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MARKETING PLAN FOR EVENT MANAGEMENT COMPANY

Case: Clubworks

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ABSTRACT

This thesis provides a strategic marketing plan for an event management company, which represents service business organizations. Headquarter of the company is in Lahti, Finland, while its operations are nation-wide. The business in which the case company is involved includes entertainment, festivals, events, and club parties in different places such as nightclubs, restaurants, lounges and outdoors. The marketing plan will enable the company to have comprehensive vision about the business and increase benefits and wealth of the corporation as a whole.

This thesis appears as a combined solution to the role conflict problem that the author is facing. As a business student, the author provides an advanced study emphasizing a marketing issue. As an employee, the author proposes a business plan that contributes benefits to his company. And finally, as an artist, the author has successfully brought his inspirations together, music and money.

The research method used in this thesis is qualitative. Qualitative data is collected by interviews with managers, unofficial meetings with workers in the related business field, observations and private sources; while, literature and theories are acquired from publications source, for example, books, articles, journals, press releases. Some electronic sources are also used to supply data for some researches in this thesis.

Key words: marketing plan, service business, event management

CONTENTS

1	INTRODUCTION	1
1.1	Background	1
1.2	Objectives, research questions, limitations	2
1.3	Research Method & Data Collection	3
1.4	Structure of Thesis and Theoretical Framework	4
2	MARKETING AND MARKETING PLANNING	5
2.1	Marketing philosophy	5
2.2	Marketing planning	7
2.2.1	Purpose of marketing planning	7
2.2.2	Marketing planning approaches	9
2.2.3	Marketing planning process	10
3	BUSINESS MISSIONS	12
3.1	Nature of business	12
3.2	Missions and objectives	15
3.3	Finalize business mission and marketing objectives	20
4	MARKETING AUDIT	22
4.1	Business environment audit	23
4.2	Competition audit	25
4.3	Organization audit	26
4.4	Service audit	28
4.5	SWOT analysis	33
5	MARKETING STRATEGY	36
5.1	Marketing mix	36
5.1.1	Mix element 1 – Product plan	36
5.1.2	Mix element 2 – Promotion plan	38
5.1.3	Mix element 3 – Pricing plan	42
5.1.4	Mix element 4 – Place plan	45
5.1.5	Mix element 5 – People element	49
5.1.6	Mix element 6 – Process element	50
5.1.7	Mix element 7 – Customer management	54
5.2	Financial plan	56
5.3	Risks management	58
5.3.1	Short-termism	58

5.3.2	Management support lacking	59
5.3.3	Confusions	60
6	FINDINGS AND SUGGESTIONS	61
6.1	Findings	61
6.2	Suggestions	62
7	SUMMARY	63
	REFERENCES	64

LIST OF FIGURES

FIGURE 1. Key components of the marketing concept (Jobber 2009, 4).....	6
FIGURE 2. Production orientation (Jobber 2009, 5).....	6
FIGURE 3. Marketing orientation (Jobber 2009, 5)	7
FIGURE 4. Benefits of a marketing plan (Blythe & Megicks 2010, 15)	8
FIGURE 5. Marketing Planning Process (modified from McDonald & Payne 2005, 273).....	11
FIGURE 6. Developing functional strategy from first principles (Blythe & Megicks 2010, 30)	12
FIGURE 7. Nature of company's service(modified from McDonald & Payne 2005, 34).....	14
FIGURE 8. Clubworks key audiences and their expectations (██████ 2013)	16
FIGURE 9. Marketing audit - modified from (McDonald & Payne 2005, 90)	22
FIGURE 10. Porter's Five Forces analysis of company industry (modified from Porter 2008).....	24
FIGURE 11. Clubworks operation process(Clubworks 2013)	27
FIGURE 12. Unique selling proposition advantages (modified from McDonald & Payne 2005, 123)	28
FIGURE 13. Service benchmarking analysis(Clubworks 2013).....	29
FIGURE 14. Positioning level (modified from McDonald & Payne 2005, 125)..	31
FIGURE 15. Disk jockey service analysis (Clubworks 2013).....	31
FIGURE 16. Positioning map(modified from McDonald & Payne 2005, 127) ...	32
FIGURE 17. Future gap analysis (McDonald & Payne 2005, 150).....	34

FIGURE 18. Portfolio matrix (McDonald & Payne 2005, 307)	37
FIGURE 19. Elastic demand for service (modified from McDonald & Payne 2005, 209).....	43
FIGURE 20. Value-based pricing (modified from McDonald & Payne 2005, 213)	45
FIGURE 21. Channels sales rates example (████████ 2013).....	46
FIGURE 22. Channel benchmark for disk jockey service.....	47
FIGURE 23. Channel chain (████████ 2013)	48
FIGURE 24. The academy benefits(████████ 2012).....	50
FIGURE 25. Service operations process	52
FIGURE 26. Marketing department operations	53
FIGURE 27. Customer management information flow.....	55
FIGURE 28. Three-year financial indicators	57

LIST OF TABLES

TABLE 1. Thesis structure	4
TABLE 2. Contributing income from clients (████ 2013).....	19
TABLE 3. Clubworks mission statement (Clubworks 2013)	20
TABLE 4. PESTEL Analysis of Finland(Statistics Finland 2013).....	23
TABLE 5. Competitive position analysis(Clubworks 2013).....	26
TABLE 6. Critical success factors analysis(Clubworks 2013).....	33
TABLE 7. SWOT analysis (modified from McDonald & Payne 2005, 143).....	35
TABLE 8. Sale promotion actions(modified from McDonald & Payne 2005, 194)	39
TABLE 9. Public relations approaches (████ 2012).....	40
TABLE 10. Salesperson tasks (modified from McDonald & Payne 2005, 196)..	41
TABLE 11. Salesperson formulas.....	42
TABLE 12. Demand coefficient formula	44
TABLE 13. Sales rates formula.....	47
TABLE 14. Data storage in information hub.....	54
TABLE 15. Three-year operating financialplan.....	56
TABLE 16. Research Development returns (Graham & Zweig 2003)	57
TABLE 17. Findings of the thesis.....	61

1 INTRODUCTION

1.1 Background

When the decision of writing the thesis was made, the author had mixed interests in different business areas and at the same time he faced a role conflict problem. The first area was business management in which the degree program of this thesis was involved. The second area was music industry that had been continuously inspiring the author's lifestyle and other activities, including business life. The third area was event management business in which the author actively participated and planned to involve as his career. The author's role in the first area was as a student while in the second and the third area it was a participant. Moreover, the author maintained a close relation with a friend, who is also in the event management business, and they agreed to cooperate in a related project. Therefore, the author was in need of solving the role conflict and combining those interests into one work in order to optimize time and effort with superior results. After days and nights of endless effort, such as reviewing business studies, contacting people who are working at radio stations, music promoters, auditing the industries and the companies' operations, the author realized the urge to have a firm, clear, and effective benefit-generating marketing plan of the company that this thesis is about. After that, the author built the idea and introduced it to people who were able to give advice and make decision. After official meetings were held and approval was agreed, the author started to write this thesis. From that point, it was the author's responsibilities to take care of and to develop this marketing plan that would meet the requirements and expectations of people who put trust in and supported him. It is also the key to opening the door to the author's first career in the country that he is living in, Finland.

1.2 Objectives, research questions, limitations

The main objective of this thesis is to fulfill the need of the Clubworks Company having a comprehensive marketing strategy in order to optimize the company's functions and to raise the company's wealth. The critical factor to the success of this plan is the establishment of a new department, which is marketing department, that Clubworks is currently lack of. By this way, roles and functions of employees will be clearly defined, defects will be revealed and eliminated, strengths will be improved, and potential abilities will evolve. After the main objective is acquired, the second objective is applying this strategy into a real project, adjust and improve if necessary, to bring visible benefits to the company. While developing this marketing plan, the author will also explain some basic definitions of marketing related terms as well as the business and the operations of the company. Regarding the fact that this plan focuses on practical purposes, the literature theories will be less concentrated than the practical information.

Research questions are listed below:

1. Which business does the company involve in?
2. What is marketing for service business?
3. How important is this marketing plan?
4. What benefits does this marketing plan bring?
5. How are those benefits delivered?
6. What are included in this plan?
7. Who are audiences of this marketing plan?
8. Who are responsible for the works?

First four questions concern the necessity this marketing plan. In every business, future improvement is always the crucial expectation. Therefore, even though the answer is apparent, the perceive levels of this marketing plan will be raised up when these questions are answered. Last four questions are about methods to achieve success from this plan. Answers to those questions are main contents of this thesis.

Besides objectives, limitations of this thesis exist. First of all, this thesis provides a marketing plan that contributes to the marketing department, therefore it must not conflict with functions of other departments. For example, the plan can suggest which roles are needed, but the human resources department has rights to make decision of hiring employees. Second, the level to which extent the plan is adopted by the company is decided by the management board, this would have various impact on actual results. Last but not least, as the matter of fact that this marketing plan is not proposed by official employee of the company, there are barriers of access to necessary information that might be needed to complete the research. In sum, limitations are caused by different reasons and they would be changed by time.

1.3 Research Method & Data Collection

The author starts this thesis by introducing the marketing philosophy, service marketing and the marketing planning definitions. After that, he defines the business functions of the company and goes deeper into detailed matters of the plan. In general, the chosen approaching method was going from general matters to specific matters. Hence, according to Burney (2008), who introduced the inductive and deductive research approach ideas in 06.03.2008, the author has used the deductive method.

Data for this thesis will be collected from both primary and secondary sources. Books, articles, journals and other electronic sources contribute theories and framework to the marketing plan while observations, interviews, work experience and other unofficial communications fulfill requirements of the strategic part. Therefore, both quantitative and qualitative methods are employed and they play equal role in the development of this thesis. As mentioned in previous part of this chapter, this thesis emphasizes on practical factor of the marketing plan more than the research purpose. Hence, the author prefers adopting useful sources to attempting to acquire various sources.

1.4 Structure of Thesis and Theoretical Framework

The following table shows the structure of this thesis and marketing analyzing tools that are used in each chapter of this thesis:

TABLE 1. Thesis structure

Marketing process	Analyzing tools
Chapter 1: Introduction	
Chapter 2: Marketing and Marketing Planning	<ul style="list-style-type: none"> • Approaching analysis
Chapter 3: Business Missions	<ul style="list-style-type: none"> • Radar analysis
Chapter 4: Marketing Audit	<ul style="list-style-type: none"> • PESTEL analysis • SWOT analysis • Factor analysis • Porter's Five Forces analysis • Benchmarking • Gap analysis • Positioning
Chapter 5: Marketing Strategy	<ul style="list-style-type: none"> • Boston Matrix • Factor analysis • Benchmarking
Chapter 6: Findings and Suggestions	
Chapter 7: Summary	

The left column contains chapters' name of this thesis. Each chapter from two to five is about a major process of this marketing plan. Chapter two focuses on literature review of marketing, specifically for service business, while chapter three focuses on the company in general. Chapter four and chapter five are most important strategic processes of this marketing plan that the author strives to put effort in. The right column contains marketing analyzing tools that the author will use in corresponding chapters on the left. Finally, the author will give suggestions from this thesis and make conclusion and summary. The reference is not included in this table.

2 MARKETING AND MARKETING PLANNING

In the first part of this chapter, the author will define the marketing concept and identify marketing key components. In the later part of this chapter, the author will explain the purpose of marketing planning and describe content and structure of his process.

2.1 Marketing philosophy

Marketing can be considered as a business philosophy and an organizational culture, and also as a mean of driving strategies in order to achieve the organizations' goals. It is more than just a set of techniques for generating sales or a means of fulfilling corporate aims and objectives.(Blythe & Megicks 2010, 4)

In a quote by Peter Ducker, the father and the top management of business consulting, a very profound observation was stated:

“Because the purpose of business is to create a customer, the business enterprise has two--and only two--basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business” (Trout 2006)

From this statement, three conclusions could be made. First, Ducker placed marketing in a central role for business success since it concerned the creation and the retention of customers. Second, he implied that the purpose of marketing is not about chasing any customer at any price. Third, as a reality of commercial life, Ducker concluded that attracting new customers is much more expensive than retaining existing ones. Therefore, a modern marketing concept can be expressed as below: (Jobber 2009, 4)

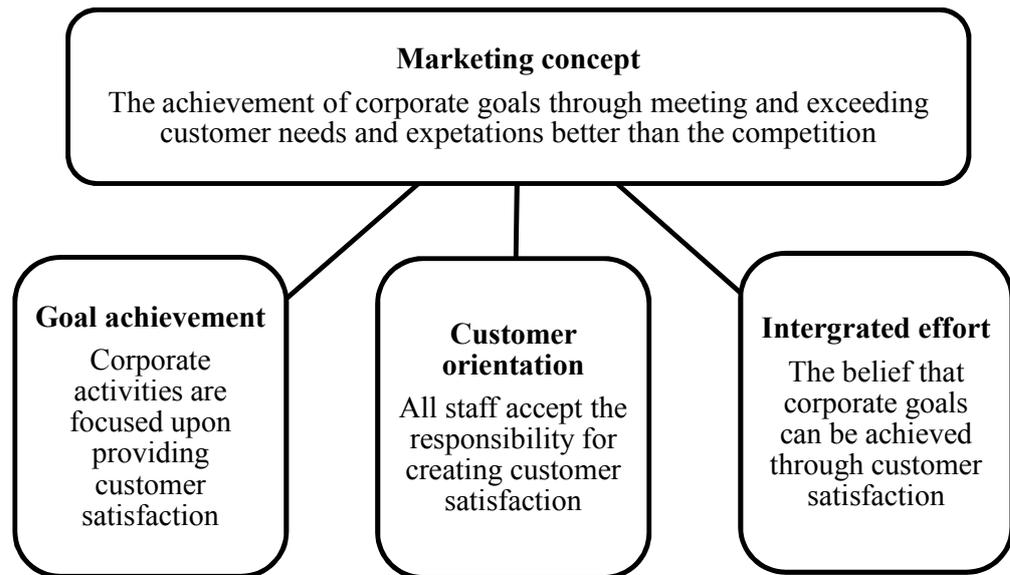


FIGURE 1. Key components of the marketing concept (Jobber 2009, 4)

In most organizations, marketing is usually seen as one among various business functions of a firm, rather than a business philosophy. Therefore, marketers have to obtain specific relationship with colleagues differently between types of company depending on the primary aims and driving cultures of the business.(Blythe & Megicks 2010, 7)

In general there are two competing philosophiesthat are marketing orientation and production orientation. Difference between these two types of company is illustrated in the following figures:

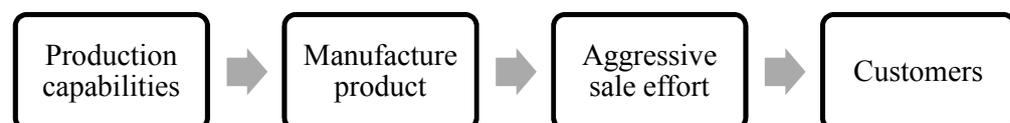


FIGURE 2. Production orientation (Jobber 2009, 5)

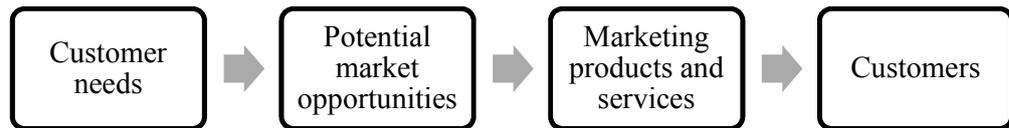


FIGURE 3. Marketing orientation (Jobber 2009, 5)

Production oriented firms normally believe that marketers must sell what the company can produce; meanwhile, marketing oriented ones believe that company should produce what marketers can sell (Blythe & Megicks 2010, 10). Depending on the firms' driving culture, marketers must adopt the environment and exploit its competitive advantage.

