package tour, transportation tickets, travel insurance and travel documents supports etc, but also operates as a relatively innovative consultant agency to offer services such as tourism commodities consultancy, promotion of Nordic Hi-end tourist products and so on. However, in the early stage to set up a new business, Scandic Info will operate in B-to-B context.

The case company expects to reach the estimated sales of EUR 30,360 in the first year. More information about the financial issues of the business will be presented on chapter 4.5, namely the financial analysis of the company.

4.2.2 The authors' educational backgrounds and working experiences.

Right after completing a diploma in international business in China in 2005, one of the authors, namely Ms. Na Bian, started to work in Viking Tour, which is the general agency of Viking Line in China. The company's main business scope refers to the sale of Viking Line tickets and the reception of Chinese business delegations travelling to Nordic countries for business visits and negotiations. As a team operator of the Viking Tour in China, Ms. Bian was mainly responsible for designing the itineraries and quotes for Chinese business delegations, translating documents written in English into Chinese for business delegations, and keeping smooth and effective communication with colleagues in the Finnish headquarter.

The other author, namely Mr. Bo Sun, had two years working experience in Oriental Consulting Group which is the general agency of Silja Line in China. During his working time, Mr. Sun's main task was to be in charge of the reception arrangement for the Chinese business delegations heading to Nordic countries. Besides, He was also responsible for communicating with Nordic invite parties, hotels, car companies, restaurants and tour guides so as to guarantee the safe and successful travel of every business group.

Both of the authors have the same working experiences in tourism business specialized between Nordic countries and Chinese market, and after several years' accumulation of working relationships, the authors have already possessed a relatively widely-covered customer network and certain qualified business partners. Moreover, after three years study on business management in Laurea University of Applied Sciences in Finland, the authors have acquired

sufficient knowledge on how to set up and operate a business. This is an ideal prerequisite for them to operate a travel consulting company in the future.

4.2.3 Funds requirement

Sufficient financial support is highly essential for establishing a new company. The owners of Scandic Info considered using self-funding as a primary financially supporting method to launch the business. Moreover, the Employment and Economic Development Office in Espoo, Finland also provides programmes for self-employed persons as well as for those wishing to start their own business. Therefore, the owners of Scandic Info decide that they will apply for a start-up grant from governmental institutions.

The start-up fund required for this new business is approximately EUR 8,000. Certain office supplies have to be prepared before the business commences, such as “all-in-one” tax/printer/scanner machine, office furnitures and folders. Other expenses for start-up are company registration fees, the charge of website establishment, marketing investment and so on.

The estimated start-up budget is EUR 8,000. More information about the financial issues of the business will be presented on chapter 4.5 under the title of financial analysis of the company.

4.3 Organization plan

4.3.1 Form of ownership

Operating as a sole trader means that the person implements business operations alone or together with their spouse. Even though the couple establishes the business together, the business is registered only in the name of one person (Becoming an entrepreneur in Finland 2011).

The authors confirmed the business form of Scandic info is a sole trade, which is called “Toiminiemi” in Finnish. The authors’ decision to set-up a sole trade was based on mainly two reasons. Firstly, as the authors mentioned in the first chapter (Introduction) of this thesis, the authors are a couple. They trust each other and there is a consensus between them. So, this is the fundamental intention of setting up this company. Secondly, to establish a company in a sole trade form is considered easier to access for individuals, they do not need to complete many of the forms and accounting information. In addition, all decision can be made quickly, and the daily operation of the company would be more efficient and time-

saving.

4.3.2 Basic organizational Information of the business

The authors will describe some basic organizational information of the business in this chapter, such as the company name, company vision, and business location.

