

Heidi Heikkilä

Market Research of Finnish Travel Market for Market Entry:
Case Company Veturis Travels Sa.

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MARKET RESEARCH OF FINNISH TRAVEL MARKET FOR MARKET ENTRY: CASE COMPANY VETURIS TRAVELS SA.

Heikkilä, Heidi

Satakunnan ammattikorkeakoulu, Satakunta University of Applied Sciences

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Supervisor: Tekajarin, Pathinee

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The purpose of this thesis was to understand the importance of market research when entering to new market area. The research focused on travel market and market research. It reported what kind of B2C and B2B travel agencies there are in Finland, when a market research is needed and what should it contain.

The research was implemented for a case company called Veturis Travels Sa. The company offers a professional platform for travel agencies to book travel products and services, such as hotel accommodation and transfers. Veturis is seeking new market areas and aiming to enter to Finnish market. Thesis presented information of Finnish travel market which Veturis can utilize during the market entry process.

The empirical part was implemented as qualitative research, utilizing an E-mail interview and observations in the company. E-mail interview was executed to the manager of XML and international department of Veturis. Observations consist of notes and recognitions the writer made while completing her internship in the company. Problem setting for the market research was executed based on the observations and recognitions in the company. Observations were in a big role when implementing the market research. Personal knowledge gave more detailed picture of the current market situation than literature.

The results of the research presented what kind of travel agencies there are in Finland, what are their most popular travel products and what kind of competitors there are in the market. The key finding was that Finnish travel market is relatively small which leads to a tight competition. Nevertheless, travel agencies in Finland had a good first impression of Veturis and liked the company's product selection. Positive image can give a competitive advantage and contributes the market entry. Based on the results Veturis can offer its services to Finnish travel market and create a successful market entry.

MARKKINATUTKIMUS SUOMALAISISTA MATKAILUMARKKINOISTA
MARKKINA-ALUEEN LAAJENTAMIS TARKOITUKSEEN: CASE YRITYS
VETURIS TRAVELS SA.

Heikkilä, Heidi
Satakunnan ammattikorkeakoulu
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Opinnäytetyön tarkoituksena oli ymmärtää markkinatutkimuksen tärkeys markkina-alueen laajentamista suunniteltaessa. Tutkimus keskittyi matkailumarkkinoihin sekä markkinatutkimukseen. Tutkimus selvitti millaisia matkatoimistoja Suomessa on, milloin markkinatutkimus tulisi tehdä sekä mitä sen tulisi sisältää.

Tutkimus tehtiin Veturis Travels Sa. nimiselle case yritykselle. Yritys tarjoaa ammatikäyttöön tarkoitettua verkkosivustoa, josta matkatoimistot voivat varata matkailupalveluita sekä -tuotteita, kuten hotellimajoituksia sekä kuljetuksia. Veturis etsii uusia markkina-alueita ja haluaa seuraavaksi laajentaa Suomeen. Opinnäytetyössä tutkittiin Suomen matkailumarkkinoita sekä tuotiin esille seikkoja, joita Veturiksen olisi tärkeää huomioida ennen markkina-alueen laajentamistaan Suomeen.

Empiirinen osa toteutettiin kvalitatiivisena tutkimuksena, hyödyntäen sähköpostihaastattelu- sekä havainnointimetoja. Sähköpostihaastattelu tehtiin Veturiksen XML- sekä kansainvälisen osaston johtajalle. Havainnoimalla kerätyt tiedot koostuvat muistiinpanoista sekä huomioista, joita kirjoittaja teki suorittaessaan työharjoitteluaan yrityksessä. Tutkimusongelma asetettiin havainnoimalla saatujen huomioiden perusteella. Havainnoimalla kerätyt tiedot olivat suuressa roolissa markkinatutkimusta toteutettaessa. Henkilökohtaisesti kerätty tieto antoi tarkemman kuvan markkinoiden nykytilanteesta, kuin kirjalliset lähteet.

Tutkimustulokset raportoivat millaisia matkatoimistoja Suomessa on, mitkä ovat niiden suosituimpia matkailutuotteita sekä millaisia kilpailijoita markkinoilla on. Tärkein tutkimustulos paljasti markkinoiden pienen koon sekä siitä johtuvan tiukan kilpailutilanteen. Suomalaiset matkatoimistot kuitenkin saivat hyvän ensivaikutelman Veturiksestä sekä yrityksen tuotevalikoimasta. Positiivinen mielikuva yrityksestä antaa kilpailuetua sekä edesauttaa markkinoille tuloa. Tutkimustulosten perusteella Veturis voi tarjota palveluitaan Suomen markkinoille, sekä toteuttaa menestyksekkään markkinoiden laajentamisprosessin.

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1 INTRODUCTION

Travel industry has been in a great change during the past years. Despite the change, travel agencies are not disappearing anywhere. Alongside the growth of E-business and internet, travel agencies have needed to find new and creative ways to survive in the changing industry. Roughly said, travel agencies are needed anymore when they can offer something the customers are not able to find by themselves. Though there will always be travelers who value easiness and are willing to pay for the services.

This thesis was done for a case company Veturis Travels SA. Veturis is a tour operator established in Spain 2012. The company started as a traditional travel agency and nowadays it is one of the biggest online agencies in Spain. Veturis offers different travel services, such as hotel accommodation, cruises, transfers and package holidays, for other travel agencies. (Website of the Veturis 2016.) Veturis is now aiming to expand its travel services to Scandinavian market, and seeking new customers from travel agencies there.

The thesis consists of theoretical and empirical parts. Theoretical background was implemented as a desk research and it presents the market characteristics of Finnish travel market, B2B tourism marketing and the role of market research in planning a market entry. Empirical part presents the market research of Finnish travel market. Empirical part was implemented as a qualitative research and supplemented with writer's own observations in the case company. An E-mail interview of Youssef Semlali, the manager of the international department of Veturis, was utilized in the empirical part as well.

2 PROBLEM SETTING & CONCEPTUAL FRAMEWORK

2.1 Objectives

The purpose of this thesis is to create a market research of Finnish travel market, which helps Veturis to offer their services into Finnish market. Key aspects in the research are identifying the needs of Finnish travelers and thus the needs of Finnish travel agencies. Finally, market research will help Veturis to create a satisfied clientele of Finnish travel agencies. The company works only in B2B business, so all their customers are travel agencies.

The objective is to examine what should a market research contain and what Veturis has to know about Finnish travel market before expanding its services there. Success of the thesis will be guided by following questions:

Questions answered from the theoretical part:

- What is the role of market research when entering into a new market area?
- What should a market research contain?

Questions answered from the empirical part:

- What are the services Finnish travel agencies need?
- What are the travel products from Veturis' selection that could attract Finnish travel agencies?
- What are the cultural factors that need to be taken into consideration when offering services for travel agencies in Finland?
- How to attract Finnish travel agencies to long-term customers?

This thesis focuses only on theories which are relevant for the case company – B2B marketing, travel industry, market research and market entry. Characteristics of other industries and businesses are not examined in the thesis. The characteristics of the

travel market are examined only about Finland and Finns, not the other Scandinavian countries and cultures.

2.2 Conceptual framework

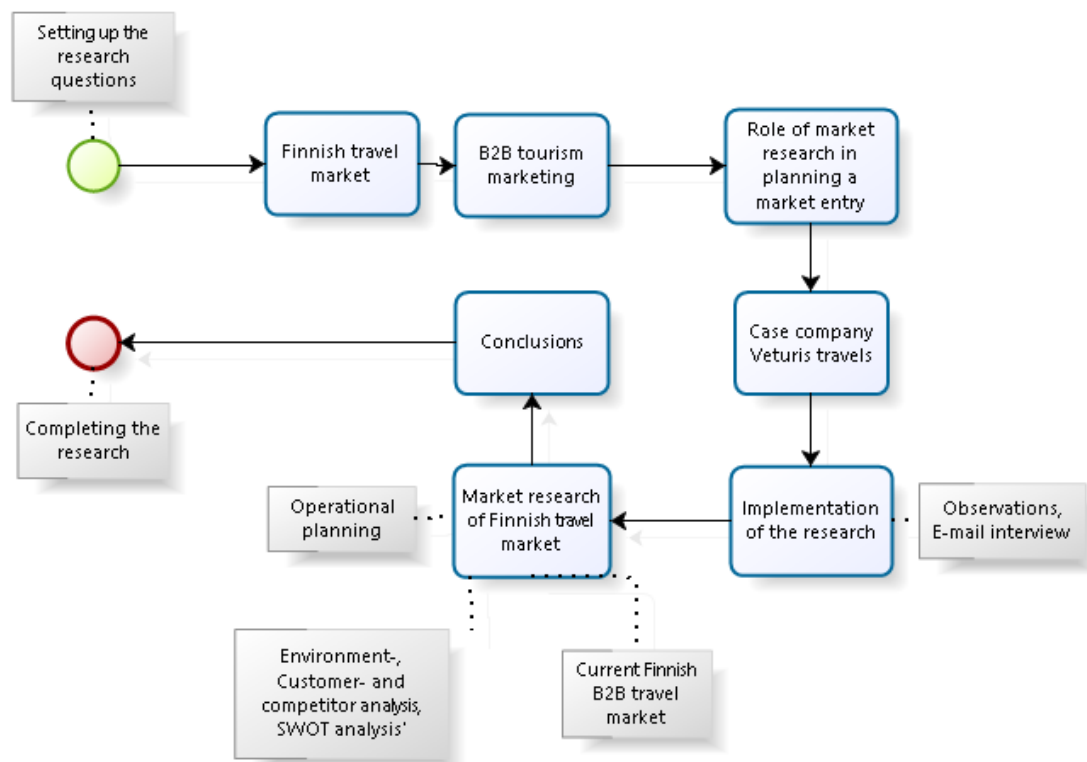


Figure 1. Conceptual framework of the market research of Finnish travel market for market entry.

The conceptual framework was developed by the writer. Finnish travel market, B2B tourism marketing and the role of market research in planning a market entry, are all important theoretical backgrounds to understand before implementing the research. These entities give theoretical background for the research and they are the link when moving into an empirical part.

