MARKETING PLAN FOR A SME

Mark Heurman

Johannes Paavola

ABSTRACT

Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences
Degree Programme in Tourism

HEURMAN, MARK & PAAVOLA, JOHANNES:
Marketing Plan for a SME

Bachelor's thesis 60 pages, appendices 21 pages
November 2015

The aim of this bachelor's thesis was to create a marketing plan for E.A.T. Tampere, a bike rental and city tour business in Tampere, Finland. Being a decidedly small business, the company has never been able to focus on marketing and has thus not had a structured marketing plan. The objectives for the marketing plan were developed using first-hand information provided by the company and self-conducted research into tours in the Tampere area. The main purpose of the marketing plan was to increase the visibility of the company and provide new perspectives for certain aspects of company operations.

The authors studied marketing and marketing tools broadly to discern which would be the most applicable in the company's efforts to gain visibility. Budgetary and resource considerations common to small businesses guided the selection process. The marketing plan itself can be found in the appendix of this thesis due to confidentiality considerations.

All of the proposed actions contained in the marketing plan have been designed based on information of the current situation at the time of writing and are subject to change according to the changing marketing environment and prominent trends in the industry. It has been left up to the discretion of the company to choose which aspects of the marketing plan will be utilized to improve visibility in the future.

Key words: marketing plan, services marketing, tourism, SME

CONTENTS

1 INTRODUCTION

The aim of this bachelor's thesis was to create a practical and actionable marketing plan for E.A.T. Tampere, offering bike rental services, city tours, outdoor tours and activities as well as services tailored to the specific needs of customers. E.A.T. Tampere operates in the Tampere region and is currently looking into expanding operations to include the Hämeenlinna region. It is a small and seasonal business that was established in 2010.

E.A.T. Tampere is staffed only by the owner, which restricts the scope and depth of several aspects of the business. Following directly from this, the business has no existing marketing plan. Promotional opportunities at the time of writing the thesis were limited to word of mouth and exposure through the marketing channels of other local businesses who work in co-operation with E.A.T. Tampere. Taking this into consideration, it was considered that the business would benefit from a thought-out, formal marketing plan.

The objective of the authors was to create a credible and realistic method of marketing the services offered by E.A.T. Tampere that would fit into the financial model of the business as well as the time available for marketing activities. The marketing plan was designed to be modular in nature regarding certain aspects, giving the plan additional flexibility in reacting to changes in the business and the resources available.

2 THEORETICAL FRAMEWORK

2.1 Defining marketing

The American Marketing Association defines marketing as the activity and set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and the society at large (American Marketing Association 2013, Stein 2012). This definition is distinct from the somewhat antiquated notion of considering marketing to merely be the unidirectional act of selling and advertising – "telling and selling" – by focusing on the provision of value to all parties involved (Kotler, Armstrong, Harris & Piercy 2013, 4–5). From the customer's perspective, value can be defined as the difference between the perceived benefits they receive from a product or a service and the perceived price they have to pay for it (Wood 2014, 4) – for the company providing the product or service, the value lies in long-term customer equity, sales and profits (Kotler et al. 2013, 4–5).

The purpose of marketing activities from a company's viewpoint is to provide the customer with the greatest possible value in order to persuade the customer to choose their product or service over the competitors' and therefore maximize the company's market share (Blythe 2008, 2–3). This is an ongoing process due to the changing nature of customers and the market environment (Kotler, Bowen & Makens 2014, 11–14). Businesses find ways to provide value by focusing some of the core concepts that drive human, and in this specific instance, customer behaviour – needs, wants and demands.

Needs are understood to include the physically essential requirements such as the need for air, sustenance in the form of food and water, clothing and shelter from the elements, the social need for belonging and affection as well as the individual and intellectual needs for self-expression and self-actualization through education, recreation and entertainment. A need is the perceived lack of something – an item or a state of being – which implies that the individual in question does not have the item and is aware of not having it. The needs of individuals vary due to the complexity of individual personalities and are influenced by an individual's cultural and socio-economic background. (Kotler et al. 2013, 6; Kotler & Keller 2012, 31–32; Maslow 1987; Blythe 2008, 12–13.)

Needs take on the form of wants once they are filtered through an individual's preferences and cultural and social environment. Individuals express their wants by directing their need towards a specific item or service that will satisfy the need. An individual might feel the need for sustenance and communicates this through wanting a specific dish common in the local cuisine. (Blythe 2008, 12–13; Kotler et al. 2014, 12–13; Kotler et al. 2013, 6–7; Kotler & Keller 2012, 31–32.)

As the social and economic environments change, individuals are exposed to an increasing amount of options for satisfying their wants, leading to operators developing products and services that satisfy wants more deeply and in increasingly specific ways – for example, branded, specialised products in place of generic ones (Kotler et al. 2014, 12–13).

Needs and wants are satisfied through market offerings – products and services that consist of some combination of products, services, information, persons, places, organisations or experiences offered to the individual (Kotler et al. 2013, 6–7; Kotler & Keller 2012, 31–32).

Individuals may have any number of wants, but will always possess limited resources. When an individual's want is backed up by the ability to pay for the specific market offering to satisfy that want, the want transforms into a demand for the market offering. Given the limited nature of their resources, individuals are driven to choose services and products that they perceive to offer the most value. Value in this instance can be defined as the sum of the tangible and intangible benefits and costs that an individual accumulates as a result of obtaining the product or service. It follows that demand for a given market offering is a function of need, want and the ability to pay the price for it. (Blythe 2008, 12-13; Kotler et al. 2013, 6–7; Kotler et al. 2014, 12–13; Kotler & Keller 2012, 31–32.)

Marketing takes place when individuals seek to satisfy their needs and wants through obtaining a market offering, effectively exchanging value with an operator. In a sense, marketers are trying to evoke a response to a particular market offering and build an exchange relationship with their customers, extracting value from them while consist-

ently providing superior customer value by meeting the customer's expectations. (Kotler et al. 2013, 6–7; Kotler et al. 2014, 12–15.)

Marketing is accomplished by managing an operator's markets – all of the actual and potential customers of the company – in such a way as to generate profitable customer relationships. Five historically significant, broadly categorised, philosophical approaches exist to marketing management.

Production orientation is one of the most venerable of these approaches – the concept being that through the power of mass production, anything could be made into a desirable market offering simply by making it available at a highly affordable price. Under this principle, the management is focused on improving production capability and distribution channels. This approach is prevalent in market conditions where demand is much greater than the supply. (Blythe 2008, 3; Kotler et al. 2013, 9–10; Kotler et al. 2014, 15–16.)