The company name has been defined as “Scandic Info”. There are two reasons to explain why authors gave such a name to the company. Firstly, the name is originated from the word “Scandinavia”. Scandinavia is a noun, which indicates a region of northern Europe that geographically consists of Norway and Sweden (*two countries that form the Scandinavian Peninsula*) and the country of Denmark. In modern times, Finland, Iceland and the Faroe Islands (*Faeroe*) are also considered a part of this geographical area, especially in terms of cultural and historic relationships (Scandinavian Peninsula 2012). The business scope of this travel consulting company covers tourist-related services in Scandinavian countries. So, a company name communicating something with regard to the current nature of the company is an important element at the beginning of a business. Secondly, “Scandic”, in authors’ opinions, could be used as an abstract of the word “Scandinavia”, this is a relatively shorter, but still meaningful name and it is much easier to be remembered and associated with Nordic countries by the customers. Moreover, the company vision has been defined to be one of the recognized leaders in tourism industries in Nordic market. This vision provides a path for the future growth.

There are two key elements considered when selecting the company location. Firstly, the products and services offered by the case company do not require customers’ personal access, sometimes the business operation could be implemented merely via E-mail or telephones. Secondly, a high level of costs on real estate is considered unaffordable to authors. Thus, in order to save expenses of leasing an office space to operate the business, as a sole trader, the authors prefer to choose a SOHO (small office/home office) working environment. In addition, the benefits of working at a home office are no dress code required, no commuting in business traffic, saving money on childcare. Above all, the authors consider that as a financial objective, minimizing expenditure is as equally important as making profits to a company.

4.3.3 Outsourcing

As far as the authors know, certain firms would like to employ part-time accountants to complete bookkeeping and financial statements in China. However, some Finnish small-sized firms

would like to outsource bookkeeping and accounting affairs to certain public accounting firms, so that they can concentrate on earning their income.

Keeping accounting records is the obligation of all companies in Finland. To be an accountant in a company requires professional knowledge. As a foreign entrepreneur, the author is unable to understand Finnish and be familiar with the Finnish Accounting Act very well. In order to ensure that the business will operate smoothly, financial statement and bookkeeping can be accomplished more effectively and efficiently, the authors wholeheartedly agree to outsource their financial-related works to the professional financial advisor.

4.4 Marketing analysis of the company

4.4.1 Target market

In a sense, the term “target market” is able to be defined as a synonym to the term “target customer”. Through years of creating social and business networks in the tourism industry, authors has established databases of customers, and their target customers are those Chinese travel agencies offering tourism services aiming at European continent. Besides, Scandic Info would like to keep close contact with certain Chinese industry associations and Chinese companies that are ready to establish cooperation with Nordic enterprises.

In addition, the authors have accesses to abundant resources of Hi-end tourism products. Some of those Hi-end tourism products which are proved to be quite popular to Chinese customers would be further promoted and introduced into Chinese tourism market.

4.4.2 Marketing mix

Every company has its own 4P's elements. Product as the first “P” can be totally different for different companies. Some of the aspects included into the product decision are packaging, appearance, function and warranty. (Knowledge to Power Your Business 2004)

The tourism service offered by the case company could be defined as an intangible product. This intangible product (service) can be separated into various parts including all procedures have to be implemented from the moment when encountering the customers (tourists) till the customers' trips end.

As a professional tourism consulting firm, Scandic Info mainly operates travelling affairs for Chinese business tourist groups and business groups as well as provides comprehensive advisory and reception services referring to various official and business activities for Chinese political and commercial circles. In order to promote cultural and business cooperation between China and the Nordic countries, Scandic Info is willing to try its best.

The authors would like to expressly design and craft a relatively flexible service mode for their customers. It enables customers to either choose multi-range service such as package tour or single-range service such as a private reservation for a hotel room or a tourist guide.

In addition, Scandic Info provides shopping guide services to Chinese tourist groups because some of Chinese tourists would encounter language barriers when implementing money transactions and complementing tax-refund forms, not even mention that numbers of Chinese tourists lack necessary shopping information especially when they are purchasing certain expensive luxury goods.

Moreover, Scandic Info customizes travel plans for Chinese business tourist groups, and promotes Finnish Hi-end travel products. This will also become the advisory and development strategy towards tourism products of Scandic Info in the near future.