The empirical part was implemented as a qualitative research. In executing the research, E-mail interview and observations in the company were used. The empirical part presents the current stage of Finnish B2B travel market, and analyzes the business environment, customers and competitors there. By understanding the market and its

characteristics, an operational planning can be executed. The chapters of conclusions, recommendations and final words illustrate the success of the thesis, suggestions and the future research subjects.

3 FINNISH TRAVEL MARKET

3.1 Travel industry

Many factors are affecting on Finns' traveling habits, especially on leisure trips. Difficulties in Finnish economy have been continuing also during the year 2016, and many political troubles and terrorist attacks have been in the news. Despite the economic challenges and international crisis', Statistics Finland (2016) reports that 91% of Finnish residents aged between 15 to 84 made at least one leisure trip during the year 2015. Also AFTA (Association of Finnish Travel Agencies) reports positive news, by listing that its member travel agencies sold trips worth over 1,9 million euros in year 2015.

Travel industry has been in a great change during the past years and it has become the biggest category in E-commerce (Havumäki & Jaranka 2014, 10). Because of the internet and E-commerce, travel agencies are not anymore the only channel for providing information and retailing travel services. In the eyes of a leisure traveler, travel agencies are only needed if they can fulfill such needs and give such value the customer is unable to find elsewhere. (Renfors 2008, 10.)

There are different types of travel agencies in the travel industry and they are called with different names. According to Renfors (2008, 15) travel agencies can be categorized as follows:

Service provider: The original provider of the service, e.g. Hotel or flight carrier.

Tour operator: An agency which buys individual travel services, forms their own travel packages of them and sells the packages to the final customers. Tour operators can be considered wholesalers.

Mediating travel agency: An agency which mediates travel services, such as hotel nights or other companies' package tours, and gets a compensation of each transaction. Mediating travel agencies can be considered retailers.

Outgoing- travel agency: An agency which mediates travel services, which are located outside of the customers' home country.

Incoming- travel agency: An agency which mediates travel services for foreign customers, who are traveling to the country where the travel agency is located at.

3.1.1 Trips abroad

In year 2015, Finns made in total 8 137 000 leisure trips abroad, which is 3% more than in year 2014. Of all the leisure trips abroad, 30% (2 480 000 trips) were made to Estonia. Sweden was the second most popular destination after Estonia with 1 480 000 trips. The popularity of leisure trips to Sweden and Estonia can be partly explained with family and friend reasons. Others often visited near-by countries in 2015 were Norway, Denmark and Russia. (Website of the Statistics Finland 2016.)

Europe has always been popular amongst Finnish tourists and year 2015 was not an exception. According to AFTA (2016), 70% of all the package tours in 2015 were made to Europe. Countries such as Germany, Portugal and Greece were often visited. Spain has been a long term favorite for Finns, and remained to be popular during the year 2015 as well. Spain was the third most popular destination for leisure trips in year 2015. (Website of the Statistics Finland 2016.) Of Asian Destinations, United Arab Emirates and Thailand are popular. In year 2015 Finns visited Asian destinations 39% more than during the previous year. (Website of the Statistics Finland 2016.)

According to AFTA (2016) Finns' Top 10 travel destinations in year 2015 were:

1. Spain/ Canary Islands/ Balearic Islands: 225 942 travelers
2. Greece: 156 270 travelers
3. Turkey: 105 611 travelers
4. Thailand: 50 640 travelers
5. Italy: 22 891 travelers

6. Portugal/ Madeira/ Azores: 19 217 travelers
7. Cyprus: 15 383 travelers
8. Croatia: 12 786 travelers
9. United Arab Emirates: 11 983 travelers
10. Austria: 11 685 travelers

3.1.2 Travel reservations

It seems that internet has established its position in travel industry, especially in terms of booking leisure trips. According to Statistics Finland (2016), in year 2015 Finns made almost 16 million leisure trips, both in Finland and abroad. 82% of those trips were reserved online. Figure 2 identifies the share of bookings.

Type of trip		Booking of accommodation			Booked accommodation
		Via Internet	By other means	Unknown	Total
		Share, % ¹⁾			1,000 trips
Trips, total		69	23	9	15,855
Leisure	Domestic leisure trips in paid accommodation	65	29	6	5,946
	Cruises abroad, overnights on board	72	19	10	1,049
	Leisure trips abroad, overnight stay in destination country	82	14	4	4,638
Business	Domestic	53	30	17	2,713
	Abroad	66	15	19	1,510

1) Trips with paid accommodation and cruises that have been booked in advance.
The sums in the tables do not always amount to the totals shown because of rounding.

Figure 2. Bookings of accommodation via internet in 2015 (Website of the Statistics Finland 2016).

Even though independent travel has become more popular and considerably easier, many travelers still reserve a package tour. In year 2015 Finns made 1,8 million package tours abroad, which is almost 30% of all the foreign leisure trips (Website of the Statistics Finland 2016). The price of a package tour usually includes trips and accommodation, additionally, meals, excursions, treatments etc. might be included. AFTA's (2016) findings are supporting the fact, that online booking has become more and more popular. According to their member travel agencies, 69% of package tours abroad were sold online.

Findings from AFTA & Statistics Finland (2016), are presenting that Greece, Canary Islands and Turkey are the most popular package tour destinations for Finns. For example, in Canary Islands 80% of all the travelers chose a package tour. Despite the challenges of the area, Turkey remains popular. From AFTA's (2016) member travel agencies selection, almost 80 000 package tours were offered to Turkey during summer 2016.

3.1.3 Age and residential factors

According to the conclusions made by Statistics Finland (2016), a typical leisure time traveler is a woman from the capital area aged between 45 and 54 years. Type of the trip correlates with the age of the traveler. In year 2015 only 18% of the trips made by travelers aged between 25 to 44 were package tours, whereas 48% of older travelers (aged between 65 to 84) chose a package tour (Website of the Statistics Finland 2016).

The main airport in Finland is located at the capital of the country, Helsinki. For those living in the area, the access to the airport is the easiest and this can be seen from the statistics as well. In year 2015 travelers who were living in the capital area made the most (2 904 000 trips) leisure trips abroad. The next biggest group is residents of western Finland with 2 132 000 trips. (Website of the Statistics Finland 2016.) The difference is big, almost 800 000 trips, and it identifies how easy access to the airport correlates with the number of leisure trips.

3.1.4 Traveling seasons

Generally, there are four holiday seasons in Finland according to the seasons of the year: winter holiday (spring and Easter), summer holiday, autumn holiday and Christmas holiday. All the primary schools have the above mentioned holidays and permanent employees at least summer- and winter holidays.

Winter holiday usually lasts one week and is held between February and April. During the winter holiday season, Finns like to escape snow and cold weather, thus beach resorts are popular. According to Statistics Finland (2016), trips to Canary Islands are mainly taken during the winter season, but continental Spain attracts Finnish travelers throughout the year. On the other hand, skiing is a popular hobby and winter holiday is also called “skiing holiday”. Skiing resorts, such as Alps or Lapland, are another popular option for spending winter holidays (Website of the Statistics Finland 2016).

Summer holiday season can be counted from May to August, normally July being the busiest. In year 2014, over 30% of the permanent employees were having their summer holidays in July (Simola 2015). During the summer season European destinations are popular, for example trips to Turkey and Greece are mainly taken from spring to autumn (Website of the Statistics Finland 2016).

As well as for winter holidays, Finns are seeking warmer destinations for autumn holidays. Flight carriers Finnair and Norwegian are both supporting the fact. According to Finnair, its top5 autumn holiday destinations (from Helsinki) are London, Rome, Malaga, Barcelona and Stockholm. Norwegian lists its top destinations for the same season as follows: Malaga, Alicante, Mallorca, Dublin and Barcelona. Autumn holiday lasts normally one week and is held between September and November. (Ruuhkaa lentoasemalla... 2015.)

Many Finns favor Christmas at home with traditions and snow, but those who want to travel, often choose a sunny destination for Christmas. According to travel agencies Tjäreborg, Aurinkomatkat and TUI, Canary Islands and Thailand are Finns favorite Christmas destinations (Website of the Rantapallo 2014). Arja Pucilowski from Tjäreborg reports, that during Christmas many are making 3G (three generation) family

holidays. During Christmas time, especially different family resorts and package tours are popular. (Website of the Rantapallo 2014.)

3.1.5 Tourism habits

Finns are known to be precise about their time and money, (Website of the Commisceo-global 2016) and this can be seen from their traveling habits as well. According to search engine Momondo, money is the most important factor for Finns when booking a holiday. To prioritize their money and save time, most of the Finns book their holidays approximately two to three months in advance. After money, Finns value convenience. The second most important matter when booking a holiday, is a breakfast at the hotel. (Website of the Miltton 2016.) Heli Mäki-Fränti from AFTA also supports Momondo's findings, by reporting that if money is a restrictive factor, Finns trim the length or quality of the holiday, but not the whole holiday. For example, all-inclusive hotels are popular amongst families because they include foods and drinks, and also often the ice-creams kids desire. By choosing an all-inclusive hotel, expenses can be kept low during the holiday, she continues. (Suomalaisten matkailutottumukset muutoksessa 2013.)

Individualism is another Finnish feature. Even if they book a package holiday, they want to tailor it to look like theirs (Suomalaisten matkailutottumukset muutoksessa 2013). Increase of design- and boutique hotels indicates the popularity of targeted traveling. Jan Weding from travel agency Tjäreborg regards that Finns travel more, demand more and demand more comprehensive options. Hotels for different target groups, such as "adults only hotels", are the answer for more versatile demand. (Viva lehti tutki... 2012.)

About individualism indicates also the decreased amount of travel guides in the destinations. According to travel guide Juha Kostainen, travelers are not anymore waiting for the guide at the hotel, they might just give a phone call if they need something. Get-together with guides has decreased while independency has increased. Finns value their independency and freedom to choose by themselves. (Atu 2012.)

3.1.6 Review of travel agencies

There are numerous B2C travel agencies in Finland, some of them are independent and some of them belong to international chains. TUI (ex Finnmatkat), Aurinkomatkat and Tjäreborg are probably the biggest and well known travel agencies in Finland. All of the agencies belong to bigger chains and have centralized operations.