2.2 Marketing planning

2.2.1 Purpose of marketing planning

Marketing planning has been defined:

“Marketing planning is the structured process of researching and analyzing marketing situations, developing and documenting marketing objectives, strategies and programmes, and implementing, evaluating and controlling activities to achieve the objectives” (Svend 2006)

In the market that is harsh and situations change rapidly, advanced planning of the marketing is essential for every organization whose purposes are providing value to customers and pursuing benefits (Blythe & Megicks 2010, 13). It enables corporations to reduce gaps between strategic planning and commercial reality and to adapt to changing business environment. In general, the act of analyzing marketing, adjusting company's capabilities to fit in marketplace and implementing strategic decisions are called marketing planning (Jobber 2009, 38).

A successful marketing plan should bring following benefits to a business:

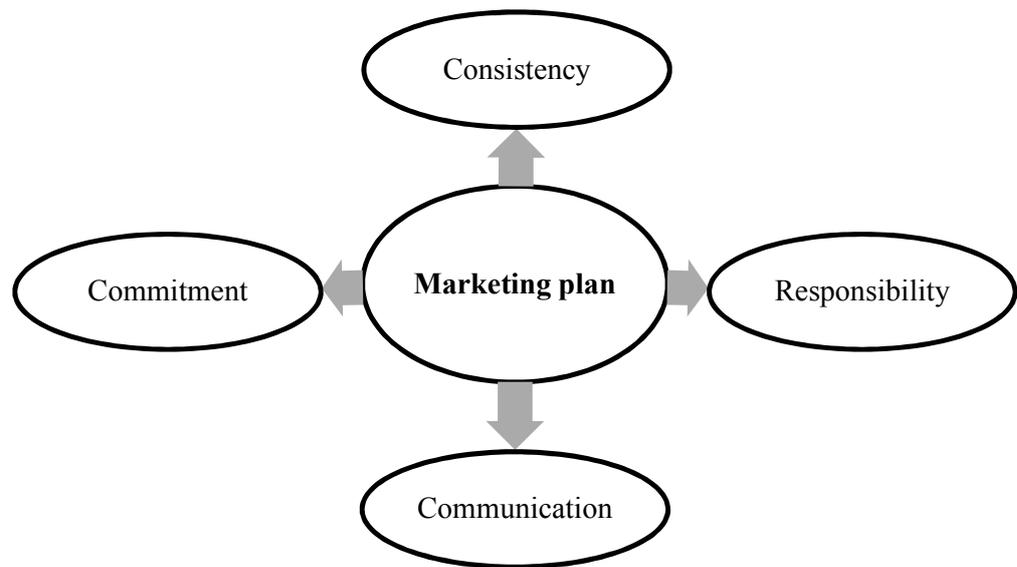


FIGURE 4. Benefits of a marketing plan (Blythe & Megicks 2010, 15)

First, it should provide a consistent course of actions, which is suitable with company in general as well as involving departments' strategies. Consistency will help corporation to reduce the risk of facing unforeseen problems that might happen in the future. Second, responsibility means that the plan should assign exact people specific responsibilities in executing their works. As the result, it enable management to monitor and to evaluate performances of employees in order to adjust behavior if necessary and maximal profits. Third, a plan not only assigns tasks to people but also explains purposes of job that they are doing. It is a strong motivator for employees as it helps them to understand larger picture of company as well as individual's roles as part of the company success. Last but not least, by clearing three question what, how and why mentioned above, a good plan will create a strong spirit and firm commitment to its implementation. (Blythe & Megicks 2010, 14)

2.2.2 Marketing planning approaches

While searching from various articles and books, the author found plenty of marketing planning approaches that are described in different ways. One approaching method could have several different explanations, and vice versa, same description could be concluded into different approaching methods. Finally, to the author, there appeared three main approaches to the planning that are convincing and applicable. They are described as follow:

Planning approach. By conducting quantitative research using sequential evidences in order to seek for optimal solutions to emerged problems, marketers constitute a planning approach. This approach uses the advantages of systematic and clear analysis of problem, which supply helpful information for marketing planners to consider before selecting best executive plan. It also provides different departments a comprehensive framework for easy understanding and communicating throughout the organization (McDonald & Payne 2005). Even though at strategic level, this approach is ideal, it has a huge disadvantage in practical level. This marketing planning approach requires a predictable, or at least stable, environment, which, is not the case that this thesis is aiming at. The executing environments for this marketing plan are nightclubs and alcohol consuming places where anything could happen literally; therefore, the author will avoid this approach.

Visionary leadership approach. This approach may be the most common one among organizations in which management set overall goals for the firm as the result of leader's visions. After that, the involved departments will create the plan by exploiting their own resources while overall direction of the firm is still ensured. This approach is called by another name as goal-down-plan-up planning (Blythe & Megicks 2010, 18). This approach is better than the planning approach in a way that it reduces distance between marketers and management, even though there is still a real gap. However, this approach follows the way that marketing department introduces the plan that follows the manager's direction; meanwhile, the author desires to propose an innovative plan to the company. Therefore, this approach is still inappropriate.

Logical incremental approach. This approach might sound risky to firms in other industries but it appears to be the most suitable method to such environment with lots of uncertainties that the author is targeting at. Here, in contradict to the planning approach where process is throughout structured; the strategic planning and objectives are based on certain awareness of needs and could be adjusted to fit in current specific situations. Even though the commitment to finalize objectives of the marketing plan has possibility to be delayed as long as necessary, this approach offers higher flexibility than any other approaching methods and tends to be the most suitable one for the company that the author is offering the plan to. Moreover, beside flexibility, other advantages of this approach are listed below: (McDonald & Payne 2005)

- *Shared agreement for execution among top management*
- *Key participants are encouraged to view problems dispassionately*
- *Possible strategic options could be tested before adopted fully*
- *Uncertainty and lack of information are not problematic*
- *Changing environment are continuously assessed and strategy is modified if necessary*
- *Resources are generally allocated to most promising and actively participants*
- *Change is evolutionary but not revolutionary*

2.2.3 Marketing planning process

In the last part of this chapter, the author combined different marketing processes and consulted a strategic planning consulting service (Williams & Company) in order to introduce a marketing plan, which contains the following steps:

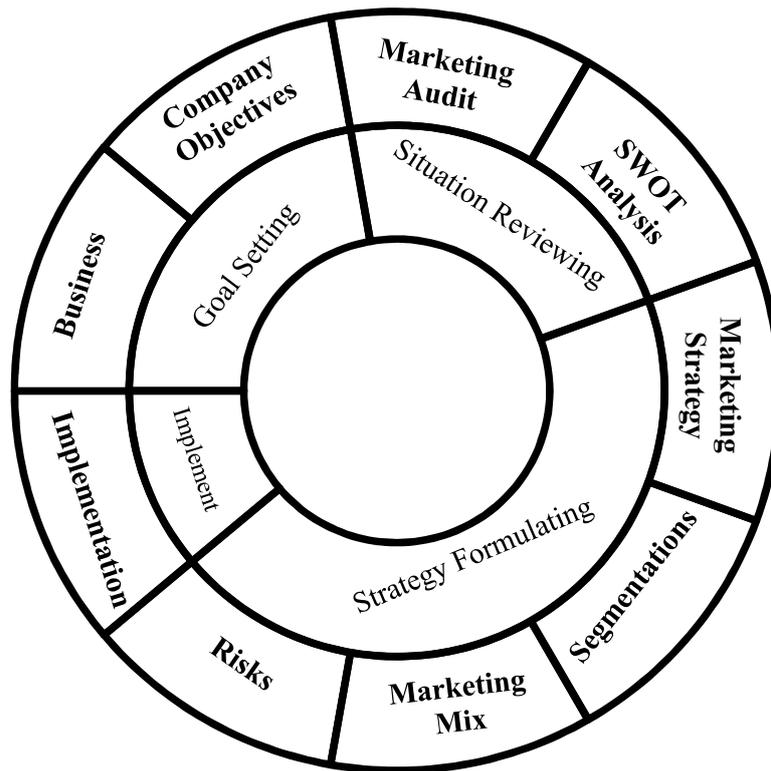


FIGURE 5. Marketing Planning Process (modified from McDonald & Payne 2005, 273)

In this figure, the inner circle represents four major steps in order from one to four respectfully: Goal setting, Situation reviewing, strategy formulating and implementing. This framework was introduced by Malcolm McDonald in his book about marketing planning for services business (McDonald & Payne 2005, 273). Next, each major step is broken down into a series of specific steps that are described in the outer circle. Each step in the outer circle could also be broken down into smaller steps and so on; for instance, marketing audit contains external environment and internal environment analyses. The purpose of the author presenting the process by a circle figure instead of a tree-root figure is to emphasize on the continuously nature of this marketing plan. Thus, instead of beginning by creating goals and outcomes of the project and pushing it down until implementing time, this logical incremental approach enables interactions to interfere at any point of the process and double back to the loop. (McDonald & Payne 2005)

3 BUSINESS MISSIONS

In this chapter, first the author will explain type of business that the company is involving, then he will state the business mission then derive company objectives. In most cases, organizations measure their success by how many objectives they are able to achieve, which are derived from the corporate strategy. These objectives may vary from profit to other non-financial targets. Moreover, the corporate plan and strategy have root from the business mission and vision. The following figure sums up the relationship among those three factors: (Blythe & Megicks 2010, 29)

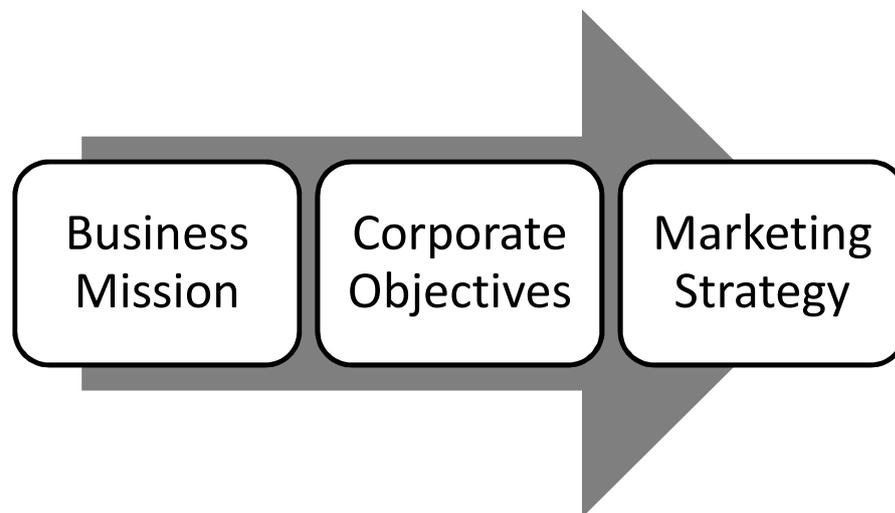


FIGURE 6. Developing functional strategy from first principles (Blythe & Megicks 2010, 30)

If the company business were a journey, the business missions would be the start point and the final destination, the corporate objectives would be other stations that are on the way of this journey, and marketing strategy would be the route that the company would take.

3.1 Nature of business

It is primary to emphasize that Clubworks is an event management company, which supplies various professions in entertaining business; and, the plan that the author proposes is a services marketing type. In the previous chapter,

universal principle of marketing is applicable to any kind of business; however, at this level, deeper focus on services marketing is demanded. Thus, there is a need to understand more about the nature of this business.

There are numerous definitions of service by many different book writers, and a definition itself might not include all type of service and it could be proved incomprehensive. However, it will be easier to start the plan with a proper definition of service in some way; therefore, the author chooses one of the most suitable definitions as follow:

“Services are intangible and they do not resulted in ownership of anything. Services are activities performed by the provider and are bought for their ability to create satisfaction. Customer interaction with the provider is integral to service creation and consumption whose production may sometimes be tied to goods” (Verma 2012)

Of course it is difficult to have a neat definition of service, but the above one has sorted out some key metrics to measure the qualitative nature of service that this marketing plan is aiming at. They are: (McDonald & Payne 2005, 17)

- *Intangibility: Large extent abstract and intangible*
- *Heterogeneity: Non-standard and highly variable*
- *Inseparability: Services are produced and consumed at same time, with customer participation in the process*
- *Perishability: Impossible to store in inventories*

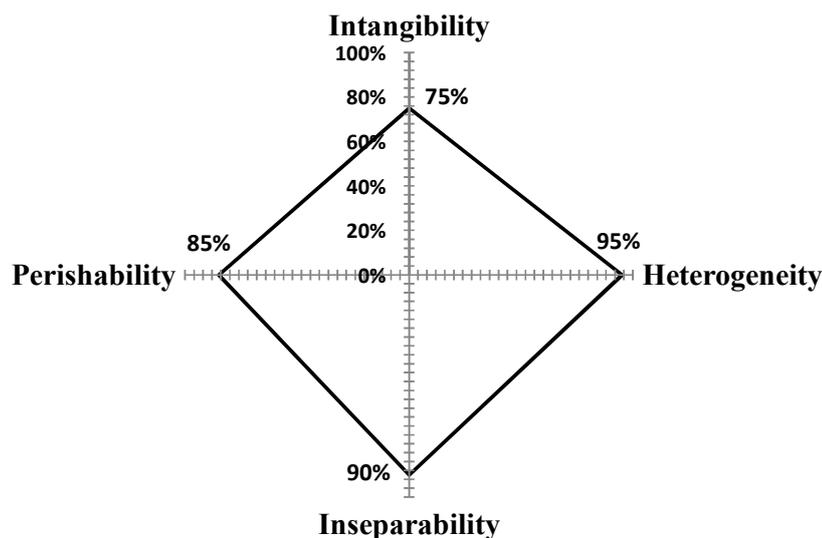


FIGURE 7. Nature of company's service(modified from McDonald & Payne 2005, 34)

The figure indicates that the service has high level of qualitative rather than quantitative. A question emerges: “What are the tangible things that this company produces?” It is true that the company basically supplies different kind of services such as event management, advertising, promoting, public relations activities and consulting that fall into intangible service category. Those services range from bands’ performance for thousands tailored down to small parties such as wedding anniversary; therefore, hardly could a universal standard be applicable. That reason explains the high level of intangibility and heterogeneity. Moreover, the nature of these services requires high level of interactive between provider and customer during the action time of any project, thus, one constantly needs other in order to let the business run, or in the other word, two parties are mostly inseparable. However, on some occasions, the company also distributes staff members who are able to sell alcohol to some specific places, produces music tracks under orders and recording videos. Those products are tangible and are able to store in inventories. In some places, mix-tape playback is also acceptable, which means customers are able to manage the event without the disk jockey, on some certain level. Therefore, according to the analysis, the level of intangibility, heterogeneity, inseparability and perishability are not absolute high.