Product orientation presumes that customers will prefer products which are perceived to offer the best value in terms of quality, performance and features, leading to a focus on continuous product development. The stance can be seen to eschew other aspects of marketing, such as pricing and advertising, in an attempt to produce the perfect product which will appeal to almost all customers simultaneously. (Blythe 2008, 3–4; Kotler et al. 2013, 10; Kotler et al. 2014, 16.)

Selling orientation proposes that a customer will not purchase enough of a company's products to meet the company's quota and must therefore be convinced to buy more. To this end, the company undertakes large amounts of sales and promotional effort in order to make every possible sale, paying less mind to after-sales customer satisfaction. The approach focuses on the needs of the seller at the expense of the customer's needs – the company produces a market offering that the customers have not signalled a need or a want for, and seeks to sell it to them. (Blythe 2008, 4; Kotler et al. 2013, 10; Kotler et al. 2014, 16–17.)

Marketing orientation – alternatively customer orientation – holds that operators can best achieve their goals within a given market by investigating and familiarizing them-

selves with the needs and wants of their customers. Instead of producing a market offering and then trying to sell it to a customer, the operator researches the kinds of offerings there is a demand for by their potential customers and creates them. It has been proposed that one of the tasks of marketing is to make selling market offerings unnecessary – they should sell themselves. (Drucker 1973.)

From a company's viewpoint, implementing this sort of an approach to marketing management can be difficult, as the customer-focused structuring touches upon every facet of the organisation (Blythe 2008, 4–5; Holloway & Robinson 1995, 4–5; Kotler et al. 2013, 10–11; Kotler et al. 2014, 17).

Societal marketing is a recent development that implies that the pure marketing orientation might disregard the contradictions between customer short-term wants and long-term welfare of both the customer and society at large. The societal marketing concept focuses on the sustainability of marketing efforts, proposing that value needs to be created and captured from exchanges in a way that is socially and environmentally responsible and as such shifts focus away from the exchange itself. The approach takes into account the fact that customers are connected to one another to a great degree thanks to modern technology and can freely share information about market offerings which leads to a marketing environment where the customer is no longer a passive receiver or an object of study but an active participant. (Blythe 2008, 5–6; Holloway & Robinson 1995, 4–5; Kotler et al. 2013, 11–12; Kotler et al. 2014, 18–19.)

2.2   Services marketing

The tourism industry revolves around service products of varying degrees of immateriality – they are bundles of activities and benefits, offered by one operator in a market to another, which when purchased do not result in the transference of ownership of anything physical, although physical products may be used in the production of the service itself. Whereas goods are produced, services are performed. (Lovelock, Wirtz & Chew 2009, 19; Kotler, Armstrong, Wong & Saunders 2008, 597–598; Blythe 2009, 63–66; Middleton, Fyall, Morgan & Ranchhod 2009, 46–47.)

Service characteristics

To adequately grasp the nature of service products and create and adjust marketing strategies and plans to accommodate them, certain specific characteristics must be taken into account. The core group of characteristics consist of intangibility, inseparability, variability and perishability – these are seen to be representative of the essential nature of services regardless of their specific natures (Blythe 2008, 256–257; Gilmore 2003, 10). Below, figure 1 illustrates how these elements are connected to services.

Additionally, the services offered in the tourism industry are by and large also seasonal in nature and represent an increased risk upon purchase compared to transactions involving goods only.

Intangibility

Services cannot be seen, tasted, felt, heard or smelled before purchase

Inseparability

Services cannot be separated from their providers

Services

Variability

Quality of services depends on who provides them and when, where and how

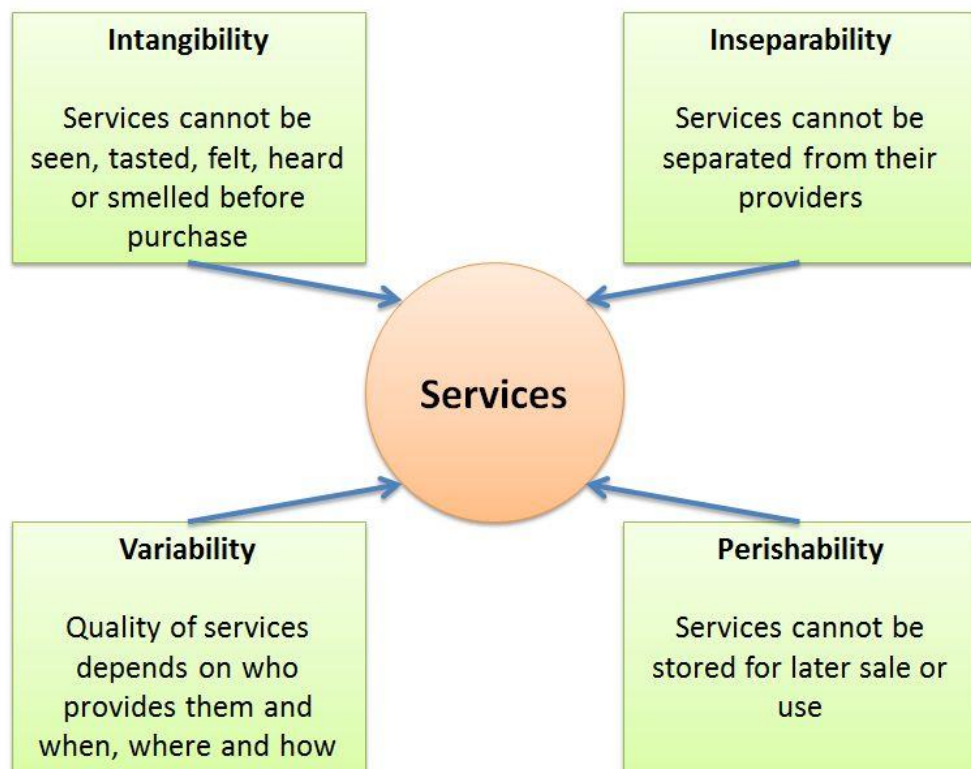**Perishability**

Services cannot be stored for later sale or use

FIGURE 1. Four service characteristics (Kotler et al. 2014, 39), modified

Intangibility

Tourism industry-related service products tend to be of the kind that cannot be easily or accurately measured, inspected, touched or evaluated before they are purchased. (Middleton et al. 2009, 47–48; Kotler et al. 2008, 597–598).