TUI (ex Finnmatkat), which arranges every year 216 000 package tours, belongs to an international TUI group. According to the website of the company, TUI is the biggest tour operator in Finland. TUI group has functions in 180 different countries. To ease its operations, Finnmatkat changed their name to TUI from the beginning of November 2016. (Website of the TUI 2016.)

By covering 25,7% of all the package tours sold in Finland, Aurinkomatkat is one of the biggest travel agencies in Finland. The company took 192 000 travelers abroad in year 2015, and according to its website, is the most reliable tour operator in Finland. Aurinkomatkat belongs to Finnair corporation and they also have subsidiary, Aurinko Oü, in Estonia. (Website of the Aurinkomatkat 2016.)

According to the website of Tjäreborg (2016), the company is the third largest tour operator in Finland with 190 000 passengers every year. Tjäreborg is part of Thomas Cook corporation. Every year 23 million people travel with tour operators belonging to Thomas Cook corporation. (Website of the Tjäreborg 2016.)

4 B2B TOURISM MARKETING

4.1 Marketing of services

The main differences between marketing products and services are intangibility, inseparability, perishability and heterogeneity (Gilmore 2003, 10; Goncalves 1998,4).

Services are intangible, which means it is not possible to see or experience them before buying. Services are the performances which create the customers' experience. Services often include tangible elements, such as hotel room during a guided tour. Services can be harder to sell than tangible products, because it is not possible to produce or warehouse them in advance. In online markets customers can only see the details of the service, thus they need to trust the supplier according to the final form of the service. Customers have to be served when they arrive, which means services are perishable. (Gilmore 2003, 10-11.)

Intangibility of the services makes it hard to market them. Because customers are not able to use the physical characteristics of the product to evaluate what they are paying for, the risk of buying services is higher than buying products. Inseparability of the services means they are produced and consumed at the same time. It is not possible to separate services from their providers. Normally to get the service provided, the supplier and the customer have to be at the same place at the same time. (Goncalves 1998,4-5.)

All the services are heterogeneous, meaning they consist of different aspects. Services can hardly ever be exactly similar – quality may vary depending on who provides the service, when, where and how. Because services are normally provided by human beings, not by machines, it is not possible to standardize them similarly as products. (Gilmore 2003, 11.)

Services differ from tangible products, consequently their marketing strategies have to be different. Marketing mix is a business tool in marketing to determine the product and its brand. 4P model (price, product, promotion, place) is generally used in product marketing. In service marketing the 4P model has been extended into 8P model (price, product, promotion, place, people, process, physical evidence and productivity and quality). (Ojasalo & Ojasalo 2010, 29.) 4P and 8P models are taking into consideration all the aspects of marketing which are important when establishing a strong brand.

Conventional external marketing consists of mass marketing, advertising, promotion, PR actions, personal selling and pricing (Ojasalo & Ojasalo 2010, 29). Internal marketing is effectively training and motivating company's customer-contact employees

to provide customer satisfaction (Armstrong & Kotler 2004, 300). Internal marketing precedes external marketing, as both are heading towards the same goal.

As important as the quality of the service, is the quality of the delivery. Interactive marketing alongside of the internal and external marketing is important. The quality of the service is depending on the quality of the buyer-seller interaction during the service. Interactive marketing is communicating with customers, taking care of them and fulfilling their needs as well as possible. Particularly in the service sector, the quality of the service and its provider matters more than the price. (Armstrong & Kotler 2004, 300.)

When service sector is booming and competition increasing, more and more strategic planning on the service marketing is needed. When seeking bigger profits, the three major marketing tasks the companies should consider, are increasing competitive differentiation, service quality and productivity (Armstrong & Kotler 2004, 302).

In the service marketing, developing a differentiated offer from the competitors is an answer for the competition. If the service is similar as the competitor offers, customers have no reason to buy it. The offer can have innovative features or added services, completely new way of delivering the service or unique and tailored images through branding. (Armstrong & Kotler 2004, 302.)

Related to internal marketing, one of the most important and also the simplest ways a service firm can differentiate itself, is by delivering higher quality than its competitors do. If the price and service itself are the same in two different companies, the one providing better service will probably succeed better. Managing service quality, empowering service employees and training them to be customer-orientated are the key steps for service quality.

In the area of high competition, service productivity must be recalled. Service providers can for instance increase the quantity of their service or train their personnel to succeed better. For service companies it is vital to follow the movement of the industry, remove less used services and tailor their amenities to respond customer demand.

4.2 B2B marketing online

In B2B (business to business) marketing, both seller and buyer are companies or some other organizations. B2B marketing activities are activities of any kind of organization which has exchange relationships with other organizations or businesses. For instance, B2B marketing is when pharmaceutical firms market to doctors, or industries sell timber for other companies to make furniture (Grewal & Lilien 2012, 3).

The key differences between business to business (B2B) and business to consumer (B2C) marketing are marketing culture, number of customers and the unit of transactions (Grewal & Lilien 2012, 4). B2B marketing is frequently with less customers but bigger sales, in contrast to B2C where the number of the customers and sales are perhaps bigger but the amount of transactions smaller. Marketing culture is likewise different in B2B than B2C, because it has to attract corporate customers instead of final customers. (Grewal & Lilien 2012, 4.)

When the marketing environment is fully online, an online face of the company, its website, has to be accurately designed. Website is the most important matter in online B2B marketing, as it represents the company and its products. (Miller 2012, 10). A website of the company, especially a website which intention is to sell, has to be attractive, interesting and informative. If the website is difficult to use or even boring, customers quickly change to a competitors' site. As important as the website, is the background work of it. What is the marketing environment and the main segments to whom the company is seeking to sell? If the website does not conform with the marketing environment, supposedly it is not attracting the customers either. (Armstrong & Kotler 2004, 83.)

As the name reflects, the essential characteristics of online B2B marketing are related to internet. B2B online marketing occurs via trading networks, online product catalogs and other online platforms to serve and attract customers (Armstrong & Kotler 2004,79). Customers can be reached via podcasts and videos, social networks, blogs or even via mobile phones (Miller 2012, 1). E-commerce includes several different modes and terms, but the most relevant for this thesis and the case company are *click-only companies & transaction sites*.

Click-only companies are operating fully online, without any brick-and-mortar market place. These companies can be B2B companies, or B2C retailers who sell products via online to the final customers. Click-only companies can also offer search engines and portals. Familiar click only companies are for example amazon & Expedia. (Armstrong & Kotler 2004, 82.)

Transaction sites charge a commission from the customers, for making a transaction through their website (Armstrong & Kotler 2004, 83). BedBanks are a good example of transaction sites in online B2B travel industry. Term BedBank is obtained when words bed and bank are combined. Word bed represents hotel accommodation and bank warehousing. Together these words generate a term BedBank - an online warehouse for thousands of hotel rooms. BedBanks are operating as distributors in E-commerce. BedBanks combine together hotel capacity via different suppliers and direct hotel contracts, and provide all the results in their own portals and search engines (Havumäki & Jaranka 2014, 32). Well known BedBanks for public use are for example Hotels.com and Booking.com.

Figure 3 illustrates the supply chain of B2B BedBank. Figure is from GTA, which is well-known B2B BedBank in Finland. Button in the center of the figure represents the website and the search engine of the BedBank. Symbols above the button indicate the hotel accommodation and travel services, which are gathered via different channels and provided through the search engine. Travel agencies and service providers have two ways for using BedBanks, which are indicated by the green symbols. With XML connectivity BedBanks' search engine can be connected to travel agency's own website. XML connectivity allows B2C travel agencies to provide an online booking option for their final customers. Other option to operate with BedBanks is to use the search engine by a personal account.

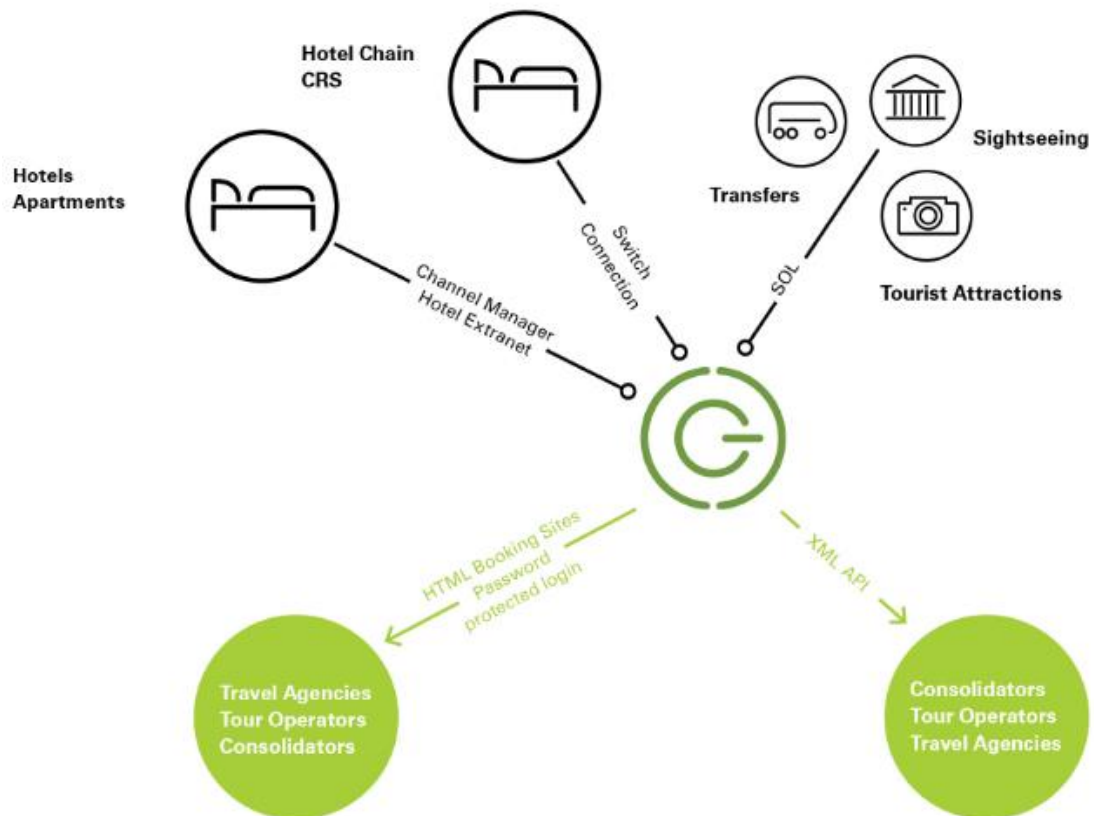


Figure 3. Supply chain of BedBank. (Website of the GTA-travel 2016).