3.2 Missions and objectives

Naturally, all companies have a business strategy. It contains important aspects and it rules all activities of that organization as the brain controls other organs in a human body. First aspect is the direction to which the company is moving, and the second one is the management of operations such as accounting, financing, marketing, and manufacturing in order to follow that direction. The point is whether management team able to recognize the business mission to add value to the wealth of company. According to recent studies, companies that develop clear and demanding mission usually achieve higher employee engagements and better benefits than companies that neglect mission statement. Thus, regarding its importance, the author will define the business mission of Clubworks by answering these following questions:(McDonald & Payne 2005, 66 – 80)

- *What business is the company in?*
- *Who are target audiences and what are their expectations?*
- *What type of relationship does the company have with its clients?*

What business is the company in?

The answer for this question seems apparently, however, it is challenging to be written down in a way that it is not too narrow or broad. In many cases, when being asked separately, managers from a same company state the business that they are involving in different ways. Therefore, in order to avoid the diversity among hierarchy of mission within the company, the company business must be defined clearly at this point(McDonald & Payne 2005, 68).As mentioned in previous subchapter, Clubworks is a service supplier whose services are mostly entertaining and events. Thus, it is possible to state that the company is in the entertainment business.However this definition is still too wide and it fails to focus on the company's actual operations. In contradict, distributing DJs/BJs and equipment to events, for instance,is too narrow for a business definition. After consulting the management board of Clubworks, the author established a neat definition of the company business, called "*elämyksiä räätälöidyksi*". In English, it is adding customers' experience by supplying services in general clubs and customized events.

Who are target audiences and what are their expectations?

While establishing the business mission, it is important to take key audiences and their expectations in order to maintain a healthy and long run business. Key audiences are people who have most influences on operations and life of a company. Failing to understand the level of sophistication of audiences' requirement will result to poor performance and low profits, in worst case, withdrawal or bankrupt. Therefore, despite the fact that companies have different motivation to compose business mission, it must always reflect company's audiences' expectations. The following figure identifies how Clubworks consider its key audiences and their expectations: (McDonald & Payne 2005, 67)

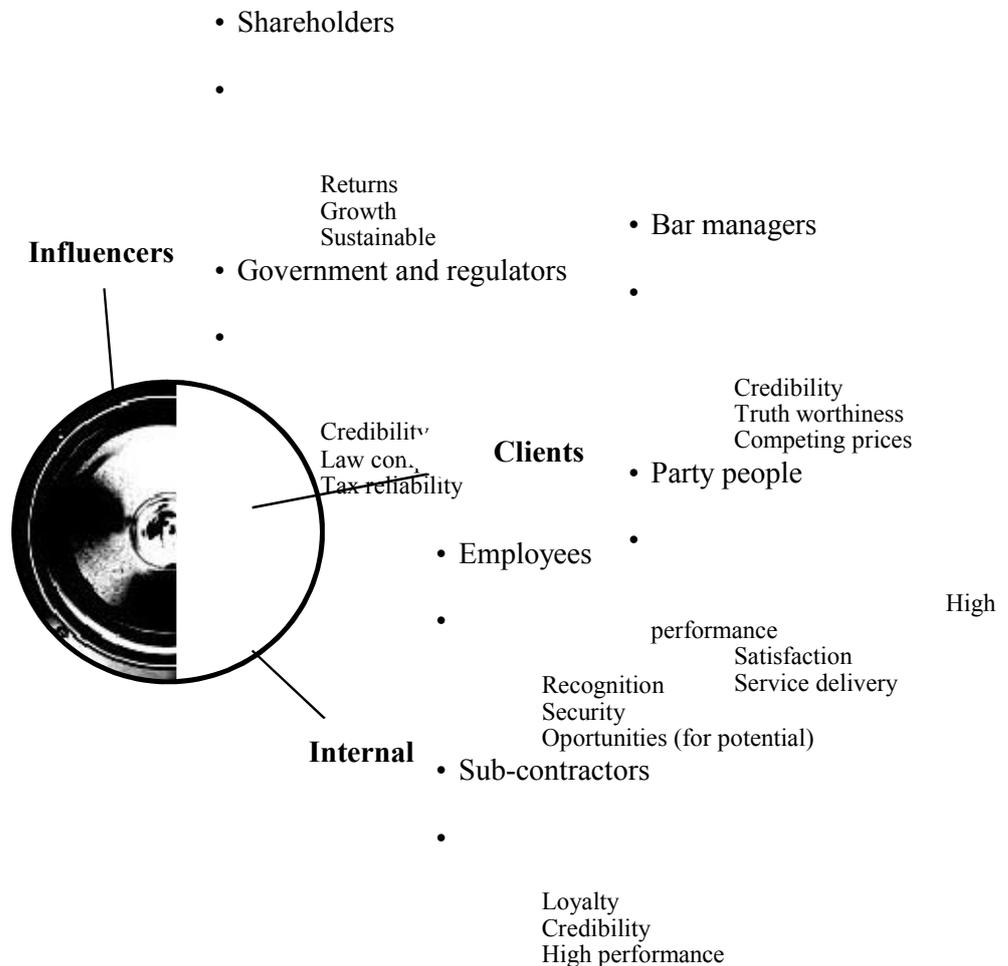


FIGURE 8. Clubworks key audiences and their expectations ([redacted] 2013)

In general, there are three groups of audiences. The first group is internal audience who directly involve in the operating process of the company. This group includes employees, or staff who works for Clubworks and sub-contractors who are business partners. Mostly people in Clubworks are more or less artists and they have a strong desire of recognition and reputation. Artists who work for Clubworks usually have two demands, which are security and opportunity. It is needless to remind how tough it is for the life of an artist, especially in nowadays business world. Therefore, people in music industry demand first security for living, and then they desire to be famous, which can be achieved by promotion. The other audience in this group is the sub-contractors, whose job is to bridge between company and clients. This is one of two alternative ways to reach customers of Clubworks; and, by this alternative, work of employees is credited to sub-contractors while payments go to the company. Because sub-contractors outsource service from Clubworks, they not only expect loyalty and credibility from the company but also demand high performance from employees in order to sustain their brand names and reputation.

The second audience group, which is influencers, plays an important role in the company's strategy and operations. They are shareholders who have direct interests in the company and government and regulators whose job is to monitor actions of company and to provide safety work environment. Shareholders invest money into company expecting it will growth and bring returns to them. Regarding the fact that this type of business does not attract risky investments with huge capital, shareholders of Clubworks require sustainable growth and earning as a cow gives milk. Moreover, by the special characteristics of this business that working time is mostly out of office hours and working place is beverage and alcohol consuming and service providers deal with all kind of people, there is always someone watching from behind. For example, government and inspectors always keep an eye on everyone who involved in this business and they expect at least that people are obeying the law, which sometimes seem harder than it sounds. Opening time, licenses, taxes and copyrights are four basic elements that keep those audiences concern.

The last group of audience, which is clients, has most important roles and most influences comparing with other groups on the operations of company. There are two kinds of clients, direct clients who host the place, make payments to company and indirect clients who come to the hosted place and pay the direct clients. These two concepts are sometimes confusing because there is not a clear border between them, depends on what kind of place the event occurs. In order to simplify those concepts, the author takes bar managers to represent the direct customers and party people to represent the indirect customers. By that way, the relationship between them is clearer. The bar managers need to order DJ from Clubworks to play music in their nightclubs or restaurants, either frequently or occasionally, and party people come to those places to enjoy their time. Hence, Clubworks supply the service to bar managers by sending the DJ, and the DJ representing his company to bring party people satisfaction. In this example, the service is supplied and consumed at the same time, according to definition of service in previous subchapter “nature of business” it goes to the level of inseparability. Common expectations of both clients are high level of performance, more satisfaction and more interactions between two parties. Moreover, the bar managers also require competing price and trustworthiness because when there is outsourcing people work in their places, they have to count everything on those workers, especially binding the alcohol selling license to those hand, according to the strict law in Finland. The relationship between the company and audiences is explained by answering the next question.

What type of relationship does the company have with its clients?

In order to answer this question, the author will evaluate the relationship between the company and its clients to decide whether customers have formal or informal relationship and whether service is provided continuously or discretely. Each type of transactions with different type of clients has it distinguish marketing approach strategy (McDonald & Payne, 2005). The following table assembles information of income contributed by different type of business transactions:

TABLE 2. Contributing income from clients (█████ 2013)

		<i>Type of relationship</i>	
		Formal	Informal
<i>Nature of service delivery</i>	Continuous	Restaurant, nightclubs, lounges and venues Sub-contractors █████%	Birthday parties Graduation parties █████%
	Discrete transactions	Summer events Festivals Company events █████%	Wedding celebrations Anniversaries █████%

According to this table, in which statistics supplied by general manager of Clubworks, income from formal clients is approximately █████% of company total income, while informal clients contributed █████% income in 2012. Formal clients are customers who are familiar with the company's service and they maintain close relationships company. They are bar managers, club owners and sub-contractor who have been working with company every single time for years and they have understand well each other's works. They might have private contact with people from inside of the company and also working in the same area such as event and festival organizers; and, in some occasions, they ask for help from the company. In contradict, informal clients are people who get to know Clubworks by some other methods such as promotion events, friends and they usually demand to have some tailored services to fit in the theme of their own celebrations. Normally, the size of these events ranges from small to medium such as birthday, graduation, anniversary, wedding, New Year Eve, Christmas, etc. During the interview, the company manager strongly emphasized the importance of every customer. *"There is no such event that is too small or too big for Clubworks to organize. We always treat all of our customers fairly and equally with professional manner and commit to customize our service so that it will be most suitable to all of clients' need"*, quoted Mr. █████, general director of Clubworks. *"Getting new customers is always one of our development objectives,*

but we should not forget our old customers who have been supporting us and helping ever since”, he replied when being asked about his vision.

3.3 Finalize business mission and marketing objectives

By answering three above questions, the mission of company becomes so clear that a statement is possible to be concluded as in the following table:

TABLE 3. Clubworks mission statement (Clubworks 2013)

<p>Clubworks mission</p> <p>At Clubworks, we spend endless effort to bring satisfaction and experience to our customers with professional manner. We commit to tailor and customize our service in order to meet any requirements. Customers trust Clubworks as we have deep understanding and years of experience in field of business that we are in, and they are able to demand from us increasingly quality of service.</p>	
<p>Business operations</p> <p>Clubworks delivers on-demand programs through following segmentations:</p>	
<p>Events</p> <ul style="list-style-type: none"> • Festivals • Company happenings • Wedding, birthday, anniversary parties 	
<p>Nightclubs, lounges and bars</p> <ul style="list-style-type: none"> • Club dance night • 90’s nights • 2000’s nights • RnB nights • Suomi pop/rock nights • Dubstep nights • Suomi rap nights • Chill & Lounge nights 	<p>Staff</p> <ul style="list-style-type: none"> • Bartenders • Waiters • Chefs • Blockers • Cleaners • Bouncers • Flyer distributors, PR people • Ticket sellers • Audio monitors
<p>Company values</p> <ul style="list-style-type: none"> • To deliver excellent quality • To satisfy customers’ expectation • To bring customers’ experience • To act in professional manner • To accept social responsibility 	

4 MARKETING AUDIT

In this chapter, the author will provide an analytical, critical and unbiased audit of the company's marketing strategy and explain how external and internal environment factors affect the marketing planning. This marketing audit itself does not constitute an action plan but rather provide necessary information for understanding and decision making process. However, by the importance of its function, this part indeed stands out as a compulsory part of a marketing plan; if compared, its status is as important as financial audit of the company.

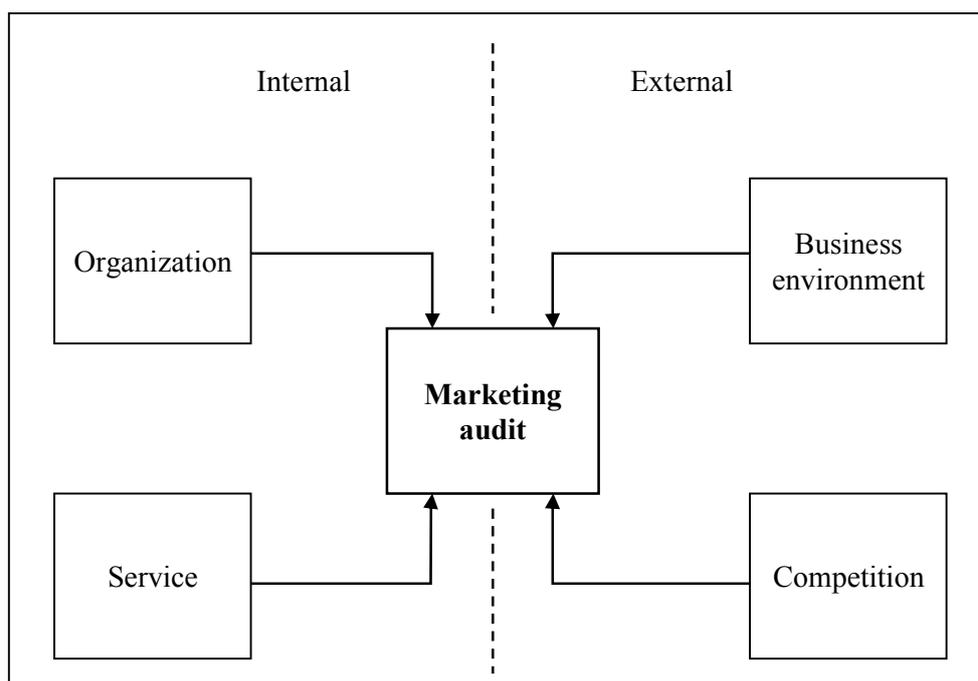


FIGURE 9. Marketing audit - modified from (McDonald & Payne 2005, 90)

The figure describes key determinants of a marketing audit, which includes four related sub-audits analyses. Each sub-audit analysis focuses on different aspects of the business and together they provide external and internal factors surrounding the company. Extended analysis of each sub-audit is in turn interpreted later in this chapter. Finally, the author will end this chapter with a SWOT analysis in order to assemble information of the marketing audit to create overall picture that makes sense to all of those within the company. (McDonald & Payne 2005, 88)

4.1 Business environment audit

The first external factor that affects Clubworks Company is the business environment. The purpose of this environmental audit is to consider determinants in the outside world that might influence the company's future success. However, by the extensive nature of the environment, it is essential to take only critical factors that might have effect on the business into account. In order to execute this task, the author will apply two suitable methods to determine and focus on those appropriate factors. The first method is PESTEL analysis, and the second one is Porter's Five Forces analysis. The PESTEL analysis of Finland is described in the following table. It includes political, economical, social, technological, environmental and legal factors. (Oxford University Press 2012)

TABLE 4. PESTEL Analysis of Finland(Statistics Finland 2013)

<p>Political factor</p> <ul style="list-style-type: none"> • A member of European Union • Strong, stable and transparent politics
<p>Economical factor</p> <ul style="list-style-type: none"> • Euro as currencies, stable exchange rate (to US dollar and other strong currencies) • Leading in business and free trade market, rank 16th in world economic freedom score • Inflation rate is 1,6% in January 2013 • High level of taxation • High level of consumer price index, especially alcoholic beverages and tobacco products • Facing economic recession in 2012 until approximately 2015
<p>Social factor</p> <ul style="list-style-type: none"> • High skilled labor force that demand appropriate payment • Excellent social welfare system • Alcohol consuming culture • Delay effect on music industry
<p>Technological factor</p> <ul style="list-style-type: none"> • Quick response and adoption of emerging technology • Wireless and mobility are adopted and focused promptly • Social network, virtual and non-virtual, plays an important role in society
<p>Environmental factor</p> <ul style="list-style-type: none"> • Long, cold and dark winter • Short and wonderful summer
<p>Legal factor</p> <ul style="list-style-type: none"> • Efficient and transparent regulatory • Copyrights, property rights and intellectual rights are highly protected • Restriction in working hour is tight

According to the PESTEL analysis, Finland is a modern country that provides stable business environment and it is leading in technology area, especially in wireless and mobility technology. Moreover, virtual social networks, for instance Facebook, are having stronger influence on the consumer behavior and the marketing strategy of organizations than ever. In addition, the Finnish social considers nightclubs, bars and happenings that relate to alcohol consuming and music performing as casual entertaining activities. Despite the fact that the consumer index and the tax on alcohol beverages in general are high, customers still prefer the same relaxing habit to other options, if there were any. However, there still exist negative environmental impacts on the company business. The economy of Finland is facing recession period with cuts out consuming behaviors as well as lawmakers are trying to reduce the nightclubs and other alcohol selling places opening time, which causes visible problems to direct customers of the company.

