

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Languages



Bachelor Thesis

**Market Analysis for a Corporate Travel Management
Company**

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BACHELOR THESIS ASSIGNMENT

Irina Denisova

Business Administration

Thesis title

Market Analysis for a Corporate Travel Management Company

Objectives of thesis

This bachelor thesis aims to provide a comprehensive market analysis in the narrow industry of corporate travel management based on a standard structure of a business plan. The objectives are to determine the feasibility of launching a new company in the industry and deliver advice on the strategies available.

Methodology

The theoretical part will consist of developing a literature review on the topic of industry and the parameters necessary for a full market analysis of corporate travel management. In addition, it will delve into marketing and sales strategies. As for the practical part, market research will be conducted for a corporate travel management company. Methodologies will include Porter's Five Forces, PEST, and SWOT analyses.

The proposed extent of the thesis

30-40 pages

Keywords

market analysis, travel and tourism, corporate travel management, business, marketing

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Declaration

I declare that I have worked on my bachelor thesis titled "Market Analysis for a Corporate Travel Management Company" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 30.11.2023

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Market Analysis for a Corporate Travel Management Company

Abstract

This bachelor's thesis examines the topic of market analysis for a corporate travel management company. The theoretical part of the thesis provides a review of the definition and structure of a business plan, as well as a typology of commercial tourism, role, and functions of the corporate travel management (CTM), alignment of information technology (IT) and CTM, importance of sustainability, and the impact of the COVID-19 pandemic on the travel industry.

The practical part of the thesis conducts industry, market, and competitive analysis, including PEST, SWOT, Porter's Five Forces, marketing mix analysis, target market and segmentation.

The purpose of this bachelor's thesis is to determine the feasibility of launching a new company in the industry and deliver advice on the strategies available.

Keywords: market analysis, travel and tourism, corporate travel management, business, marketing

Analýza Trhu pro Firemní Cestovní Management

Abstrakt

Tato bakalářská práce se zabývá tématem analýzy trhu pro firemní cestovní management. Teoretická část práce poskytuje přehled definice a struktury podnikáterského plánu, stejně jako typologie komerčního cestovního ruchu, role a funkce firemního cestovního managementu (CTM), sladění informačních technologií (IT) a CTM, význam udržitelnosti a dopad pandemie COVID-19 na cestovní ruch.

Praktická část práce provádí průmyslovou, tržní a konkurenční analýzu, včetně PEST, SWOT, Porterových pěti sil, analýzy marketingového mixu, cílového trhu a segmentace.

Účelem této bakalářské práce je zjistit proveditelnost založení nové společnosti v oboru a poskytnout poradenství ohledně dostupných strategií.

Klíčová slova: analýza trhu, cestování a cestovní ruch, firemní cestovní management, podnikání, marketing

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1 Introduction

Commercial tourism is a significant contributor to the global economy, generating revenue for airlines, hotels, travel agencies, and other service providers. Corporate travel management, a branch of commercial tourism, is a rapidly growing sector that offers business travel services to companies of all sizes. Small and mid-sized companies often require outsourced travel management services to reduce costs, save time, and increase productivity. With the rapid advancement of technology, the corporate travel industry is becoming increasingly competitive, and companies need to embrace innovative solutions to stay relevant. CTM companies must have a strong understanding of how to leverage IT to streamline their operations, reduce costs, and enhance customer experience.

In addition to IT development, in recent years, businesses have started paying more and more attention to sustainability. Particularly the tourism sector has been blamed for contributing significantly to environmental harm and climate change. Because of this, there has been an increase in demand for more environmentally friendly and ethical travel options. Sustainability has emerged as a crucial topic in corporate travel management for organizations looking to cut their carbon footprint and show their dedication to social and environmental responsibility. This is especially important for small and mid-sized companies that may not have the resources to develop and implement their own sustainability initiatives.