The case company of the thesis, Veturis, works fully online as a click-only company and so called BedBank. Veturis provides a professional search engine for B2C travel agencies, where they can book different travel products, such as hotel accommodation, cruises, transfers and package holidays. Veturis works as a transaction site, meaning the company operates as an intermediate between the hotels and B2C travel agencies. A commission will be charged from each transaction made through Veturis' website.

5 ROLE OF MARKET RESEARCH IN PLANNING A MARKET ENTRY

5.1 Entering to a new market area

Internationalization means that a company expands its research and development, production, selling or some other services into foreign markets (Hollensen 2007, 41). Normally the motive for expanding is money, but there are several other factors as well. According to Hollensen (2007, 42), reasons to enter to an international market might be some of the followings: tax benefits, competitive pressure, foreign orders/- market opportunities or profit and growth goals. Before going abroad, the company has to decide its international strategy and marketing objectives. Where to enter, how to enter and why? The objective is to carefully determine the potential of the desired market, what is the market size, cost of doing business there and risk level. (Armstrong & Kotler 2004, 608.)

When the target market has been chosen, the company has to get familiar with the country and ways of doing business there. Market research gives an important knowledge of the country and makes the entry more effective. Research is used for forecasting, finding market potential and studying the market characteristics (Blythe & Zimmerman 2005, 60). By showing a broad knowledge of the market, such as main competitors and already existing services, the company can indicate professionalism for the potential customers (Maillian Bias, 2011).

After a decision to enter to a foreign market, the company must determine the most suitable entry mode. There are three different entry modes, which are exporting, joint venturing and direct investment (Armstrong & Kotler 2004, 609). For the case company, exporting and joint venturing are the most important modes, thus only these will be introduced.

Exporting is the simplest way to enter to a new market. When the entry mode is exporting, a company produces all the products in its home country and then exports them to the foreign market. Typical way of starting exporting, is through indirect ex-

porting. Indirect exporting means operating through independent international intermediaries. Indirect exporting involves less risk, because an international intermediary handles the exporting. Eventually sales might move towards direct exporting, where the company handles its own exporting. (Armstrong & Kotler 2004, 609- 10.)

Joint venturing is partnering with a foreign company, to produce or market products and services. The way how joint venturing differs from exporting, is that the company joins with a local partner to sell and market there. There are four modes of joint ventures, which are licensing, contract manufacturing, management contracting and joint ownership. (Armstrong & Kotler 2004, 610.)

Generally, Veturis utilizes the simplest entry mode, exporting. All of the company's travel products are sold via its website to travel agencies around the world, therefore the entry mode is online exporting. Another entry mode Veturis utilizes, is joint venturing. For instance, when opening a Portuguese market, the company signed contracts with a small group of agencies to see the potential of the market. While using Veturis' services, the agencies recommended the company to other travel agencies. Through joint venturing, Veturis was able to see the potential of the market. In a consequence of the success, the company was able to implement more contracts.

5.2 Market research

In a competitive market situation, successful business requires an extensive knowledge of the customers and competitors. Knowledge is fundamental when seeking new market share and new customers. Market research is a process of collecting information, which makes the company more aware of the target market and customers. The purpose of doing a market research is to get familiar with the advantages of the market, already existing competitors, clientele and customer demand, market trends and challenges. Problem setting gives objectives for the research and defines the research questions. Market research is conducted based on the research objectives and – questions. (Raatikainen 2004, 11.)

5.2.1 Research method

Market research can be executed as a primary- or secondary research. Primary research is collecting information from the original sources, to find answers for the research questions. Research is normally implemented by surveys, observations and experimentations. Questions addressed with primary research can be some of the followings: who are my customers? Which products and services my customers want? What is influencing on the buying decisions of my customers? Who are my competitors? Besides the questionnaires and surveys, company's own employees might also have valuable information, since they are interacting with the customers all the time. Good primary research gives an idea of customer profiles, customer demand, satisfaction with already existing market and experiences with the competitors. (Website of the Canada business 2016.)

Secondary research utilizes already existing material, such as literature, surveys and research studies, competitors' material and company's own records and materials. Research questions for secondary research can be: what is the current situation of the market? What are the market trends influencing on the industry? What are the demographic characteristics of the customers? How is the labor market? Secondary research can find answers for these questions for example from statistics, associations and earlier studies. (Website of the Canada business 2016.)

5.2.2 Data collection

Data collection is utilizing the chosen research method and collecting relevant information of the market. Market segmentation, target marketing and market positioning are guiding the process of data collection. Allocating the data helps the company to find accurate answers for the research questions.

Market segmentation is a process of dividing possible customers into different groups, segments. Customers can be grouped by their geographical factors, behavior or similarity. The process of market segmentation is important, because one product or service can not serve all the segments. (Armstrong & Kotler 2004, 54-55.) Segmentation

strategies are also used to target communication, sales and offers. In B2B markets segmentation must often deal with smaller groups, because individuality is highly appreciated amongst business customers. (Grewal & Lilien 2012, 22.)

Target marketing is evaluating the attractiveness and profitableness of the segments. Targeting requires decision making and allocating resources, for getting an optimal business results (Grewal & Lilien 2012, 22). Segmentation and targeting collaborate to tie company's resources with customers' needs. A company should choose the segments to serve, by the profitability and how the needs of the segment meet with the selection of the company. A company with limited resources might start with one or two segments and if that proves success, add more. Big companies might want a full coverage of the whole market and start to serve all the segments already in the beginning. (Armstrong & Kotler 2004, 54-55.) B2B markets can be very hectic so target segments are important to identify. Relying only on one or two big customers can cause a huge risk. (Grewal & Lilien 2012, 23.)

Once segmentation approach has been developed and the most profitable segments selected, the company addresses its offerings for the chosen segments (Grewal & Lilien 2012, 23). "Market positioning is arranging a product to occupy a clear, distinctive and desirable place to compete in the minds of target customers" (Armstrong & Kotler 2004, 55). In other words, market positioning is making the product attractive to the desired customers and make a clear difference against competitors, for instance by individuality, difference or similarity. A simple offer might be for example "same functionality as competitors, but with lower price" (Grewal & Lilien 2012, 24).

To gain competitive advantage, the company can use different strategies such as pricing strategy, product strategy or service strategy (Raatikainen 2004, 82). All of these strategies seek differentiation by focusing more on one aspect. Offering lower prices than the competitor, or by offering more benefits to justify the higher prices can be pricing strategies. Developing a surprising and more innovative product or service, can be a strategy as well. Effective positioning is all about differentiating the company's marketing offers from the others.

5.2.3 Environment-, competitor- and customer analysis

Environment-, competitor- and customer analysis' are defining the market potential and used to examine the target market. Market analysis is done based on the data collection to see if there is a demand for the company's products and services, if it is cost effective to do business in the target country and how tight the competition there is. One tool to supplement the analysis', is SWOT-analysis. SWOT analysis identifies strengths, weaknesses, opportunities and threats. The analysis can be done about the company, environment, competitors or customers.

Political changes, legislation, wage level and currency changes are examined in the environment analysis (Raatikainen 2004, 62). Environment factors effect on the business, but the company can not effect on them by itself. With an extensive environment analysis, the company can avoid unpleasant surprises and adjust itself better for the new market area.

The company must know who are the competitors operating in the market. According to Raatikainen (2004, 64), competitor analysis examines how many competitors there are in the market, what are their marketing strategies and what are the competing products. By knowing the competitors, a company can plan its differentiation strategy towards the others.

Customer analysis defines who are the customers, what are the products and services they are buying how much they are spending money in the specific market area (Raatikainen 2004, 65). Customer analysis gives an idea of the future customers and helps to see if the company's product selection meets with the customers' demand. By knowing the customers, a company can target marketing and prepare itself for approaching them.

5.2.4 Implementation

Market segmentation, target marketing and market positioning are stages of strategic planning. They are creating guidelines for a long term planning - how to develop opportunities, prevent threats and recognize strengths. Strategic planning guides to do right things, operational planning guides to do things right. (Raatikainen 2004, 59.) Operational planning is controlling the practical tasks towards the goals.

Platform of operational planning consists of the 8P marketing mix: price, product, promotion, place, people, process, physical evidence and productivity and quality. All these factors are taken into consideration when implementing the actions in practice. According to Raatikainen (2004, 105), good operational planning answers for the following questions:

Where the company wants to go? – Product & place

How to get there? When? – Promotion & process

Who has the responsibility? – People

Cost of actions? – Price

How to evaluate the success? – Physical evidence & productivity, quality

Marketing objectives are obtained with marketing actions in practice – marketing campaigns, direct marketing, customer events and many others (Raatikainen 2004, 105). One tool for operational planning is the plan of action. Earlier stages of strategic planning are implemented in practice with the plan of action. Plan can be tailored for each client, or it can be general for the whole marketing actions.

Customer based plan of action contains information of the customer, it helps to set the objectives and is a tool for communication. The most important fact of the plan is to identify how to maintain the customer relationship, how valuable the customer is and how much effort should be given to it. To get the customer committed to the company trust, satisfaction, information exchange, common values, organizational culture and the advantages of the customer-relationship are important. Plan of action is a tool to develop and maintain these factors. Especially in B2B, which often has less customers

than B2C, customer based plan of action would be an effective solution. (Ojasalo & Ojasalo 2010, 165-170.)