After the country analysis, the industry analysis by applying Porter's Five Forces method is an integrate step of business environment audit. This analysis gives a better understanding of factors that affect the business operations of the company. The following figure illustrates the analyzing result: (Porter 2008, 3)

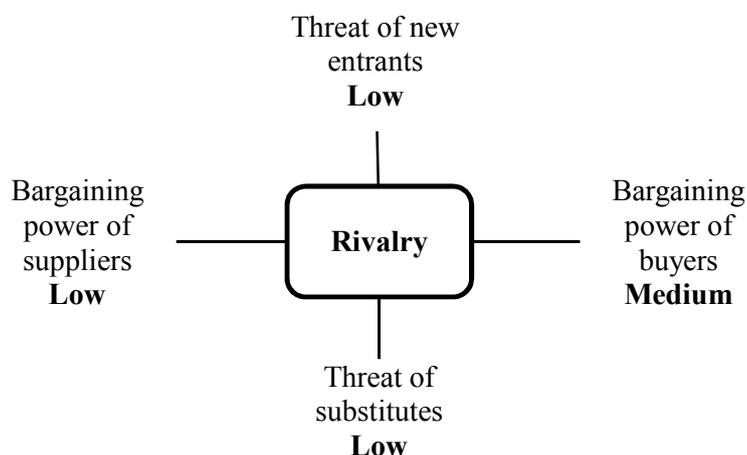


FIGURE 10. Porter's Five Forces analysis of company industry (modified from Porter 2008)

It is surprising to realize that the competitive rivalry within the company is fairly low according to the result of Porter's Five Forces analysis. The bargaining power of buyers is the only factor that is at medium level while other factors are at low level. The threat of new entrants appears to be low as in this business area the alliance network, the relationship and the reputation are so essential that they create a strong barrier for newcomers. Suppliers have almost no power of bargaining in case of Clubworks because the company uses mostly its own internal resource in operations including the human resource and equipment. For the reason of the using time of equipment is long, the purchasing department prefers discrete transactions and competitive price is the priority for suppliers. Clubworks supplies a wide range of service that covers almost every essential aspects in this area; therefore, the threat of substitute services or products is yet could not be seen. Finally, the only force that contributes the most the rivalry is bargaining power of buyers. Basically informal customers have the most power to demand for fairly price, however, this segment contributes only █% of revenue income; while the other segments which are account for █% of revenue remain relation with company as the co-habitant style that lower their bargaining power. As the result, generally the rivalry environment surrounding the company in its business area is considered as medium. By the business mission of the company, this rivalry makes a favorable condition to achieve the company's goals.

4.2 Competition audit

This second external factor audit comes as a result of the competitive rivalry analysis. It allows the company to evaluate its competitive position comparing with other competitors whose representative is the company U in this case. Many competitors that account for small market share have common characteristics as company U; therefore, it appears to be too costly and time-consuming to take all of them into consideration. Moreover, company U is the main competitor of Clubworks and it already has advantages and certain position in the same market. Particular information of company U regarding their market share, service quality, equipment, operations can be obtained from publicity materials, customer channels, social networks and also personal sources.

In order to compare the company competitive position with its competitor, the author will use a weighted table that regards objectives include subscribers, audiences, alliances, places, as shown in the following table: (Pugh 1996, 151 – 153)

TABLE 5. Competitive position analysis(Clubworks 2013)

	Weight	Clubworks	Company U
Subscribers	(.25) x	75 = 18.75	80 = 20.00
Audiences	(.15) x	55 = 08.25	60 = 09.00
Alliances	(.30) x	80 = 24.00	60 =18.00
Places	(.30) x	60 = 18.00	70 = 21.00
TOTALS	<u>1.00</u>	<u>69.00</u>	<u>68.00</u>

The weight column of the table represents raw score out of 100 percent, which reflects the extent to which two companies accept the listed competing factors. According to this table, company U has better score than Clubworks in the two first factors, meaning company U has broader influences and it is better well-known in this field of industry by consumers, or party people who are in the group defined in previous chapter. However, when it comes to the alliances and places factors, Clubworks gains better score by its strong relationship with bar managers and its reputation has tied resident performers with certain places. After the raw scores are multiplied by weighting factors and total sum is calculated, it appears that both companies are having similar competitive advantages and leading position in the market. Here a question emerges, in order to generate more profits while maximize customer experience and satisfaction, whether it is better for two companies to form an alliance network than to remain the opposing position. Hence, it helps to turn the rivalry from the opposing competing to a more positive way, cooperating competing.

4.3 Organization audit

The organizational audit examines the company performance at the management level and the operational level and it clears out roles and relationships among different units within the company. This audit also enables management to point out whether resources are abundant or lacking and to take necessary adjustment in

order to optimize processes. The following figure simplifies current operating process of the company:

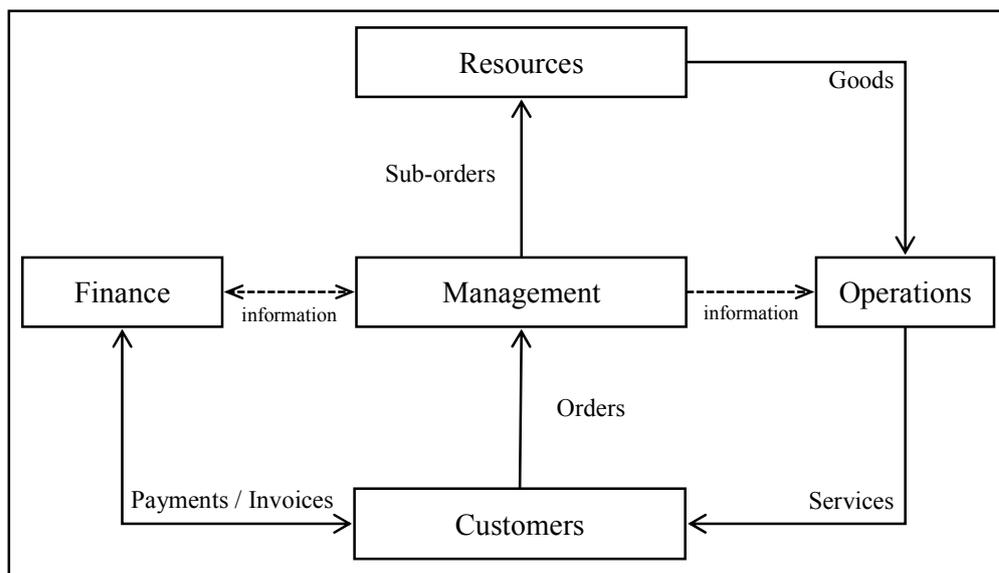


FIGURE 11. Clubworks operation process(Clubworks 2013)

As in many other business, the process starts when a customer place an order that will finally be forwarded to the managing team. After the order is confirmed and approved, information of that order will be transferred to finance department for processes such as book keeping, accounting, invoicing and to operating department for scheduling. At this step, sub-orders are also made to supplying resources if operating team is in need of supplements. When everything is in order, customers will receive the inquired services on the demanded date. In this case company, the marketing activities involve both operation and management teams as of its interdepartmental nature. As pros, this situation provides marketing team the freedom of choices and decisions; however, as cons, members in company might have role conflict and misunderstanding each other and it would prevent improvement and efficiency. Therefore, as the result, this audit figures out the urge of improvement in communication within the organization and position defining.

4.4 Service audit

The final sub-audit in marketing is the service auditing. Normally companies are confident of services that they offer. Hence, no one could easily accept the gap between them and other competitors in the offered service quality objectively. Nevertheless, the company must have critical evaluation in order to understand more about the relative position within business area and market so that they are able to generate additional value to increase the wealth of company. In order to conduct this sub-audit, the author will use two different tools. They are benchmarking to compare service of company between times and positioning to determine future direction and to define appropriate marketing objectives and strategy. (McDonald & Payne 2005, 123)

The primary issue to address is how differentiated services that Clubworks offers are. When selling a service or any product, emphasizing on “unique selling proposition” (USP) is a preferred strategy by salesperson. This strategy would make huge advantage to the company especially when features of services are so similar that it is hard for customers to distinguish. The following figure illustrates the advantage of “unique selling proposition”. (McDonald & Payne 2005, 121)

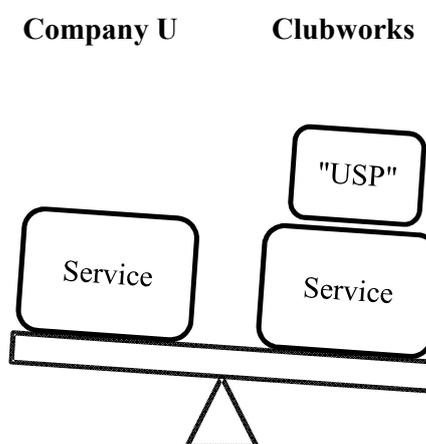


FIGURE 12. Unique selling proposition advantages (modified from McDonald & Payne 2005, 123)

In order to create differentiation that contributes to the “unique selling proposition” from other competitors, the company firstly has to define what features and benefits of its range of services are, and then to evaluate them by measurable metrics. Features are the physical characteristics of a service and advantages are what a service generates. These definitions must be clarified because in some cases, there is confusion about those terms (McDonald & Payne 2005, 122). Method that is used to compare different metrics of services is benchmarking as shown in the following figure.

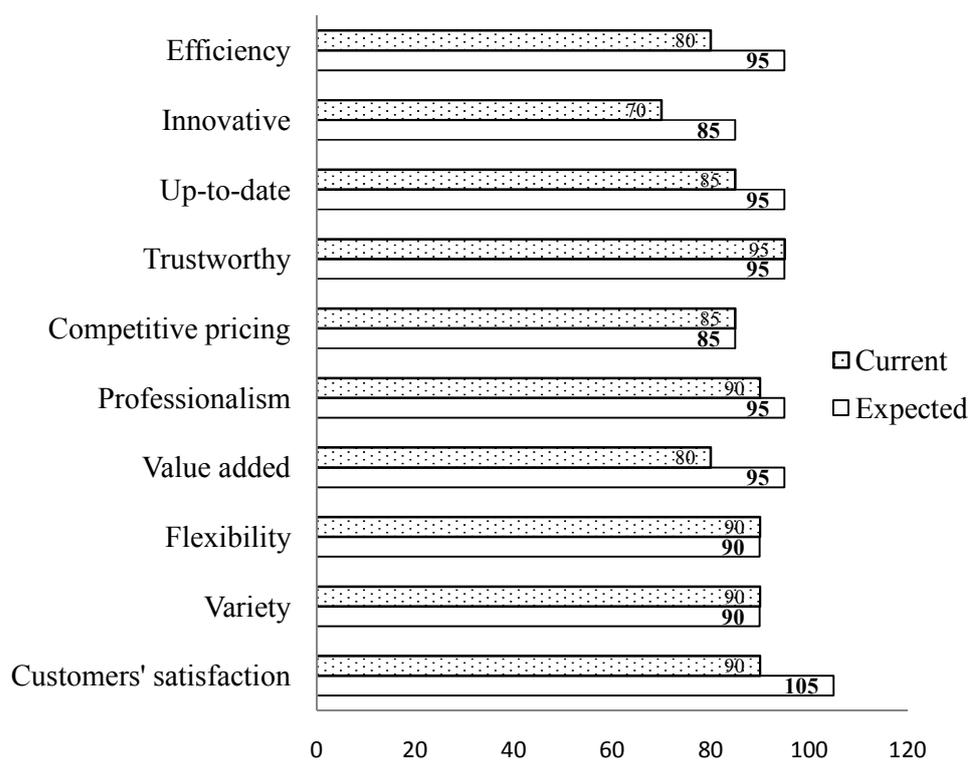


FIGURE 13. Service benchmarking analysis (Clubworks 2013)

This figure diagnoses the “unique selling proposition” of Clubworks under ten features between the current situation and the expected future position in scale out of 100 points. There are four features that have already met management requirements. The first feature is trustworthy, which scores 95 out of 100, meaning the company has earned strong trust and tight relations with its customers. It would be ideal situation if skeptical factor were cleared out;

unfortunately, hardly does it exist in any type of business. Two other features that both have score 90 are variety and flexibility. They both present the ability of the company to customize its services to bring suitable benefits that customers are seeking for. The main difference between these factors and customers' satisfaction factor is they focus on the company internal strength and capacity to add value rather than on reflection of customers' experience. The last feature, which the company does not want to adjust, is the competitive pricing. It has gone beyond the scale of a marketing plan due to its complication and interrelation with other operations such as finance, tax regulation, accounting and also informal factors that have strong influence on the decision making process.

In order to create extra value that makes its services to stand out of competitors, the company expects to increase competency in other features, especially customers' satisfaction which is one of core business missions. The customers' satisfaction emphasizes on the level of fulfillment that customers are able to obtain. It is qualitative in oppose of the value added feature which emphasizes on quantitative and how many benefits that customers are able to receive. Purposes of company are not only exceeding the requirements of customers but also giving them extra value that they don't even expect to receive with same rate of price. This objective can be seen clearly from the benchmarking figure in which expected scores of those features are respectively 95 from 80 for the value added and 105 out of 100 from 90 for customers' satisfaction. The efficiency in delivering service and innovative feature of services are also expected to increase 15 points that will constitute significant distinctness. Other features, professionalism and up-to-date, are always expected to be on top level.

After defining the differential advantage that allows Clubworks to become superior to competitors, the next step is positioning which enable company to reappraise its services and to decide to which direction should services are developed. In the current situation, even though services that Clubworks offers are consistent with the success of the company and having strong position in the business market, they appears to have little differences from competitors' services. Therefore, among for levels of positioning introduced by McDonald (2005, 124) that are industry positioning, organizational positioning, product sector positioning and

service positioning, the later level is most requisite, as shown in the following figure.