This Bachelor's Thesis serves as a comprehensive analysis of the market to estimate chances of launching a business in corporate travel management industry that would incorporate modern IT solutions to establish a strong foundation for managing travel management operations. The goal is to promote sustainable business practices while providing small enterprises with the information and resources needed to engage in the opportunities and challenges of the existing travel industry.

2 Objectives and Methodology

2.1 Objectives

The primary objective of this Bachelor's Thesis is to provide a comprehensive understanding of corporate travel management from business perspective. The main aims are the following:

- Analysis of the theoretical concepts of business plans, their approaches, and funding sources.
- Exploring the structure of a business plan and its key components, such as the executive summary, company description, product or service line, industry analysis, marketing plan, operations, management team, and finances.
- Examination of the typology of commercial tourism and its significance in the travel industry.
- Evaluation of the historical role of corporate travel management (CTM), its current state, and functions in the travel industry.
- Investigation of the importance of sustainability and the alignment of CTM and information technology in commercial tourism.
- Analysis of the impact of the COVID-19 pandemic on the travel industry.

2.2 Methodology

In order to achieve the objectives methodology was based on a literature review of relevant sources that provide a review of the theoretical concepts of business plans, commercial tourism, CTM, sustainability, and the COVID-19 pandemic's impact on the travel industry. As well as it consists of the practical part which was designed using qualitative research methods including industry analysis, market analysis, and competitive analysis. To conduct the industry analysis of the commercial tourism sector, Porter's Five Forces, the PEST analysis, and SWOT analysis were conducted. As for the market analysis, the thesis describes customer behaviour, target market, its segmentation and conducts the marketing mix (4 P's) analysis. Overall, the methodology provides a market analysis of corporate travel management.

3 Literature Review

3.1 Business Plan

“Unless commitment is made, there are only promises and hopes; but no plans.” – Peter F. Drucker (1974)

A business plan should be the primary step in order to achieve an actual business. It is a great tool for planning, organising, and executing a business idea one may have. It gives a sense of running a concrete business in great detail by helping to visualize industry trends and potential; predicting future obstacles; and letting know the environment as a whole on a deeper level. Even though the fact that no business plan guarantees success, it is known that having one increases the chances to launch a sound business (CRAWFORD-LUCAS, 1992).

The purposes and benefits business plans provide are useful not only for the new founders but also for the experienced business owners since it helps to stay focused and compare the actual results with the planned ones. In addition, having a developed business plan is a necessary condition for searching for outside financing, for example, investors (HORMOZI et al., 2002).

3.1.1 Approach

There are many business plans of great variety in industries and products/services. While many tried and failed, others succeed. It is because not all business plans are equally good. In order to develop a feasible business plan, it is necessary to stay rational and logical and be honest with own skills and possibilities. However, it also takes the right approach. It can be favourable to follow or adopt at least one of the provided strategies (ABRAMS and KLEINER, 2003):

- **Brand-new good or service** – inventing a new technology, product, or feature that is yet to be offered on the market.

- **Improving existent supply on the market** – getting better with non-efficient or potentially outdated goods or services in terms of pricing, delivery, and manufacturing by making them faster, lighter, and cheaper, for example.
- **Discovering the Market** – entering, usually, a narrow niche in the market that does not receive attention from big players. It is either yet to be dominated or has been abandoned.
- **Getting more accessible and inclusive** – proposing advanced ways to satisfy more customers. It can be done through many strategies such as expanding the variety of choices, going on a new distribution level (e.g., opening new branches in different areas), or becoming reachable online via social platforms.
- **Integration** – achieving growth by not only selling a product but also by manufacturing it independently or increasing the number of goods or services offered in one place.

3.1.2 Seek Funding

One of the mistakes a business owner may do is to completely focus on their own capacities and needs, forgetting about no less important requirement – the attraction of investors. One of the business plan functions is seeking outside funding for the enterprise. To get financial support it is necessary to see the investor's point of view – what their interest is and what they are looking for – in order to understand how to capture the investor's attention and convince them to choose one's business plan over another. There are two main points that are worthy of careful consideration before chasing outside financing (LANDAU, no date):

- 1) **Know your investors** – not all investors pursue the same goals and ideas, each of them has their own interests. It is necessary to determine what kind of investment one would like to get and find the target audience for a specific industry. Investors usually look for something they are familiar with so there is no need to spend resources on learning new things and getting into technical specifics.