Service products are located on a scale of intangibility. This scale begins with tangible goods that when purchased come with or require additional, accompanying, intangible services. Examples include mobile phones, cars and household appliances, largely in that these products tend to require at least some maintenance or aftermarket servicing. This end of the scale is concerned with customer support services. (Kotler et al. 2008, 598; Kotler & Keller 2012, 378–379.)

A service product comprising of equal parts of service and physical goods is termed a hybrid offering. These offerings incorporate physical goods as an essential element of the service, not in a mere complementary role. Examples include restaurant food service, tailors creating customised garments and specialty stores which often target niche market segments. (Kotler et al. 2008, 598; Kotler & Keller 2012, 378–379.)

Contrasting the serviced products at the beginning of the scale, the next degree of intangibility covers services that come with certain minor physical goods. The point of the purchase is to acquire the immaterial service, but the service is enhanced and complimented by the use of physical goods. An example of this degree is an airline flight where transportation is the main service, but physical goods in the form of food, drink and blankets are also utilised. (Kotler et al. 2008, 598; Kotler & Keller 2012, 378–379.)

The scale terminates with the category of services which are wholly intangible – pure services without the utilisation or sales of significant physical goods. Physical changes may be affected, but for the most part this degree of intangible services deals with the transference, management or generation of intangible assets such as information. Examples include psychotherapy, insurances, e-banking services and massages. (Kotler et al. 2008, 598; Kotler & Keller 2012, 378–379.)

Inseparability

The service product itself cannot exist without the direct input of the producer; the producer is an essential part of the service product itself – this concept is called service inseparability. Whereas physical goods are produced, stored, sold and consumed at a later date, with services this cycle begins with a sale and continues into simultaneous production and consumption. Performing the service requires that both the producer and the customer are on the premises and that the customer actively cooperates and sometimes participates in the production of the service. Restaurants and other hospitality businesses are examples of this particular facet. (Middleton et al. 2009, 46–47; Kotler et al. 2008; 601; Kotler et al. 2014, 40–41.)

Variability

One of the greatest challenges of service production is the variable nature of the product – the interconnected nature of the product and the producer inevitably leads to variances in the product based on who the producer is at any given time. Thus, service quality becomes difficult to manage as there are a myriad of potential influences on the performance of the employees producing the service in question. Customers and producers both may find it difficult to gauge the quality of the service, and this evaluation may be compromised to begin with as it relies heavily upon attitudes and expectations. To control the variability of services, businesses implement training programs and attempt to find ways to motivate employees to achieve the company's quality control goals. (Kotler et al. 2013, 253; Middleton et al. 2009, 48; Kotler et al. 2008, 601–602; Gilmore 2003, 11.)

Perishability

Since services cannot be stored for later use, they are regarded as being highly susceptible to perishability. The production of service products is tied to a fixed position in time and space. Customers that register to use premises or reserve timeslots from service producers and afterwards fail to appear for the production of the services tend to cause loss to the service producer due to missed opportunity to produce the service. Missed

opportunities to make use of the capacity to produce services cannot be reclaimed or made use of at a later date – the revenue is gone for good.

It is relatively hard for service producers to react to quick fluctuations in demand as their products cannot be handled as a stock of traditional, physical goods. Hotel rooms, restaurant dinners and airline transportation are all good examples of service products that are regularly affected and in the management of which issues of perishability must be taken into consideration. (Middleton et al. 2009, 48–49; Kotler et al. 2014, 43–44; Kotler et al. 2013, 253.)

Though the majority of services may be perishable and cannot be stored, services can nonetheless create value that is durable and lasting, such as an individual's education. (Lovelock et al. 2009, 19). Examples of this are explored later under service categories.

Seasonality

Tourism markets, especially those involving mainly leisure pursuits, express demand for tourism services in a profoundly seasonal manner, creating extremes of demand and lack thereof. Specifically, the European and North American tourist segments tend to time their activities to coincide with vacation seasons during the northern hemisphere's summer months – from June until September.

It follows, then, that when demand drops as much as 80% for certain tourism industry products, service producers are immediately faced with irrecoverable losses as the perishability of their product allows for little room to manoeuver. To address the problems caused by a situation where an operator has fixed costs to cover but a drastic reduction of clients, a sizeable number of tourism businesses operate with a fluctuating cast of part-time staff. This represents its own problem in that an unstable staff composition is not conducive to the development and retaining of personnel skill levels and business service quality. (Tsiotsou & Goldsmith 2012, xxxii; Middleton et al. 2009, 49–50.)

Increased purchase risk

Service products carry additional risks caused by their essential nature – most of which have to do with the simultaneous production and consumption of the service as well as the consequences that follow. Where the purchase of a physical good in most cases only carries the risk of the price itself, services that handle or provide information might have far-reaching consequences such as legal repercussions. Service producers stand to lose revenue if during the production of the service something goes awry and due to dissatisfaction, the customer refuses to pay for the service that didn't work or that was lacking. Producers often attempt to mitigate these issues through the use of disclaimers and quality control during the production of a given service product. (Blythe 2008, 258–259.)

Service categories

Aside from the common characteristics, there are also major differences between services of different kinds, as illustrated by Lovelock et al. (2009) in figure 2. These differences imply important marketing considerations for each category.

	Who or What is the Direct Recipient of the Service?	
Nature of the Service Act	People	Possessions
Tangible Actions	**People-processing** (services directed at people's bodies): - Barbers - Health care	**Possession-processing** (services directed at physical possessions): - Refueling - Disposal / recycling
Intangible Actions	**Mental stimulus processing** (services directed at people's mind): - Education - Advertising / PR	**Information processing** (services directed at intangible assets): - Accounting - Banking

FIGURE 2. Four broad categories of services (Lovelock et al. 2009, 15), modified

People-processing services are performed to and for the benefit of a specific individual that may or may not be the customer. These services include but are not limited to logistics, catering and restaurant services and beauty and health treatments. The physical presence of the recipients at a specified location is required as is their active cooperation with the service producers. By comparison, possession-processing services are concerned with inanimate assets and include services like waste disposal and laundry services. (Lovelock et al. 2009, 16; McDonald, Frow & Payne 2011, 39–42.)

Mental stimulus processing services are intangible and have the potential to be intensely personal experiences for the customer, though they are not necessarily services one pays for directly, and can thus have an influence on the consumers' behaviour and alter their attitudes. This category includes education, news broadcasts, professional advice and certain religious activities. The customer's physical presence at the location of production is not required, they merely need to access and receive the information. A specific feature of this category is that the services in it may be inventoried and even used repeatedly. (Lovelock et al. 2009, 17; McDonald et al. 2011, 39–42.)