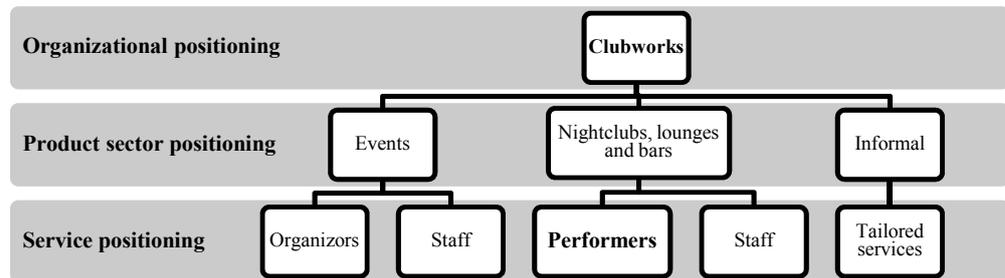


FIGURE 14. Positioning level (modified from McDonald & Payne 2005, 125)

The target service in the positioning process is performers in nightclubs, lounges and bars, to be more specific disk jockey. This service accounts for approximately 60% of revenues and it is also the key determinant for the success of the company; hence, it makes good sense to promote this service continuously. On scale from 1 to 10, the following benchmarking analysis will compare disk jockey service of Clubworks with company U under criteria suggested by the book *marketing plan for service business* (McDonald & Payne 2005):

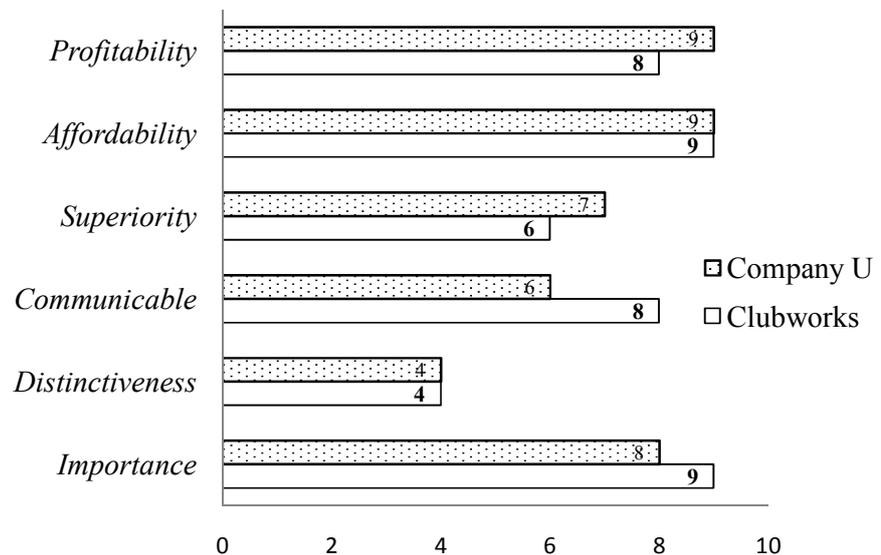


FIGURE 15. Disk jockey service analysis (Clubworks 2013)

According to this figure, the disk jockey services offered by two companies are not remarkably different that could influence customers' perception of service. Therefore, further analysis is needed in order to carve out a competitive edge that makes Clubworks' image become superior to other competitors'. Detailed objectives will be mentioned in the next chapter, which is marketing strategy, while in this chapter the author only focuses on the marketing audit. However, such improvement in any feature of service could generate outcomes that are possible to be reflected in the developing result. Developing direction is exhibited in a positioning map as below:

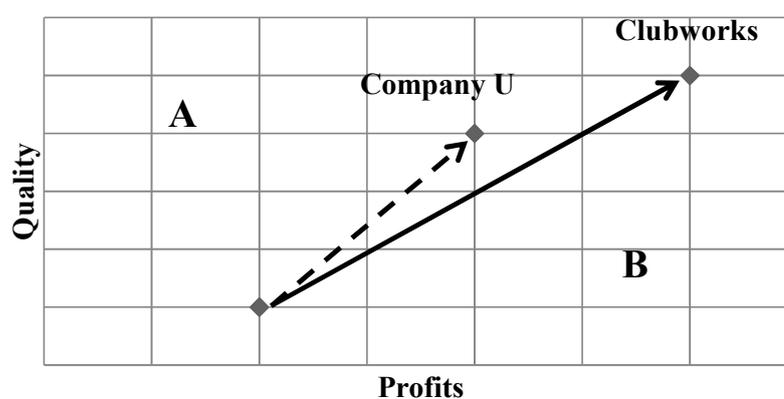


FIGURE 16. Positioning map(modified from McDonald & Payne 2005, 127)

In this figure, the horizontal axis represents profits, which increases from left to right, and the vertical axis represents service quality that increases from the bottom to the top. In addition, two free zones, called zone A and zone B, are both unoccupied where no business participant has position in. Basically, all organizations are aiming at moving their positions from left to right on the positioning map, which means more profits is always expected. However, the question is whether company tends to fall to zone A or zone B. Apparently there is no such a clear border between two zones, and no one prefer to end up in zone A where their service quality is high but profit is at low level. In figure 16 there are two arrows that diverge from the same start point, which present for similar current situations of Clubworks and company U according to previous analyses. Both companies are following a developing strategy in which more profits will be

generated by improving the service quality. It must be understood that in Finland the disk jockey service quality depends strongly on the customers' perceive while price must be on competitive level. Therefore, in order to reach the expected position, various strategies must be taken into considerations that include continuous training programs and harmonic job rotation plans. Among three positioning options offered which are strengthening current position, moving to unoccupied position and repositioning the service, the last one appears to reflect closely to the Clubworks' situation. However, those strategies will be discussed in details in the next chapter of this thesis. (McDonald & Payne 2005, 126 – 129)

4.5 SWOT analysis

The last part of marketing audit is the SWOT analysis that will exposes internal strengths and weaknesses of the company, together with opportunities and threats (Dun & Bradstreet 2008, 35). Before finalizing with a traditional summary table, the author will breakthrough this process step by step to explain how SWOT is carried out. First, SWOT analysis forms for each sub-audit must be completed. Despite the fact that this analysis is the last step of the marketing audit, these mentioned forms are given at the very beginning of the process and they come along the whole process as if they were to-do checklists. Each sub-audit is assigned one distinguished form. The complete layout of this form is not yet completed to be included in this thesis. (McDonald & Payne 2005, 142)

In order to elaborate and to compare strengths and weaknesses of Clubworks with competitors, critical success factors (CSFs) must be stated out and weighted as measurement metrics. The following table is the combined result from SWOT forms:

TABLE 6. Critical success factors analysis (Clubworks 2013)

Critical success factors	Weight	Clubworks	Company U
Environmental rivalry improvement	(.05)x	70 = 03.50	60 = 03.00
Competition revision	(.20)x	90 = 18.00	85 = 17.00
Audiences' perceive	(.15) x	85 = 12.75	95 = 14.25
Internal communication	(.25) x	85 = 21.25	90 = 22.50
Unique selling proposition	(.20) x	95 = 19.00	85 = 17.00
Repositioning the service	(.15) x	90 = 13.50	85 = 12.75
TOTALS	<u>1.00</u>	<u>88.00</u>	<u>86.50</u>

The result table shows that Clubworks has weaker brand image comparing with its main competitor, the company U. However, in the low competitive environment, this weakness does not cause serious problems at least in a few years as threats of new entrants and substitutes are still at low level. Besides, the company has strong internal potential unique resources so that it would not only strengthen current position but also enable the company to take a leap in order to turn this into advantage and to become the leading company in the market. The SWOT analysis can be developed more effectively by analyzing the gap among current situation, opportunities, threats and the likelihood of happening rate of those factors. This analysis is conducted by risk matrix and final result is summarized in the following figure:

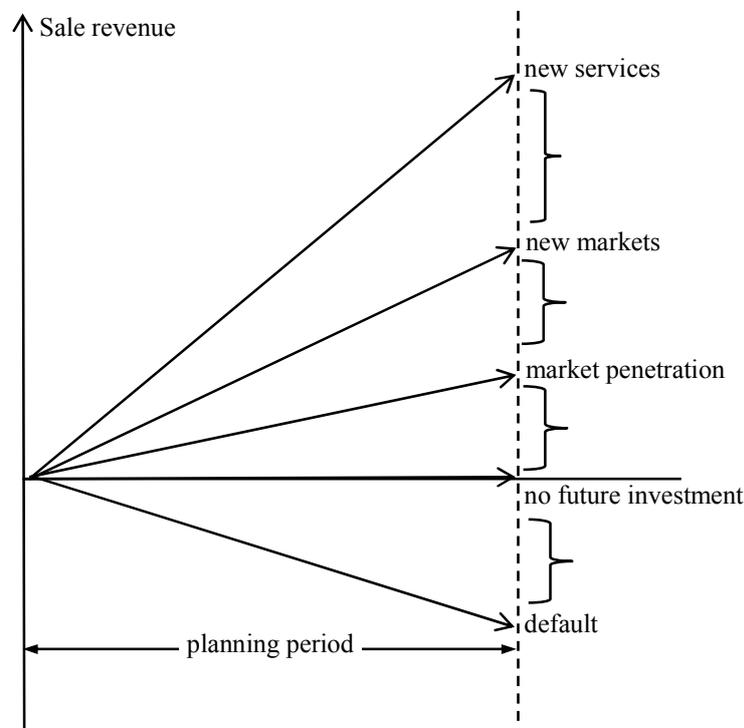


FIGURE 17. Future gap analysis (McDonald & Payne 2005, 150)

In this figure, the market penetration arrow represents growth of company revenue during the planning period when there is no significant course of actions is taken. However, if the company is lack of a future development plan, a clear threat is that sale revenue would remain below the penetration level that gradually pulls the

company behind its competitors and close to the default level. In contradict, focusing on opening new markets and developing new services not only allows company to avoid those threats but also raises revenue dramatically. Therefore, it can be said that the forthcoming opportunities of the organization are tied closely with the future investment and development.

TABLE 7. SWOT analysis (modified from McDonald & Payne 2005, 143)

Strengths	Results
<ul style="list-style-type: none"> • High qualified personnel • Unique selling proposition • Tight customers relationship 	<ul style="list-style-type: none"> • High competitive edge • Long-term operations • Stable revenue generating
<i>Actions needed are:</i>	
<ul style="list-style-type: none"> • Develop appropriate promotion plan for employees • Customers retention strategy • Budget for R&D activities 	
Weaknesses	Results
<ul style="list-style-type: none"> • Low branch recognition • Weaker rival position • Role conflicts 	<ul style="list-style-type: none"> • Lose market shares • Slow growth rate • Working depression
<i>Actions needed are:</i>	
<ul style="list-style-type: none"> • Improve internal communication channel • Develop proper future strategy 	
Opportunities	Results
<ul style="list-style-type: none"> • Reposition to become market leader • Expand operations • Mergers and acquisitions ambition 	<ul style="list-style-type: none"> • Increase profits dramatically • Well recognized in industry and labor market
<i>Actions needed are:</i>	
<ul style="list-style-type: none"> • Split company structure to detailed departments • Hire higher qualified employees in different business fields • Broaden alliance network 	
Threats	Results
<ul style="list-style-type: none"> • Remain position • Being taken over • Default 	<ul style="list-style-type: none"> • Lose competitive edge • Lose valuable employees • Low revenue
<i>Actions needed are:</i>	
<ul style="list-style-type: none"> • Strengthen financial base • Focus on strengths and opportunities • Avoid weaknesses and reduce uncertainties 	

Finally, the extended SWOT analysis table is concluded. In this table, not only facts for categories are listed but also actions for each factor are included.

5 MARKETING STRATEGY

The marketing strategy includes two parts. The first part is the marketing mix including seven elements, which are product, promotion, price, place, people, processes and customer management. This 7-factor-model of marketing mix is introduced by McDonald (2005, 174). The second part is first-year budget that can be extended to three-year plan and it also includes the marketing budget. All previous analyses are in support for this stressing chapter, which is the guideline that makes sense to produce benefits for the company.

5.1 Marketing mix

Marketing mix is a model that is broadly used as an effective tool to evaluate different components of a marketing plan such as product, promotion, price, distribution, etc. (Thomas 2006). Each component will be discussed in this sub-chapter separately as distinguished mix element as follows.

5.1.1 Mix element 1 – Product plan

In the product plan, the author will manage existing and new services by the portfolio management technique offered by Boston Consulting Group, called the Boston matrix, in which services are evaluated in two-dimension table. The vertical axis of the matrix represents market attractiveness that reflects overall market size, annual growth rate, profit margins and other external factors that could attribute to revenue of services in evaluation. The other axis represents business competitive that measures quality, reputation, competitive advantage and other internal factors that contribute to the services themselves. Sizes of rings relatively present the revenue that a certain service contributes.

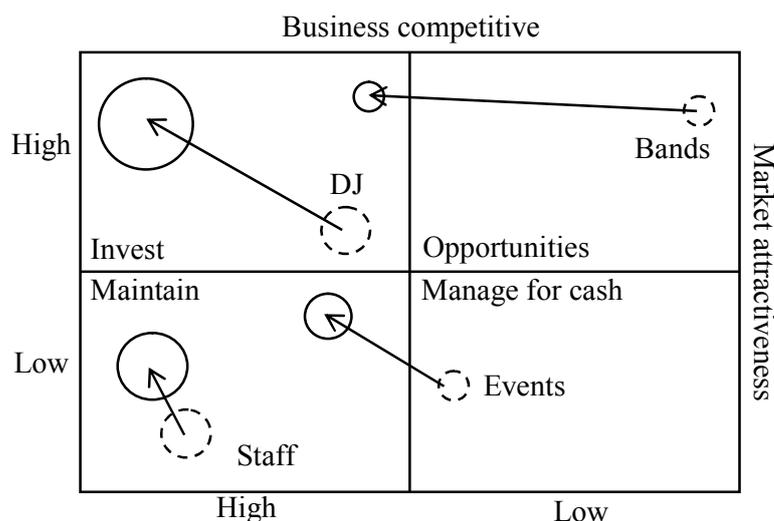


FIGURE 18. Portfolio matrix (McDonald & Payne 2005, 307)

The portfolio starts with staff service, which is in the “maintain” box. This service has strong competitiveness, as the company is able to supply high-qualified employees who have been working for long time in this business area to serve in frequent or occasional events. However, it appears that this is not the strength of company as customers usually have their own resources of staff workers and this service as the result does not contribute much to the total revenue. However, regarding the less attractive feature that might cause competitors to withdraw the service from their portfolio, the company should put an experienced manager in charge of the staff team in order to niche the market and raise the attractiveness of this service. Second service that is in “manage for cash” box is events for informal customers. Even though strategy of Clubworks is to provide tailored event that will fit with any expectations, potential customers still tend to consider hiring service is usually out of their budget. To solve this problem, company should take effort to overcome the level of satisfactions by adding value and to improve customers’ perceive. Only that way could the service move from this cost-leading box to “maintain box” of the matrix.