The second “P” is Price. It is the trickiest part of “4P” because sometimes it is hard to define what the good price for the product and service is (Cartwright 2002, 324).

As the authors mentioned earlier in this thesis, the case company will be operating in a “business to business” (B2B) context, therefore, the price will not only be decided by the authors, but also planned with the cooperation among different business partners. An example will be used to indicate the pricing process. After the tourist group is assigned to Scandic Info from business partners, authors will propose the final group agreement in which the reception standards agreed by the customers and our company through negotiation and the detailed payment terms will be reflected. Generally, authors will charge five to ten percent of the total group sum as our operating and advisory fee according to the size of tourist groups and the workload for group operations.

There will be no conventional advertising media adopted such as TV commercials, news papers or Internet advertising due to the “business to business” operating context. The authors will conduct promotion for the company only by attending certain tourism-related conferences both in China and Finland each year. In these conferences, the authors are able to introduce the company to other travel agencies (cooperators and competitors) and conclude and analyze what and how have been done last year (mostly from customers’ feedback), as well as introduce the new services and products the company will have in the next few years and so forth.

The authors also registered as members of Scandinavian Tourist Board and Finnish Tourist Board. These two public institutions also provide the opportunities (conferences of tourism)

for the travel agencies to meet and communicate in big cities in China such as Beijing, Shanghai and Hongkong. This is also considered a good chance for the authors to encounter other operators from other big travel agencies, so that the authors are able to present the company to them. In this way, the authors are able to conduct the promotion for their company thus the case company is capable of minimizing promotional expenditure in the maximum extent.

The last “P” from the marketing mix is Place. It is defined as the methods of distribution as well. Place or placement is about how to reach the product to the final customers. It includes transactional, logistical and facilitating function (Knowledge to Power Your Business 2004). For the case company, most of the business operations takes place both in Finland and China, The company will serve the customers mainly in Finland however the contract of the business and the negotiation will be dealt China.

4.4.3 SWOT analysis of competitors

Based on the secondary data collected from internet, Scandic Info inevitably confronts competitions from travel agencies that operate internationally and locally in Finland tourism market. One identified competitor of Scandic Info is China Info Oy and it is a Finnish local company which provides comprehensive travelling consulting services for Chinese government and business community groups as well as other large-sized foreign tourist and congress groups visiting European countries. (www.chinainfo.fi. 10 November 2012). Another competitor of Scandic info is GTA travel Ltd. It is an international wholesale tour operator in Europe. GTA travel is a world-class provider of tourist accommodation, ground travel products, and related services to the travel trade, connecting Travel Suppliers with Travel Sellers around the globe (Powering global travel, 2012).

Comparisons of the service categories provided by those competitors are quite similar no matter whether the business operates internationally or locally, hence, the authors analyze competitors from the perspective of service structures. Generally, traditional travel agencies act as intermediary between tourists and travel product providers such as hotels, transportation agencies. The most important service is customizing touring itineraries, no matter what the nationality of the group would be, no matter what their special interests are, those agencies are able to provide all ground services tailored to the customers' budget.

In tourism business, customers are generally divided into two categories, which are business group that aims to visit institutions in host country to pursue underlying business opportunities and individual traveler who only focus on travelling for pleasure.

Due to the various purposes, customer should be treated correspondently. For the business group visitors, the most important issue is seeking for the relevant organization that can host those visitors and offer them an invitation a travel agency is supposed to manage to acquire. That issue requires more contact and familiarity with local industries. In that sense, for a specific market such as Finland, local agencies has more advantages than international agencies because they only concentrate on this specific market and have more knowledge, hence, international agencies usually co-operate with local agencies. As to the individual customers, travel agencies should arrange transportation and accommodation for them. In their opinions, all travel agencies provide similar services, thus the case company is not able to obtain large profit margin.

As shown in the SWOT analysis (Table 1), in terms of internal factors, most valuable strengths of Scandic Info are existed contacts and working experience in China. However, Scandic Info is constrained by its limited human resources and finance support, as well as the cultural differences.

