

# **Business Plan Around Lithuania Tours**

Vainora Blaskeviciute

Bachelor's thesis  
November 2016  
Degree Programme in International Business  
Tampere University of Applied Sciences



## **ABSTRACT**

Tampereen ammattikorkeakoulu  
Tampere University of Applied Sciences  
Degree Programme in International Business

Author: Vainora Blaskeviciute  
Business Plan  
Around Lithuania Tours

Bachelor's thesis 42 pages, appendices 5 pages  
November 2016

---

The objective of this Bachelor thesis is to provide a detailed business plan for setting up a tour providing company Around Lithuania which operates in Lithuania. This topic was chosen because of the author's strong interest in tourism. She has finished courses to become a qualified tour guide and a travel leader. After being Lithuanian and seeing a huge increase in the number of tourists coming to Lithuania, she came up with an idea to set up the company providing private tours around the country.

The company was opened in April 2016. However, it did not start operating yet as the importance of having a proper business plan arose. The purpose of having a plan is to know how much it is reasonable to charge the customers and what marketing strategy is the most applicable in order to stand out from competitors.

This Bachelor's thesis was carried out by using a qualitative research method. The data was collected from both primary and secondary information sources. The findings indicate that there are no direct competitors focusing on only private tours. However, some of the competitors provide solo tour services on top of the regular group tours.

The most important factor that determinates the success of new travelling business is the pricing strategy. Competitors' price range was analyzed and it was decided to set the price to 20 EUR an hour, which is less than average hourly rate of other companies. Another decision was also conducted from the results; to invest quite a lot into marketing channels like Google and Facebook ads in order to reach potential customers.

---

Key words: business plan, tours, market research

## CONTENTS

1	INTRODUCTION.....	5
1.1	Background.....	5
1.2	Research objectives.....	6
1.3	Structure of the Thesis .....	7
2	BUSINESS PLAN IN THEORY .....	8
2.1	Research methods .....	8
2.1.1	Data collection .....	10
2.1.2	Data analysis .....	12
2.2	Purpose of business plan.....	13
2.2.1	Business plan need .....	13
2.2.2	Business plan uses.....	14
2.2.3	Elements of business plan .....	15
3	BUSINESS PLAN IN PRACTICE .....	17
3.1	Executive summary.....	17
3.1.1	Mission statement .....	17
3.1.2	Fulfilment.....	18
3.1.3	Future service .....	18
3.2	Company description .....	18
3.2.1	Legal form.....	19
3.2.2	Location.....	19
3.2.3	Organization management .....	19
3.3	Service .....	20
4	MARKET RESEARCH .....	22
4.1	Market Analysis .....	22
4.1.1	Market Trends .....	22
4.1.2	Market Needs .....	24
4.1.3	Competition.....	24
4.1.4	Target market .....	25
4.2	Competitive Analysis.....	25
4.2.1	Research results.....	26
4.3	Marketing plan.....	29
4.3.1	Marketing mix .....	29
4.3.2	SWOT analysis .....	29
4.3.3	Differentiation strategy .....	31
4.3.4	Pricing .....	31
4.3.5	Marketing strategy .....	32

5	FINANCIAL PLAN .....	33
5.1	Start-up costs.....	33
5.2	Sales forecast .....	34
5.3	Income statement .....	34
5.4	Break-even analysis .....	35
5.5	Risk plan .....	35
5.6	Future Plans .....	36
5.6.1	Three years plan .....	37
6	CONCLUSION AND DISCUSSION .....	38
	REFERENCES.....	40
	APPENDICES .....	43
	Appendix 1. Marketing research results.....	43
	Appendix 2. Income statement .....	44
	Appendix 3. Starting e-mail. ....	45
	Appendix 4. Interview 1.....	46
	Appendix 5. Interview 2.....	47

## 1 INTRODUCTION

The traveling market is very competitive and the Internet has completely changed the way this business operates when comparing to the way it used to run before. It also lets companies and customers do the research online concerning destinations, prices and reviews. The notable plus side is that it gave is the decreasing price of airfare and other travel related services. The technology has also increased the speed of arranging the trip to traveling itself. Moreover, the increased number of tour operators has led to the fact that small companies have to focus on a specific diversified target segment in order to be profitable (Buhalis & Zoge 2007).

Lithuania is a small Eastern European country. It is one of three Baltic states with 2.8 million inhabitants (Countrymeters, 2016). The country is situated in the South East shore of the Baltic Sea. Lithuania has borders with Latvia, Belarus, Poland and Kaliningrad Oblast (Russian exclave) and the sea side of 90.66 kilometers (Baubinas 2007, 7). The official language is Lithuanian, which together with Latvian, is the oldest living language from all Indo-European family of languages (Jankeviciute 2006, 11). Starting from 2015, the national currency Litas was replaced by the Euro. That was one of the factors that increased the number of tourists coming to Lithuania (Europa, 2016).

### 1.1 Background

This Bachelor's thesis is a business plan for a tour organizing company Around Lithuania. The idea to start a business related to traveling has been grown as idea for a few years. However, the concept of a company like this was created when the author was taking courses to become a licensed guide and a travel leader. The courses took six months and during that time several different classes were attended and the situation of tourism in Lithuania was analyzed.

I had a chance to talk to some people who came to Lithuania as tourists or on business. They all seemed to have the same problem. They loved Vilnius, but getting out of the city and visiting some other places was rather difficult. Bus nor taxi drivers almost never spoke English and all companies offering tours were inflexible in a matter of departure time, tour length and the number of people on the tour. In addition to that, I have heard that people have a lack of information from the hotels they are staying at.

The staff seem to be nice but they are not that talkative. If the hotel staff are asked about places to visit, their advices are quite poor.

Around Lithuania would be an alternative option for this segment of tourists by positioning itself as a very flexible tour operating company arranging exclusive private active tours all around the country. Around Lithuania differentiates itself from its competitors by variety of tours offered, flexibility and low price for high quality. These aspects, together with the availability of active entertainment, create the value which cannot be discounted.

## 1.2 Research objectives

The main objective of this thesis is to create a business plan for the tour organizing and providing company Around Lithuania. The company's idea is to enter the blue ocean market which was represented in W. Chan Kim and Renee Mauborgne book "Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant". Companies applying this strategy beat their competitors by making competition irrelevant (Table 1). Meaning that company provides the same service or good but raise, reduce, eliminate one of the competing factors.

TABLE 1. Red Ocean Strategy vs. Blue Ocean Strategy. Adapted from Kim & Mauborgne (2013).

Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-trade cost-off	Breake the value-cost trade-off
Align the whole system of a companys' s activities with its strategic choice of differentiation or low cost	Align the whole system of a company's activities in pursuit of differentiation and low cost

In order to prepare a proper business plan for Around Lithuania with the blue ocean strategy applicable research has to be done. The purpose of this research is to find out what services the competitors are offering and how we could make them irrelevant. The main question for this research is mentioned below:

- How much should we charge for our service?

To find the answer to this question some sub-questions will be answered first.

- What is the price of the particular tour?
- What is their hour rate?
- Could they arrange a tour for a single person?
- What would be hour rate then?
- Could they arrange a tour to the place that is not one of their tours options?

In order to find these answers the research was done by pretending to be a potential customer and contacting other tour providing companies in Lithuania. However, the answer to the main research question was found by combining primary and secondary data. At the end of the thesis conclusions of how to apply blue ocean strategy and how much it is reasonable to charge the customers are given.

### **1.3 Structure of the Thesis**

The thesis is divided into four main chapters. The first one is theoretical framework where research methods are explained together with the broad explanation of the use of business plan. Next three parts make the actual business plan basing the structure on the plan offered in Patsula book "Successful Business Planning in 30 Days". In the second part, the executive summary, company description and services are described. The third part is the biggest one where market analysis, market research and marketing plan are analysed with details. Finally, the fourth part is a financial plan which shows start-up costs, income statement, break-even analysis, risk plan and a three year financial plan. The conclusions of the research results and its application on the business plan can be found at the end of the thesis.

## **2 BUSINESS PLAN IN THEORY**

In order to make a good plan for a successful business, it is important to understand the information that is available already. Theoretical framework is the foundation of the business plan which is divided into two parts. The first one outlines research methods by describing them and explaining why one of them was chosen. The second part is about the business plan itself. It gives the purpose to the business plan, its importance and benefits. In addition to that, elements of business plan are posited in details. Theoretical framework is necessary to make business plan writing process smooth and research results convenient (City of Burlington, 2002).

### **2.1 Research methods**

As it is indicated in the sub-title, this part introduces the research methodology of the thesis. To be more specific, in this part the research strategy, methods, approach, samples, process and data analysis is outlined. It is a deep investigation and analysis of the competition that allows the company to access competitors' strengths and weaknesses in the marketplace and helps to pick and implement an effective strategy that will improve competitive advantage. The research method chosen is based on a non-formal emails sent to the competitors pretending to be a potential customer in order to get the information about their pricing and marketing strategy.

Research methods vary by the way they collect the data and are divided into quantitative and qualitative ones. Quantitative research is where the research results can be measured. They are mathematical and statistical. It is collected using questionnaires, polls and surveys. Qualitative research is used when quantitative cannot be applied or when the research scale is very small. It helps to gain an understanding of particular subject and to develop ideas or hypothesis. The data for it is collected using interviews. (Burns, 2000). The key difference between quantitative and qualitative methods is their flexibility. Qualitative methods often ask "open-ended" questions answered using the same words by each participant ( Mack, Woodsong, Macqueen, Guest & Namey, 2005). Other differences are given in the Table 2.



TABLE 2. Qualitative Versus Quantitative Research. Adapted from Johnson & Christensen (2008, 34).

Criteria	Qualitative Research	Quantitative Research
<b>Purpose</b>	To understand & interpret social interactions.	To test hypotheses, look at cause & effect,
<b>Group studied</b>	Smaller & not randomly selected.	Larger & randomly selected.
<b>Variables</b>	Study of the whole, not variables.	Specific variables studied
<b>Type of data collected</b>	Words, images, or objects.	Numbers and statistics.
<b>Form of data collected</b>	Qualitative data such as open- ended responses, interviews, participant observations, field notes, & reflections.	Quantitative data based on precise measurements using structured & validated data-collection instruments.
<b>Type of data analysis</b>	Identify patterns, features, themes.	Identify statistical relationships.
<b>Objectivity and subjectivity</b>	Subjectivity is expected.	Objectivity is critical.
<b>Role of research</b>	Researcher & their biases may be known to participants in the study, & participant characteristics may be known to the researcher.	Researcher & their biases are not known to participants in the study, & participant characteristics are deliberately hidden from the researcher (double blind studies).
<b>Results</b>	Particular or specialized findings that is less generalizable.	Generalizable findings that can be applied
<b>Scientific method</b>	Exploratory or bottom-up: the researcher generates a new hypothesis and theory from the data collected.	Confirmatory or top-down: the researcher tests the hypothesis and theory with the data.
<b>View of human</b>	Dynamic, situational, social, & personal.	Regular & predictable.
<b>Most common research objectives</b>	Explore, discover, & construct.	Describe, explain, & predict.
<b>Focus</b>	Wide-angle lens; examines the breadth & depth of phenomena	Narrow-angle lens; tests a specific hypotheses
<b>Nature of observation</b>	Study behavior in a natural environment.	Study behavior under controlled conditions; isolate causal effects.
<b>Nature of reality</b>	Multiple realities; subjective.	Single reality; objective.
<b>Final report</b>	Narrative report with contextual description & direct quotations from research participants.	Statistical report with correlations, comparisons of means, & statistical significance of findings.