2) People matter – despite how unique and intriguing an idea may be, investors do judge the founder and his or her team that stands behind the project and they value professional skills and past experiences. Because if there is no good management team no business model will be successful.

3.2 Structure of a Business Plan

A business plan is a formal document that has a standard form. On average, it consists of 7 to 9 main segments excluding any additional parts such as the cover page, appendix, etc. It is common for a business plan to have 30-40 pages in total. Ideally, despite the standardization, a business plan should reflect a founder's vision and highlight his or her unique idea, goals, and strategies (HORMOZI et al., 2002).

The headings may vary in naming but the most common are the following:

- *Executive Summary*
- *Company Description*
- *Product or Service Line*
- *Industry Analysis*
- *Marketing Plan and Sales Strategy*
- *Operations*
- *Management Team*
- *Finances and Projections*

3.2.1 Executive Summary

Might be the most fateful section in the whole business plan. The summary should provide transparent answers to the essential questions: “What is being sold?”, “Why it will be successful on the market?”, “How and who is going to produce it?” alongside general information about the historical background of the company, description of the idea (product or service), strategies, global mission, future vision, management team, finances, and so on. In general, this part should assertively and persistently sell the business. Also, it should clearly state the amount and type of funding desired to get from outside financing. It is common for investors not to proceed further with the business plan review if the executive summary does not catch their interest. That is

why this section requires to be simple yet creative. In other words, the summary should explain why the business proposed is a good one and worthy of investment (HORMOZI et al., 2002).

3.2.2 Company Description

This section aims to provide a complex and detailed look at the company starting from juristic information and finishing with potential obstacles faced in the future due to a company's specifics. As well as the description, it also lays out the historical and geographical background, data on the founder, past and current projects, and mission. For the reader, the most interesting part might be the statement of mission which is often perceived as guidance and principles the company follows. Sometimes it is seen as corporate philosophy that represents an organization's nature. The statement should summarize reasons and purposes for business existence and highlight the vision for future contribution. The main objective is to picture what exactly an organization does and what direction it leans toward (ABRAMS and KLEINER, 2003).

3.2.3 Product or Service Line

It is time for the idea in form of a product, technology, or service to be presented in great detail. The abstract proposal must be explained in tangible terms and created by possible means. The focus lies on the technical realization that should be feasible above all. However, proving that the idea implementation is practical is not enough. Naturally, for a business being profitable the offering supply should be demanded. This section of a business plan makes sure to list all the reasons why the product/service will be successful on the market by demonstrating its competitive advantage. Defending the advantage can be done by analysing competitors' products/services and spotting the similarities and differences between them and the business proposed. Depending on the situation it might be acceptable to have alike or almost the same offerings, however, having a unique attribute is usually what makes the business special and promising (HORMOZI et al., 2002; GREGORY, 2019).

Moreover, this segment covers price-related topics such as the price range; how it was established and justified; price variations depending on different offering proposals etc. (GREGORY, 2019). There may lay a tempting chance to determine prices in order

to impress investors in any way. This should not be the case in a sound business plan because the pricing needs to realistically reflect the odds of a company succeeding in the market with respect to its competitors (HORMOZI et al., 2002).

Another important aspect is to chronicle the customer's experience right after purchasing the offered product/service. It is required to know what procedure a customer follows – it can be delivering activities or meeting a client in person, for instance. It will not stay unnoticed if careful attention is expressed to customer service and argued the reasons behind the use an organization puts for future clients (GREGORY, 2019)

3.2.4 Industry Analysis

Industry analysis sometimes may fall under Environment Analysis which imply two separate areas 1) Industry; 2) Market. The difference between these two lies in the concept and purpose of each (LUCAS, 2019):

- 1) **Industry** is made up of all the firms and organizations that produce the same or similar goods or provide services of one nature. There are manufacturers who stand behind every industry that governs and develops the environment.
- 2) **Market**, on the other hand, is concerned with customers since it is the place where sellers meet them. Any market is full of diversity in products and services. It does not focus on a particular segment of offers. On the market, demand is the ruler and main driver of changes.