As to the external factor, the booming Chinese market provides sound opportunities for all business and those opportunities could also be shared by Scandic Info. However, rivals offering identical products and services would cast the threats over the development of Scandic Info.

	<i>Strength</i>	<i>Weakness</i>
<i>Internal</i>	Existing contacts in China Working experience in China and Finland Specialized in customer-tailored	Limited human resources Limited finance resources
<i>External</i>	Only focus on Chinese market	
<i>Opportunities</i>	SO	WO
Booming Chinese market Increasing international co-operation	Focus on Chinese customers Focus on business group Focus on Finland and Nordic market	Focus on high-end tour service
<i>Threats</i>	ST	WT
Potential enter competitor Existing competitors	Co-operate with competitors to share resources to emphasis specialized service	Customer-oriented and project-based work

Table 1 SWOT analysis

Based on the SWOT analysis, the authors determine development strategies for Scandic info.

Firstly, since Scandic info has a relatively tight relationship with Chinese travel agencies and familiarity towards Finland local enterprise as well the tourism industry, Scandic info will focus on providing service for Chinese business group visitors in Finland and other Nordic countries. Hence, the market position of Scandic info is a service tailor for business group visitors.

Secondly, Scandic info will co-operate with competitors or related organizations. Since Scandic Info does not possess enough resources including human and financial resources, the au-

thors prefer to co-operate with competitors to circumvent potential risks to gain a win-win situation. Moreover, co-operating with competitors enables Scandic Info to share resources and ultimately accentuate its specialized service as well.

Thirdly, due to the limited resources as shown in the SWOT analysis, the service will implement on a project-based mode with a standardized process to concentrate advantaged resources.

At last, Scandic Info will launch a new service that offers high-end touring products for the visitors of the business groups. Authors already have partners providing customized high-end touring products and aiming to enhance their development in Chinese market. By launching this project, Scandic Info is able to establish a high-end brand image and be easily distinguished from all other competitors in the industry.

4.5 Financial analysis of the company

4.5.1 Start-up budget of the company

Expenditure requirements	Telephone/fax	100
	Property given as a capital contribution	1000
	(existing furniture, computers, office supplies)	200
	Expenses for establishment	100
WORKING CAPITAL 1-3 MONTHS	Internet site	100
	Marketing investment	500
CURRENT AND LIQUID ASSETS	Own income	2300
	Cash reserve	3500
RAHAN TARVE YHTEENSA		7800
PAID-UP CAPITAL	Start up grant	3000
	Personal cash investments	4000
	Property given as a capital contribution	1000
MONEY SOURCES IN ALL		8000

Figure 5 Start-up budget of the company

Scandic Info is a small sole trade company in tourism market. Compared with other types of enterprises it is relatively easy to be established at the beginning. There are only two owners also could be considered as employees (two authors) in the case company. Authors will be mostly working outside with the tourist groups for sightseeing. This nature of authors' job indicates that there is no need for authors to highly consider the location of the company, thus the office at the beginning of the case company will be the authors' own apartment. Therefore, the expenditure of the physical location is excluded from the start - up budget. As it is shown in Figure 5, the start-up budget includes mainly include three parts, namely the expenditure requirements, the working capital for the first three months and the current and liquid assets.

With regard to the expenditure requirements, there are costs of telephone and fax machine; property (furniture, computers, work tools and supplies); office supplies; expenses for establishment; internet site; marketing investment; the owners' income and cash reserve. All the estimated start - up budget aggregates EUR 7,800.

In order to establish this company properly, part of the investment for the company will be invested by authors' own savings of EUR 4,000. The rest will be from the start - up grant provided by Espoo employment and economic development office, which is EUR 3,000; and another EUR 1,000 will be collected from the property given as a capital contribution. The total financing sources will be EUR 8,000. It hints that the authors will not have problem in fulfilling the required start-up budget.