In order to satisfy the objectives of the thesis, a qualitative research is held. The main characteristic of it is that it is mostly applied for small samples where its outcomes are not measurable by numbers. The advantage that it has versus quantitative research is that it gives a complete description and deep analysis of a research question (Collis & Hussey, 2003). Despite of that, the biggest disadvantage is the difficulty to measure the effectiveness of it because it is based on researcher's skills and abilities to judge and interpret research's outcomes (Given 2011, 33-34).

### 2.1.1 Data collection

In this thesis, two types of data were collected (Figure 3). Primary data is collected using qualitative research method which was discussed previously. Second type of data is secondary. That means that data is collected by someone else. In order to collect it different kinds of books, articles, reports were used. Secondary sources are the best way for developing a competitive market analysis. It helps to see the broad view of the subject and deepens the understanding of research problem. Proper comparison of both primary and secondary data helps to formulate the scientific conclusion of the research (Studious Guy, 2016).

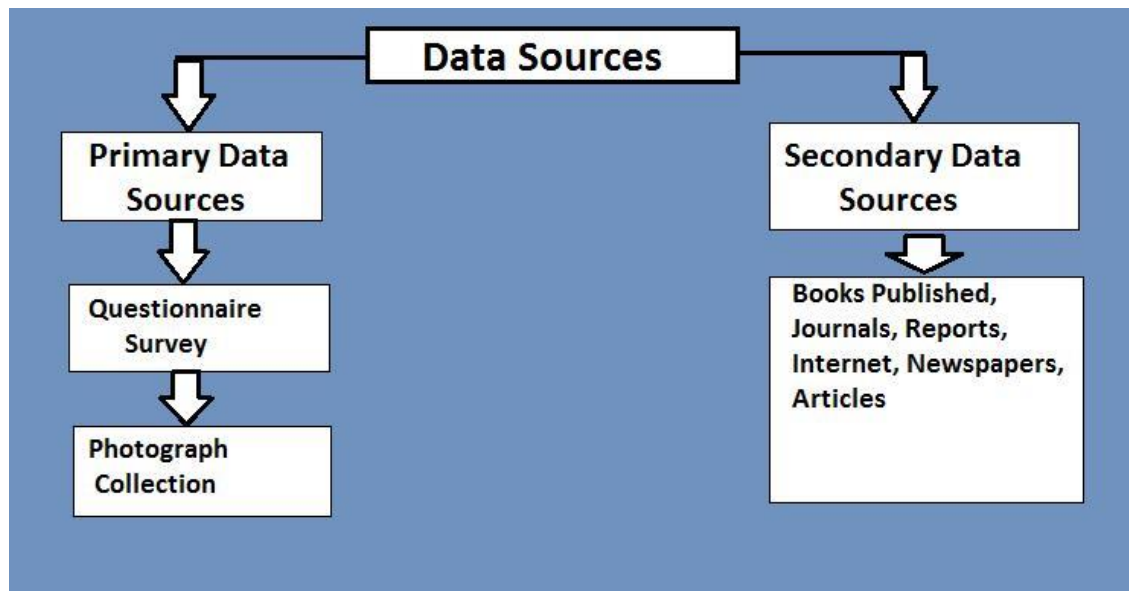


Figure 1. The flow of the sources of data collection. Source: Studious Guy (2016).

Any business giving the service similar to the one we provide in the same area is a direct competitor. Companies offering different service which is in a relation to our service are considered as indirect competitors. In other words, indirect competitors are companies satisfying customers' needs with a particular product or service that is unlike the one we offer. As an example in this case, tours organizing companies are direct and car hire centers are indirect competitors. However, it is important to monitor their marketing activities because they may change it and move into our market segments (Oman, 2011).

For the purpose of this research, the primary data collection is conducted as qualitative interviews. In order to achieve a competitive advantage against our competitors, wide

knowledge of the market and market members needs to be collected. A deep analysis will identify competitors' strengths and weaknesses which help to develop effective marketing strategies. Lithuania is a small country having rather small number of companies organizing tours. It is relatively easy to name every competitor because State Tourism Department lists them publically. However, direct competitors also come from licensed guides who are self-employed and unlicensed ones who work in a black market with no permission.

The group studied is small enough so all of them were contacted via email pretending to be the potential customer. The emails were written in semi-formal way giving the impression that the customer is quite a relaxed adventurous person. The cons of this way of doing primary research are a deep look how competitors are communicating with their customers. In this way you can see the language they use and how flexible they are in order to satisfy customer's needs.

A method used to collect the data in the qualitative research is e-mail interviews which are a great alternative to face-to-face and telephone interviews. As one of the biggest problems for running a proper research is that it is money and time consuming, doing an interviews via e-mail can effectively reduce these factors. It is rather free or cheap and it allows researchers to interview more than one participant at a time and it can be done at any place and time. However, collecting data might take some time before respondent replies to an e-mail message (Meho, 2006).

As it is seen in Table 3, the biggest advantage of email interviewing, together with all phone or face-to-face interviews, is the flexibility and ability to change research subjects in order to get the proper answers. It also almost completely eliminates transcription errors. The responses are more accurate and thought out before they are sent and the data collected is more focused on the research question which is important for the analysis part.

TABLE 3. Advantages/disadvantages of e-mail interviewing. Adapted from Meho (2006, 1292).

	<b>Advantages</b>	<b>Disadvantages/Challenges</b>
<b>Interviewers and participants</b>	<ul style="list-style-type: none"> <li>Allows access to individuals often difficult or impossible to reach or interview face-to-face or via telephone</li> <li>Allows access to diverse research subjects</li> <li>Allows access to individuals regardless of their geographic location</li> <li>Allows interviewing of individuals who do not or cannot express themselves as well in talking as they do in writing</li> <li>Allows interviewing of individuals who prefer online interaction over face-to-face or telephone conversation</li> </ul>	<ul style="list-style-type: none"> <li>Limited to individuals with access to the Internet</li> <li>Requires skills in online communication from both interviewer and interviewees</li> <li>Requires expertise in technology from both interviewer and interviewees</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>Eliminates expenses of calling and traveling</li> <li>Eliminates expenses of transcribing</li> <li>Decreases cost of recruiting large/geographically dispersed samples</li> </ul>	<ul style="list-style-type: none"> <li>Can be high for participants</li> </ul>
<b>Time</b>	<ul style="list-style-type: none"> <li>Eliminates time required for transcribing</li> <li>Eliminates the need to schedule appointments</li> <li>Allows interviewing more than 1 participant at a time</li> </ul>	<ul style="list-style-type: none"> <li>May take several days or weeks before an interview is complete</li> </ul>
<b>Recruitment</b>	<ul style="list-style-type: none"> <li>Done via e-mail, listservs, message boards, discussion groups, and/or Web pages</li> </ul>	<ul style="list-style-type: none"> <li>Invitations for participation may be deleted before they are read</li> </ul>
<b>Participation</b>	<ul style="list-style-type: none"> <li>Done by e-mail</li> </ul>	<ul style="list-style-type: none"> <li>High undeliverable rates (e.g., due to inactive e-mail addresses)</li> <li>Some participants may drop out before interview is complete</li> </ul>
<b>Medium effects</b>	<ul style="list-style-type: none"> <li>Allows participants to take part in the interviews in a familiar environment (e.g., home or office)</li> <li>Allows participants to take their time in answering questions</li> <li>Allows participants to express their opinions and feelings more honestly (because of sense of anonymity)</li> <li>Encourages self-disclosure</li> <li>Eliminates interruption that takes place in face-to-face/telephone interviews</li> <li>Eliminates transcription errors</li> <li>Eliminates interviewer/interviewee effect resulting from visual and nonverbal cues or status difference between the two (e.g., race, gender, age, voice tones, dress, gestures, disabilities)</li> <li>Cues and emotions can be conveyed through use of certain symbols or text</li> </ul>	<ul style="list-style-type: none"> <li>Empowers participants, essentially allowing them to be in control of the flow of the interview</li> <li>Does not allow direct probing</li> <li>Requires that questions be more self-explanatory than those posed face-to-face or by telephone, to avoid miscommunication and misinterpretation</li> <li>Loses visual and nonverbal cues due to inability to read facial expressions or body languages or hear the voice tones of each other</li> <li>May narrow participants' interpretations and, thereby, constrain their responses</li> <li>Requires meticulous attention to detail</li> <li>Participants may lose focus</li> </ul>
<b>Data quality</b>	<ul style="list-style-type: none"> <li>Allows participants to construct their own experiences with their own dialogue and interaction with the researcher</li> <li>Facilitates a closer connection with interviewee's personal feelings, beliefs, and values</li> <li>Data are more focused on the interview questions asked</li> <li>Responses are more thought out before they are sent</li> </ul>	<ul style="list-style-type: none"> <li>One-dimensional (based on text only)</li> <li>In-depth information is not always easily obtainable</li> </ul>

### 2.1.2 Data analysis

After data was collected, appropriate analysis was applied in order to find the answers to research questions. Things that have to be considered are service information, market share and marketing strategies. In order to develop an effective competitive strategy a realistic assessments of the competitors strengths and weaknesses needs to be made.

Only then it is possible to evaluate a realistic market position for the company. A broad analysis of the findings is in Chapter 4.

## 2.2 Purpose of business plan

Business plan is a planning tool used to research the market and plan business operation. Usually business plan is made by the entrepreneur or company itself. However, there are many companies or freelancers providing business plan services. Writing a business plan is a challenging process where business market is analyzed in details and appropriate moves are selected in order to maximize the use of finance to reach the best results. It is a document that shows the current situation, goals, results and needs and most of all financial outcomes (Entrepreneur, 2016).

### 2.2.1 Business plan need

Entrepreneurs are constantly arguing about the need of a business plan. On the one side business schools are teaching students the importance of having it before starting the business, on the other side there are many example of the companies are successful without and actual business plan. However, the survey that was made by Palo Alto Software shows that a business plan doubles the chances of business success (Lesonsky, 2010). Figure 2 illustrates survey results.