Industry analysis is used to ensure that the chosen industry is auspicious in terms of stable income, demand, and development. It also shows a clear picture of the business placements in comparison to its competitors. By performing the analysis, it is simple to recognize the potential opportunities, risks, and issues that will come with the business's actual establishment and management. Knowing the threads gives the upper hand in designing the possible solutions to avoid or minimalize them in the future. And

taking the right opportunities will lead to gaining a competitive advantage if the outcome is predicted thoughtfully (THAKUR, no date).

Seeing the industry's trends and shifts helps with a quick reaction and adaptation. In order to foresee the movement of an industry it is important to understand: 1) fundamental driving forces such as increased competition, evolving customer preferences and demands, advancements in technology, global impact, new market entrants, and unexpected changes in regulation. 2) industry's appeal and feasibility for entry; 3) success factors in the industry (THAKUR, no date).

There are several methods to conduct analyses for success factors detection. The most common are the following:

- Porter's Five Forces (Competitive Forces Model)
- PEST Analysis (Broad Factors Analysis)
- SWOT Analysis

3.2.4.1 Porter's Five Forces

The model suggests there are five key factors that play role in determining the success of a company. An enterprise is considered to be competitively balanced if it does well in all five directions since the method provides a structured approach to understanding the competitive forces that shape an industry and the relative strengths of those forces. These five forces are (PORTER, 1997):

- **Threat of New Entrants:** This force gauges the simplicity of new entrants entering the market and competing with existing players. The obstacles that impact the threat of new entrants include economies of scale, product differentiation, capital requirements, switching costs, access to distribution channels, and government restrictions. High barriers to entry create a competitive advantage for current players and decrease the threat of new entrants.

- **Bargaining Power of Suppliers:** The power of suppliers is used to measure the influence of the price, quality, and availability of inputs. There are a few force factors including the size and concentration of suppliers, the importance of the inputs to firms in the industry, and the availability of substitute inputs. The more bargaining power of suppliers there is, the profitability of firms in the industry reduces.
- **Bargaining Power of Buyers:** Buyers have an impact on the price, quality, and availability of products or services as well. Its influence is reflected in the size and concentration of buyers, the importance of the product or service to them, and the availability of substitute products or services. The higher the bargaining power of buyers the lower profitability of organizations.
- **Rivalry Among Existing Competitors:** It estimates the intensity of competition within firms in the industry. It measures the rivalry by the number and size of competitors, the growth rate of the industry, the degree of differentiation among products or services, and the degree of brand recognition. The profitability of companies decreases as the competition between business rivals increases inside the industry.
- **Threat of Substitute Products or Services:** Used to evaluate the availability of alternative products/services that could potentially replace those that are already offered by companies. The factors that influence the threat of substitutes include the price, quality, and availability of substitutes. If there are many high-quality substitutes the threat of substitution grows, and the bargaining power of firms declines.

3.2.4.2 PEST Analysis

PEST analysis is a useful tool for organizations looking to understand and prepare for the external variables that can impact their operations. This framework considers four key macro-environmental factors that can shape the business environment: Political,

Economic, Sociocultural, and Technological (SAMMUT-BONNICI and GALEA, 2014):

Political factors encompass the impact of government regulations, policies, legislation, licensing, and political stability on an organization. For instance, changes in import and export policies can impact the supply chain and raise costs, while political instability can hinder business operations and harm the company's reputation. Political factors can be grouped into three categories: supranational, national, and subnational levels. With globalization, the supranational level is becoming increasingly important, and businesses may need to keep an eye on political changes and join lobby groups to influence policymaking.