Last but not least, most valuable services that the company offers are disk jockey service and band promotion. Disk jockey service was mentioned in previous chapter falls into “invest box” which means it has high level of market attractiveness, generates high revenue to the company and it is worth being invested for development the most. Sometimes, it is possible to run price promotion campaign for this service in order to stimulate the competitive edge among business markets. In the matrix, the expected ring of disc jockey not only grows but also moves toward highest level of attention. The final service in evaluation is “bands” which stays in the “opportunities box”. Bands promotion is a new service that the company should introduce to the market in this marketing project as if it is the ace card to win the whole game against competitors. Although at the beginning this service does not generate high sales but it earns high attention of markets. This service consumes funds but if there is proper promotion strategy, it will grow dramatically and become the “star” as in Ansoff’s matrix, meaning high customers perceive and high returns. In conclusion, in product mix plan, purposes of company are to possess excellent low risk staff and occasional events services to generate cash flow to invest selectively into new bands while focusing to grow the disk jockey service at maximum rate.

5.1.2 Mix element 2 – Promotion plan

This mix plan focuses on three essential components of promotion that are sale promotion, public relations and personal selling. Normally, the promotion activity consumes expenses rather than increases revenue. This expense is usually included in marketing expenditure, operating expenses and sometimes costs of goods sold. Therefore, this plan is about raising other benefits such as market recognition, customers’ attention and other intangible benefits that are crucial to the success. Thus, the author will go through these parts at strategic level to construct a plan that makes sense to the development of the company.

The first component is sale promotion, which is the action of offering extra benefits to targeted audiences in order to achieve some objectives in some certain time. There are various types of promotion and target audiences, depending on objectives the company has to stick with appropriate strategy. The following table presents suggested actions:

TABLE 8. Sale promotion actions(modified from McDonald & Payne 2005, 194)

Target audiences	Type of promotion	
	<i>Money</i>	<i>Services</i>
<i>Consumers</i>	Coupons, vouchers, free entrance, tickets and other money equivalent	Special exhibitions, group participants, travel offers, special orders
<i>Customers</i>	Loyalty, extended credits, delayed invoicing, commission and other money equivalent	Guarantees, risk reduction, special exhibitions, training, special offers, equipment
<i>Sales force</i>	Bonus commission, free entrance, tickets, vouchers, gift cards and other money equivalent	Free services, special events, admissions, invitations

This sale promotion strategy is applicable to the staff service and the disk jockey service that are already effective in generating sales and striving to increase the market attractiveness. For instance, if it is reported that a club has not performed well in a last few months, in order to tighten relationship with bar managers, the company could acknowledge its sympathy by sending invoices little bit later than usual. In other case, if sale forces are doing good and attract thousands of people to a night performing party, it is generous to allow those people and their crews to have VIP access during the entire showtime. By doing that way, enthusiasms and interests are stimulated.

Next component in promotion plan is the public relations, which is most suitable for the bands and events services. Before starting with public relations tools, a question that concerns reasons to exclude disk jockey from public relation must be cleared. As the company policy, disk jockey service is an essential and frequent service that must be continuously improved at lowest risk level; therefore, it must avoid the negative effect risk from the public relations activity. As the result, if a disk jockey wants to be promoted, she should stay in either bands or event service to participate in public relations process. Here, the company is surrounded by various “public” elements, and each one requires distinctive approach.

Approaching vehicles toward each element are summarized in the following table:

TABLE 9. Public relations approaches ([REDACTED] 2012)

Publics	Approaching vehicles
Event organizers	Performance shows, direct contacts, networking, tours, music festivals, private events
Subscribers, followers, fans	TV channels, iTV, Facebook, Twitter, Tumblr, 9gag, websties, itunes, beatport, fan pages, radio channels, Youtube, music forums, Instagram
Medias	Press releases, press conferences, seminars, conferences, interviews, interactive shows
Music industry	Records, demo versions, direct contacts, alliance network, soundcloud channel
Marketing industry	Medias, TV channels, subscribers, followers, fan base, stream channels
Potential employees	Reputation, recognition
Sponsorships	Direct contacts, direct offers, marketing industry, business plans, personal communications

The most important component of promotion plan is the personal selling as it is currently the main strategy of the company to reach customers. Even though public relations is a strong approach, but customers still rely heavily on the direct contacts with member of the company because they expect to have more visual observations before giving away their trust. For instance, as the matter of fact that performers in an event belong to different company, this action of outsourcing requires the bar manager to put the alcohol selling license and her premises under

control of “outsiders” that any trouble might cause penalty and a lot of money according to strict laws in Finland. Therefore, in order to persuade potential customers to purchase service, the salesperson must have been maintaining close relationship with decision maker; and, for better result, they should have done business before. A salesperson of the company should have wide personal network, high reputation, experience, comprehensive understanding, business oriented and, if necessary, charming and attractive personality. Tasks of a salesperson are as follow:

TABLE 10. Salesperson tasks (modified from McDonald & Payne 2005, 196)

Phases	Tasks
Preparation	<ul style="list-style-type: none"> • Face-to-face contacts • Building relationships • Traveling • Telephoning • Composing letters • Handling inquiries • Negotiating
Follow-up	<ul style="list-style-type: none"> • Communicating with customers • Taking feedbacks • Maintaining relationships
Administrations	<ul style="list-style-type: none"> • Writing periodic reports • Coordinating with different role participants • Managing budgets • Internal meeting
Other activities	<ul style="list-style-type: none"> • Training other staff • Participating in business • Collecting necessary information • Involving in development • Catching up with trends • Suggesting adjustments

According to this table, apparently the job is not just “go out and sell what we have”, the company expects more than that from salesperson. First of all, the selling process must start from good preparation. In many cases, salesperson has to travel from places to places in order to have face-to-face meeting with customers to talk and to negotiate with them. This process might take a lot of time as the need for services appears slowly and it’s hard to be recognized. Salesperson must accept the fact that inquiries seems never come or suddenly appears from middle of nowhere. That is the reason why the company should select carefully the person who has ability to perform this job. Time scope against costs, which is

allowed for a customer, also imposes a lot of pressures to salespersons. The following formulas should be used for sales force management process:

TABLE 11. Salesperson formulas

$\text{Profits by sales force} = \text{Sales attributed to sales force} - \text{Sales force expenses}$ $\text{Returns of Investment} = \frac{\text{Profits by sales force}}{\text{Personal selling budget}}$ $\text{Rates of Returns} = \frac{\text{Profits by sales force}}{\text{Preparation phase time}}$
--

After preparation time, tasks become much easier. Salesperson should actively staying in touch with customers to take feedbacks and to suggest appropriate adjustments if necessary because they maintain tightest relationship and play the role as a bridge between customers and company. Therefore, the company also expects salesperson to involve in the management decisions, or the best scene is a member of management team is responsible as salesperson.

5.1.3 Mix element 3 – Pricing plan

As the company is extremely cautious with its pricing policy, the author will only include factors that might affect pricing strategy suggest general approaching method without any detailed information. In this mix element, three questions are formed:

1. What is the purpose of pricing plan?
2. What factors affect the price of a service?
3. How should a service price be decided?

In first question, it must be addressed that each service in portfolio has its own pricing plan with specific objectives. For example, when a service is at the final stage of its life cycle and company is planning an exit plan for that service, then a survival pricing strategy is applied in which the aim is to selling out inventories with low margin. In contradict when a service is entering mature stage and it has already gained enough market attractiveness, a profit maximization plan is

applicable with which high margin is expected. Moreover, in optimistic scene, if a band that belongs to Clubworks earns international reputation, it is possible to charge exclusive price to strengthen the branch image and position in market. However, one strategy which will never success in this business is putting price at lowest level, sometimes bearing loss, in order to get as much buyers as possible. This pricing plan might appear to be effective at beginning, but at same time it will damage the image of company and exploit all achievements that have been earned so far, and it is definitely against the company policy.

The answer to second question is, there are two factors that affect the price of a service. They are costs and demand for services (McDonald & Payne 2005, 208). In the company business, the costs factor appears to have less impact on pricing plan because order quantities and “costs of goods sold” are fairly low. In addition, high intangible features of the main service, which is disk jockey, relief the pressure of production costs for the company. To be more specific, the ratio of production costs over net revenue falls between 10% and 25%, that was extremely promising if it were product manufacturing service. The other factor, which is demand, has greater impact on pricing plan of the company. In order to consider how demand is able to affect price of service, the author will use ϕ coefficient that is defined asfollow:

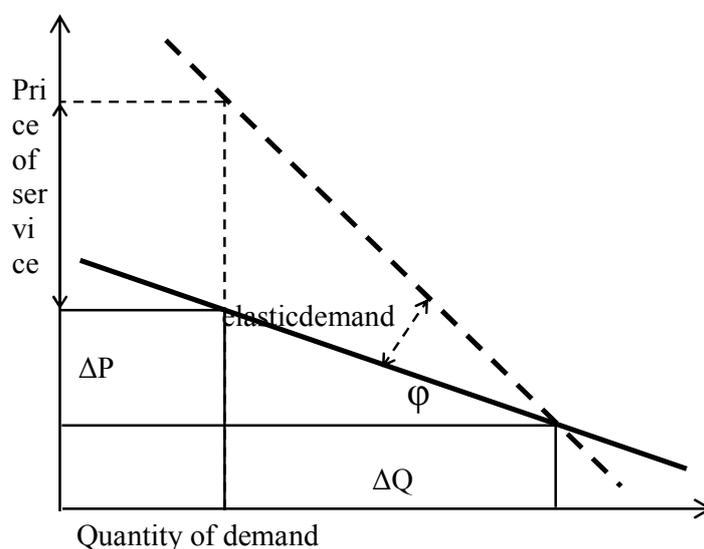


FIGURE 19. Elastic demand for service (modified from McDonald & Payne 2005, 209)

TABLE 12. Demand coefficient formula

$\tan \varphi = \frac{\Delta P}{\Delta Q} \leftrightarrow \varphi = \arctan \frac{\Delta P}{\Delta Q}$	ΔP : price of service range ΔQ : quantities of demand range $\varphi \in \left[0; \frac{\pi}{2}\right]$ Radians
--	---

According to the figure, when the slope of the demand line decreases or φ value approaches to 0 Radian, the demand is elastic, which means a small change in price of service causes significant change in quantity of demand. In contradict, as the slope increases or φ approaches $\pi/2$ Radians, the demand is inelastic, which means a given change in price produces greater change in level of demand (McDonald & Payne 2005, 209). Ranges of price and demand vary among different service segments and different period; therefore, it is necessary to apply proper recording and tracking method for individual changes to produce Δ values that can represent for entire moving trends. After the φ value is calculated, it is possible for management team of the company to revise the pricing plan and to make necessary adjustments.

After analyzing time, the last question concerning the decision making process for pricing plan is most crucial to this mix element. The traditional way to setting price to a certain product or service is to sum up expected profit with expenses to get expected revenue and then divide the result by the quantity of service. However, this method, which is known as cost-plus-based, shows a lot of disadvantages as it is inflexible and it lacks to regard the customers opinions. Customers have their own concerns and they are interested in only the price of service rather than the costs of their suppliers. Therefore, another approach that is close to the market trends is more appropriate in this case. Once again the author has to mention the importance of salespersons, who continuously contact, maintain relationship with customers and understand them the most, because value-based pricing method appears to be the most suitable one and it depends heavily on the role of salesperson. (McDonald & Payne 2005, 210)

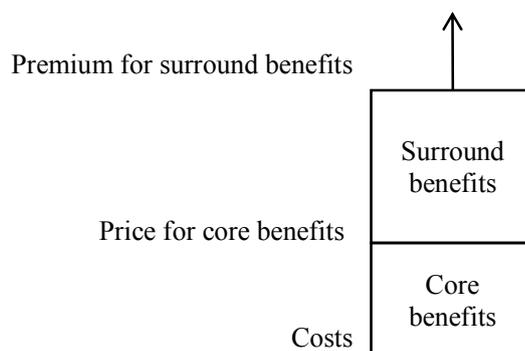


FIGURE 20. Value-based pricing (modified from McDonald & Payne 2005, 213)

The price will be based on all services offered to the customers from different sources, such as competitors, and on assessment of potential total revenue that customers is going to produce. In the figure, the bottom of the bar represents the costs of that service, and price for core benefits is mostly equal to or less than the price introduced by cost-plus-based method. The surround benefits are extended upon customers' perception of the service and based on how much customers are willing to pay for premium, final price will be introduced to them. This method has advantages over the traditional one in the sense that it makes room for flexible adjustments and it always puts customers into the center of the pricing plan. However, in order to execute this price decision method, the company must have excellent sales force that is able to give exact evaluation of customers.

5.1.4 Mix element 4 – Place plan

In this mix element, the author will design a place plan to determine methods of delivering service to customers and locations in where services are supplied. The plan regards variety of service portfolio and it emphasizes on individual service to create most suitable strategy for each one. Finally, overall connectors will gather channels together so that they will coordinate and perform well together.

For staff service and disk jockey service, locations are always customers' premises because the company simply does not have discretion in terms of choice in this case. Target customers for these services are mostly people who run restaurants, pubs, bars, nightclubs and lounges business and they definitely require people to come to work in their places. After receiving orders, manager who is in charge of scheduling contacts directly with employees to send them to required places; therefore, the company premise is not important at all because basically, nobody actually needs to present at the place. As the result, the company is able to put aside the pressure of location plan for these services and to focus on the other important one, channel decisions. A simple rule is applied that when the role of location decreases, then the role of channel increases. There are three role players in a channel. First one is the service supplier, second one is the intermediate and last one is customer. Among those players, intermediate contribute most alternatives to be considered in the channel decisions. The following figure is suggestion to compare alternatives:

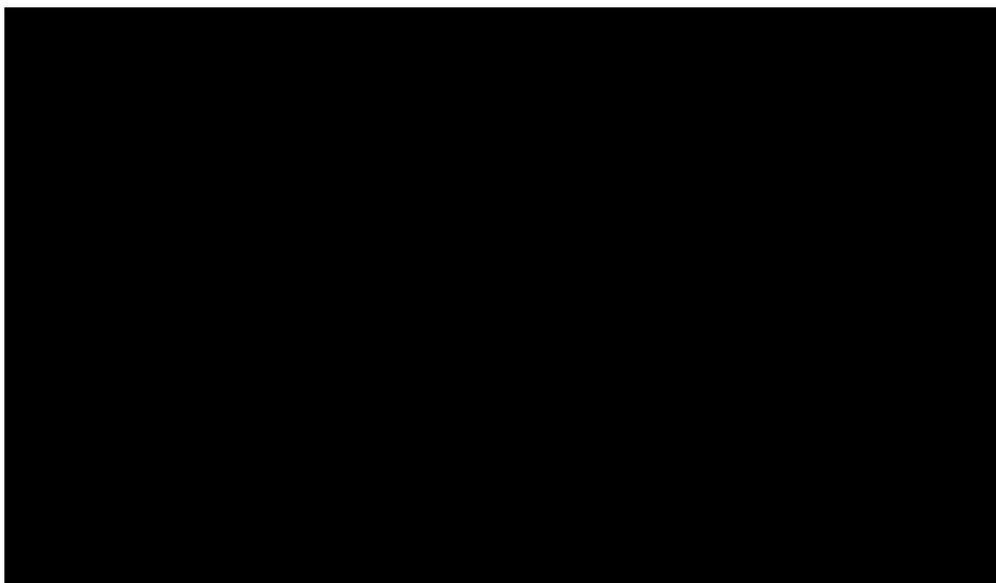


FIGURE 21. Channels sales rates example ([REDACTED] 2013)

TABLE 13. Sales rates formula

$$\text{Sales rates} = \frac{\text{Total revenue of channel}}{\text{Total order of channel}}$$

That figure analysis is the most visual method to compare effectiveness between alternatives. In the example, order system is the worst channel as seldom does a restaurant owner choose to go on website or send an email to make inquiry for staff service. In this business, networking and human resource play important roles, as seen in figure the agents is the leading channel in term of sales rates. If in a year, agents introduce total five customers who agree to purchase staff and disk jockey service for the whole year and total invoices worth about EUR ██████; then the sales rates is equal to €██████/5 = €██████. By comparing channel sales rates, the company is able to decide which channel is the cash cow and to which direction should the place plan improved. However, margin is not the only objective that the company should pursue in the plan, there are number of different factors that influence the decision such as the reputation and reliability of agents, the duration of channel and the costs of using such channel. Therefore, for each service, a benchmark analysis for different channel is necessary.