Information processing services often overlap with mental stimulus processing services or are used in conjunction with them to produce the desired output. In this category, information is collected and processed for later use – examples include services like accounting, legal advocacy, marketing research and medical diagnosis. Due to their intertwined nature, these two intangible categories are sometimes grouped under the title of information services. (Lovelock et al. 2009, 18; McDonald et al. 2011, 39–42.)

2.3   Targeting and segmentation

In today's market a company can no longer appeal to all customers in the marketplace. Customers are too numerous and too varied in their buying practices and needs. Therefore a company has to identify what markets it can serve best and most profitably. The company must design a marketing strategy which is customer-driven in order to build the right relationship with the right customers. Thus, most companies have moved away from mass marketing. (Kotler & Armstrong, 2011, 190.)

In order to develop a successful customer-driven marketing strategy a company has to take four major steps. During the first phase the company identifies the customers it wants to serve. This phase consists of market segmentation and market targeting. The second phase consists of differentiation and positioning. During this final phase the company decides how to create value for the targeted customers.

Market segmentation

A market segment consists of a group of potential customers with similar needs or characteristics. Market segmentation is the process of categorizing potential customers into several segments relevant to the company. There are several ways to segment the market place. A company can segment the market based on demographic characteristics, geographical location, psychological characteristics, behavioural characteristics and communicative characteristics. These variables can be used in combination to develop a complete outlook for the market structure. (Kotler & Armstrong, 2011, 190.)

Market targeting

Once the market is segmented, a company determines what segments should be targeted in order for business operations to be most profitable. Three factors influence the targeting decisions made. Company strategy influences which market segments the company wishes to reach with its product. The size and growth potential of the market segment are important as a company's resources are limited. Finally, a targeted market segment should be structurally attractive. This means that a company is able to benefit on a longer term.

Differentiation

In a competitive market a business will be unable to thrive without setting its product apart from the competition through some distinct competitive differences. The process of differentiation is defined as designing a set of differences to clearly distinguish a business' product from competing products. A company can differentiate its product along five dimensions; product, services, personnel, channel and image as illustrated in table 1 (Kotler 2000, 175).

TABLE 1. Differentiation dimensions (Kotler 2000, 175)

Product	Services	Personnel	Channel	Image
Form	Ordering ease	Competence	Coverage	Symbols
Features	Delivery	Courtesy	Expertise	Media
Performance	Installation	Credibility	Performance	Atmosphere
Conformance	Customer training	Reliability		Events
Durability	Customer consulting	Responsiveness		
Reliability	Maintenance and repair	Communication		
Repairability	Miscellaneous			
Style				
Design				

Positioning

When developing a positioning strategy a business attempts to create a unique position for its product in the minds of customers, setting it apart from competitors' products. There are several position strategies a business can utilize to its benefit. A business can decide to position its product directly against competitors; this high risk approach generally includes offering similar or better products at equal or lower price. Secondly a business may decide to position away from competitors by emphasising on the different characteristics while fulfilling similar customer needs. Thirdly a business can decide to position its product against a different but related class of products. This approach allows a business to attract customers which otherwise wouldn't have considered acquiring the product. (Swayne & Dodds 2011.)

2.4   Marketing mix

The marketing mix is described and defined as the combination or mixture of controllable marketing variables in four key decision areas that managers must use in order to surpass their competitors when it comes to satisfying or exceeding customer needs (Jobber 2007, 18; Hudson 2008, 16).

The marketing mix is one of the premier concepts in marketing and is at the core of most marketing planning. The marketing mix forms the foundation of the marketing strategy of a company. The marketing mix consists of various marketing tools which can be utilized to generate a positive response to a service or product from the target market. (Holloway 2004, 52.)

The marketing tools are too numerous to individually mention all, therefore these tools are grouped into groups of variables. Holloway (2004, 52) identified four specific groups; product, price, place and promotion, illustrated in figure 3. In the course of time, the marketing mix has been expanded to also include people, process and physical evidence (Lovelock et al. 2009, 23–24), these categories being of especial interest to the service industry.

FIGURE 3. The 4 Ps of the marketing mix (Kotler et al. 2014, 39), modified

Product

The product being offered is at the core of a service provider's marketing strategy. Formulation of said strategy begins with the creation of a market offering that brings value to customers belonging to the targeted market segment by responding to the customers' wants, needs and demands. Service products often consist of the core product as well as supplementary service elements all of which may be tangible, intangible or a combination of both. (Middleton et al. 2009, 139–140; Kotler et al. 2008, 49–50; Lovelock et al. 2009, 22.)

Price

Price describes the terms of exchange transactions between a producer seeking to manage sales volume and customers aiming to maximise their perceptions of value for the money they spend on products. It is the most flexible part of the marketing mix, as it can be changed very quickly to respond to current requirements and objectives. From the service provider's perspective, the pricing of a product determines how much income is generated – from the customer's point of view, it is the sum total of the costs incurred by acquiring the market offering. The cost to the customer isn't limited to the amount of money charged and also includes other aspects such as convenience and time spent on acquiring the market offering. (Middleton et al. 2009, 140; Kotler et al. 2008, 639–640; Lovelock et al. 2009, 22.)

Promotion

Promotional efforts are leveraged in order to create awareness of the market offerings being made available to the targeted market segments. Secondarily, promotion serves to instigate demand for the market offerings. The third aspect of promotion is the education of potential and existing customers – as customers are often an integral part of the production of service products, it is necessary to instruct them on how to efficiently move through the service process. A business manages its promotion through the promotion mix, also known as the marketing communications mix, which is a blend of advertising, sales promotion, public relations, personal selling and direct marketing tools

available to the company in the pursuit of building customer relationships. (Middleton et al. 2009, 140; Kotler et al. 2008, 691; Lovelock et al. 2009, 23.)

Place

Place refers to the distribution channels through which market offerings are made available to target market segments. These include not only the physical outlets such as travel agencies and restaurants but the various electronic platforms, agents and gateway sites prevalent in modern marketing environments. Services can be delivered through intermediaries such as retailers or wholesalers or directly to the customer themselves. (Middleton et al. 2009, 140–141; Lovelock et al. 2009, 22.)

People

The people component of the marketing mix includes all potential stakeholders involved in the exchange transaction in some way – the customers themselves, the service providers and especially in the case of tourism-related activities, the individuals who live in the location where the service production takes place. Within a business entity, the people component manifests in the management of employees, internal marketing and insight into the customers as multifaceted human beings. (Lovelock et al. 2009, 24; Middleton et al. 2009, 144; Gilmore 2003, 13; Hudson 2008, 17.)