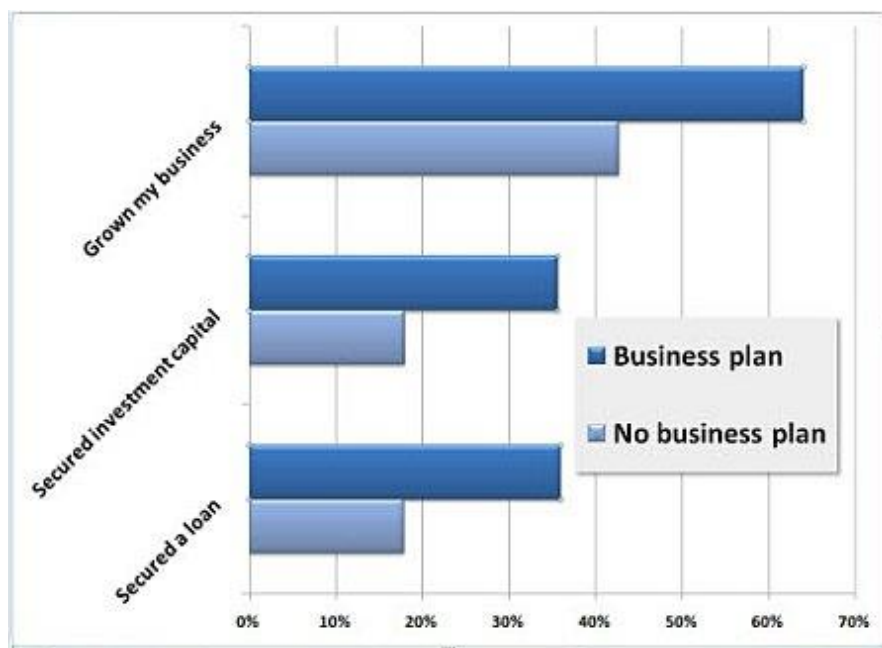


Figure 2. Business plan benefits. Adapted from Lesonsky (2010).

Business plan benefits to the company in many ways. First of all, it helps to see the current situation. Market analysis gives the view of current market trends. It shows how many competitors there are and what marketing tools are they using. With this knowledge benefiting company can create their own marketing strategy and see the potential market changes or growth. It helps to start the business process successfully. Secondly, good business plan and especially strong financial measurements can attract potential investors and business partners. “According to a U.S. Bank study, a whopping 82% of businesses that fail do so because of cash flow problems. Remember that cash flow doesn’t just mean the amounts of money that are coming in and out: you have to take timing into account, too.” states Gretchen Schmid (2016) so proper financial measurements are vital for any business. Quite often business plans are written in order to get the financial support either form the bank, European Union or other associations. And finally, proper business plan can be used as a tool to indicate the efficiency of the company. It shows if business process is smooth, profitable and helps to see wastes and potential risks.

Despite all the benefits there are some opponents. Eric Ries in his book “The Lean Startup” states that the main reason why so many startups fail because they have and they follow a business plan: “The first problem is the allure of a good plan, a solid strategy, and thorough market research. In earlier eras, these things were indicators of likely success. The overwhelming temptation is to apply them to startups too, but this doesn’t work, because startups operate with too much uncertainty. “(Ries 2011, 9). As one of unpredictable factors he points potential customers because who can be sure who their customers are going to be. Another factor is marketing research. It is done in order to predict potential market trends and market response to the new venture. However, quite often this research is expensive, takes a lot of time and it is unreliable. As a response to that author offers to enter the market as soon as possible because the only research you can rely on is a real one. You will only know your weak spots when you start getting real reactions from the customers (Ries 2011, 9).

### **2.2.2 Business plan uses**

Business plan can be used by the company in two ways: externally and internally. As it was mentioned before the most common external use is to attract the investors or to get

the loan. The most important part of business plan for that is financial plan. However, market analysis and management team background can also be used as a tool to get the financial support. The internal use of a business plan is dedicated to the company itself and can be used as a management tool to plan the company operation steps. It helps to think about it in details and see the potential opportunities and threats (Entrepreneur, 2016).

### **2.2.3 Elements of business plan**

Despite the fact that there are many successful companies operating without any business plan and new strategies are claiming that following one can lead company to failure, having a business plan and modifying it later is better than not having one at all. Business plan is a written description of a business future it is like a roadmap that is leading to success. It cannot predict the future one hundred percent but still it gives some statistics and numbers that can make decision making process more efficient. (Entrepreneur, 2016).

There are seven parts in business plan and each of them help to build a proper plan leading business to success. The first one is believed to be the most important where executive summary is. It gives a brief view of the business idea. In this part the main information about the company is mentioned like its name and who is the owner. Also mission statement, business fulfillment strategy and some future predictions and goals are given. The summary also tells the reader how the company will benefit from the business plan (Entrepreneur, 2016).

Second part is a company description. It usually begins with a short description of the industry. In this part current situation and market potential is analyzed. It is followed by legal form applied and the reasons why it was chosen. Another important thing that needs to be mentioned in this part is business location, organizational management and the number of employees with their qualifications (Entrepreneur, 2016).

Third part is services and it gives broad description of services that company provides. That will include factors that will differ the company from its competitor and will make it successful. It is important that in this part the reader would clearly understand what

the company is offering. It also has to be explained how the customer will benefit from the services given and what demand it will satisfy (NFIB, 2016).

Next part is market analysis and it is extremely important to every business plan. Good market analysis lead to strong financial plan and that is fundamental part of a business success. Market analysis describes the current market situation in terms of size, trends and growth perspective. It shows how many competitors there are in the market, their strengths and weaknesses. This analysis helps to predict the potential niche for new businesses. Usually there is a lot of statistics in this part which helps to establish a proper price, distribution and promotional strategies needed to be applied. In addition to that, target group has to be described also the strategy how to reach them (NFIB, 2016).

Fifth part is marketing research. First, it gives the explanation why this kind of research was chosen, why those questions were given to answer. This part analyses how and what data was collected during the research. Secondly, the data collected is turned to the information that helps to find the answer to the main research question which is the purpose of this business. The results of this part directly influence the following part helping to decide what marketing strategy needs to be applied (NFIB, 2016).

Sixth part is marketing plan. In this part important marketing decisions has to be explained. One of them is pricing. It is the most important and the most difficult to make. The price has to be competitive but also cover all costs. Also promotion strategy has to be explained in details. Meaning, that advertising channels chosen, sales and public relation are outlined. Furthermore, marketing mix is described together with the appropriate application to this business (NFIB, 2009).

Finally, the seventh part is a financial plan. After product, market and operations are decided final part can be written. There are three main documents that are fundamental for business plan: sales projection, income statement and break-even point. Income statement shows how much money the company is making or losing during the year. Sales projection shows how much cash the business will get, from where and how much does it needs to have in order to meet in goals. To conclude, the business plan has to show the weak spots of the idea and is it worth fixing them to actually work on it (NFIB, 2009).



### **3 BUSINESS PLAN IN PRACTICE**

The travel industry has changed dramatically. With the Internet new channels of traveling has arisen. People join groups, compares prices and deals to find what they are looking for. All of that requires time. We are facing the issue when there is so much information that requires a huge amount of time to analyze it all until we find what we are looking for or until we analyze it enough to make a decision (Buhalis & Zoge 2007). Time is money and that is what Around Lithuania values. Our customers are those who value time and experience, those who can trust professionals in order to get something they will remember and tell their friends about Lithuania. We want our customers to leave the country and tell stories about it.

#### **3.1 Executive summary**

Around Lithuania is a company owned and operated by Vainora Blaskeviciute. The company is located online; however, most tours will start from the capital city where most of the tourists come to. The founder of the company is experienced in traveling industry and is passionate about showing what Lithuania has the best to the customers. Around Lithuania was registered in April 2016 but did not start operating yet. An opportunity to succeed is realistic because there are a rapid growing number of tourists coming to Lithuania. Their number has increased by 28.6 % from 2008 until 2015 (Lithuanian State Department of Tourism, 2016). In addition to that from all the companies organizing tours all of them have only few tour options and the limit of minimum number of customers in order for the tour to happen. “Around Lithuania” is taking an advantage to that and enter the market offering flexible private tours. The meaning of that is that flexibility will be reached by offering the tours for even a single person and to small groups, up to 6 people. Our company saying is that “Time is money” so we will be charging for the duration of a tour, no matter how many customers are taking the tour.

##### **3.1.1 Mission statement**

There are no high mountains any huge rocks, no gazers, any waterfalls or beautiful beaches with white sand in Lithuania. Instead of that we can be proud of unique historic towns, architecture masterpieces, beautiful churches, clean rivers and lakes, green

forests, castles, mansions, and history. What is important the most, we have opportunities, to give the experience for our customers' to discover this small beautiful country and it does not matter that most of people still think it is a part of Russia. It does not even matter that people do not have it on a visiting list. We can make them to want to come here! Company's mission statement is to provide high quality personal traveling service that can satisfy customers' needs and even overcome their expectations and make their holiday a new comfortable adventure.

### **3.1.2 Fulfilment**

The core value of the company is being professionals but creating a laid back atmosphere for the customer. That is achieved by combining hard work, education and travel experience. The company wants their customers to feel important and always be ready to deliver what customer really wants. Around Lithuania takes care of building a strong business relationship with several service companies like car rental, hotels and others. Also, outsourcing will be continuously evaluated.

### **3.1.3 Future service**

Around Lithuania will increase the number of tours offered to the customers. The company is planning to take the advantage of trade shows, fairs and other events to reach potential customers and also to keep an eye on their competitors, monitor the market itself and future changes. Around Lithuania may develop business in additional areas and offers tours to the nearby countries like Belarus and Latvia. However, not wanting to limit ourselves we will be open to special hire by groups of people. Anyway, we do not want to lose our main concept of being flexible, so that will be available only if all the group will be interested in the same destination or even, for example, 20 people going to the same festival.

## **3.2 Company description**

Around Lithuania is a high quality tour operating company that intends to provide private fully arranged and escorted tours for solo travelers or small groups (up to 6 people). That is the main differentiation from the competitors because most of the companies set the minimum number of people on the tour. The company positions itself

as a specialist in personal traveling all around the country. In order to provide that company appreciate each customer and offers wide variety of tours and destinations even to a single customer. The main concept is to give customers the opportunity to get out from the capital city – Vilnius, which is often difficult to arrange by the foreigners themselves. Despite the variety of tours and activities outside Around Lithuania has several partners offering indoor activities to allow the company to offer service all year around.

### **3.2.1 Legal form**

The legal form of Around Lithuania is small partnership (mazoji bendrija, in Lithuanian). It is a new business model started being used since 2012. It is a limited liability legal form of any natural entity that can provide any legal activity. Small partnership can have up to ten members but all of them have to be natural entities. That means that companies cannot be a member of the company with this type of legal form (Euro Apskaita: Mazoji bendrija – lengvesniam verslui). Around Lithuania is operated by one owner – Vainora Blaskeviciute who is the director of the company and also works as a travel leader. The company was opened online using electronic signature. In addition, the company also gets the license to organize tours from the Lithuanian State Department of Tourism.

### **3.2.2 Location**

Around Lithuania is an online based company because this type of business does not depend on the fact where the office is or does it exist at all. However, most of the tours will start from the capital city – Vilnius, where most of the tourists come to. The company has many competitors in the area but it is the only one that specializes in providing service for solo travelers.