4.5.2 Estimating sales target of the company

	per month	per year
TARGET PROFIT (own need for net income)	2300	27600
Capital earned income 10%	230	2760
Earned income 90%	2070	24840
INCOMES AFTER TAX		
Capital earned income after tax 28%	64.4	772.8
Earned income after tax 8%	165.6	1987.2
+ Tax payments (state + local)	230	2760
NEED FOR FINANCING (gross income)		
IN ALL	2530	30360
	↓	↓
Fixed costs (without VAT):		
entrepreneur's pension insurance (YEL16%)	405	4860
rents + electricity	374	4488
telephone, internet, fax and other office costs	100	1200
car / travelling expenses	45	540
B = FIXED COSTS IN ALL	924	11088
	↓	↓
A+B NEED FOR GROSS MARGIN	3454	41448
+ Acquisitions (excluding VAT)		
= TURNOVER		
+ Value added tax (VAT 23%)	795	9533
= SELLS / INVOICING IN ALL	4249	50981
TARGET FOR INVOICING		
Target for monthly invoicing (e.g. 11 months/year)	4635	= €/m
Target for daily invoicing (e.g. 5 days/week)		= €/d
Target for hourly invoicing (e.g. 5 hours/day)		= €/h

Figure 6 Estimating sales target of the company

At the beginning of the business, the authors will not employ anybody but themselves to work in the company. The authors' wage will be at least EUR 2,530 per month and EUR 30,360 per year to break even.

The fixed costs include entrepreneur's pension insurance; rents; electricity; fee of telephone; fax and internet, as well as travelling expenses. All together it will be EUR 924 per month and EUR 11,088 each year. The estimated sales target will be calculated through combining turn-

over and value added tax (VAT 23%) together, which reaches EUR 4,249 per month and EUR 50,981 per year. According to the Finnish law the authors need to have one month long holiday per year, therefore the target for monthly invoicing will be EUR 4,635 per month.

5. Risk analysis and controls

There are fixed amount of potential risks in all business. Risks could not be totally avoided when operating businesses; however it can be minimized to the lowest level. Business risks can be the result of internal conditions, as well as some external factors that may be evident in the wider business community (what is a business risk 2012).

The authors divided the business risk and its control of Scandic Info into two parts, namely internal risks and external risks as well as controls.

There are three elements included in the internal risks; they are language, being new company in the market and Funding or Financing. As the authors mentioned, language risk is the main issue and the key for foreigners to open the companies in Finland. The authors are Chinese students studying international business in English. However Scandic Info as a tourism company will be established in Finland. The authors may encounter numbers of Finnish companies and public institutions (tax office, local car company, hotels, association of tourism and so forth) without being familiar with the local language, even though their customers are Chinese tourists but the language skill will be a big challenge and disadvantage for Scandic info in Finnish market.

As the fact that authors have been living in Finland for only 4 years as students. The authors are not quite familiar with the tax system in Finland while the Finnish taxation system is highly strict and complicated. The authors decide to outsource the tax and financial affair to experts in certain public accounting firms to solve the problem. The professional accountant will be mainly responsible for deal implementing taxation for the company and communicating with Finnish taxation service.

The second risk of authors is being the new company in the market. Scandic Info is a new company in the tourism market. As a sole trader, the company is owned by only two persons (the authors), so it is relatively difficult, for authors, to obtain access towards all the necessary information needed to operate the company. For instance, the company lacks the information of purchase insurance for commercial purpose.

However, the authors find out that there is an association called "Espoon Seudun Uusyrityskeskus ry". They would like to help foreigners with their living and working in Finland.

The authors could acquire essential assistance from them if needed. They are able to provide the information in this case.

The last internal risk is Funding/Financing. Scandic Info is a small-sized company (sole trader), at least it would remain relatively small at the very beginning in the market. In other words, the company possesses rather limited financial resources to operate the business. This can and will affect the company's business scope in a long term.