The marketing plan of action contains details of the marketing, planned for a specific time period. The plan should also consider objectives and goals, risks, costs, demand & supply and indicators of the results (Ojasalo & Ojasalo 2010, 167). Marketing plan of action ought to be done creatively, in a way which differentiates the company from others. Especially in service business, customers rarely need any new services, but what they need is a provider who can offer the service with the best quality and customer care.

6 CASE COMPANY: VETURIS TRAVELS SA.

Veturis Travels is one of the biggest B2B online travel agencies and BedBanks in Europe. It has direct contracts with hotels and tens of suppliers. With these contracts the company can offer over 160 000 hotels in 30 000 destinations around the world, through its own search engine. (Website of the Veturis 2016.)

Travel agencies have two ways for working with Veturis – API XML connectivity and B2B platform. API XML connectivity means a possibility to connect Veturis' search engine to travel agency's own website. This way final customers can book directly from travel agency's website, through a search engine provided by Veturis. Another way is simply to use the B2B platform, the search engine, at the travel agency. Both ways are completely free for travel agencies.

Veturis has functions all over the world and one of their mottos is "in constant growth". Next the company wants to expand to all the Scandinavian countries, because of their growing potential in tourism. The company aims to be the biggest BedBank for Scandinavian travel agencies, providing the widest selection of hotels in all categories with the best value for money.

Veturis has offices in Malaga, Spain and in Tenerife, Canary Islands. It also has subsidiaries in China and Latin America. The writer did her internship in Tenerife's office during the summer 2016 and helped in contacting Finnish travel agencies. While working in the company, she discovered the need for market research, thus that is how the idea for the thesis arose. Veturis did not order the thesis, but they are supporting the idea and acting as a case company.

7 IMPLEMENTATION OF THE RESEARCH

Research methods used in this thesis are desk research and qualitative research. Methodologies were chosen for two reasons: the size of the market and the role of the case company. Finnish travel market is relatively small and the information is well available. Interviewing or observing all the travel agencies would be too massive job and time consuming, because of the long distances. Even though thesis is done for Veturis, the company only acts as a case company meaning there are no restrictions for the final outcome. Considering above mentioned factors, desk research supplemented by qualitative methods of observations and E-mail interview gave the best results.

Theoretical background was implemented as a secondary research, so called desk research. The purpose of the desk research is to find already written text from statistics, researches, competitors' materials and different information sources and analyze them for the needs of the company. Desk research can be supplemented with interviews. (Raatikainen 2004, 32.) The empirical part of the thesis was implemented as a qualitative research. Qualitative research is used when behavior and attitudes towards specific topics are examined (Website of the Qualitative Research Consultants Association 2016). It answers to questions why? how? and What kind of? Data collection methods are different interviews, observations and written communications (Raatikainen 2004, 32). Qualitative research methods used in this thesis were observation and E-mail interview.

While working in the company, the writer called over one hundred travel agencies in Finland and introduced Veturis to them. During the phone calls she made notes about

respondents' opinions and replies towards Finnish travel market and the case company. Data of observations consists of descriptions of people's way to behave, act and correspond to different phenomena. Data of observations is mainly notes and detailed descriptions, including the context where observations were made. (Quinn Patton 2014, 106.) Observing can be executed by direct or indirect observation. Direct observation might effect on examinees behavior, since they know they are being observed. Indirect observations might sometimes give more reliable answers, because examinees are not aware they are being observed. (Raatikainen 2004, 35.) Indirect observation over the phone calls gave considerably information of the Finnish travel market.

Interview of Youssef Semlali, the manager of international and XML business development of Veturis, was conducted via E-mail because of his busy timetable. Interviews can be implemented by E-mail, phone calls or internet. Interviews are different questions to respondents about their opinions, feelings, experiences and knowledge. Advantages of the personal interview are its reliability and flexibility. (Raatikainen 2004, 33.) Interaction among the respondents gives room for exchanging ideas, clarifying questions and answers for them. The interview situation gives also a possibility for observing the non-verbal communication as a part of feedback. (Website of the Qualitative Research Consultants Association 2016.)

A good research is functional, accurate, economic and has a right timing. Validity and reliability are indicators of a good research. Validity means equivalency, does the research provide right answers for the questions? In this thesis validity is guaranteed by using accurate sources, and deepened them with the interview and writers own observations. Results of the qualitative research methods are supporting the findings of the desk research, and thus ensuring the validity.

Reliability reflects how authentic the findings are, and would they be mostly the same if the research was repeated. Bad timing, lack of answers in the questionnaires and unclear questions weaken the reliability. (Raatikainen 2004, 16) Because Veturis acts only as a case company for the thesis, it is not supervising the results, thus reliability is particularly important. Reliability is guaranteed by providing truthful information from the right secondary and primary sources.

8 MARKET RESEARCH OF FINNISH TRAVEL MARKET

8.1 Problem setting

The purpose of the market research was to investigate Finnish travel market and travel agencies there. In the theoretical part Finnish market characteristics were examined in the perspective of final customers. In the empirical part B2B markets were investigated. Research questions for the empirical part were as follows: What are the services Finnish travel agencies need? What are the travel products from Veturis' selection that could attract Finnish travel agencies? What are the cultural factors that need to be taken into consideration when offering services for travel agencies in Finland? How to attract Finnish travel agencies to long-term customers?

An E-mail interview of Youssef Semlali, the manager of international and XML business development of Veturis, was executed while the writer was working in the company. The interview surveyed the objectives of the market entry and key facts Veturis wants to know about Finnish travel market (appendix). In his answers Semlali mentioned, the company wants to expand to all the Scandinavian countries because of their growing potential of outbound tourism. Scandinavian travelers are often seen at the locations of Veturis' offices, Spain and Tenerife, thus the company has recognized the potential. (Semlali, personal communication on 8.8.2016.)

Since this thesis only focuses on Finnish travel market, Veturis is especially interested in knowing how Finns reserve their holidays. Traveling habits of the final customers determine the business environment for travel agencies. According to Mr. Semlali's answers, the essential facts for Veturis are the share of online bookings and the share of traveling via package tours. Furthermore, Semlali mentioned that when Veturis is seeking new customers, travel agencies are always contacted via E-mails and phone calls. Another point of interest for Veturis is competitors in the market. Who are the competitors operating in the Finnish travel market? One way to investigate the competitors, is to ask from the travel agencies with who they are collaborating at the moment. The market research was implemented based on the research questions and answers from Mr. Semlali's interview. (Semlali, personal communication on 8.8.2016.)

8.2 Current B2B travel market

During the research process 120 B2C travel agencies were found in Finland. Based on the writers observations, majority of these agencies book their products and services through B2B travel agencies, which creates demand for BedBanks. Nevertheless, some travel agencies have specialized into specific destinations and have only direct contracts with familiar hotels. Accordingly, such agencies do not need the services of BedBanks and lower the number of potential customers. Due to the relatively small size of the market, the number of B2B travel agencies is rather low. As a conclusion, there would not be enough customers for several different BedBanks.

During the research emerged, that majority of Finnish B2C agencies are collaborating with B2B agencies called GTA, SunHotels and HotelBeds. Besides these, companies such as Miki Travel and Hotels pro are also operating in Finland. All of these BedBanks work the same way – they offer travel services, hotel accommodation, transfers and tours, around the world and provide them through the professional websites and the search engines. All of the BedBanks also offer a possibility for XML connectivity.

Based on the writer's research and observations, the size of the Finnish B2B travel market is small and the competition is high. All the BedBanks working in Finland are so far foreign companies. Travel media Rantapallo is a Finnish company which offers a website with articles, blogs and a lot of information related to traveling. It also offers a search engine for travel services, such as flights, hotels and cruises. Rantapallo merely provides travel services from other online agencies and leads the customer to the original website of the service provider. Even though Rantapallo is not a travel agency, it could be a party to provide inside information and co-operate with.

Other associations to co-operate with and attract potential customers are AFTA and MaRa Ry. AFTA, Association of Finnish Travel Agencies, and MaRa, the Finnish Hospitality Association, are representing the Finnish travel agencies. They provide legal help, business advice, training and collaboration to their members, thus they have a broad knowledge of the industry and Finnish travel agencies. By knowing and co-

operating with the local associations, Veturis can get closer to the agencies and gain competitive advantage against its B2B competitors.

8.3 Environment analysis

Legislation is one aspect of the environment analysis, affecting on the business. In the year 2018, the European Union's package travel directive will be updated to give more security for the travelers of EU. The most important changes concern cancellations and price policies. Many Finnish travel agencies have already been following these rules, but starting from the year 2018 all the travel agencies within EU have to follow the directive. (Pakettimatkalla vuonna 2018... 2016.)

According to the new directive, if the price of the package tour increases more than 8% of the original price the traveler has a right to cancel the trip. Furthermore, if there are "exceptional circumstances" in the destination, such as nature disaster or threat for the security, the traveler has a right to cancel the package tour free of charges. Another reasons to refund or compensate the customer, are bankruptcy of the service provider, or if the package tour turns out to be different than agreed, because of a mistake of the service provider. (Pakettimatkalla vuonna 2018... 2016.)

Regardless Veturis does not operate as a tour operator, the company has to take the new directive into consideration. The new directive applies to three sorts of combinations: pre-arranged packages, customized packages and linked travel arrangements (Website of the European commission 2016). If a travel agency buys a combination of hotel and transportation from Veturis' website, it is considered as a package tour. In case the preconditions fulfill and the final customer has a right to cancel the trip, Veturis has to refund the travel agency as well.

Reflecting other environment factors, years of recession might have been reducing a bit the money spent on traveling. Buying behavior of the final customers determines the demand for the travel agencies. However as presented in the theoretical chapters, travel is not a rare luxury anymore and Finns either trim the length or quality of the

holiday but not the whole holiday. Radical changes have not been occurring during the recent years, hence Finnish travel environment can be seen stable and bright.

Thoroughness can be seen throughout the Finnish business culture. Finland is known for the transparent business and low level of corruption. In the perspective of the environment factors, Finnish travel market is a stable environment for Veturis to expand and offer its services.

SWOT analysis of Veturis in the Finnish travel market

SWOT analysis was used to survey Veturis' opportunities towards the new market area. SWOT analysis was created by Albert Humphrey and it is based on identifying the strengths, weaknesses, opportunities and threats of the company. In this instance, SWOT analysis focuses on Finnish travel market and what would be Veturis' position in there.