### **3.2.3 Organization management**

To handle all business the company will rely on technology like World Wide Web and different apps on the phone. At the beginning basically all of it will be run by one person – the director together with outsourcing other specialists like another travel leaders, guides, accountant and web programmer. As it is mentioned before company

director is a professional guide so she will be the one giving tours at the very beginning of company operation. However, after reaching the level where one person will not be able to manage the company and provide the services self-employed guides will be hired. All the guides are experts in their field and will share their experience and knowledge with the customers. Besides that each guide has a quality sense of humor which can guarantee that every client will fully enjoy laid back trip. Each client is unique and he or she requires unique attention that is exactly what our guides are trained for. We want our service to be not only friendly but to be exceptional.

### **3.3 Service**

Around Lithuania positions itself as a niche service provider between other traveling agencies arranging personal private tours around the country. The company offers high-quality escorted tours where the customer has a freedom to choose the departure time and place and places he or she wants to visit. Sightseeing can be combined with some extreme activities or luxury accommodations with the high quality service and extraordinary food. Basically, the company has the variety of tours offered but it can easily be customized according to the customer preferences. All the guides will be driving customers and even joining them on some of the activities. To begin Around Lithuania offers ten different destinations with particular entertainment from hot air balloon ride to bungee jumping. The tour will be offered based on the customer's preferences such as time of travel, destination, activity wanted and the budget.

Most of the tours will start with tourists that are already in Vilnius. Since it is a small country and it takes up to four hours to drive from one side to another. It is believed that at the end of the day we will come back to Vilnius where customers will have their accommodation booked. However, in order to provide few days' trips we will offer a hotel booking service. Our main feature that differs us from other agencies is flexibility. If customer wants to visit a particular place we can offer that and even suggest other places worth visiting on a way or nearby their destination. Down below is a list of potential tour options:

1. Rasu cemetery tour. Cemetery is located only 10 minutes away from Vilnius city center. This excursion offers excellent photographic opportunities.

2. Vilnius old town tour with hot air balloon. Professionally guided tour over the old town of Vilnius. This tour is an eye opening tour in terms of normal old town visits.
3. Cycling from Klaipeda to Nida. This tour will cover approximately of 50 kilometers cycling taking about half day to complete.
4. Bird watching in Rusne. Rusne is the biggest island in Lithuania. Birdwatching is the main tourist attraction to the area. This 56 hectares reserve provides an ideal getaway opportunity where you spend few hours away from the city in a nature watching birds from very close.
5. The Hill of Crosses. Unique place near the city of Siauliai where people come from all over the world and leave crosses on the hill. Now there are millions of them. This place looks saint and mysterious at the same time.

## **4 MARKET RESEARCH**

The travel industry is similar to many other industries. There are some features that can be applied to any countries no matter how their tourism differs. There are large national chains, small home-based businesses, online companies, and self-employed people and so on. Travel related associations have the number of member and that is a good indicator in order to see how many participants there are in the market. However, not only their number but also a proper market analysis needs to be done in order to prepare a successful business strategy (NFIB, 2009).

### **4.1 Market Analysis**

Lithuanian travel and tourism industry takes approximately 5% of gross national product (GNP). It is few percent lower than average in European Union (7%) and in the world (9%) (Romikaityte & Kisieliauskas 2012, 128). At a large scale research that was done by Lithuanian State Department of Tourism demonstrates that incomes from incoming tourism are constantly increasing every year starting from 2009. In 2015 it was even higher than incomes in 2008 when economic crisis has happened. Generally there is a trend towards increased growth of out-coming and local tourism also. However, incoming tourism market is separated into leisure and business travel. Business trips took 29.7% of all the market and leisure 70.3% in 2015 (Lithuanian State Department of Tourism, 2016).

#### **4.1.1 Market Trends**

The statistics in Table 4 demonstrates that the number of tourists coming to Lithuania is increasing rapidly every year. Comparing to 2009 their number has increased by 50% in 2015. Most of them are from the neighbor countries like Belarus, Latvia and Russia (Lithuanian State Department of Tourism, 2016).

TABLE 4. Number of incoming tourists. Adapted from Lithuanian State Department of Tourism (2016)

	Number of incoming tourists (thousands)														
	2008 m.	2009 m.	2009/2008 m.	2010 m.	2010/2009 m.	2011 m.	2011/2010 m.	2012 m.	2012/2011 m.	2013 m.	2013/2012 m.	2014 m.	2014/2013 m.	2015 m.	2015/2014 m.
In total	1611,3	1341,1	-16,80%	1506,9	12,40%	1775	17,80%	1899,5	7,00%	2011,9	5,90%	2062,7	2,50%	2071,3	0,40%
Belarus	208,6	247,3	18,60%	291,5	17,90%	340,3	16,70%	373,8	9,80%	408	9,10%	424,8	4,10%	365,9	-13,90%
Latvia	182	149,4	-17,90%	146,3	-2,10%	178,6	22,10%	190,1	6,40%	198,8	4,60%	228,5	14,90%	254,3	11,30%
Russia	227,3	189,4	-16,70%	224,5	18,50%	256,6	14,30%	328,4	28,00%	369,2	12,40%	326,3	-11,60%	211,6	-35,20%
Germany	166,9	135,2	-19,00%	159,2	17,80%	151,3	-5,00%	161,7	6,90%	166,3	2,80%	174,2	4,80%	188,7	8,30%
Poland	181,5	141,5	-22,00%	166	17,30%	215,6	29,90%	190,5	-11,60%	182,9	-4,00%	162	-11,40%	175,2	8,10%
United Kingdom	76,5	59,2	-22,60%	65,2	10,10%	59,6	-8,60%	65,6	10,10%	76,6	16,80%	78,7	2,70%	88,7	12,70%
Norway	38,6	28,7	-25,60%	25,5	-11,10%	43,5	70,60%	51	17,20%	51,6	1,20%	54,8	6,20%	66,8	21,90%
Estonia	60,2	50,2	-16,60%	67	33,50%	53,5	-20,10%	54,1	1,10%	55,6	2,80%	59,6	7,20%	65,1	9,20%
Ukraine	31,8	20,6	-35,20%	16,4	-20,40%	21,6	31,70%	22,5	4,20%	32,2	43,10%	46,3	43,80%	59,4	28,30%
Finland	50,2	43,4	-13,50%	65,7	51,40%	69,8	6,20%	68,2	-2,30%	59	-13,50%	54,2	-8,10%	58,4	7,70%
Sweden	47,4	31,4	-33,80%	33,7	7,30%	55,7	65,30%	45,6	-18,10%	44,5	-2,40%	46,9	5,40%	56	19,40%
Italy	44,2	26,8	-39,40%	28,2	5,20%	39,2	39,00%	35,4	-9,70%	34,1	-3,70%	38,2	12,00%	48,9	28,00%
France	25,3	23,5	-7,10%	30,3	28,90%	38,5	27,10%	37,7	-2,10%	34,7	-8,00%	35,4	2,00%	39,8	12,40%
Denmark	37,4	26,3	-29,70%	24,8	-5,70%	27,8	12,10%	29,2	5,00%	29,4	0,70%	30,1	2,50%	36	19,50%
United States	20,8	17,1	-17,80%	20,6	20,50%	26,2	27,20%	26,1	-0,40%	27,6	5,70%	34,3	24,20%	35,3	3,00%
Spain	15,1	13,4	-11,30%	16,6	23,90%	29,2	75,90%	25,2	-13,70%	24,8	-1,60%	26,1	5,30%	32,8	25,60%
Japan	9,3	7,7	-17,20%	8,4	9,10%	8,9	6,00%	9,8	10,10%	10,2	4,10%	14,7	43,60%	22,6	54,30%
Belgium	11,5	8,8	-23,50%	12,8	45,50%	19,1	49,20%	19,4	1,60%	20,8	7,20%	20,1	-3,40%	21,6	7,50%
Netherlands	20,3	15,9	-21,70%	13,9	-12,60%	19,7	41,70%	17,4	-11,70%	17,9	2,90%	18,5	3,50%	21,1	13,90%
Izrael	7,7	6,8	-11,70%	5,5	-19,10%	9	63,60%	9,2	2,20%	7,4	-19,60%	14,3	92,70%	17,2	20,60%
Austria	11,8	8,3	-29,70%	11,9	43,40%	12,6	5,90%	12,6	0,00%	12,6	0,00%	13,4	6,20%	15,8	18,00%
Ireland	24,1	11,7	-51,50%	6,4	-45,30%	7,1	10,90%	8,6	21,10%	9,6	11,60%	13,4	39,40%	12,2	-8,90%
Czech Republic	11,1	10,3	-7,20%	9,1	-11,70%	9,3	2,20%	9,5	2,20%	9,2	-3,20%	8,8	-4,70%	10,7	22,00%
Switzerland	10,1	5,1	-49,50%	4,6	-9,80%	6,1	32,60%	5,6	-8,20%	7,1	26,80%	8,3	17,40%	10,7	28,30%
Portugal	3,4	5,1	50,00%	2,9	-43,10%	5	72,40%	3,8	-24,00%	4,3	13,20%	5,1	19,40%	7,4	44,10%
China															14,7
Turkey															11,3
Other Countries	71,3	49,2	-31,00%	42,9	-12,80%	57,3	33,60%	88,4	54,30%	109,8	24,20%	125,7	14,50%	123,1	-2,10%

During the period of 1940-1990, when Lithuania was a part of Soviet Union, it was a travel destination to many people from the parts of the country because of famous spa centers and sea side (Archyvai, 2016). Even now many Russians and Belarusians are coming to Druskininkai or Birštonas, because same spa centers still exist and all of the personnel can speak Russian. However, as a result of the changes in politics and economic situation the number of their tourists has decreased in the past few years. Despite of that, many tourists come from European Union countries like Germany, United Kingdom, Estonia and Finland. The biggest increase was from the tourists coming from Japan, Portugal and Italy. That is a good sign because they are known for spending the most money abroad (World Economic Forum, 2016). To conclude, tourism market is growing in Lithuania. Reasons for this growth:

- Joining Eurozone and being more attractive for tourists from other Eurozone countries
- Airlines adding more destinations from and to the country
- Decreasing fuel price, which made travel less expensive (Delfi, 1999 – 2016).

### **4.1.2 Market Needs**

According to the Official Statistics Portal, tourist is a visitor who arrives to the country and stays there over one night at least. Since, every third tourist who came to Lithuania has been here for the first time (around 700 000 every year) there is a huge market for potential customers. Around a half of them comes here because they have friends, family or business over here, meaning that at least the other half are unsure or they need some help with the location they wish to reach (Lithuanian State Department of Tourism, 2016). They look for the advice either online, at their traveling agency or ask at the hotel. There is a lot of information and lists “what you should do in Lithuania”. However, almost never there are instructions how to get there. From the personal experience and friends stories, it is known that hotels do not always have receptionists who are able to give proper information and tourists are often sent to the shopping malls when they ask which places they should visit during their stay.