The authors will have a business plan with the details about the company, so that the grant for the business can be applied from Espoo employment and economic development office. They will afford approximately EUR 500 each month for the company as the starting fund. This will enable the authors to have a good start without concerning the loss too much since the first year of all the new businesses are usually end up in financial loss.

External risk is highly unpredictable compare to the internal risks. For Scandic info, the external risk can be from policy of the country where the business occurs and the weather as well as the natural disasters.

The first external risk is policy from the local government. A government in one country might apply different political strategies toward other due to their current diplomatic relationship. For example, Norway was always one of the most popular places for Chinese tourists in the north of Europe. However, Chinese government decides to issue a prohibition that muzzles the freedom of travelling to Norway in this year due to the different interpretations with regard to the Nobel peace prize issued to one of the Chinese dissidents.

The solution for the authors will apply to avoid the damage this would cause is that Scandic Info would like to offer alternatives in case there is a political or a weather-related contingency happening in the previously designated country.

The condition of the climate is what the authors will need to consider all the time after the business will start. Travelling to Nordic countries is becoming rather popular than ever among Chinese tourists, but the long duration of the relatively freezing weather in these countries can be considered a reason indicating why some of Chinese tourists would rather choose other countries as their destinations. Thus the summer time usually can be defined as the high season of tourism industry in Nordic countries and the winter time is the off season. Based on this situation, authors have the sense to believe that they would probably be quite busy during the summer but confront the total absence of income when winter time comes.

To change the above situation, Scandic Info would like to consider Nordic country's freezing winter also as an opportunity for the development of Nordic winter-related tourist products.

The case company would like to discover a possibility to take advantage of the Nordic winter, emphasizing the unique feature of Nordic winter and ultimately introduce special tourist itineraries to Chinese tourists such as visiting Santa Claus, discovering and appreciating polar lights etc.

6. Conclusions

A good business plan enables entrepreneurs to organize thoughts, functioning as a guideline to lead them to a clear direction indicating what and how the company would eventually be. Moreover, a good business plan is essential in order to acquire additional supporting funds from potential investors. The authors realize the benefits of the business plan, so this can be considered their original intention to propose this thesis.

The authors emphasize the most important objectives of this study in introduction part of the thesis. Firstly, introduction of the founding process of the new travel consulting company, and the elements taken into consideration in the process of establishment. Secondly, according to the marketing analysis, the authors evidence the effectiveness and practicability of the business plan.

There are some feedbacks from the potential customers concerning the business plan would be valuable for case company's future development. Firstly, as a company founded in Finland, the owners of the company should speak fluent Finnish in order to explore more marketing sources and keep a sound and tight cooperative relationship with tourist-related products suppliers in Finland. Moreover, In order to fulfill customers' requirements, the owners of Scandic info should constantly generate new products and improve their services. Besides, the authors should consider setting up subsidiaries in China to avoid limitation of time difference. In addition, the authors realize that it is essential for them to acquire more information concerning those Finnish enterprises with relatively advanced technical know-how and wiliness to establish international cooperative relationships with foreign companies, in order to offer assistance when Chinese local enterprises would like to seek for the possibilities to begin business cooperation with Finnish local companies.

In conclusion, the primary data collected from the qualitative research indicates that this business plan is interesting enough to attract potential investors; the secondary data collected from literature sources hints that the case company's business plan is not only feasible and applicable, but also is potentially profitable if it would be realized properly.

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Appendices

Appendix 1 Interview questions

1. In the global touring market, what's your opinion on Northern European touring and business trip markets?
2. What's the share of Northern European market business accounting for total businesses of the company? In the future 3 years, what's your prospect on Northern European market?
3. Does your company has any cooperation with Nordic companies
4. After knowing about the business scope of our company, what's your most interesting service?
5. During the process of running the Northern European group, what's your toughest problem?
6. Do you have any suggestion for my company?

Before the interview began, authors offered a brief of the business scopes and future development plan of their sole trade company, which will be established soon on 31st January 2013. The answers from the interviewees were documented and reviewed with exercising an extreme caution by authors afterwards.