Customers will influence each other's experiences of the service, employees producing the service will introduce variance into the service experience due to the human interaction taking place and the general populace, an entirely uncontrollable element, will react in some way to customers entering the area. (Lovelock et al. 2009, 24; Middleton et al. 2009, 144; Gilmore 2003, 13; Hudson 2008, 17.)

Process

Process refers to the actual flow of activities, mechanisms and procedures that must take place in order for the service to be produced – the actual discipline of providing the marketing offering. As the customer is often an integral part of the service production, the production process is a major part of marketing as faulty production design can lead

to dissatisfaction with the service. A customer's service experience is composed of moments of human interaction by the way of customer service. Some of these moments are referred to "moments of truth" – the crucial impressions a customer forms of the service quality and which determine to a great extent the sense of satisfaction with the service. (McDonald et al. 2011, 45; Lovelock et al. 2009, 23; Middleton et al. 2009, 147–148; Kotler & Keller 2012, 47; Hudson 2008, 17.)

Physical evidence

The immaterial nature of service products highlights the importance of managing the physical evidence of an exchange transaction involving services. The evidence can appeal to the senses of sight, sound, scent, touch and taste. Due to the inseparability aspect of service products, the management of the environment in which the service takes place as well as the physical products that facilitate the performance of the service becomes paramount.

Such physical considerations are also sometimes used to "tangibilize" the market offering in order to project the offering further afield from the point of consumption in order to influence future purchasing decisions. For tourism industry adjacent services, the physical evidence such as the decoration and ambiance of service production premises act as a form of "packaging" for the product itself. (Lovelock et al. 2009, 24; Middleton et al. 2009, 152–153; Hudson 2008, 17.)

2.5 Marketing communications mix

In today's world consumers are exposed to a vast amount of information and messages on a daily basis (Yeshin 1998, 4). Due to this high volume of messages processed by consumers it is important for businesses to plan their messages accordingly. In order to properly plan their message businesses need to construct their marketing communications mix well. A business marketing communications mix consists of the specific blend of marketing tools utilized by the business to convey a message to its current and potential consumers. The marketing communication tools can be divided into five major categories. (Kotler et al. 2008, 402; Fill 2009, 19–23.)

Advertising

Any shape of non-personal promotion of ideas, goods and services by an identifiable organization. Advertising is usually targeted towards a target group according to the target group's characteristics and can be done on a multitude of media such as print, online and billboards.

Sales promotion

Sales promotions are incentives to improve sales of a product or service on a short-term basis. Sales promotion exists in many forms. Examples of sales promotion are demonstrations, coupons and discounts.

Personal selling

Smaller scale presentation by a business' sales department in order to build relations with consumers and achieve sales. Tradeshows and incentive programs are examples of personal selling.

Public relations

It is important to have a positive relation with consumers by building a positive image of the business and its product or service. Public relations can be built through sponsorships, events and press releases among other ways.

Direct marketing

Direct marketing is marketing a business' product or service directly to targeted individual consumers. This allows for quicker response and cultivates the relationship with the consumer. Direct marketing can be achieved for example through the use of catalogues, telephone marketing and the internet.

2.6   Digital marketing

Digital marketing can be defined as an umbrella term for the marketing of services and products utilizing digital channels in order to reach consumers. The main objectives of digital marketing are to promote brands via several digital media outlets and facilitating interaction between businesses and consumers (Financial Times 2015; Technopedia 2015). Digital marketing is a relatively young concept, making its debut on the global stage in the late 1990s. While fundamentally still about advertising services and products to consumers it has since then evolved with the addition with new social and mobile tools (Clark 2012; Kates 2013).

Digital marketing is not limited to the internet medium, but also includes channels that don't require access to the internet. Digital marketing also includes the traditional TV and radio channels as well as mobile phones. Experts believe digital is not simply a marketing channel, but a different marketing approach with a new understanding of consumer behaviour by analysing and quantifying data gathered through these new media (Financial Times 2015; Technopedia 2015).

A key objective of digital marketing is facilitating interaction between consumers and brands. This allows businesses to build a deeper and more relevant relationship with consumers. Digital media allow marketers to deliver personalized messages to a specific target group, sharing certain characteristics, based on gathered data. Consumer interaction is achieved through designing digital media outlets such that consumers actively participate in the experience. When properly designed, such experiences last anywhere from two to five minutes compared to up to 30 seconds in a traditional television advertisement. (Kates 2013.)

Internet marketing

Access to internet has entered the daily life of consumers and has evolved to a service as common as flowing water and electricity. A large majority of consumers nowadays has access to internet. 93.5% of Finns and 78.5% of Europeans in the European Union is connected to the internet (internetworldstats 2015). The internet therefore presents a large marketplace for businesses to market their product or service.

Internet marketing, also referred to as online – or E-marketing, can be defined as all activities aimed at selling products or service and building customer relations utilizing the internet. Internet marketing is the fastest growing form of direct marketing. (Mulder 2015; Tadema 2012; Dyson 2012.)

Internet marketing is a set of marketing strategies that can be employed to reach consumers in order to achieve set goals such as building customer relations or offsetting products and services. It is important to find the right balance between the available marketing strategies based on the targeted audience. Internet marketing is a gathering of several marketing strategies (Murphy 2012.)

Content marketing

Content marketing is creating, offering and spreading content that serves a prior identified need on an online medium in order to nurture existing customer relations and entering relations with new customers (Bruijntjes 2015).

E-mail marketing

E-mail marketing is marketing in the format of an e-mail based campaign. A standalone advertisement message is sent to a targeted list of receivers. Visually the messages appear closer to web-based advertisement than a traditional e-mail message. (Rouse 2007.)

Search engine marketing

Search engine marketing is the activities employed to increase the ranking of a webpage in the search engine service such as Google and Bing. This can be achieved through various techniques. (forresult 2014.)

Local search marketing

Local search marketing is the combination of activities employed to rank high in the Search Engine Results Pages (SERPs) and map pins. This combination allows for po-

tential consumers in the geographical vicinity to connect and interact with a business. (Bowling 2013.)

Internet advertising

Internet advertising is a marketing strategy employing the use of the web to create traffic on a business' website and to connect with consumers allowing a business to send its message to the right customer (Technopedia, 2015).

Mobile marketing

Mobile marketing is a determined set of practices allowing organisations to communicate with their targeted audience in a relevant matter through mobile devices and networks (Otto 2010).

Social media marketing

Social media marketing is a marketing strategy employing social media, such as Facebook and twitter, to realize a business' communication goals. It's an interactive form of marketing aimed at generating a dialog with consumers. (Intemarketing 2015.)