### **4.1.3 Competition**

Around Lithuania is focusing on the incoming tourism market in Lithuania. Incoming tourism definition says that it is a process when non-resident or foreigner visits a given country (Reference, 2016). Lithuania is a small country in the Eastern Europe with the population of 2.9 million, 2015 (Europa, 2016). It belongs to European Union since 2004 (Europa, 2016) and is a part of Schengen area starting from 2007 (Schengen Visa Info, 2016). Starting from 2015 it has changed its currency Litas to Euro and has joined Eurozone which makes even easier for foreign tourists to go around (Europa, 2016).

According to Lithuanian State Department of Tourism (2016) companies' that work with incoming tourism had yearly revenues of 767.8 million EUR in 2015. Few of them are direct competitors offering the same or similar service to ours). In addition to that there are indirect competitors that come in several forms like hotels; car rent companies, apps and websites offering tour planning services. Tourism is a rapidly growing industry with 2.07 million tourists who came to Lithuania in 2015. This is 0.4 % more than in 2014. 57% of tourists came by car or a bus, 38% by plane, 4% with a train and only 1% by the sea way. Even 95% evaluated their stay very good or good (Lithuanian State Department of Tourism, 2016).



#### **4.1.4 Target market**

Around Lithuania is specializing in incoming tourism that means that it will only provide service for the customers that are already in Lithuania or coming there. Our main focus is English speaking tourists as it is quite difficult for them to go around the country on their own. As Lithuanian State Department of Tourism (2016) statistics shows, typical tourist stays approximately 4 nights and since the majority of the tourists have visited Vilnius (68%) our company is going to target those who come to this area. Vilnius is a capital of Lithuania with the population of 517.000 and has more people than any other city in the country (Index Mundi, 2015). Our clients are tourists who are interested to visit best places of Vilnius but what is more important they are eager to go outside of the capital and see the real country, visit some other cities and places. Our primary customer is solo traveler or a small group of friends, colleagues or family. Around Lithuania is ready to offer them some tour ideas or satisfy their wish to visit places they want to go to.

The target market is travelers who come to Lithuania for business or vacation and have few hours or couple of days to see the country. While they are tired of new cities with similar hotels we are ready to give them traveling experience that will be unforgettable. These people value the time so they are ready to pay for it. The traveler will be able to select particular areas or destinations of the tour. The intention is to provide customer the ability to get out from the city and go see the places that usually it is difficult to get to the tourists by themselves.

#### **4.2 Competitive Analysis**

There are 234 registered travel organizing companies in Lithuania. 116 of them work with outgoing tourism, 29 with local and 89 with incoming one only, including Around Lithuania (Lithuanian State Department of Tourism, 2016). Direct competition can come literally from any of these agencies, and there are several that offer personal tours to the particular objects. Lifestyle, age, budget influence the decision of choosing one service provider. Travelers often make their decision based upon all these factors as well as their desire combined with their traveling time.

Basically all of the companies, organizing tours have only 3 to 5 destinations and minimum number of people required in order the tour to happen. However, instead of competing with them we are planning to build strong business relationship and to offer our service whenever the competitor is not able to do so in order of flexibility. After all, customers might be loyal to the tour operators they use constantly as an answer to that we are planning to use aggressive marketing and to show potential customers that our service is much more flexible because we are customer oriented and we can assure the best quality and experience.

#### **4.2.1 Research results**

Market research was made in order to find the answer to the initial thesis question. The research was done using qualitative research method. Email account ([traveleroona@gmail.com](mailto:traveleroona@gmail.com)) was created and the emails to the companies organizing tours were sent. The list of all of them was found on the Lithuanian State Department of Tourism official website and the letters via e-mail were sent pretending to be Oona from Finland who is planning a trip to Lithuania and is interested in private tour. As a measuring point one destination was chosen to make prices comparison appropriate. The questions were asked if the company could arrange a tour for one person only, what would be the duration and the price of it.

E-mails were sent to 189 companies that are in incoming tourism business in Lithuania, only 33 of them replied. From the e-mails received, few of them seemed unprofessional, for example, one of them asked to contact them later to organize everything because it was mentioned that the trip is in few months, that was its answer even twice, when was asked about the approximate price. Another one was saying that they do not understand why the potential customer can drive on her own. One more answered with mistakes in quite a basic sentence. Two of the competitors said that they only arrange a tour in a particular part of Lithuania. 17 replied that they do not arrange tours for a single person only. The rest 13 competitors offer private tours. Their marketing and pricing strategy is showed in a table which is attached as Appendix 1. The records of email interviews are added as appendixes at the very end of the thesis because it would take too much space in thesis itself. The text is copied and pasted from email letter in order to make it more understandable.

As it is seen from the table in the Appendix 1, there are only two companies using all social media channels to advertise their service. That makes Amber Tours and MG Voyages our main competitors. They both have highest prices, charging customers 25 and 32.5 EUR an hour. The pricing strategy that Around Lithuania is going to apply is charging customers even lower than average price which is almost 24 EUR/hour. That is a bit higher than Around Lithuania price offered.

Our service will cost 20 EUR an hour and it will be used as a marketing strategy, advertising tours with a saying: "Time is money". This price does not include the cost of the tickets to the places visited and meals. Each tour will be measured by time it takes and people will not be charged more if the tour will take longer because of some delays. The price will be the same despite the number of people there are on the tour. However, there cannot be more than 6 because that is the maximum capacity of mini bus that can still be driven with a B driving category.

After visiting competitors' websites it appears that all of them are full of information which is not only superfluous but also confusing. Out from all thirteen companies analyzed not a single one is focusing on Lithuania itself and the tours they are offering are at least 3 days long, requires a minimum number of people, do not have a guaranteed departure and do not mention that it organize tours for a single person.

As a response to that, Around Lithuania is going to position itself as a specialist in personal private tours around Lithuania only. It will be the only one registered tour organizer in Lithuania offering only that and focusing on English speakers only. In addition to that, the company wants to outline its qualification by providing their staff with the t-shirts with company's logo on it. In order to attract more customers Around Lithuania will be using three social channels: Facebook, Instagram and Google. Furthermore, an official web page has already been created. To conclude, blue ocean strategy applied is shown in Figure 3.

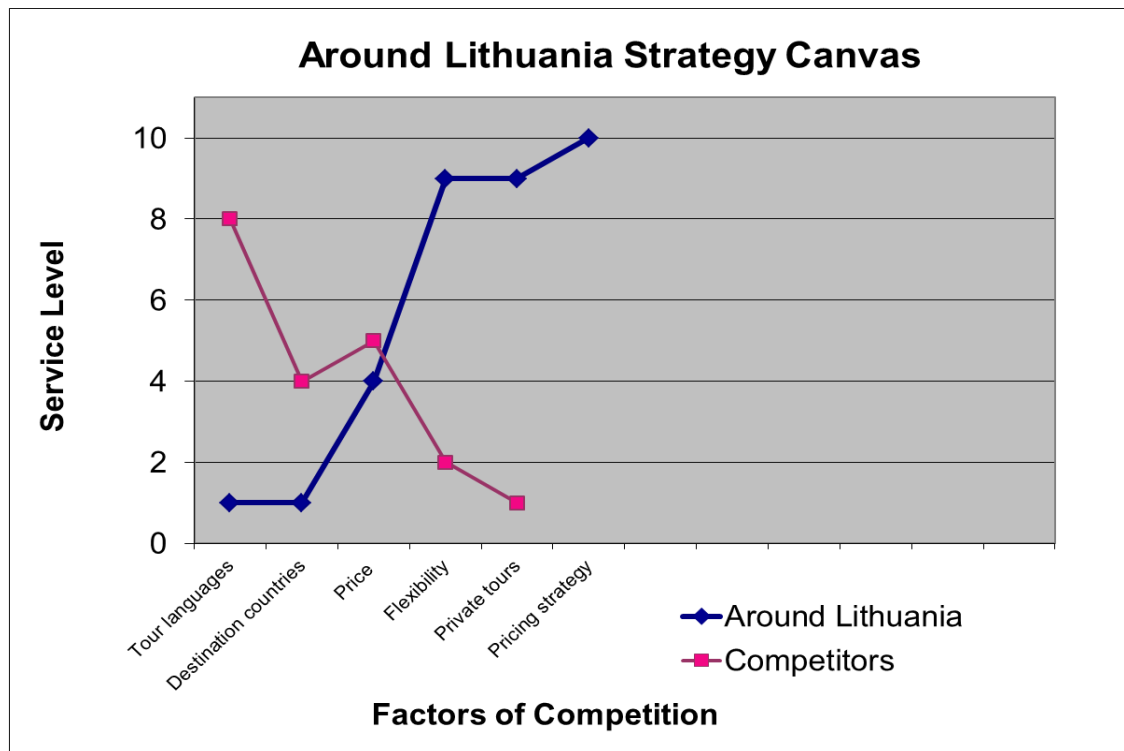


FIGURE 3. Blue Ocean Strategy Canvas

The answer to the main thesis research question is shown in the figure above. Around Lithuania will apply blue ocean strategy by focusing on private tours only. Few competitors can offer that but none of them mentions that in their advertisements. By that the company will be the leader with flexibility as the departure will always be guaranteed, its time will be on a customer's request completely and all the attention will be addressed to one or few tourists only which will assure that the service they get is the highest quality. In addition to that, the company will use social media channels like Facebook and Instagram. It will also be advertised on Google and will have its own official web site.

An innovative idea that this will be applying is a system of charging each customer a price that is constant regardless of the number of people per tour. This strategy will be fair for solo travelers and beneficial for small groups. However, Around Lithuania will only offer the service in English and only in Lithuania which makes the web page look simple and easy to understand.

### **4.3 Marketing plan**

Marketing plan is essential part of any business plan. This allows for evaluation of business strengths and weaknesses and helps to find market opportunities. It also analyses service offered from the customer's point of view in order to see how their needs could be fulfilled in the best way. In addition to that, the appropriate marketing channels needs to be discussed. Proper marketing tactic is created with the combination or marketing mix and SWOT analysis (NFIB, 2009).

#### **4.3.1 Marketing mix**

Marketing mix is a well-used tool in a marketing plan process. It is also known as 4 P's which stands for product, price, promotion and place. First, the product or service offered has to be right, meaning that there should be the demand for it or the demand has to be created. However, there has to be someone who needs and will use the product or service. Second, the price has to be reasonable. Customers do not really take into the consideration how much does it cost to market the product but they do care what value it gives and if it is worth paying those money for it. Third, there has to be an appropriate promotion used because it is the way to reach potential customers. In order to choose it correctly, potential customers and their habits has to be known. And finally, the place plays a huge role, because business success often depends of the product is offered in the right place and at the right time (Ehmke, C., Fulton, J., Lusk, J.).