Appendix 2 Interview with Mr. Guo Yu, Sales manager of CITS

China international travel service LTD (ABB: CITS) is one of the best and most reliable tour operators in China, especially in customizing group, package group and private tours for Chinese individual travelers and Chinese business delegations.

Mr. Guo, as one of CITS, has engaged in Europe outbound tour for nine years, and he also had the relevant background of working in other touring companies before. He was mainly in charge of the operation toward the European tourism market for the company, especially aiming at the touring group focusing on Europe. Mr. Guo and authors met on 20th June 2012, in the meeting room of Guo's company. When discussing about the role of Northern European touring market played in the global touring market, Mr. Guo stated that there are a large number obstacles and challenges in global touring market at present, and these challenges are mainly generated from environmental, natural and political issues. For the Nordic tourism market, because of certain diplomatic issues happening between China and Norway this year, Chinese authority announced a prohibition for all Chinese citizens to enter Norwegian territory. This action implemented by Chinese authority actually casted a relatively negative effect upon Guo's business operation towards Nordic tourism market. However, Mr. Guo believed that the potential of Nordic tourism market would not be vanished by certain accidentally occurred political issue.

Mr. Guo said that now they are actually trying to regularly outsource the services of group accommodation, air tickets booking and transports which are required to be conducted in advance to the transnational touring companies such as GTA or Miki travel, which possess large amount of resources in terms of local accommodation and transportation. They would also outsource the service to the authors' company for the arrangement of restaurants and tourist guides right after the tourists obtaining their visas, simply because Nordic local companies' resources were more abundant so that the operation was more flexible.

At the same time, Mr. Guo also addressed his hope that in the coming one or two years, the authors' company could become one of the cooperative partners of his company to commonly develop the touring products referring to Finland and Baltic states (Estonia, Republic of Lithuania and Latvia).

Appendix 3 Interview with Ms. Lisa Wu, General manager of GTA Travel

GTA travel founded in 1977 is one of the largest and most experienced wholesale tour operators in Europe. GTA travel provides a vast inventory of hotels, ground travel products, and related services to the travel trade.

Ms. Wu possesses 10-year working experience in GTA. The Shanghai liaison office in which she was working is mainly responsible for the Nordic tourism market. The authors met Ms. Wu on 10th January 2011, in her office at GTA travel Ltd in Shanghai. She pointed out that under the policy support of Chinese government to tourism industry, the prospect for Northern European tourism market would be very optimistic from the point of view of its constantly steady and healthy development trend. The Northern European touring and business trip market shares of GTA travel accounts for approximately 24 percent of the total business market share of the company. As the Northern European tourism market gradually turns mature, the amount of trade cooperation between China and Northern European countries is increasing. She infers that in the next three years, the potential of Nordic tourism market cannot be underestimated.

In addition, she also stated that as the wholesaler of European touring, not only does GTA travel master large amount of Northern European touring resources for its own, but also develops cooperative relationships with numbers of Northern European local reception agents. However, The GTA travel Ltd sometimes would also have to confront the shortage of touring resources, such as the resources covering hotel information and senior touring guides etc, especially during spring and summer time, which are often considered as high seasons for Nordic touring business.

In the interview, the authors also introduced the future business scope of the case company to Ms. Wu when Lisa was questioned about the most interesting item of the services provided by the case company. She indicated that as a local touring consulting company in Finland, if Scandic info could provide relatively professional and efficient consulting services in finding local business partners and arranging business meetings for Chinese business trip groups, this would be her favorite one. In addition, Ms. Wu expects that the case company would be able to provide more customized touring projects (unconventional touring projects), such as the services of arranging special banquets, training and exchange programmes etc, for tourist groups during their touring period in Nordic countries.

At last, Ms. Wu stated that she would like to build cooperative relationships widely with Northern European touring consulting companies and both parties can set up a win-win cooperative mode.