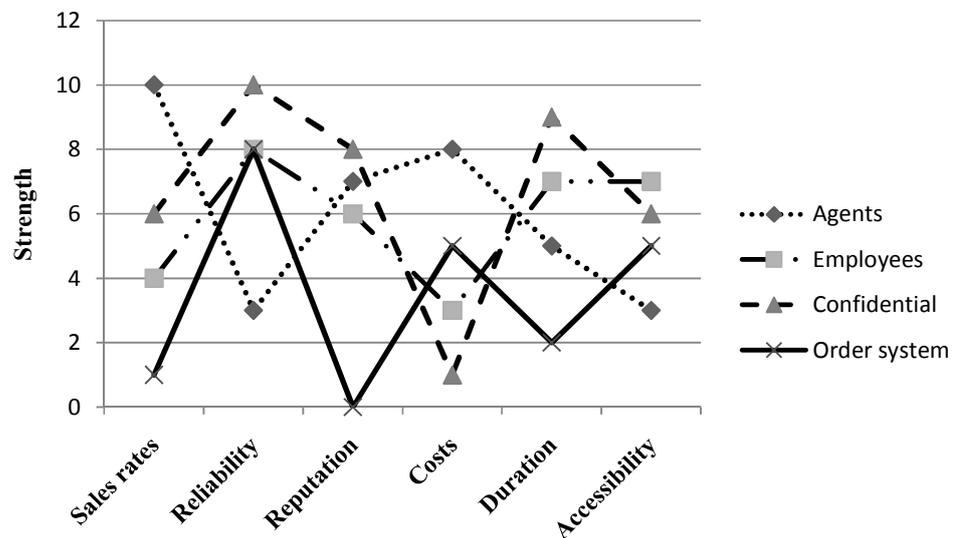


FIGURE 22. Channel benchmark for disk jockey service

For other service such as events and bands, the situation is different. The primary issue to be addressed is location. Unlike above service, locations for events and bands performance are not necessary at customers' premise. These services usually take place at arm's lengths such as outdoors sites, public places, music festivals, and rented places for special occasions like weddings, anniversary, and ceremonials. In order to decide on location, there are more factors that raise the concern of the company. Safety is the first factor that ensures the service will be supplied without interruption. For example, when customers prefer to have fireworks, then the location must be appropriate to operate such activity and special equipment is also needed. Effective communicating with the people who are in charges of places is essential to guarantee to smoothness of operations. Normally, when customers give the location decisions to the company, familiar places should be already available. In sum, for these services, beside same process for channel decisions as previous mentioned services, additional benchmarking for location decisions is required.

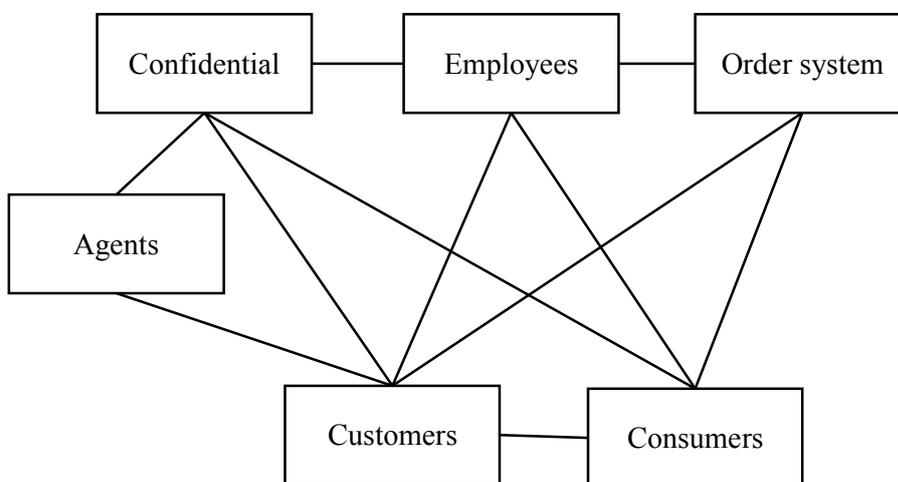


FIGURE 23. Channel chain (■■■■ 2013)

In conclusion, the relationships among channels and how they work together in presented in above figure. Differences between customers and consumers are customers refer to formal customers such as managers or owners of premises in business field while consumers are either party people who experience service at the places or informal customers. Both types of customers are able to reach directly to the internal channels of the company, and those internal channel are able to switch roles to each other to maximal the accessibility and convenience of the process. Although agents channel contribute relative high revenue to company, they only bridge contacts between formal customers and confidential channel of the company without acknowledging the existence of other forces. Any other relationships that go above those mentioned in the figure are possibly personal and relate nothing to the operations of the company.

5.1.5 Mix element 5 – People element

Every operations of the company are centered in the people element. Customers are people, agents are people, employees are people, and managers are also people. No matter how services are prepared or delivered, involving people who actually do the job have final decisions on how the work is done. For example, the manager can decide the price of drinks, but bartenders are people who decide how much glasses are filled and what price is charged. Therefore, it is necessary to address the people element in the marketing mix. However, human resources management goes beyond the scope of the marketing plan, thus, the author is able to mention a small aspect of people element, internal marketing.

Internal marketing is the operations in which the whole organization is internal market and every employee is internal customer and supplier. The objective of internal marketing is to optimize working efficiency by creating a professional and innovative atmosphere. In large organization such as McDonald Corporation that operates globally and owns thousands of franchises, internal marketing works as a huge business ecological; however, for Clubworks, this term is narrowed down to the term of training and supplying and encouraging. There is a separate business unit in the company to take care of this function, the academy. The academy was built with initial purposes of training employees to strengthen

their professions and newcomers who desire to improve their skills to perform in their works. It stands out of the company operations and runs as independent business under the control of a group of management of the company. Gradually, the academy increases its functions and attracts attentions from outside people who are interested in the business.

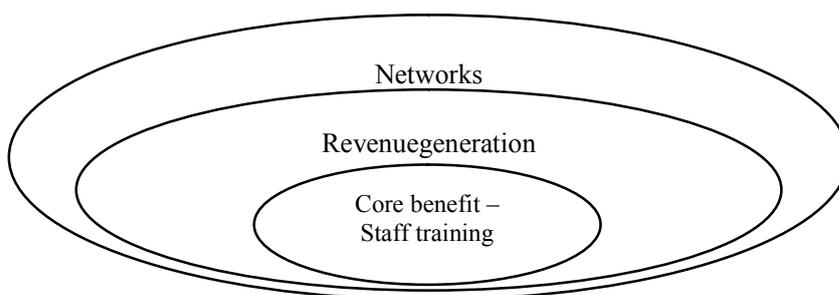


FIGURE 24. The academy benefits (■■■■ 2012)

The smallest cycle represents the core benefit of the academy that is to continuously train employees of the company in order to supply highest service quality to customers. By time the academy attracts more students, it certainly contributes revenues to company and adds extended benefits. However, the premium of the academy is to create a strong image of Clubworks and to build broad networks not only within the business but also to other segments. Each participant of the academy regardless their purposes work as an agent for company to reach potential customers. In addition, the academy creates a job pool that enables company to spot outstanding potential employees. In conclusion, it is a wise move for management team to open the academy to add value and wealth to the company.

5.1.6 Mix element 6 –Process element

In this mix element, the author will focus on two main processes. They are the service decision-making process and the marketing planning process. The service related process is about how order is received, executed, how schedule are made, how employees are assigned and other involving steps. The marketing planning

process explains how the company should apply this marketing plan to their operations. After that, the author will clear conflicts that might happen between two processes.

The first process starts when a customer decides to place an order to the reception of the customer service management (CSM) department. In every department, there is a reception, which will merely receive everything from outside of the department, then filter and forward information to the execution team, who will make approval and forward necessary information and documents to other receptions of different departments or persons. After the order is approved, the execution team of CSM department will forward approved forms to reception of operations department and other things to the information hub. The information hub has functions of storing, sorting data and delivering information when it is requested. For example, information hub stores private information of customers and it will inform the CSM department if the order comes from old customers, then the company will be able to apply appropriate strategy such as promotion campaign to that customer. After that, the execution team of operations department has to sort orders and post them on the schedules, then inform and assign employees to perform appropriate services to customer who is in the transaction. If employees or the services themselves require specific supplements, the execution team will make orders to the suppliers of company. After that, those suppliers will deliver supplement items directly to assigned employees and invoices to reception of operations department. Once again, all information is delivered to the information hub. The financial department works separately from other departments. Any invoices, orders or other documents go straight to reception of financial department from the information hub without any exception. This policy is to protect the company from anyone who attempts to take advantage on the company. When everything is prepared, the execution team will evaluate situation, balance the budget, make payments and send invoices to whoever mentioned in the documents. The whole process is shown in the following figure:

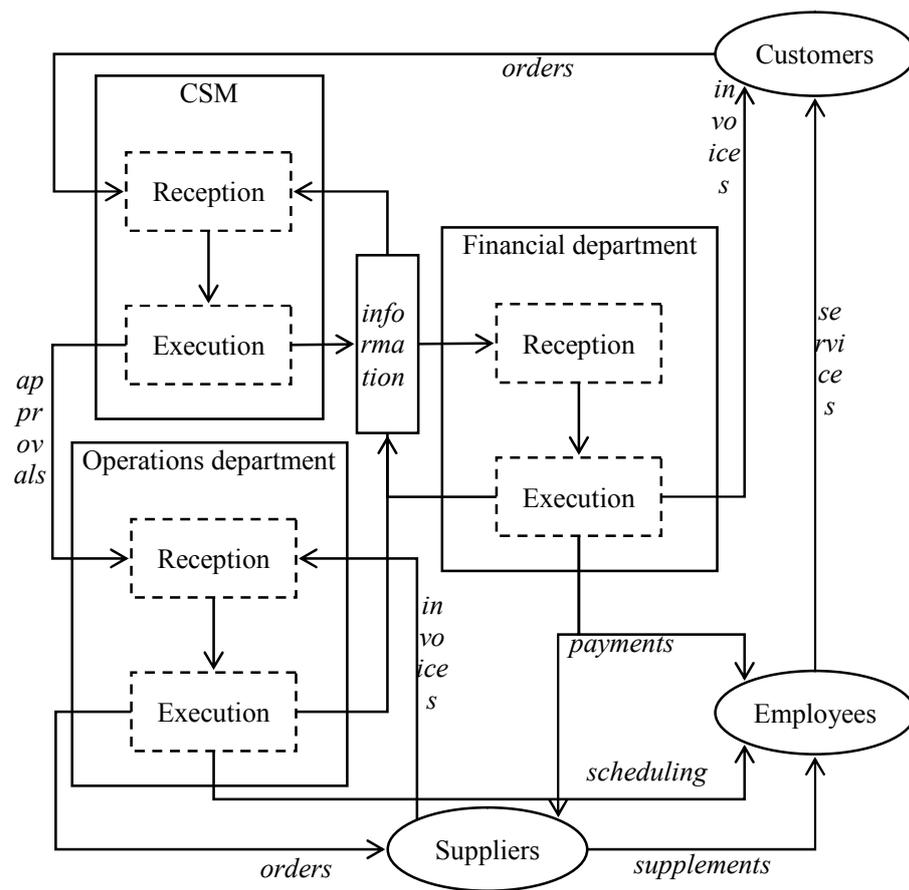


FIGURE 25. Service operations process

The marketing planning process has been being described throughout this thesis and it is all that this thesis means for. In this mix element, the author will focus on how marketing should cooperate with other operation functions of the company without raising concerns or conflict between old and new functions. The primary issue to be addressed is marketing is an intense process which involves a lot of other operations of company; and still, it does not go beyond other process such as financial management or production like the management process. Second, by producing this marketing plan, the author aims to propose for a new department establishment that has not been clearly identified in the company. Thus, if the plan is adopted, some roles might be changed, some process will be altered and it might create some conflicts with current working process. However, those obstacles will be avoided if the plan proves to generate benefits and to have

appropriate approach to the adoption. Following example of coordination between marketing department, if it is established, if other departments in the company:

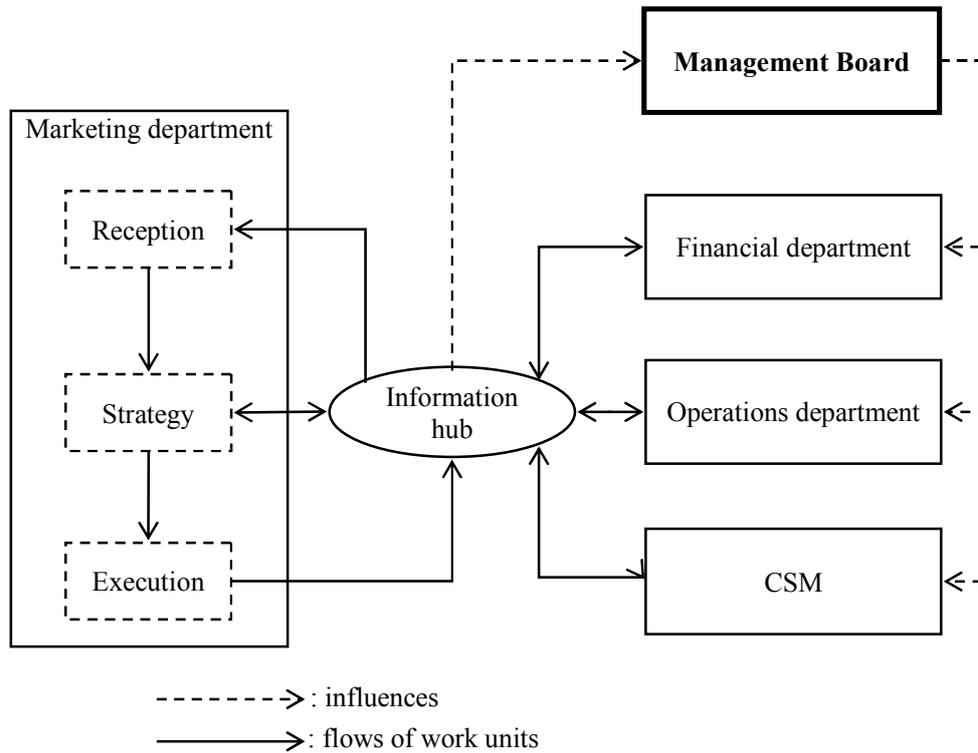


FIGURE 26. Marketing department operations

This working flow process is modified from service operations process in which old departments such as financial department, operations department and customer service management department connect to each other via information hub. Hence, in order to minimize the role conflict between departments, the marketing department will also collect data from the same source and the result outcome of the execution team will also be reported to the information hub. In the figure, solid lines represent the flow of work units such as documents, invoices, customer data and management decisions. After that, the management board will select the result of marketing department from the information hub to take actions to influence other departments in the company. In the figure, dash lines represent working result from marketing department. By that way, threats of misunderstanding and conflict are avoided.