#### **4.3.2 SWOT analysis**

Around Lithuania is positioning itself as private tours organizing specialist and offering to drive tourists around in a private car giving them the feeling of importance, freedom and flexibility. The company is confident enough to offer best deals for the appropriate price and to improve tourism level in the country. Time is a precious commodity. Our goal is to save customers' time and to ensure that their needs are satisfied for appropriate price. Below are the summarized SWOT analysis which is a way of summarizing the current state of a company and helping to devise a proper plan for the future that highlights the existing strengths, weaknesses, opportunities and threats (Table 5). The result of this analysis is to see the reality of business idea; if it is worth

doing it at all. It also gives a list of action points which should be followed together with things that should be avoided (Fine, L., G., 2009).

TABLE 5. SWOT Analysis.

<b>Strengths</b>	<b>Opportunities</b>
<p><b>Registered company:</b> many customers choose services only from registered companies.</p> <p><b>Flexibility:</b> offering tours for solo travelers. Tour price does not depend on the number of people on the tour.</p> <p><b>Low investment:</b> it does not need a lot of investment to start a company.</p> <p><b>Poor English:</b> older generation very rarely speak English; it is difficult for the tourist to go around by his/her own.</p> <p><b>Skilled employees:</b> guides are well-qualified, friendly, polite, outgoing.</p> <p><b>Diversity:</b> high number of tour available</p> <p><b>Timing:</b> time of the tour is when the customer wants it to be.</p> <p><b>Social media:</b> company will use social media widely to reach the customers.</p> <p><b>Website and Google Ad:</b> Google is one of the most used channels to find tour provider; having an official website adds extra value.</p>	<p><b>Tourism sector growth:</b> it is constantly growing in Lithuania.</p> <p><b>More English speaking tourists:</b> the number of tourists from EU countries is growing, more and more English speakers are coming from other countries also as English is becoming the international language.</p> <p><b>Poor public transport:</b> trains or busses go to other cities few times a day, it is quite difficult to get to some places or that takes a lot of time.</p> <p><b>Solo travelers:</b> number of people traveling on their own is increasing.</p>
<b>Weaknesses</b>	<b>Threats</b>
<p><b>Weak brand name:</b> company is still new and unknown for the customers.</p> <p><b>Lack of business experience:</b> even the owner has studied business and is a licensed guide; she still has little experience in managing a business.</p> <p><b>Business strategy affectivity:</b> business strategy applied might not be effective as the company only focuses on private tours.</p> <p><b>Only one language:</b> company will be working with English speaking tourists only.</p>	<p><b>More competitors:</b> increasing number of tourists may lead to the higher number of competitors. Also, indirect competitors might change their strategy.</p> <p><b>Employees' problems:</b> this might occur because guides might not be able to deal with the situation.</p> <p><b>Impolite customers:</b> not easy to deal with impolite and difficult people.</p> <p><b>Lack of customers:</b> customers might be not interested in traveling outside of the capital city.</p>

### **4.3.3 Differentiation strategy**

As the initial question of this thesis is to find an appropriate pricing strategy to be able to enter the blue ocean market with this strategy, it is also important to find the ways, how the company can differentiate from its competitors in order to gain market share. Around Lithuania intends to offer a unique service which is affordable, comfortable and luxurious at the same time. The company is planning to beat its competitors by combining flexibility, promotion and price. As it is mentioned in SWOT analysis, the company is going to offer broad variety of tours and tours for even solo traveler.

Even, some companies do offer tour for one tourist only; however, they do not offer that on their website and the tour options over there are limited and tour dates are fixed. Moreover, most of the competitors do not have their own website or advertisements on websites such as Google; limiting visibility. Furthermore, Around Lithuania is one of few tours organizing companies in Lithuania using Instagram as a marketing tool. It is also seems that only few companies invest into brochures and leaving them at the hotels, anyway, most of them have agreements with the guides who are self-employed and work on a request.

### **4.3.4 Pricing**

Price is important factor in marketing strategy. It has to be low enough to attract the customers but at the same time to assure that all business expenses are covered with some profit left. To the business which is applying blue ocean strategy price is an import factor because it is used as a marketing plan. Much of the pricing of Around Lithuania is determined by market standards, meaning, that it cannot be much higher than competitors price. After analyzing competitors and their pricing strategy, the decision about charging by the hourly rate was made. That means that the price will depend on the length of the tour no matter how many customers there will be. In this way, price will be much cheaper than competitors if there are more people on the tour. Further explanation and particular prices are explained in the following chapter.

#### 4.3.5 Marketing strategy

Around Lithuania expects the first several months to be used to plan trips and make contracts with trip leaders and partner companies. By the end of year one the trips is planned to be in full swing and the company will be building a solid customer base that will be created by implementing strong marketing strategy.

Marketing strategy is a ways of reaching the customers. First of all, its ground goal is to use marketing channels to assure that customers are aware of the company existence. That will be done by combining social media which is Facebook ([www.facebook.com/aroundlithuania](http://www.facebook.com/aroundlithuania)) and Instagram ([www.instagram.com/aroundlithuania](http://www.instagram.com/aroundlithuania)). These channels are free; however, additional services as Facebook Ad will be used to reach more potential customers because it is done based on their location or interests. In addition to that, the company is planning to buy Google Ad which is one of the first places where people look for the information on. Official company's website ([www.aroundlithuania.eu](http://www.aroundlithuania.eu)) will also be created as it is a crucial feature making the company to look trustworthy.

Moreover, color brochures that include tour options, prices and other information will be printed and used as sales promotional material. They will be distributed to bigger organizations like Tourists Information Center that often recommend the service to the potential customer. Also they will be left at the hotels as they are the places where customers ask for the information. There are 566 hotels found in Vilnius (Booking, 2016). The number of leaflets has to be high enough to be able to leave them in most of the hotels. T-shirts with company's logo will be worn by the guides on a tour in order to help customer to recognize him or her and also to improve company's visibility. An email address and phone number is also given in order help customers to reach the company faster.



## 5 FINANCIAL PLAN

Financial plan is a detailed explanation expressed visually on estimates investments, incomes and profit. It helps to see how much money does in need in order to start the business and determines where the company is going with it, what it will be used for. This part is made from six smaller parts: start-up costs, sales forecast, income statement, break-even analysis, risk plan and future plans. Despite the fact that Around Lithuania is registered company, it did not start operating yet. That is why the numbers in some tables will be only projections; it is not possible to know how much business the company is going to make.

### 5.1 Start-up costs

The basic Around Lithuania start-up costs include marketing fees, website development, legal fees related to the opening of a new company and a deposit for car rent. The marketing costs are for the brochure and advertisements. Start-up will be financed by the owner's personal investment and will cover all the expenses needed for the company to start operate successfully. Salaries are not included because employees will not get paid if there is not going to be any actual job done. Further information can be seen form Figure 4.

Web page	300
Legal fees	150
Facebook advertisements	100
Google advertisements	400
Brochures	300
Business cards	30
T-shirts with logo	120
Other expenses (car rent payment with deposit, fuel, insurance)	500
<b>Total expenses</b>	<b>€ 1.900</b>

FIGURE 4. Start-up costs.

## 5.2 Sales forecast

Sales forecast part shows a month-by-month sales projections which are planned to achieve. This plan is usually made for whole year. Around Lithuania was opened in April, 2016, however, it is expected to start operation from the April of the following year when tourism season starts. The season lasts for six months from which three of them are intensive. The rest half a year is quite low for tourism industry in Lithuania. However, Around Lithuania offers its service all year around and still expects to make some sales each month. The company will charge tourists by hours, 20 EUR for an hour. It is expected to have 4 full days (8 hours) a week booked during three months of high season, 3 full days during next three months of the season and 2 days for the rest of a year. Further calculations are shown in Table 6.

TABLE 6. Sales forecast.

	April	May	June	July	August	September	October	November	December	January	February	March
Days operating/week	3	3	4	4	4	3	2	2	2	2	2	2
Days operating/month	12	12	16	16	16	12	8	8	8	8	8	8
Hours operating/month	96	96	128	128	128	96	64	64	64	64	64	64
Sales, EUR	1 920	1 920	2 560	2 560	2 560	1 920	1 280	1 280	1 280	1 280	1 280	1 280

## 5.3 Income statement

Income statement is an tool measuring company's finance. It shows main financial measurements: revenue less expenses results in a profit or loss. To be more specific income statements shows if the company is profitable. Companies usually prepare income statement once a year. It is used to show investors how well or bad the company is doing by reporting earnings and expenses over the period of time (Mason, R., 2012).

Figure attached as an Appendix 2 shows the income statement for Around Lithuania company for a period of one year. The year is measured from the April to another one of the following year. As Adam Hoeksema has offered, Costs of Goods Sold was changed to Cost of Revenue in the income statement. It is usually made from the direct cost of the service (wages) and fuel (Hoeksema, 2012). Despite that, Cost of Revenue part is left empty, or to be more concrete, there is zero, but wages and fuel are mentioned in the separate rows. Tour guides hired will be self-employed; the wages are calculated by multiplying the number of hours worked by 7 euro that much they are going to be paid.

Small partnerships are intended to pay three types of taxes:

- Profit taxes. Usually it is 15%. But enterprise pay only 5% if there is less than 10 owners, annual income is less than 300 000 EUR, owners do not own 50% or more of another enterprise stocks.
- VAT, 21%. Only if company's income is more than 45 000 EUR a year.
- State Social Insurance Fund (Sodra, in Lithuanian). 350 EUR a year (MB Apskaita).

#### **5.4 Break-even analysis**

Break-even analysis is a tool used to determine the breaking point when the business will become profitable. Meaning, that it shows how many sales needs to be done in order to cover all the expenses. To begin, the start-up costs needs to be known to figure the sales revenue needed (University of Wisconsin System, 2001). As it is mentioned before, the hourly cost of the service will be 20 EUR and start-up costs are 1 900 EUR. To conclude, we project that the company will be able to generate a positive cash flow after a first month of operation, to be more specific, the company needs to provide services for 95 hours.

#### **5.5 Risk plan**

„Risk is a part of any activity and can never be eliminated, nor can all risks ever be known. Risk in itself is not bad; risk is essential to progress, and failure is often a key part of learning.” (Scoy 1992, 3). However, it is needed to balance the possible and negative consequences of risk and be prepared for that. As a tool for that risk management plan is often used by the companies. It is usually in a form of a table with a list of potential risk, the risk level of it (low, medium or high) and the proposed action that has to be taken in order to prevent it or when it happens. Table 7 shows risk management plan for Around Lithuania.

TABLE 7. Risk management plan.