3   ANALYSES

3.1   Macro environment (PESTEL)

A company, its competitors and other actors all operate in a macro environment of forces that provide the company with opportunities but also pose threats to the company. The macro environment consists of six individual environments; demographic, economic, natural, technological, political and cultural environments. (Kotler & Armstrong 2011, 70–88.)

The PESTEL analysis is a tool utilized by marketers to monitor and analyse the individual macro environmental factors that have an influence on the company. The abbreviation PESTEL stands for political, economic, social, technological, environmental and legal factors. (Pestleanalysis 2015; Professional Academy 2015.)

Political

The political environment consists of those factors influenced by political actors. Through legislation and taxation governments, local, regional and national, can influence the performance of businesses and the economy as a whole.

Economical

The economic environment consists of economic factors that directly influence the performance of businesses. Economic growth as well as inflation and interest rates have a profound effect on individual businesses and the economy as a whole.

Social

The social environment contains the factors concerning the social factors influencing the marketspace. These factors include but aren't limited to demographics and cultural trends. Trends can have a huge influence on the performance of businesses.

Technological

The technological environment includes the factors determined by technological innovations that can positively or negatively influence the performances of the general market as well as individual businesses.

Environmental

The environmental environment consists of factors concerning the environment which influence the performance of businesses. These factors include geographical location, weather, environmental factors such as sustainability and others.

Legal

The legal environment consists of an internal and an external side. The external side consists of regulations and laws on all government levels. The internal side contains of policies implemented by individual businesses.

3.2   SWOT

The SWOT analysis is a much used tool to determine company strategy and is an essential part of the marketing plan. The abbreviation SWOT in SWOT analysis stands for strengths, weaknesses, opportunities and threats – strengths and weaknesses are factors in the internal business environment, whereas opportunities and threats are external factors. (Holloway 2004, 30; Saïd 2012, 11.)

Wood (2014, 31) elaborates on the definition of the individual letters:

Strengths refer to the internal strong points of a company, which could be beneficial to achieving the set goals and objectives of a company.

Weaknesses refer to the internal weaknesses of a company, which may have a detrimental effect on achieving the set goals and objectives of a company.

Opportunities refer to the external factors and events that can be beneficial to achieving the set goals and objectives of a company.

Threats refer to the external factors and events that could possibly have a detrimental effect on achieving the set goals and objects of a company.

3.3 Confrontation matrix

A confrontation matrix is an analytical tool utilized to further process the outcome of the SWOT analysis. The confrontation matrix plays an important role within the marketing plan. The matrix allows a business to analyse different combinations between on one side strengths and weaknesses and on the other side opportunities and threats. Doing so allows a business to identify the most important strategic issues the business is currently facing. (Muilwijk 2015; Expert Program Management 2015.)

		Opportunitues				Threats			
		O1	O2	O2	O4	T1	T2	T3	T4
Strengths	S1								
	S2								
	S3								
	S4								
Weaknesses	W1								
	W2								
	W3								
	W4								

FIGURE 4. Confrontation matrix (Expert Program Management 2011)

When confronting the strengths and weaknesses of the internal environment with the opportunities and threats of the external environment there are four possible combinations. These combinations are strength - opportunity, strength - threat, weakness - opportunity and weakness – threat. (Expert Program Management 2011.)

Confrontatiematrix (2015) elaborates further on the possible combinations. The combinations can be distilled to four questions.

Strength - Opportunity

What strength can a business utilize to seize an opportunity?

Strength - Threat

What strength can a business utilize to fend off a threat?

Weakness - Opportunity

What weakness must be addressed to seize an opportunity?

Weakness - Threat

What weakness must be addressed to fend off a threat?

The answers to these questions form the base for the marketing strategy and action plan (Muilwijk 2015).

3.4 Research process

Research questions for this thesis focus on the intended output of the thesis – the creation of the marketing plan itself. In order to construct a credible and actionable marketing plan, the following questions had to be answered: what is a marketing plan and how is it structured? What are the resources that the business has available for marketing purposes and how best to integrate these to the marketing plan? What are the target demographics of the business and what are the best marketing methods to reach them? How to generate more publicity and therefore business through a marketing plan? What manner of marketing plan is suitable for a small-scale business with limited resources?

Data gathering for the thesis was entirely qualitative in nature, due to the nature of E.A.T. Tampere's business scale. Primary and secondary sources of data were utilised in the thesis. The primary source consisted of the company owner, who provided data in the form of interviews and conversation in person as well as via electronic means. The secondary source of data consisted of electronic resources for analysing the macro-environment, the state of the industry and the current operators within in. A range of literature was studied in order to establish the theoretical framework for the thesis and to

research marketing planning as well as the tools which could be used in putting the aforementioned plan together.

The thesis is divided into six chapters. In chapter one (1), the thesis subject is introduced and summarised. With chapter two (2), the authors cover the theoretical framework for the thesis and chapter three (3) introduces elements of analysis relevant to the theoretical framework. Chapter four (4) elaborates on the process of marketing planning and chapter five (5) contains the marketing plan itself, which does not appear in the thesis and can be found in the appendix due to confidentiality considerations. Chapter six (6) finishes the thesis with the authors' conclusions.

4   MARKETING PLANNING

The term marketing planning is used to refer to a process (see figure 5) by which a business determines how to provide value for its customers, the business itself and other key stakeholders by observing their current situation, the state of the market and the current target demographics, developing marketing objectives and strategies and implementing and controlling the resulting activities (Wood 2014, 4–8).

FIGURE 5. The marketing planning process (Wood 2014, 5), modified

The result of this process is called the marketing plan, which is a structured document pertaining to a particular period of operating time – usually one to three years – that succinctly covers the company's current market intelligence, what the marketing goals for the period are and the methods by which the business aims to achieve them. As such, all businesses from small and medium enterprises to international corporations operating in several separate industries benefit from carefully constructed marketing

plans. To remain relevant and to serve their function of defining short-term goals, marketing plans ought to be re-written each year. (Wood 2014, 4–8; Hudson 2008, 78; Kotler et al. 2013, 631; Kotler et al. 2014, 115, 571.)

Though each business entity designs and constructs its marketing plans in a way that fits its specific needs, most marketing planning involves eight common elements in one fashion or another: the executive summary, the current marketing situation, analysis on target market segments and positioning, objectives and challenges, marketing strategy, marketing programs, financial and operational plans and finally, the metrics and implementation control measures. (Wood 2014, 4–8; Hudson 2008, 79; Chaffey 2015.)