Table 1. SWOT analysis of Veturis in the Finnish travel market.

<p>Strengths</p> <ul style="list-style-type: none"> -Strong international presence & clientele -Multilingual staff -Offices located at Finns favorite destinations which ensures knowledge of the area -Broad selection of services -Price promise 	<p>Weaknesses</p> <ul style="list-style-type: none"> -No Finnish speaking staff -Only hotels and transfers available for the Finnish market, not the whole service selection
<p>Threats</p> <ul style="list-style-type: none"> -Strong competitor, SunHotels -Not getting permanent Finnish speaking staff 	<p>Opportunities</p> <ul style="list-style-type: none"> -Opening the Caribbean cruise selection also for the Finnish market -Company attracts international interns and can get help from them

Veturis already has a strong international presence, which helps to prove their operability to the new agencies. Locations of the offices and big selection of services, give

a competitive advantage and a good opportunity to attract Finnish travel agencies for long-term customers. To ensure a good customer service, Veturis has a multilingual staff and a price promise. Veturis promises always to offer the cheapest prices in all of their services. The company utilizes often international interns, which gives a great opportunity to understand its target markets better and approach new agencies there.

Veturis' weaknesses are missing Finnish speaking employees and limited amount of the services available for the Finnish market. Majority of Veturis' employees are from Tenerife and Spain and they only speak Spanish. Other languages spoken in the company are for example English, French, Portuguese and Italian. At the moment there is no one in the company who knows Finnish or other Scandinavian languages. Lack of Finnish language might be a threat, when considering the strongest competitor, Sun-Hotels, which offers service in all the Scandinavian languages. Veturis has a great selection of services, but at first it offers only hotels and transfers to Finnish market. Small amount of services can be a threat against other competitors, who offer broader selection of services.

Target audience and its cultural factors

Customers for Veturis are travel agencies, not the final customers. While working in the case company, one of the tasks the writer had was to find all the travel agencies in Finland. The precondition was that agencies have functioning E-mail and phone number. Under the preconditions 120 travel agencies were found. All the found travel agencies are at least mediating hotel accommodation to their customers, so all of them can be potential customers for Veturis. Agencies are not listed in this thesis, because the case company already has a list and details of them.

Even though the customers for Veturis are travel agencies, it is important to know the consuming habits of the final customers because they are defining the demand for travel agencies. In year 2015 AFTA's member travel agencies sold package trips worth over 1,9 million euros. Travel image survey (2015) figured out how much people from Nordic countries are ready to spend on traveling. The result was that Finns spend the least money on traveling, on average less than 650€ per year. (Tunnistatko itsesi, suomalaiset... 2015.)

Findings from the theory are supporting Travel images findings – Finns degrade the quality of the holiday, but not the whole trip. Traveling is not considered as a rare luxury anymore, which increases the consumption of travel services. As long as people are willing to travel, travel agencies and accommodation suppliers are needed.

Segmentation

Finnish travel agencies can be divided into three segments: Agencies working fully offline, agencies working fully online and agencies working both, offline and online. Based on the research, the biggest category is agencies working fully offline and the smallest category agencies working fully online.

Based on the writer's observations and the research, the biggest category consists of small independent travel agencies which have a physical office to sell their travel products and services. All of them have websites with offers and contact details, but customers are not able to buy anything there. Offline agencies normally have just couple of employees and they are focusing on offering trips to some specific region. Examples of small independent Finnish travel agencies are Häme- matkat Oy and Matkapassi.

The smallest segment consists of big and well known travel agencies, which work fully online without physical offices. Online agencies offer hotels, flights, package tours or some other travel services on their websites. Final customer books and pays everything online. Online agencies have only small amount of staff, who serves customers via E-mails and phone calls. Often online travel agencies are part of bigger international chains. Examples of Finnish online agencies are Ebookers and Aurinkomatkat.

Agencies working both, offline and online, are the medium group of these three segments. This segment consists of two types of travel agencies: big agencies who have had lots of offline agencies and have now slowly moved from offline to online. Other group is medium sized agencies, who want to give the best service and are still investing in both, offline- and online service. Matkapojat is a good example of the third segment. The company has well-functioning website, where all their services are available for the final customers. But it still has offices in 13 different cities, (Website of

the Matkapojat 2016) where the company sells travel products and services for the customers who do not want to buy them online.

Target marketing

At first, the most interesting and profitable segment for Veturis would be agencies working fully offline. This segment is rational decision due to following factors: the category is the biggest of the three segments, the segment does not require XML connectivity, which makes starting the collaboration faster and easier, decision making in the agencies of the segment is faster due to their independency and based on observations this segment was the most open-minded towards the new partnerships.

Writer's observations presented, that oftentimes customers go to offline agencies because want service. In these agencies all the travel services are booked based on the customers wishes. Officers in the agencies use personal accounts to professional systems to book the services. Due to the nature of the business, in such agencies they do not need XML connectivity, which makes it easier and faster for Veturis to start the co-operation. Offline agencies will be provided their own login to the search engine and they will make all the transactions there.

Normally, fully offline agencies are small and independent travel agencies, meaning they are not part of any international chains. During the writer's observation process it was found, that there are two main characteristics of fully offline agencies: they are specialized into certain destinations, such as Baltic- or European countries, or they tailor their services for each client and offer destinations around the world. Veturis can provide service for both kind of characteristics.

Whether the agency focuses on the certain area or offers travel destinations around the world, Veturis can be a considerable partner in both occasions. Approaching fully offline agencies as a first segment would be advisable, since marketing and implementing the business with them is easier than with fully online agencies. By approaching one segment at a time, marketing actions can be equalized and the market entry created effectively.

8.4 Customer analysis

As presented earlier, the customers for Veturis are travel agencies. When working in the company, the writer also contacted all the 120 travel agencies she could find. At first, all the agencies received an introduction E-mail and advertising material of Veturis in Finnish with a test login for the search engine. Couple of days after all the travel agencies were called through.

By the indirect observations, the answers of the phone calls were analyzed for the needs of the company. Similar responses emerged throughout all the phone calls, and fundamental recognitions were made related to Finnish language, payment methods, timing of the phone calls and the good first impression of the search engine. Since the writer was the only Finnish speaking person in the company, she contacted all the travel agencies. Officers at the travel agencies become delighted when they heard a Finnish speaking person and the possibility to get service with their native language. Majority of the officers said it is important to be able to communicate with their own language.

As the theoretical chapters presented, Finns are known to be precise about their money and time and this could be seen from the phone calls as well. Officers at the agencies expected they are able to contact Veturis based on their own working hours, which means the time difference has to be taken into consideration when operating outside of Finland. After the Finnish customer service, the most often asked question was related to payment methods. Many agencies felt they could not understand Veturis' payment system and it caused concerns. Most of them referred to competitors easier and less strict payment methods. Attitudes towards the payment system reflected the relation between money and trustworthiness. The voice of many respondents reflected the question "can the company be trustworthy, if the payment terms are unclear?"

The writer was working in the company between June and August 2016, and the introduction phone calls were made during that time. As the theory presented, Finns have their summer holiday season from June to August, July being the busiest. The season also applies to the employees of the travel agencies, so often times summer is not the best time of the year to present new partnerships. Holiday season affected considerably

on the answers of the phone calls. Many responded they have less personnel and less resources to consider new partnerships, because of the ongoing holiday season. Most of the agencies hoped they would be contacted again after the summer, when the high season is over.

In the theory it was found, that Finnish travelers value time, money and convenience. The same factors apply to the travel agencies as well. When contacting the travel agencies, the writer always faced the same question “and what are your payment methods?” If the answer was unclear, they all reverted. The relation between the theory findings and the observations was easy to see – in business, money is a matter of trust. The easier and reliable the payment methods are, the trust worthier the company is in the eyes of a Finnish travel agency.

Respect for the time and freedom to choose, were also reflected from the responses during the phone calls. Travel agencies were interested in Veturis and their first impression was often really good, but they never said “yes” during the first phone contact. The answer was always “we will think about it and talk with our manager”, which indicates new partnerships are not made in a moment and the manager is making the last decision. All the agencies needed their time to orientate to the new company and its offers.

One of the most important result of the writer’s observations was, that all of the agencies indicated, that having customer service with their own language is highly appreciated. Even if majority of the employees at travel agencies do know English, they would prefer to be able to communicate with their native language. Finnish language was considered to be one of the most important aspects of the co-operation.

The SWOT analysis of the target audience helps to understand the attitudes towards the new operator in the market. Analysis identifies the strengths, weaknesses, threats and opportunities of the Finnish travel agencies, considering Veturis entering to the market. SWOT analysis of the target audience is a tool for Veturis, to examine the condition of the future customers.

SWOT analysis of Finnish travel agencies

Table 2. SWOT analysis of Finnish travel agencies

<p>Strengths</p> <ul style="list-style-type: none"> -Willing to collaborate with new companies -Good first impression of Veturis 	<p>Weaknesses</p> <ul style="list-style-type: none"> -Needs time to decide and much convincing -Concerns towards the payment system
<p>Opportunities</p> <ul style="list-style-type: none"> -Chance to offer better customer service via broader selection -Chance to get better profit and cheaper services 	<p>Threats</p> <ul style="list-style-type: none"> -Does not want to change to a new company if everything is working well with current partners -Does not have resources for learning new systems

The absolute strength for Finnish travel agencies, is their openness for the new partnerships. Partnering with Veturis can give them a chance to offer better customer service and broader service selection to their final customers. Most of the agencies mentioned they got a good first impression of Veturis and of the price range. Veturis promises always to be the cheapest BedBank for travel agencies.

The weakness of Finnish travel agencies is, that they need time to process and think about new partnerships. Even though collaborating with Veturis is free agencies want to think twice before signing new contracts. This might lead to a situation, where agencies decide to remain with already existing partnerships if they are working well. Many of the agencies felt, that at first glance they did not understand what are Veturis' payment methods and how they work. Not understanding the system can cause a threat, where the agencies realize they do not have time or staff to learn new systems and for this reason they might back off.