<b>Risk</b>	<b>Priority (high, med., low) based on the probability x impact evaluation</b>	<b>Actions</b>
Customer is not satisfied or has complains about service quality	Medium	Offer 20% refund of the price paid, improving staff's qualification, provide training courses for the staff
Lack of orders	Medium	Improve marketing, try new marketing channels
Staff quit unexpectedly or is sick	Low	Finding someone else who can replace them
Economic changes	Low	Build strong customer relationships, look new business opportunities
Political changes	Low	Offer new service, look for other opportunities
New competitors or old ones with improved service	Medium	Improve existing service, offer new ones, look for partners
Management misunderstandings	High	Keep eye and check accordingly the overall situation, arrange staff meetings
Financial difficulties	High	Insurance, having extra money
Bankruptcy	Medium	Keep eye on finance of the company
Bad weather	High	Offer indoor activities
Technical market improvements	Medium	Always look for new technical improvements
Loss of marketing coordination and control	Medium	Do research and analyze the market
Slipping profits despite increasing sales	Medium	Keep eye and check accordingly the financial situation, lower expenses

## 5.6 Future Plans

The key of any business plan is to show that business idea is good and business itself can be profitable. However, another important thing is to show that company has a realistic opportunity to grow bigger. Tourism is a tricky business that is seasonal and often limited by things like weather conditions. Around Lithuania will become

profitable at the end of first month of operation. Despite of that, its revenues is expected to go down as the tourism geos of the season.

### **5.6.1 Three years plan**

The company started operating on a very small basis having only one travel leaders working with a company, however, its goals over the next three years are:

- Operation of 50 000 EUR by year three
- Develop alliances with service providers inside the country and traveling agencies internationally that provide traveling service to Lithuania
- Increase the number of travel leaders
- Offer road trips to the neighbour countries
- Attend 3 tourism fairs annually

In order to achieve these goals the company has to focus on the key areas:

- Effective reaching of the target group
- Successfully position ourselves as a flexible tour organizer
- Stand out from our competitors and be a leader offering flexible and outstanding tours around all the country
- Keeping high quality of the service
- Careful selection of staff hired

## 6 CONCLUSION AND DISCUSSION

The objective of this thesis was to write a proper reasonable business plan for tour providing company Around Lithuania. The main research question was how much it should charge its customers. The analysis of research results are in chapter 4.2. However, the research analyzed both primary and secondary data. First of all, official statistical information about tourism itself and incoming tourists to Lithuania was found. Secondly, secondary data was collected by pretending to be a customer and interviewing competitors via e-mail.

Almost 200 companies having a license to provide tour service were contacted. Surprisingly, only small part of them replied and from those which did only 13 appeared as direct competitors. Deeper analysis was made on them. After competitor's pricing strategy was analyzed it was decided to charge customers by the time tour is taking no matter how many people are on the tour. The price will be even lower than average price of the competitors.

The research has also analyzed their marketing channels used. The results showed that those companies are rarely using all social media channels even some of them are free. Research outcomes helped to create a proper marketing plan with realistic financial projections and calculations. In addition to that, Around Lithuania will be differentiating from other market players by focusing on flexible private tours offering services with customized length and destinations. In addition to that, the company will be using only English as tour language.

I, myself am a commissionaire of thesis as the owner of Around Lithuania company. I was quite surprised by the results of marketing channels used. I realized how important is to use social media and ads on Google and Facebook. Before that I thought that I will invest in marketing only some money. After seeing research results I understood how important it is to be visible to the customers because most of competitors are not. The thing that surprised me the most was that none of the companies outlines that they organize trips for solo travelers which in my point of view is very demanding service. Foreigners that I met in Lithuania gave me this idea as they were complaining that it is difficult to go around the country on your own speaking English only.

Having a proper business plan gave me a new sparkle to work harder on this idea. Despite the fact, that profit first year is not that big, however, it is more than minimum salary in Lithuania with less working hours. In addition to that, Around Lithuania is expecting bigger payback of money invested into marketing in the following year as word of mouth will hopefully be helping as well. In order to achieve that, the company will be paying attention to the staff hired and provided service quality. I want Around Lithuania brand to be a synonymous with good experience and high class and I am eager to achieve that by combining the knowledge I get during my studying period together with real life experience.

## REFERENCES

- Archyvai, 2016. Lietuvos Okupacija ir Aneksija 1940 Metais. Read 30.10.2016. <http://www.archyvai.lt/exhibitions/okupac/pratarne.htm>
- Baibinas, R. 2007. Lietuva. Visuotinė lietuvių enciklopedija. Vilnius: Mokslo ir enciklopedijų leidybos institutas.
- Booking, 2016. Read 14.11.2016. [http://www.booking.com/searchresults.en-gb.html?aid=376363&label=bdot1gtfXe7K0wVduEQU2KBU\\*QS83083559238%3Apl%3Aata%3Apl%3Aap21%2C020%2C000%3Aac%3Aap1t1%3Aneg%3Afi%3Atikwd334108349%3Aalp1007962%3Ali%3Adec%3Adm&lang=engb&sid=ad6085e36cbba36ebe75cb1fbf2df94b&sb=1&src=index&src\\_elem=sb&error\\_url=http%3A%2F%2Fwww.booking.com%2Findex.engb.html%3Faid%3D376363%3Blabel%3Dbdot1gtfXe7K0wVduEQU2KBU%252AQS83083559238%253Apl%253Aata%253Apl%253Aap21%252C020%252C000%253Aac%253Aap1t1%253Aneg%253Afi%253Atikwd334108349%253Aalp1007962%253Ali%253Adec%253Adm%3Bsid%3Dad6085e36cbba36ebe75cb1fbf2df94b%3Bsb\\_price\\_type%3Dtotal%26%3B&ss=vilnius&checkin\\_monthday=&checkin\\_month=&checkin\\_year=&checkout\\_monthday=&checkout\\_month=&checkout\\_year=&is\\_flexible\\_with\\_dates=1&nflt=&sb\\_acc\\_types=1&room1=A%2CA&no\\_rooms=1&group\\_adults=2&group\\_children=0](http://www.booking.com/searchresults.en-gb.html?aid=376363&label=bdot1gtfXe7K0wVduEQU2KBU*QS83083559238%3Apl%3Aata%3Apl%3Aap21%2C020%2C000%3Aac%3Aap1t1%3Aneg%3Afi%3Atikwd334108349%3Aalp1007962%3Ali%3Adec%3Adm&lang=engb&sid=ad6085e36cbba36ebe75cb1fbf2df94b&sb=1&src=index&src_elem=sb&error_url=http%3A%2F%2Fwww.booking.com%2Findex.engb.html%3Faid%3D376363%3Blabel%3Dbdot1gtfXe7K0wVduEQU2KBU%252AQS83083559238%253Apl%253Aata%253Apl%253Aap21%252C020%252C000%253Aac%253Aap1t1%253Aneg%253Afi%253Atikwd334108349%253Aalp1007962%253Ali%253Adec%253Adm%3Bsid%3Dad6085e36cbba36ebe75cb1fbf2df94b%3Bsb_price_type%3Dtotal%26%3B&ss=vilnius&checkin_monthday=&checkin_month=&checkin_year=&checkout_monthday=&checkout_month=&checkout_year=&is_flexible_with_dates=1&nflt=&sb_acc_types=1&room1=A%2CA&no_rooms=1&group_adults=2&group_children=0)
- Buhalis, D., Zoge, M. 2007. Information and Communication Technologies in Tourism. The Strategic Impact of the Internet on the Tourism Industry. Springer Vienna.
- Burns, R. B. 2000. Introduction to Research Methods, 4<sup>th</sup> edition. SAGE Publications Ltd.
- City of Burlington, 2002. Leisure Services Policy. Business Plan Framework. Read 07.10.2016. <http://cms.burlington.ca/Asset578.aspx>
- Collis, J., Hussey, R. 2003. Business Research. A Practical Guide for Undergraduate and Postgraduate Students, 2<sup>nd</sup> edition. Palgrave Macmillan.
- Country Meters. 2016. Current Population. Read 15.10.2016 <http://countrymeters.info/en/Lithuania>
- Delfi, 1999 – 2016. Tuscija vieta ilgai nebuna: rusu turistus Lietuvoje pakeite kiti. Read 30.10.2016 <http://www.delfi.lt/verslas/verslas/tuscija-vieta-ilgai-nebuna-rusu-turistus-lietuvoje-pakeite-kiti.d?id=70004274>
- Economic and finance affairs. 2016. Lithuania and the euro. Read 14.10.2016 [http://ec.europa.eu/economy\\_finance/euro/countries/lithuania\\_en.htm](http://ec.europa.eu/economy_finance/euro/countries/lithuania_en.htm)
- Ehmke, C., Fulton, J., Lusk, J. Marketing's Four P's: First Steps for New Entrepreneurs. Purdue University. Agricultural Innovation & Commercialization Center. Read 31.10.2016. <https://www.extension.purdue.edu/extmedia/ec/ec-730.pdf>
- Entrepreneur, 2016. An Introduction to Business Plans. Read 23.10.2016. <https://www.entrepreneur.com/article/38290>



Euro Apskaita. Mazoji bendrija – lengvesniam verslui. Read 14.10.2016  
<http://www.euroapskaita.lt/straipsniai/4-.html>

Europa, 2016. Lithuania. Read 30.10.2016. [https://europa.eu/european-union/about-eu/countries/member-countries\\_en](https://europa.eu/european-union/about-eu/countries/member-countries_en)

Fine, L., G., 2009. The SWOT Analysis. Using your Strength to overcome Weaknesses, Using Opportunities to overcome Threats. Kick It, LLC.

Given, M. L., 2008. The SAGE Encyclopedia of Qualitative Research Methods. Vol. 2. SAGE Publications, Inc, 33-34.

Gretchen, S. 2016. 17 Small Business Statistics You Need to Be Well Aware Of. Read 20.10.2016 <https://www.fundera.com/blog/2016/05/06/small-business-statistics>

Hoeksema, A., 2012. What is Cost of Goods Sold for a Service Business? Read 07.11.2016. <http://blog.projectionhub.com/what-is-cost-of-goods-sold-for-a-service-business/>

Index Mundi, 2016. Lithuania Demographics Profile 2016. Read 30.10.2016. [http://www.indexmundi.com/lithuania/demographics\\_profile.html](http://www.indexmundi.com/lithuania/demographics_profile.html)

Jankeviciute, G. 2006. Lietuva. Vilnius: R. Paknio leidykla.

Johnson, B., & Christensen, L. 2008. Educational research: Quantitative, qualitative, and mixed approaches. Thousand Oaks, CA: Sage Publications, 34.

Kim, C. W, Mauborgne, R. 2013. Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant. Harvard Business Review Press.

Lesonsky, R. 2010. A Business Plan Doubles Your Chances for Success, Says a New Survey. Read 20.10.2016 <https://smallbiztrends.com/2010/06/business-plan-success-twice-as-likely.html>

Lithuanian State Department of Tourism, 10.10.2016. Kelioniu organizatoriu sarasas. Read 26.10.2016. [http://www.tourism.lt/uploads/documents/turizmo\\_paslaugu\\_teikejai/KO/SARASAS\\_2016-10-10.pdf](http://www.tourism.lt/uploads/documents/turizmo_paslaugu_teikejai/KO/SARASAS_2016-10-10.pdf)

Lithuanian State Department of Tourism, 2016. Atvykstamojo turizmo apzvalga (2015). Read 14.10.2016 <http://www.tourism.lt/lt/atvykstamasis-turizmas>

Mack, N., Woodsong, C., Macqueen, K. M., Guest G., Namey, E. 2005. Qualitative Research Methods: A Data Collector's Field Guide. Family Health International. 3-4.