Executive summary

The executive summary is the last part of the marketing plan to be written due to the fact that it is a brief overview of the main objectives and highlights of the plan. It links the marketing effort to higher-level, company-wide strategies and objectives. (Wood 2014, 6–7.)

Situation analysis

The first step of planning revolves around studying the current situation the organisation is in, which helps identify influences on the company's objectives, strategies and performance (Wood 2014, 6–7). The company's market offerings are reviewed in brief, as are the main competitors and their strategies. Attention is also paid to the distribution channels currently utilised to make market offerings available to customers. (Kotler et al. 2013, 634–635.)

Marketers study external environments using the PESTEL model to detect trends and changes in relevant sectors. Internally, marketers inspect the company's qualities and their relation to the qualities of their competitors using the SWOT model. (Wood 2014, 6–7.)

Target markets and positioning

The second step of marketing planning involves analysing the markets and customers the company is currently reaching out to and would like to reach in the future – in other words, how the company wants to position itself in the market. The objective in this analysis is to map out market trends, the level of demand and segment-specific attributes such as buying habits, needs, wants, behaviours and customer satisfaction. The marketers aim to discover who their customers are, why they are buying the product, when they are doing it and how it occurs. Demand is observed to determine whether customer preferences are changing in the course of time, which inevitably necessitates the re-evaluation of the content of market offerings. Customer engagement with previous marketing efforts is an additional area of interest. (Wood 2014, 6–12; Kotler et al. 2014, 574–575.)

Objectives and challenges

The next section outlines the specific objectives – defined here as short-term targets that support the overarching, long-term performance targets of the company – that are to be achieved through the marketing plan and highlights any potential difficulties that the company might face in trying to achieve them. The objectives are categorised in three different groups: financial, marketing and societal objectives. In order for these objectives to be relevant, they should be quantitative in nature, which is an immense challenge for objectives related to advertising given the nature of advertising marketing efforts. Common objective elements include profit objectives as well as estimated sales figures, revenues, expenses and income. (Wood 2014, 7, 12; Kotler et al. 2014, 582–583.)

Marketing strategy

Once the objectives for the plan are clear, marketing strategies are developed as a vehicle for achieving them by creating, communicating and delivering value to the target market segments. This step of the planning involves using the tools included in the marketing mix to build stronger customer relationships and to strengthen organisational support through internal marketing by demonstrating the value of marketing to the or-

ganisation, ensuring that the employees are motivated and capable of working towards the marketing objectives. The strategy also discusses how marketing efforts will affect other stakeholders such as competitors and the populace in the operating environment. (Wood 2014, 7, 13–14; Kotler et al. 2014, 587.)

Marketing programs

The marketing strategy is supported by specific marketing programs, which consist of the activities, schedules and responsibilities involving the product, pricing of the product, the distribution channels used to market the product, the promotional efforts of marketing communications as well as customer service and internal marketing. The program planning lays out the resources required for the execution of the programs. (Wood 2014, 7; Kotler et al. 2014, 591–592.)

Financial and operational plans

The resources required by marketing programs inevitably require accompanying financial and operational planning. In this section, expected revenues and profits are considered, as are projected budgets, schedules and various responsibilities related to them. (Wood 2014, 7.)

Metrics and implementation

The final part of the marketing plan indicates how the plan is to be implemented and evaluated. The goal is to build support mechanisms for the plan during the period it is being executed and to generate actionable business intelligence. This includes metrics for tracking the plan's results as well as metrics to alert the marketers if and when the plan requires adjustment. (Wood 2014, 7, 198–199.)

5   THE MARKETING PLAN

This chapter is concerned with the current marketing efforts of the commissioning business, potential marketing opportunities and information on the position of the business within the larger tourism industry landscape.

A marketing plan has been drawn up for the business in question. Due to principles of confidentiality, the marketing plan (see Appendix 1) and the information used in its construction (see Appendix 2) are not published alongside the rest of this thesis and can be found in the appendices.

6   CONCLUSION

This bachelor's thesis contains the marketing plan for E.A.T. Tampere and the theoretical background and applications for the marketing plan. The aim of the thesis was to draw up an actionable and feasible marketing plan for a small business that has not had one before and lacks resources for sustained and intensive marketing. The goals for the marketing plan were set based upon discussions with the company and the preferences of the management.

The authors began by studying and formulating a framework of relevant, discipline-specific theory. This was followed by an overview of the external and internal factors potentially influencing the company's marketing efforts. The main advantages and challenges were identified and marketing goals developed based on those findings – the main goal being to increase the company's visibility and thereby gain new customers for the coming season. Given the nature of the business, the marketing programs are moderate in scope and ambition. Though market potential was identified and the competitive situation was found to be favourable, the marketing plan is constrained by internal factors which limit the opportunity to grasp market potential.

The analyses and recommendations in the marketing plan are likely to remain relevant for several years, unless external (global recession shifts one way or another) or internal (access to capital and human resources) environments experience severe change. If the current situation is to be maintained, the core ideas of marketing plan are likely to be reusable year after year with little need for revision. The fine details and the tools leveraged in pursuit of the marketing goals may need to be overhauled, as the technologies mentioned may become obsolete due to new developments and the extremely fickle nature of related trends.

The company will decide which marketing proposals are worthy of pursuing. The proposals can be further developed and expanded if the company is able to seize a market opportunity that allows it to expand the scope of its operations.

REFERENCES

Blythe, J. 2008. Essentials of Marketing. 4th Edition. Essex: Pearson Education Limited.

Blythe, J. 2009. Key concepts in marketing. London: SAGE Publications Limited.

Drucker, P. 1973. Management: Tasks, Responsibilities, Practices. New York: Harper and Row.

Fill, C. 2009. Marketing Communications: interactivity, communities and content. 5th Edition. Essex: Pearson Education Limited.

Gilmore, A. 2003. Services marketing and management. London: Thousand Oaks.

Holloway, J., Robinson, C. 1995. Marketing for Tourism. 3th Edition. Essex: Pearson Education Limited.

Holloway, J. C. 2004. Marketing for Tourism. 4th Edition. Essex: Pearson Education Limited.

Hudson, S. 2008. Tourism and hospitality marketing. London: SAGE Publications Limited.

Jobber, D. 2007. Principles and Practice of Marketing. 5th Edition. McGraw-Hill Higher Education.

Kotler, P., 2000. Marketing Management, Millenium Edition. 10th Edition. Prentice-Hall

Kotler, P., Armstrong, G., Wong, V., Saunders, J. 2008. Principles of Marketing. 5th European Edition. Essex: Pearson Education Limited.