National policies, such as fiscal policy and government support for specific industries, can also have a substantial impact on businesses. Although most economies are free markets, governments may still intervene in some areas of the market. Infrastructure is often provided by the government or through public-private partnerships.

Economic factors have a significant impact on the profitability and appeal of a market or industry, often measured by Gross Domestic Product (GDP) per capita at Purchasing Power Parity. GDP per capita is useful for industries with high income elasticity, such as luxury items, but only provides a partial view of the economic impact on a firm. Inflation, exchange rates, taxes, unemployment, and bank interest rates also play a role in determining a firm's performance. Changes in economic factors can impact different industries differently, and firms need to monitor the relationship between the economy and their industry. Interdependencies between industries and countries must also be considered, as a decline in one industry can have a ripple effect on other industries. Continuously monitoring key economic factors is essential for a firm's success.

Social factors, such as changes in consumer tastes and preferences, education levels, and demographics, can greatly impact a firm's competitiveness. Firms must monitor these trends to stay ahead and adapt their products or services to meet changing customer expectations. In response to more diverse customer needs, firms are restructuring their business models to be more customer-centric, resulting in the

creation of segmented products for different demographic groups. An aging population has created additional demand for healthcare and support services but decreased demand for products associated with the younger generation. By evaluating social factors, firms can predict potential pressures from stakeholders on government policy decisions and prepare accordingly.

Technological factors are a critical aspect in determining a firm's competitiveness. Rapid technological changes lead to innovation and can have both negative and positive effects on industries. The proliferation of the internet and e-commerce has resulted in disintermediation and reintermediation, and competition has increased for traditional retailers due to the rise of online stores. Technological advances can replace old technologies or create a battle to become the recognized standard. Firms must stay up-to-date on technology developments to remain competitive and exploit advantages such as cheaper production and improved customer access.

There are also a few other PEST-based variations known:

- PESTLE: adds Environmental and Legal factors
- STEEPLE: adds Ethical factor
- STEEPLED: adds Demographics
- STEER: adds Regulatory factors

In order to perform a PEST analysis, organizations should gather data on the relevant factors and conduct a thorough analysis. The results of the analysis can be used to inform the organization's strategy and decision-making process, and to identify potential opportunities and threats. For example, an organization may identify the opportunity to enter a new market or develop a new product in response to a change in consumer preferences (SAMMUT-BONNICI and GALEA, 2014).

It is important for organizations to regularly review and update their PEST analysis to ensure that they are aware of the latest developments and can adapt to changes in the business landscape. This can involve monitoring news and trends, conducting market research, and gathering data from various sources. By taking a proactive approach to