Mason, R., 2012. Finance for Non-Financial Managers. Teach Yourself.

MB Apskaita. Read 13.11.2016. <http://mbapskaita.lt/naudinga-informacija/kokius-mokescius-moka-mazoji-bendrija/>

Meho, L. I. 2006. Journal Of the American Society for Information Science and Technology: E-Mail Interviewing in Qualitative Research: A Methodological Discussion.

August Issue 2006. Read 29.10.2016 <http://staff.aub.edu.lb/~lmeho/meho-email-interviewing.pdf>

NFIB, 2009. 7 Essential Sections of a Business Plan. Read 03.10.2016. <http://www.nfib.com/content/resources/start-a-business/7-essential-sections-of-a-business-plan-49946/>

Official Statistics Portal, 2013. Modern Lithuania (1991–now). Read 30.10.2016. <http://osp.stat.gov.lt/en/statistiniurodikliuanalize?portletFormName=visualization&hash=d0d1de14-1fe5-4cce-961281f78e94a2bf>

Oman, J., 2011. Understanding Your Competition. Read 24.10.2016. <http://smallbusinessbc.ca/article/understanding-your-competition/>

Patsula, P.J. 2004. Successful Business Planning in 30 Days: A Step-By-Step Guide for Writing a Business Plan and Starting Your Own Business, 3<sup>rd</sup> edition. Patsula Media.

Reference, 2016. What is the difference between inbound and outbound tourism? Read 30.10.2016. <https://www.reference.com/worldview/differencebetweeninboundoutbound-tourism-6760686bcb6e64b0>

Ries, E. 2011. The Lean Startup. How Constant Innovation Creates Radically Successful Businesses. England: Clays Ltd, St Ives plc

Romikaityte, B., Kisieliauskas, J., 2012. Management theory and studies for rural business and infrastructure development. 2012. Nr. 2 (31). Research papers. Lietuvos turizmo sektoriaus pletrai itaka darantys veiksniai. Read 30.10.2016. <http://mts.asu.lt/mtsrbid/article/viewFile/41/68>, 128.

Schengen Visa Info, 2016. Lithuania Schengen Visa Application Requirements. Read 30.10.2016. <http://www.schengenvisainfo.com/lithuania-visa/>

Scoy, R., L., V., 1992. Software Development Risk: Opportunity, Not Problem. Pittsburgh, Pennsylvania. Software Engineering Institute. Carnegie Mellon University, 3.

Studios Guy. 2016. Sources of Data Collection: Primary & Secondary. Read 28.10.2016. <http://studiousguy.com/sources-of-data-collection/>

University of Wisconsin System, 2011. Break-even Analysis. Read 04.11.2016 [https://www4.uwm.edu/sce/resources/sbdc/newsletter/Issue%2013/uwm\\_sbdc\\_break\\_ven\\_analysis.pdf](https://www4.uwm.edu/sce/resources/sbdc/newsletter/Issue%2013/uwm_sbdc_break_ven_analysis.pdf)

World Economic Forum, 2016. Which country's tourists spend the most money? Read 30.10.2016. <https://www.weforum.org/agenda/2015/12/which-countrys-tourists-spend-the-most-money/>

## APPENDICES

## Appendix 1. Marketing research results

COMPANY	Website	Price of a tour	Price an hour	E-mail	Facebook	Google	Instagram
Baltic Escape	<a href="http://www.balticescape.com/">http://www.balticescape.com/</a>	200	25	<a href="mailto:contact@balticescape.com">contact@balticescape.com</a>		X	
Travelka		160	20	<a href="mailto:mtravelka@gmail.com">mtravelka@gmail.com</a>			
Amber Tours	<a href="http://www.ambertours.lt/">http://www.ambertours.lt/</a>	260	32,5	<a href="mailto:karle@ambertours.lt">karle@ambertours.lt</a>	<a href="https://www.facebook.com/Ambertours.Lt/">https://www.facebook.com/Ambertours.Lt/</a>	X	ambertours
Mg Voyages	<a href="http://www.mgvoyages.eu/">http://www.mgvoyages.eu/</a>	200	25	<a href="mailto:mg.voyages@gmail.com">mg.voyages@gmail.com</a>	<a href="https://www.facebook.com/ngvovages/">https://www.facebook.com/ngvovages/</a>	X	maris409
Klaipeda Tours	<a href="http://www.klaipedatours.eu/">http://www.klaipedatours.eu/</a>	220	27,5	<a href="mailto:via@klaipedatours.lt">via@klaipedatours.lt</a>	<a href="https://www.facebook.com/KlaipedaTours/">https://www.facebook.com/KlaipedaTours/</a>	X	
Baltic Trips	<a href="http://www.baltictrips.com/">http://www.baltictrips.com/</a>	300	37,5	<a href="mailto:devidas@pazinktevyre.lt">devidas@pazinktevyre.lt</a>	<a href="https://www.facebook.com/Baltic-Trips-905151812839210">https://www.facebook.com/Baltic-Trips-905151812839210</a>	X	
Keliank Su Rima		130	16,25	<a href="mailto:RimaBacktere@gmail.com">RimaBacktere@gmail.com</a>	<a href="https://www.facebook.com/keliank.surima/">https://www.facebook.com/keliank.surima/</a>	X	
Destination Your's Educon		100	12,5	<a href="mailto:loritakasm@gmail.com">loritakasm@gmail.com</a>			
Travel Time	<a href="http://www.traveltime.lt/">http://www.traveltime.lt/</a>	200	25	<a href="mailto:info@traveltime.lt">info@traveltime.lt</a>			
Litin Tour	<a href="http://www.lituanaviaggi.com/">http://www.lituanaviaggi.com/</a>	140	17,5	<a href="mailto:info@lituanaviaggi.com">info@lituanaviaggi.com</a>	<a href="https://www.facebook.com/paesibaltig/">https://www.facebook.com/paesibaltig/</a>		
Travel in Baltics	<a href="http://www.travelinbaltics.com/">http://www.travelinbaltics.com/</a>	180	22,5	<a href="mailto:info@travelinbaltics.com">info@travelinbaltics.com</a>		x	travelinbaltics
Tagata	<a href="http://www.tagata.lt/">http://www.tagata.lt/</a>	245	30,6	<a href="mailto:Info@tagata.lt">Info@tagata.lt</a>			
Baltic Idea Generator	<a href="http://www.balticidea.com/">http://www.balticidea.com/</a>	155	19,4	<a href="mailto:travel@balticidea.com">travel@balticidea.com</a>	<a href="https://www.facebook.com/balticideagenerator/">https://www.facebook.com/balticideagenerator/</a>	X	
<b>AVERAGE PRICE, EUR</b>		<b>191,5384615</b>	<b>23,9423077</b>				

Appendix 2. Income statement

<b>REVENUES</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>Total In a year</b>
Sales revenues	1920	1920	2560	2560	2560	1920	1280	1280	1280	1280	1280	1280	21120
Other revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total revenue, EUR</b>	<b>1920</b>	<b>1920</b>	<b>2560</b>	<b>2560</b>	<b>2560</b>	<b>1920</b>	<b>1280</b>	<b>1280</b>	<b>1280</b>	<b>1280</b>	<b>1280</b>	<b>1280</b>	<b>21120</b>
<b>EXPENSES</b>													
Cost of revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Wages	672	672	896	896	896	672	448	448	448	448	448	448	7392
Marketing	150	100	100	100	100	100	100	100	100	100	100	100	1250
Legal service	150	10	10	10	10	10	10	10	10	10	10	10	260
Insurance	70	70	70	70	70	70	70	70	70	70	70	70	840
Gas	144	144	192	192	192	144	96	96	96	96	96	96	1584
Accountant service	25	25	25	25	25	25	25	25	25	25	25	25	300
Lease equipment	300	300	300	300	300	300	300	300	300	300	300	300	3600
Other expenses	50	50	50	50	50	50	50	50	50	50	50	50	600
<b>Total expenses, EUR</b>	<b>1561</b>	<b>1371</b>	<b>1643</b>	<b>1643</b>	<b>1643</b>	<b>1371</b>	<b>1099</b>	<b>1099</b>	<b>1099</b>	<b>1099</b>	<b>1099</b>	<b>1099</b>	<b>15826</b>
Income before tax	359	549	917	917	917	549	181	181	181	181	181	181	5294
<b>SODRA</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>350</b>
Income tax, 5%	18	28	46	46	46	28	9	9	9	9	9	9	266
<b>Net profit, EUR</b>	<b>312</b>	<b>492</b>	<b>842</b>	<b>842</b>	<b>842</b>	<b>492</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>142</b>	<b>142</b>	<b>4678</b>

Appendix 3. Starting e-mail.

Hello,

I am planning to come to Vilnius 14-17th May. I am interested in taking a tour with your company somewhere outside of the capital city. Please let me know how many different tours you have to offer and are there a minimum number of people on the tour.

Best regards,

Oona

## Appendix 4. Interview 1.

Dear Mrs Oona,

Thank you for your letter and for your request. Unfortunately, we do not have any guaranteed tours with excursions somewhere outside of Vilnius. We could offer for you the individual tour only. So it would be very nice, if you specify, what kind of services should be included, how many persons will travel with you and what level of accommodation do you prefer.

Thank you a lot for contacting us. Please, do not hesitate to contact us if have any questions or need some additional information.

Looking forward for your reply,

With kind regards from Vilnius

*Hi,*

*It would be great if you could organize a private tour. I am interested in visiting the Hill of Crosses. What would be the duration of the tour and the price?*

*Regards,*

*Oona*

Hello, dear Oona,

Thank you for your reply. We could offer for you tour to the Hill of Crosses with a personal English speaking guide and transfer both ways. It would cost 200 eur. Tour duration, including travel time, would be about 8 hours.

Please, inform, if this offer is acceptable for you and what day did you choose for this tour. I suppose that it could be 15th or 16th of May.

Thank you, waiting for your response.

Have a nice day,

Appendix 5. Interview 2.

Hello!

Thank you for contacting us! We are fresh and newly established tour operator in Lithuania. Mostly we work with universities or organisations groups.

There is 3 ways for private trips Lithuania:

- You have to collect at least 8 persons group and our guide would lead you through tailor made tour suited for your needs.
- We offer you a car rent and prepare a travel plan according to your needs.
- We prepare a travel plan for personal exploring.

Which service would suite you best?

Thank you!

*Hi,*

*I like the second option. I am interested in visiting the Hill of Crosses. Could you please tell me how much would the plan and the trip itself would cost for me.*

*Regards,*

*Oona*

Hello,

The trip plan would be 20 eur and a car rental would be ~40 eur per day.

Is it okay?

*Hi,*

*Could you also offer the service of private guide who would drive me there? And what would be the price then?*

*Oona*

Hello,

The private guide would be 70 eur per day.

All the best!