5.1.7 Mix element 7 – Customer management

In this mix element, the author will provide a customer management system including customer service management (CSM) and customer relationship management (CRM). The reasoning for customers to stand out of other audiences is they are the only force that contributes revenue to the company while other are in support of other tangible and intangible value. This part concerns functions of the customer service management department and introduces storage method in the information hub and information flow system between the hub and the department. The following table suggest what kind of information is stored, where to stored and purposes of storing such data:

TABLE 14. Data storage in information hub

Contact lists	Spreadsheets	<ul style="list-style-type: none"> • Reach potential customers • Stay in contact with old customers • Stay in contact with business partners
Customer details	CRM software	<ul style="list-style-type: none"> • Public relations • Promotion planning • Behavior analysis • Invoices, taxes • Credits evaluation
Competitor details	Spreadsheets	<ul style="list-style-type: none"> • Pricing planning • Competition analysis • Production planning
Service details	Spreadsheets	<ul style="list-style-type: none"> • Pricing planning • Production planning • Cross-reference
Schedule	Various methods	<ul style="list-style-type: none"> • Place planning • Performance evaluation

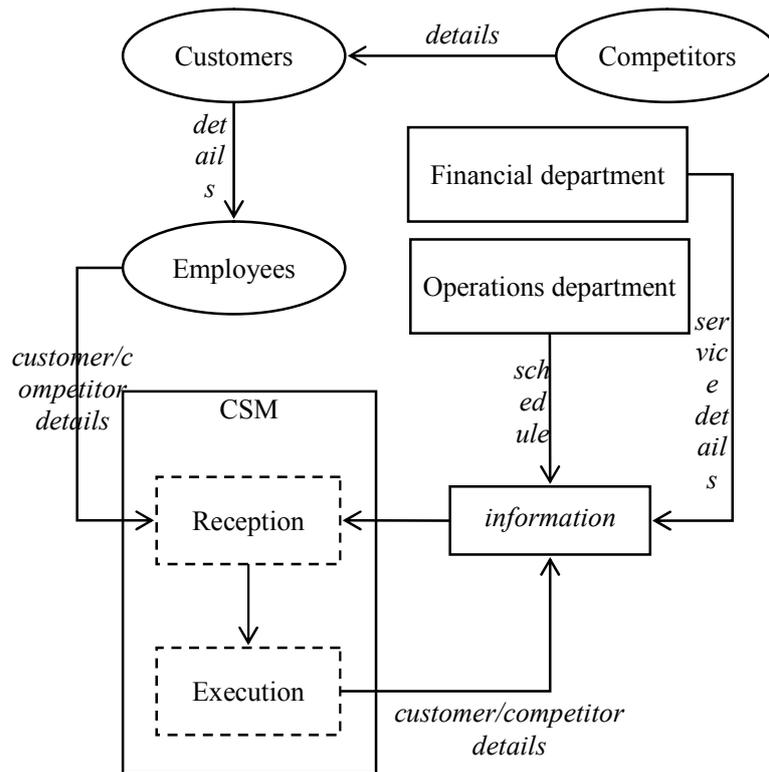


FIGURE 27. Customer management information flow

It appears to be hard for marketers to collect information of competitors since the direct access is via public releases, annual reports, and official websites. However, a more effective way is to collect information of those competitors indirectly from customers. In order to do that, employees who contact with customers must have good relationship with customers and understand them well. Sometimes, it could be a salesperson being in friendship with bar manager, or a bartender from company talks with other staff members at customer's premise. Gradually, those employees collect information of competitors as well as customer details and report to reception of customer service management department. The relationship between employees and that reception must also be good because it is not obliged for them to perform such kind of job. Hence, the role of people planning, which was mentioned as internal marketing, becomes crucial in this process. The job of execution team is to sort information and store them as data in proper way in the information hub. Financial department and operations department are also in support by providing schedule and service details to CSM department via

information hub. There is no direct contact among department in this process; as the result, the information hub plays an important role in the process flow of the company and it ensures every operations function well together. The person who is in charge of information has full access to every single data of the company while other departments have only limited access as authorized.

5.2 Financial plan

In this section, the author will base on current situation of Clubworks to estimate three-year financial plan in order to illustrate visible benefits that this marketing plan would bring to the company. The following table represents partially income statement during period:

TABLE 15. Three-year operating financial plan

Period Ending	t+3	t+2	t+1	t
Gross Profits				
Operating Expenses				
Research Development				
Selling General and Administrative				
Total Operating Expenses				
Operating Income or Loss				

In the table, starting period is the latest ending financial year point that the company was audited. Respectively, following periods are ending financial year of a year later of each other period. Gross profits are expected to increase cumulatively 3%, 5% and 7% after each year. The result of gross profits rise comes from both quantities and qualities of orders. Among operating expenses, the only factor that does not change over time is the selling general and administrative, which represents for costs of using channels. One aim of this marketing plan is to stabilize such costs over time; therefore, this three-year planning expresses the maintaining [redacted] euros over year of those costs. The following figure shows the related developments of gross profits and total operating expenses:



FIGURE 28. Three-year financial indicators

In this figure, it is apparent that the distance between two lines extends as periods increase. By having such estimation, the author expect to increase operating margins that will mainly contribute to the raise of final net income, as will be shown in the future income statement at the end of each coming period. There are two factors that affect the difference between two expressing lines. The first factor is cumulative increase rate of operating expenses is less than the same rate of gross incomes. To be more specific, operating expenses is expected to increase each period 2%, 4% and 6% respectfully, and these expenses are merely from the market penetration. The second factor is research development expenses, which even though increase after every period. These expenses are contributed to marketing department that plays an important role in the rise of gross incomes. If the author considers research development expenses investment, then gross profits are benefit. As the result, return of investments is calculated as the following formula:

TABLE 16. Research Development returns (Graham & Zweig 2003)

$$ROI = \frac{\text{Rise of gross profits} - \text{Rise of Research Development}}{\text{Rise of Research Development}}$$

The result of calculated ROI also allows the company to have a metric to measure the effectiveness of the marketing department operations and to strengthen the successful result that this marketing plan delivers.

5.3 Risks management

There is always a gap between planning and reality for every business as it is mostly impossible to predict everything that would occur when executing the plan. For example, the weather is usually a reason to affect the result of an outdoor festival. Therefore, there should be a risks management part in the marketing plan to minimize that gap and to protect the benefits of the company. In this chapter, the author will define problems that could happen and prevent the company from acquiring objectives that are given by this marketing plan. After that, he will find a way to avoid those problems and introduce possible solutions.

5.3.1 Short-termism

When a company practices short-termism, it means managers of the company are too tied to the current situations and they disregard the importance of future development. This problem could easily happen because current situation is the most obvious thing that managers can see from the company activities such as financial reports, sales reports and inventories. Therefore, those factors might have strong impacts on the decisions of managers, as they are usually under pressure of following tight schedule and budget. This problem could also be caused by narrow-minded managers who are lack of leadership skills and spreading visions. The effect of this problem is clearly described in the gap analysis figure (Figure 17):

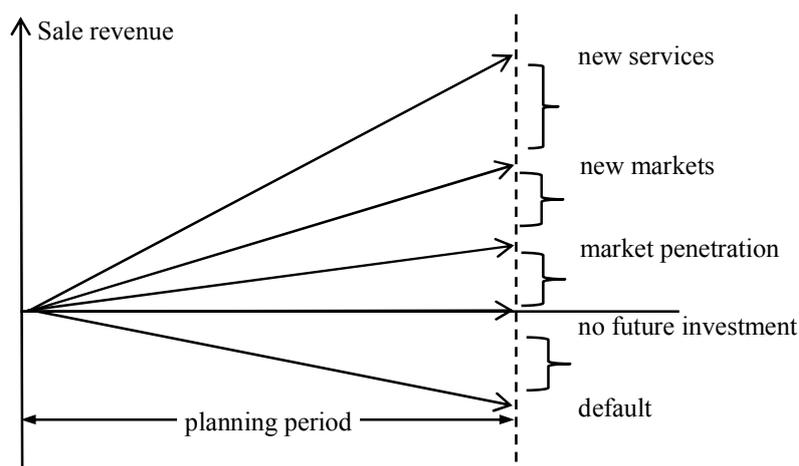


FIGURE 17. Future gap analysis (McDonald & Payne 2005, 150)

It is clear that if a company has little or no future investment, it not only does not grow sales but also faces the threat of bankruptcy. The business industry is like a race where every participant is striving to win the market, thus, anyone who does not move must be left behind. In order to avoid short-termism, the author strongly recommends the company to accept this marketing plan as a part of future development as soon as possible. The term of time is also important, as it is easy to argue that such adoption can be delayed for investigations and discussions, but in most of the case that day would never come. (McDonald & Payne 2005, 54)

5.3.2 Management support lacking

There are two different types of support that come from line managers and top managers. Top management has most influence on the driving culture and other general factors that inspire other operations of the company; while, line managers are directly response to specific activities of every departments. Normally, line managers are obligated to understand what matters earn attention of top management and to drive the company's operations to meet those certain interests. Therefore, if the marketing plan fails to stay in the agenda of interests of the chief executive officer, for instant, line managers will automatically underestimate the necessarily of that marketing plan and exempt them from the priority list. And vice versa, line managers are also able to affect the top management decisions in either negative or positive way based of their own opinions on some certain matters. As the result, both types of management support must not be lack of, and

the author job is to acquire interests of both sides at the same time. Methods to gain such achievements are variable. It could come from continuously participating in company activities, building strong relationships with managers, having clear objectives and persuasive negotiations. Among those factors, the human factor plays the most important role as even businessmen are still human, and human usually allow emotional factor affects strongly on their decisions. (McDonald & Payne 2005, 54 – 56)

5.3.3 Confusions

One of the most common mistakes is confusion between strategic and operational marketing plan. It must made clear that this thesis provides a strategic marketing plan with implications of marketing objectives, business mission, marketing audit, and marketing strategy. Based on this strategic plan, the company will be able to set up a proper operational plan, which allows the company to pursue the strategic objectives. The operational marketing plan is distinguished from the strategic marketing plan in a way that it defines specific roles that are needed in each practical issue of the marketing activities, therefore, it could be understood that the operational plan is not yet included in this thesis, and it rather appears as the outcome when strategic marketing plan is applied. (McDonald & Payne 2005, 58)

6 FINDINGS AND SUGGESTIONS

In this chapter, the author will answer the research questions that are stated in the first chapter of this thesis and then recommend some possible improvements to anyone who might be interested in continuing to develop this marketing plan, not excluding the author himself. This part also identifies works that are not yet included in the marketing plan according to the limitations of the thesis.

6.1 Findings

Following table shows research questions and brief answers of each one:

TABLE 17. Findings of the thesis

Research questions	Findings
Which business does the company involve in?	Tailored event management and customers' experience
What is marketing for service business?	Marketing activities in a company that operates in supplying service
How important is this marketing plan	It comes from the needs of the company
What benefits does this marketing plan bring?	Wealth, benefits, sales and high quality employees
How are those benefits delivered?	By professional manner
What are included in this plan?	A proper marketing strategy
Who are audiences of this marketing plan?	There are three groups: Influencers, clients and internal people
Who are responsible for the works?	Briefly mentioned

The first question is answered in sub-chapter “3.2 missions and objectives” from the interview of Mr. [REDACTED], the general director of Clubworks company. No matter whether customers expect to have events with big names and thousands of participants or family anniversaries, the company will always provide most suitable experience at highest quality by most professional manner. That is the attitude that the company has been following and will stick to.

While the first one regards the company business, the rest of the research questions concern the marketing plan that the author is proposing. Those questions go from general factors such as the philosophy of the marketing for the service business and then narrow down to specific matters that are included in the

plan such as what, for whom and how the work should be done. Each question was carefully handled in each part of this thesis, and by following those given steps, the author is able to generate a clear and well-structured plan that is possible to be applied into the real business. However, as mentioned several times above, due to the limitation that this is merely a bachelor thesis and the primary intention of the author is to market himself to audiences, showing what he can do and what his expectations are. In this thesis, only a strategic level of marketing plan is reached and the author intentionally leaves out the operational plan, which will be mentioned in the next sub-chapter, Suggestions.

6.2 Suggestions

So finally, the thesis has come to the end of its journey. This part is the last effort of the author to make this marketing plan persuasive and is able to achieve success which is worth further development. Despite the fact that the contents explain the marketing strategy meticulously, it is still insufficient, and one could not simply bring this to the employees of the company and state: “let’s do everything according to what is said in this document”. This thesis could be compared to a scratch on the surface of the iceberg, which is the marketing process and the real work of a marketing team. Therefore, the author suggests that the following matters, even though they are not all, must not be missing from the operational plan:

- Numbers of marketing team members with appropriate positions
- Skills, characteristics, degrees needed for each specific job
- Equipment: accommodations, computers, uniforms, transportation, etc.
- Schedule, timetable
- Detailed budgeting plan
- Responsibilities, managers

Finally, when the operational plan is finished, it is essential to have proper control and monitoring methods in order to ensure that everything is running in the right way and success will be achieved.

7 SUMMARY

The main objective of this thesis is to introduce a marketing plan to a company that is operating in event management business and music industry nation-wide in Finland. The second objective is to persuade the company to accept this marketing plan as a part of its future development and bring it from paper to practical work. The most important factor that this thesis recommends is that the company should achieve a clear and comprehensive idea of marketing and all related activities that it includes. The overall question, which was not mentioned before in previous parts of this thesis, is to what level it is worth investing capital into this plan. The answer to this question is passed to people who have rights to make the decision.

The background is introduced at the beginning of this thesis. It is rooted from the personal life of the author and it enables studies which bring benefits to different people and organizations. Firstly, the thesis is the finishing work of the author to graduate from Lahti University of Applied Sciences. Secondly, it will be contributed public so that anyone who is interested in this topic will be able to conduct further research and development. Thirdly, Clubworks Company, which is mentioned in this thesis, will have direct benefits if it adopts the suggested actions properly. Last but not least, the thesis at this stage appears as just a scratch on the surface of an iceberg, and specific matters will later be introduced when the thesis earns appropriate appreciation.

In summary, this thesis plays a role as a guideline and it shows the light to the road that leads to success of followers. The final destination depends strongly on the people who are doing the work.

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