Travel services and seasons

Based on the statistics, Europe and Canary Islands are the most attractive destinations amongst Finnish travelers. All the three biggest travel agencies in Finland, TUI, Tjäreborg and Aurinkomatkat, are advertising trips to Europe and Canary Islands at the first page of their websites. Aurinkomatkat even has a big banner saying “Canary Islands are now more popular than ever!” (Website of the Aurinkomatkat 2016). Offices being located at Spain and Tenerife, gives expertise and knowledge of Finns favorite destinations for Veturis.

As discussed earlier, all the travel agencies in Finland are at least mediating hotel accommodation, which makes them potential customers for Veturis. Besides hotel accommodation, agencies offer several services, such as different activities, meal packages, tours and insurances. Needs of the independent travelers have become more demanding and versatile. Figure 4 presents how the travel agency Aurinkomatkat is offering differentiated holidays and paying attention into different target groups. Figure represents well how flight and accommodation packages are not enough anymore, Finns want more content for their holidays. To succeed in the competitive market, travel agencies have to offer more interesting content and more versatile travel options. The holiday selection of Aurinkomatkat is a good example of that. Company’s selection has been allocated into six sectors: Auringosta voimaa – sunny resorts, Paikalliseen tapaan – local attractions, Parasta perheelle – family holidays, Aikuiseen makuun – adults- only holidays, Hyvään oloon – wellness holidays and Kerralla enemmän – multiple destinations in one holiday.

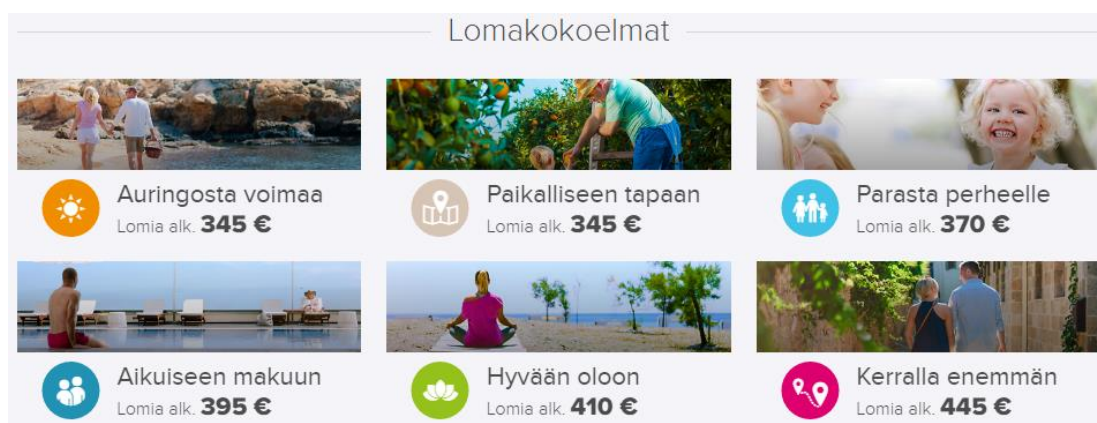


Figure 4. Holiday selection of Aurinkomatkat (Website of the Aurinkomatkat 2016).

Alongside of the travel products and services, traveling season are important to know since they effect on many ways to business. As discussed in the theory, there are four main holiday seasons in Finland, according to the seasons of the year. By recognizing the holiday seasons, Veturis can execute the market entry process when agencies are the most receptive. Knowing the holiday seasons also helps the company to address its marketing actions, pricing strategies and preparations for the busier periods. The holiday calendar below presents all the main holiday periods in Finland. It also includes some national holidays and festivities, to target marketing. From the calendar Veturis can inspect when high seasons apply and agencies are on their busiest, but also when to target marketing and promotion actions.

Table 3. Holiday seasons and festivities in Finland.

Season	Holiday	Festivities
Spring	- “Skiing holiday” mid-February to mid-March - Easter, late March to April	- Valentine’s day, 14 th of February - Women’s day, 8 th of March - Finnish labor day, 1 st of May, National holiday - Mother’s day, second Sunday of May
Summer	- Official summer holiday season from May to August, July the busiest	- Juhannus, festivity of mid-summer. 24 th of June, national holiday
Autumn	- Autumn holiday, late October - Father’s day, second Sunday of November	- Halloween, first weekend of November - Black Friday, Friday after 4 th Thursday in November
Winter	- Christmas, national holidays between 24 th and 26 th of December	- Independence day, 6 th of December, national holiday - New year’s eve 31 st of December - 1 st of January, national holiday

Market positioning

Competition in the Finnish B2B travel market is intense, but with differentiation strategies Veturis can succeed in the market. Pricing strategy is the main differentiation strategy Veturis utilizes. The company has a price promise, which means it promises always to offer the cheapest prices. In the current market areas, Veturis has adapted the pricing strategy to give better customer service for the old customers and attracting new ones. For instance, in the Belgium market, all the travel agencies who recommend Veturis to other companies and brought them to customers, earned lower markup thus paid less commission for the booked services.

Towards the Finnish market, Veturis can also develop a product strategy. Knowledge of the Finns favorite destinations and a broad selection of hotels there are attractive factors for travel agencies. One of the travel products Veturis offers is Caribbean cruises. Some Finnish agencies mentioned those cruises are in demand but hard to find. Opening the cruise selection for the Finnish market, could definitely give competitive advantage for Veturis and work as a product strategy.

8.5 Competitor analysis

While discussing with the Finnish travel agencies, the writer was asking which BedBanks the agencies are using. Majority of them mentioned they book hotels and services from SunHotels. Many of the agencies referred to SunHotels even without asking about it, for instance question “how are you better than SunHotels?” emerged often. The competitor analysis focuses only on SunHotels, since the writer realized it is the most important competitor and mostly used in the Finnish market.

SunHotels is a BedBank, founded in 2002 aiming to help Scandinavian travel agencies to find accommodation in European top destinations. Nowadays SunHotels is one of the largest accommodation providers in North Europe. Besides the hotel nights and transfers, SunHotels offers a possibility to book different excursions, tours and tourist

attractions from the company's search engine. SunHotels offers service in several languages, such as Norwegian, Swedish, Danish and Finnish. (Website of the SunHotels 2016.)

SunHotels has its own search engine for travel agencies. As Veturis' search engine, also SunHotels' portal is possible to connect to travel agencies' own websites via XML connectivity. SunHotels is especially focused on serving travel agencies in Scandinavia and northern Europe. The company has service in several languages and based on the writer's observations, they have permanent Finnish employees in the company. All the transactions of SunHotels happen via its website, but the company also has officers to help its customers over phone calls. In case of reservation changes or other issues, SunHotels never gives the final answer over the phone call, because of the physical evidence. Company's officers are answering to the phone calls and helping their customers, but all the final responses to inquiries, offers and changes are always given via E-mail.

The SWOT analysis of SunHotels identifies the strengths and opportunities of the company in the Finnish travel market. It also examines the strengths against Veturis. Weaknesses and threats are examined in the perspective of the Finnish travel market. SWOT analysis tries to understand what are SunHotels' weaknesses and threats, and where Veturis could beat the company.

Table 4. SWOT analysis of SunHotels.

<p>Strengths</p> <ul style="list-style-type: none"> -Wide selection of travel services besides accommodation -Service in Finnish and other Scandinavian languages 	<p>Weaknesses</p> <ul style="list-style-type: none"> -All the modifications have to be done via e-mail, no modifications over phone calls -E-mail requirement slows the service
<p>Threats</p> <ul style="list-style-type: none"> -Strong competition -Competitors can also hire Scandinavian employees 	<p>Opportunities</p> <ul style="list-style-type: none"> -Strong name in Finnish market -Focus in the North European market

8.6 Operational planning

After collecting the information of the Finnish travel market, identifying the segments and differentiation strategies, the market research moves towards the operational planning. Operational planning takes into consideration the 8P marketing mix (price, product, promotion, place, people, process, physical evidence and productivity and quality). Following questions and answers are identifying the operational planning of Veturis' market entry:

Where the company wants to go? – Product and place

The aim for Veturis is to enter to the Finnish market and offer its services for travel agencies there. The actual product Veturis offers, is a professional website and the search engine there, to book hotel accommodation and other travel services. All the transactions occur online, so the export method the company utilizes is online exporting.

How to get there? When? – Promotion and process

Veturis often utilizes foreign interns to develop and serve foreign markets. Utilizing an intern would be advisable with the Finnish market as well. Internship period normally lasts from three to six months. Because the company already has a list and details of the Finnish travel agencies and all the current advertising material translated into Finnish, time will be saved a lot in the beginning. By implementing the market entry during a low season, internship period from three to six months would be adequate. If the process goes along well, Veturis should consider hiring the intern as a permanent employee.

Veturis has talented in-house design department, which executes all the promotion actions. By using the design department, marketing can be created professionally and time is saved from the sales persons. By having in-house designers, marketing actions can also be implemented cost effectively.

Who has the responsibility? – People

The best way to implement the entry process, is to utilize a Finnish intern. The responsibility of the process should be shared between the intern and his or her manager. The

intern is a key person to contact Finnish agencies and take care of the customer service, but the objectives should be decided and monitored together with the manager. Shared responsibility ensures an effective market entry and a desired outcome.

Cost of actions? – Price

Veturis' export mode is online exporting. All the business and transactions occur online, which means exporting does not cause any extra costs. Due to in-house design department, also the promotion can be executed without extra costs. The only arising cost is the intern's salary. Hiring an intern is cheaper than a fulltime employee, therefore the costs of market entry actions can be kept low.

How to evaluate the success? – Physical evidence and productivity and quality

A big part of the success can be evaluated with numbers – number of the new contracts, number of the reservations the agencies have done and the euros they have spent on reservations. Number of the new contracts is a first step to the evaluate success. Soon after signing the contracts, new agencies have to be encouraged to make reservations. Since it is free for travel agencies to use the search engine, Veturis only profits by transactions made through the website, not by new contracts. Not until agencies are actually making reservations, the success of the process can be evaluated.