Kotler, P., Armstrong, G. 2011. Principles of Marketing. 14th Edition. New Jersey: Prentice Hall.

Kotler, P., Keller, K. 2012. Marketing Management. 14th Global Edition. Essex: Pearson Education Limited.

Kotler, P., Armstrong, G., Harris, L., Piercy, N. 2013. Principles of Marketing. 6th European Edition. Essex: Pearson Education Limited.

Kotler, P., Bowen, J., Makens, J. 2014. Marketing for Hospitality and Tourism. 6th International Edition. Essex: Pearson Education Limited.

Lovelock, C., Wirtz, J., Chew, P. 2009. Essentials of services marketing. Singapore: Prentice Hall.

Maslow, A. 1987. Motivation and personality. 3rd Edition. New York: Longman.

McDonald, M., Frow, P., Payne, A. 2011. Marketing Plans for Services. 3rd Edition. Chichester: John Wiley & Sons Limited.

Middleton, V., Fyall, A., Morgan, M., Ranchhod, A. 2009. Marketing in travel and tourism. 4th Edition. Oxford: Elsevier Limited.

Saïd, J. 2012. Onderzoek naar hoe re-lion hun aandeel van re-lion Builder in de afzetmarkt kan vergroten. Bedrijfskunde. Universiteit Twente. Bachelor thesis.

Swayne, L., Dodds, M. 2011. Encyclopedia of Sports Management and Marketing. 1st Edition. Sage Publications

Tsiotsou, R., Goldsmith, R. 2012. Strategic marketing in tourism services. Bradford: Emerald Insight.

Wood, M. 2014. The Marketing Plan Handbook. 5th Edition. Essex: Pearson Education Limited.

Yeshin, T. 1998. Integrated Marketing Communications, the holistic approach. 1st Edition. Butterworth-Heinemann.

American Marketing Association. 2013. Definition of Marketing. Read 28.9.2015. https://www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx

Bowling, M. 2013. What is Local Search?. Weblog post. Read 11.11.2015. http://localu.org/blog/what-is-local-search/

Bruijntjes, J. 2015. Wat is contentmarketing? Weblog post. Read 11.11.2015. https://joerybruijntjes.nl/contentmarketing/definitie/

Chaffey, D. 2015. SOSTAC ® marketing planning model guide. Weblog post. Read 18.9.2015. http://www.smartinsights.com/digital-marketing-strategy/sostac-model/

Clark, D. 2012. The End of the Expert: Why No One In Marketing Knows What They're Doing. Weblog post. Read 11.11.2015. http://web.archive.org/web/20131104235646/http://www.forbes.com/sites/dorieclark/2012/11/11/the-end-of-the-expert-why-no-one-in-marketing-knows-what-theyre-doing/

Confrontatiematrix. 2015. Read 9.11.2015. http://www.confrontatiematrix.nl/

Dyson, T. 2012. The Internet is THE marketing channel. Weblog post. Read 11.11.2015. https://timdyson.wordpress.com/2012/01/18/the-internet-is-the-marketing-channel/

E.A.T. Tampere. 2015. Read 8.10.2015. http://www.eattampere.com/

Expert Program Management. 2015. The Confrontation Matrix. Weblog post. Read 9.11.2015.   http://www.expertprogrammanagement.com/2011/08/the-confrontation-matrix/

Financial Times. 2015. Lexicon – Digital Marketing. Read 11.11.2015.
http://lexicon.ft.com/Term?term=digital-marketing

Forresult. 2014. Definities marketingbegrippen. Read 11.11.2015.
http://www.forresult.nl/i/definities-marketing-begrippen

Intemarketing. 2015. Social Media Marketing. Weblog post. Read 11.11.2015.
http://www.intemarketing.nl/marketing/technieken/social-media-marketing

Internetworldstats. 2015. Internet Usage in the European Union. Read 11.11.2015.
http://www.internetworldstats.com/stats9.htm

Kates, M. 2013. Making digital and traditional marketing work together. Weblog post.
Read 11.11.2015.
http://web.archive.org/web/20131125055348/http://econsultancy.com/au/blog/62546-
making-digital-and-traditional-marketing-work-together

Muilwijk, E. 2015. Confrontatiematrix. Weblog post. Read 9.11.2015.
http://www.intemarketing.nl/marketing/modellen/confrontatiematrix

Mulder, D. 2015. Online marketing. Weblog post. Read 11.11.2015.
https://www.ensie.nl/daniel-mulder/online-marketing

Murphy, D. 2012. Internet Marketing – Channel or Business Model?. Weblog post.
Read 11.11.2015. http://masterful-marketing.com/internet-marketing-channel-or-
business-model/

Otto, R. 2010. De definitie van Mobile Marketing. Weblog post. Read 11.11.2015.
http://www.adformatie.nl/blog/mm/2010/08/de-definitie-van-mobile-marketing.html

Pestleanalysis. What is PESTLE Analysis? A Tool for Business Analysis. Weblog post.
Read 18.9.2015. http://pestleanalysis.com/what-is-pestle-analysis/

Professional Academy. Marketing Theories – PESTEL ANALYSIS. Weblog post. Read
16.10.2015.   http://www.professionalacademy.com/blogs-and-advice/marketing-
theories---pestel-analysis

Rouse, M. 2007. Direct email marketing definition. Weblog post. Read 11.11.2015.
http://searchcrm.techtarget.com/definition/direct-email-marketing

Statistics Finland. 2015. Nights spent by foreign tourists in Finland decreased by 4.1 per
cent in August. Read 9.11.2015.
http://www.stat.fi/til/matk/2015/08/matk_2015_08_2015-10-22_tie_001_en.html

Stein, Andrew. 2012. What is Marketing? Marketing Professionals Should Know. Web-
log post. Read 18.9.2015. http://steinvox.com/blog/what-is-marketing-marketing-
professionals-should-know/

Tadema, F. 2012. Wat is Online Marketing?. Weblog post. Read 11.11.2015.
http://www.fransistadema.nl/wat-is-online-marketing/

Technopedia. 2015. Digital Marketing. Read 11.11.2015.
https://www.techopedia.com/definition/27110/digital-marketing

Technopedia. 2015. Online Advertising. Read 11.11.2015.
https://www.techopedia.com/definition/26362/online-advertising

Visit Tampere. 2015. Read 1.11.2015. http://visittampere.fi/

Visit Finland. 2015. Read 1.11.2015. http://www.visitfinland.com/

APPENDICES

Appendix 1. Marketing plan

Appendix 2. Data