Appendix 4 Interview with Mr. Harry Feng, General Manager of China Info Oy

With regard to China Info Oy, it has been relatively familiar to one of the authors of this thesis, namely Ms. Na Bian. During Ms. Bian's study in Finland, she worked in China Info Oy as an intern for six months. During the internship, Ms. Bian was in charge of the operational works for China Info Oy in catering Chinese personal touring groups and business trip groups.

China Info Oy founded in 1993 provides business consulting services for Finnish and Chinese government and companies, including Sino-Finnish legal advice, market research, corporate reputation survey, financial auditing, and business etiquette etc. The subsidiary of China Info Oy, namely China Holidays provides various tourist services for government and business community groups as well as large-sized Chinese tourist and congress groups visiting European countries.

As the general manager of China Info Oy, Mr. Feng has already been working in this industry for 19 years. The company he established is also the first touring consulting company for the reception of Chinese touring and business trip group in Finland. The authors met Mr. Feng on 5th February 2011 in his office. His opinion on the prospect of Northern European tourism market shows differences compared with those of two interviewees mentioned above. In his opinion, compared with the previous status towards Northern European tourism market, the current situation of the market shows a development trend indicating a signage of "higher quality", "lower price" and "better service". In order to obtain more market shares and attract more potential clients within Nordic tourism market, numbers of local touring firms in Nordic countries have been involved in a cut-throat competition through competing fiercely on price. In addition, the relatively high level of operational costs of China Info Oy itself leads the development of the company to a "bottleneck period". Therefore, in the next three years, Mr. Feng would adjust the development direction of the company, switching it from the Nordic tourism industry to promoting and developing Sino-Finnish trade cooperation. Mr. Feng also stated that he would keep certain loyal customers' resources and cooperate with the local touring consulting companies such as authors' company by outsourcing catering services toward Chinese tourist groups. It would allow the authors' company to agent the operation of Northern European touring and business trip group and allow China Info Oy to save more human resources, material resources and time consumption to implement other businesses.

Appendix 5 Interview with Mr. Wei Liu, Director of Tian Jin Enterprises Association

Tian Jin enterprises association for foreign economics and trade is a government-sponsored institution which has been responsible for organizing Chinese enterprises to participate international trade exhibitions, business and also provides the information of international investigations, trades and business cooperations.

Authors met Mr. Liu on 1st March 2011 in his office. His main task refers to assisting Chinese enterprises which are interested in cooperating with foreign companies to establish business networks, arranging business trips and the reception work during the touring term, organizing Chinese enterprises registered in their association to participate in international exhibitions in their industries, and implementing communication in economics, culture and technology. In the interview, Mr. Liu firstly indicated that in recent years, a large number of Chinese enterprises and governmental institutions in his association have kept visiting Northern European countries for business trips and technical exchange affairs, and these business and technical issues refer to education, urban infrastructure construction, energy conservation, environmental protection, wind power, water resources management and sewage disposal etc. Due to the lack of information on local touring consulting companies in Nordic countries, Mr. Liu's association is mostly cooperating with Chinese domestic touring consulting companies at present. But in fact, from the point of view of handling the schedule of group traveling, Mr. Liu still expects to establish a direct cooperative relationship with Nordic touring consulting companies, especially when the tourist groups are in the need of assistance from the local Nordic touring consulting companies to arrange business affairs with Nordic companies operating in the same fields. Based on the geographical advantages, local Nordic touring companies can provide the company information and business trip principles for outbound inviters in a more direct and efficient way. In addition, since the time difference does not exist between local reception agencies and tourist groups, local reception agencies may offer time-tracking services for the group so as to fulfill the touring plan for the group in a more flexible manner.

In the interview, Mr. Liu also introduced a few of his colleagues to authors and addressed his hope that the authors could keep a relatively close relationship with the association. At last, Mr. Liu indicated that he would like to meet with authors next time when authors can share more information towards Nordic business trips with him and his colleagues, and provide more information upon Nordic Hi-Tech projects, as well as the name list of enterprises who are interested in developing trades with Chinese enterprises.

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