Veturis has a special department for creating statistics and monitoring trends. From their systems can be seen detailed information about all the reservations – for when and where they are made? How much money is spent on average for each reservation? Which agencies are buying much and which less? When new agencies have been using Veturis' services for a while, their statistics can be used to evaluate the success as well.

Plan of action

Referring to the theory, plan of action is a tool for operational planning. Plan of action takes into consideration the objectives of market entry, and guides the company to the right operational decisions. Plan of action can be general for the whole marketing actions, or in B2B markets, where customers are often bigger and the number of them is smaller, the plan can be tailored for each client.

The plan of action determines the objectives and actions for the market entry. By having an easy to follow and simple plan, Veturis' market entry can be implemented effectively and consistently. Following plan of action takes into consideration timing, actions and content of the actions. In the end, objectives, risks and indicators of the results are presented. Plan is easy to modify, in case of unexpected changes and challenges.

Table 5. Plan of action for Veturis' market entry.

Time	Action	Content
During the high season	-Searching for the intern -Planning the marketing material	-Preparing everything ready for the intern -Designing the marketing material
End of the high season	-Hiring an intern for three to six months' period	- Mentoring the intern to get used to the search engine and background programs - Finishing and translating the marketing material with the intern
After high season	Approaching the travel agencies	- Sending the marketing material to the agencies - Calling the agencies
In the middle of the internship period	- Signing the contracts	- Teaching the agencies to use the search engine
At the end of the internship period	-Interviewing the agencies	-Any problems, would they need help in something? -Any recommendations? -Feedback?
After the internship period	-Continuation of the intern?	Hiring the person as a permanent employee, to work for the company either in Spain, Tenerife or in Finland.

<p>Objectives</p> <ul style="list-style-type: none"> -Signing the contracts and creating a satisfied clientele of travel agencies -Setting a target amount of contracts -Setting a target amount of reservations 	<p>How to reach them</p> <ul style="list-style-type: none"> -Train the intern and employees to know the advantages of the website and sell it effectively -Train the agencies to use the website, besides selling it
<p>Risks</p> <ul style="list-style-type: none"> -Failing the entry, not implementing any contracts -Implementing the contracts but not any reservations 	<p>How to avoid them</p> <ul style="list-style-type: none"> -Approaching the agencies during the low season, when they have more time -Duration of the internship between 3 to 6 months, sustainability
<p>Indicators of results</p> <ul style="list-style-type: none"> - Number of the signed contracts -Number of the reservations made -Euros spent on reservations 	<p>Monitoring them</p> <ul style="list-style-type: none"> -Statistics department -Cash flow -Customer satisfaction based on the interview

Customer based plan of action

Customer based plan of action is used to identify the advantages and weaknesses of the individual partnerships. After signing contracts with the Finnish travel agencies, Veturis can implement the plan of action for the most profitable customers, or conversely for the customers who could potentially grow bigger and more cost-effective. The customer based plan of action contains information of the customer, helps to set objectives for the customer relationship and is a tool for communication inside the company and with the customer.

Following customer based plan of action takes into account details of the client, objectives towards the partnership and presents risks and indicators of the results in the end. The plan can be left aside if Veturis does not have resources to utilize it. When positive or negative feedback emerges, plan can be brought up and updated again. The

plan can be monitored and updated periodically, twice a year, based on the resources or interaction with the agency.

Table 6. Veturis' customer based plan of action.

<p>Customer</p> <ul style="list-style-type: none"> -Name of the travel agency, size, location. -Specialized into certain market or destination? -How many reservations done? -Value of the reservations?
<p>Veturis</p> <ul style="list-style-type: none"> -The objectives based on the actions of the client <ul style="list-style-type: none"> -Objective to grow the number of bookings -Objective to grow the value of the bookings -Objective to upgrade the service based on the feedback
<p>Risks and weaknesses</p> <ul style="list-style-type: none"> -The agency does not make enough reservations to be profitable -Veturis does not have time or resources to monitor the partnership <ul style="list-style-type: none"> -Target marketing and promotions towards the interest and specialization of the agency -Determining the person in charge for the customer care and relationship -Managing the relationship during Veturis' low season
<p>Monitoring results</p> <ul style="list-style-type: none"> -Quarterly based on traveling seasons <ul style="list-style-type: none"> - Calling the agencies to survey their conditions - Sending questionnaires and surveys via E-mail - Visiting the agencies in Finland - Statistics -Updating the plan when positive or negative feedback emerges

9 CONCLUSIONS

Tourism is the biggest category in E-commerce and more and more trips are sold online nowadays. Before starting the internship and writing this thesis, the writer had an assumption that physical travel agencies are barely needed anymore, because everybody are booking their trips online. This assumption was proved wrong. Even a bit surprisingly, the biggest category of Finnish travel agencies is fully offline agencies, thus not all the customer book online. As the statistics presented, the eagerness of Finns to travel creates demand for B2C travel agencies and as a result demand for B2B travel agencies. As Mr. Semlali answered during his interview, Finns are often seen at the locations of Veturis' offices, thus their potential in tourism has been recognized

One of the most important research finding was, that Finnish travel market is relatively small, but it has to be proportioned into Finnish population which is relatively small as well. There are numerous offline travel agencies, even in smaller cities, which indicates the demand and customers are existing. Research findings also presented, that the biggest segment is the agencies operating fully offline. One aspect affecting on the share, could be older travelers. Findings from Statistics Finland (2016) presented, that the older the travelers are, the more prone they are for choosing a package tour. Consequently, older travelers might value physical offices and personal service more, than young independent travelers.

Related to the research questions for the theoretical part, market research is playing a big role when entering to a new market. Before entering to a new market, it is crucial to know the target market and the customers and competitors there is crucial. Market research should contain information of the business environment in the country, knowledge of the customer demand and information of the competitive situation. Gathered data can be allocated into segmentation, target marketing and market positioning. This thesis is useful for Veturis, since they did not have concrete idea of the Finnish market yet. Thesis presented the traveling habits of the final customers, which are creating the need for travel agencies. Plan of actions helps the company to target its resources and consistently implement the market entry.

In a competitive market place, quality of the service and the products is extremely important. One of the Veturis's slogans is "tourism specialist". By focusing on that phrase and executing supremely good customer service, the company can gain market share in the area. Referring to the research questions for the empirical part, customers seldom need any new services, but what they need is a service provider who can produce the service more effectively. The Finnish travel agencies were mostly satisfied with their existing partnerships, but Veturis' good service selection and simple search engine got them interested in the company. To attract Finnish travel agencies to long-term customers Veturis should follow its slogan and provide such a customer service that the agencies can not find elsewhere.

10 RECOMMENDATIONS

The process of writing this thesis strongly presented the importance of the market research, when planning a market entry. Even though both, Veturis and its target audience, are European, some cultural differences emerged. Spanish are known for casual lifestyle, whereas Finns value time and routines. When entering to the Finnish market and offering services to travel agencies there, the cultural factors should be respected. Responding to E-mails and communication should be efficient. Even though majority of the officers in travel agencies do know English, they would prefer to be able to communicate in Finnish, thus this circumstance should be taken into account. Especially when the strongest competitor offers permanent Finnish customer service, Veturis should stay in competition in terms of the language.

Different segments require different marketing and approach, thus focusing on one segment at a time could give the most effective results for Veturis. Based on the writer's observations, the biggest segment is fully offline travel agencies. By targeting this segment at first, Veturis can create a consistent marketing campaign and approach the agencies with similar marketing speeches. Fully offline agencies do not need XML connectivity which makes starting the business faster and easier. Oftentimes fully offline agencies are independent, so they are more prone for new partnerships and eager

to try new products and services. Considering all the above mentioned facts Veturis should start the market entry by contacting fully offline agencies at first.

As observed earlier, to have customer service with their own language is important for the Finnish travel agencies. Veturis has been previously utilizing international interns in many departments, thus it would be strongly recommended for the Finnish market entry as well. Alongside of the language, a local person knows the cultural factors and manners to talk with the Finns. Local person gives extremely valuable information for the company and hiring is relatively cheap for Veturis. By implementing the market entry during a low season, for example after summer, an internship period between three to six months should be adequate. Because the company already has all the existing marketing material translated into Finnish, the intern can focus on promoting the portal. One interesting circumstance is demand for Caribbean cruises. Finnish travel agencies mentioned those cruises would be in demand, but they are hard to find. By opening its cruise selection for the Finnish market as well, Veturis would have strong competitive advantage. With relentless work, the company can offer its services to the Finnish travel agencies and gain satisfied clientele.

11 FINAL WORDS

Writing this thesis was instructive and rewarding. The writer was able to take a closer look at industry she has never studied before, but still combine it to her career. Even though the case company did not order this thesis, it gave a great chance for the writer to develop a market research for a real need. The period of writing the thesis was approximately six months, which ensured a deep focus concentration on the process.

The process of implementing the thesis brought up important circumstances to consider: would the results be the same if Veturis ordered the thesis, instead of acting as a case company? Would the results be the same, if the Finnish travel agencies were observed or interviewed in the thesis' perspective as well? Because Veturis acted only as a case company, they did not supervise the results of the thesis. Validity and reliability are proved by using fresh and truthful sources. The results would be arguably

the same, if the research was repeated. By ordering the thesis, Veturis would have had more authority on the results and some other perspectives could have emerged. Decision to interview Finnish travel agencies for the thesis' needs would have given more perspective, but at the same time extended the schedule of the writing process.

Overall the thesis gave valuable information for the writer about market research and the importance of it when planning a market entry. Market research also brought great amount of information for Veturis to utilize in the future. Further thesis subjects in the company would be implementing the market entry process, surveying the success of the process and improvements of the business between Veturis and Finnish travel agencies.

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APPENDIX

Questions of the E-mail interview

1. During my interview you were talking about expanding to Scandinavia, is Veturis also going to expand to other Nordic countries?
2. Why Veturis wanted to expand to Finland/ Scandinavia?
3. What has been the first country outside of Spain where Veturis has expanded?
4. What is the international market entry plan in general?
5. Is the market entry plan always the same in all new markets?
6. Do you ever get new agencies requesting logins from your general website?
7. Do the new agencies always come as a result of contacting them first?