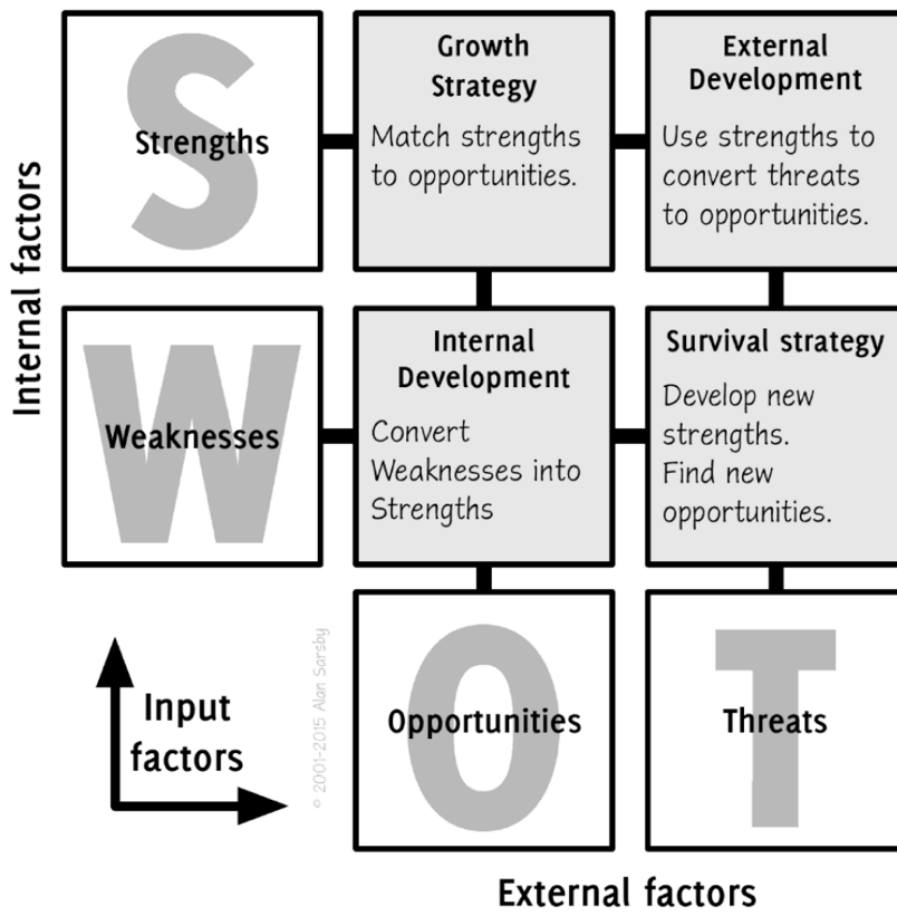
understanding the external environment, organizations can better position themselves for success in the future (SAMMUT-BONNICI and GALEA, 2014).

3.2.4.3 SWOT Analysis

The SWOT analysis is another commonly used tool to identify external and internal forces that play role in a business organization. SWOT stands for strength, weakness, opportunity, and thread. Strength and weakness are considered as internal factors that are within a company's control while opportunity and tread – external and uncontrollable (LEIGH, 2010).

The SWOT analysis is known for its simple implementation method that does not imply any mathematical calculations. It represents a kind of a visual diagram that makes it easy to read. Also, this method can be relevant for many infrastructural levels of an organization: individual, division, department, and corporate (SARSBY, 2016). Moreover, the SWOT analysis can make the vision of a business clearer and closer to reality. For example, one may be aware of many strengths a firm holds but these strengths are happened to be irrelevant to opportunities and thread of the firm. And the other way around, focusing too much on threads it is easy to overlook on opportunities (MIND TOOLS CONTENT TEAM, no date). That is why while conducting this analysis it is necessary to match the factors bearing upon the matter in hand. In order to analyse the factors correctly there are some strategies used to help staying focused: “Grow strategy”, “External Development”, “Internal Development”, and “Survival Strategy” (*Figure 1*).

Figure 1 SWOT strategies



Source: (SARSBY, 2016)

The strategies outlined in the *Figure 1* highlight the importance of being aware of both internal and external factors that can impact a company's success and having a plan in place to leverage strengths and address weaknesses.

The definition and examples of the factors are the following (MIND TOOLS CONTENT TEAM, no date):

Strengths

Strengths are the advantages that set an organization apart from its competitors. These can include motivated staff, access to unique resources, or efficient production processes. To identify the unique selling proposition (USP), it is important to analyze the strengths of the organization and consider how competitors might view them. It is

critical to keep in mind that an advantage is only considered a strength if it brings a clear benefit, not just meeting industry standards.

Weaknesses

Weaknesses refer to the inherent aspects of an organization that may need improvement, such as personnel, resources, systems, or procedures. Gathering information from external sources and analysing competitors can help identify these areas. Honesty and realism are key in this process as it is better to face challenges early on.

Opportunities

Opportunities arise from external factors and require a forward-thinking approach. These can come in the form of market trends, technological advancements, or changes in government policy. To remain competitive, it is important to identify and take advantage of these opportunities, even if they are small. Market trends, changes in government policy, and societal shifts are factors to be mindful of.

Threats

Threats refer to external factors that can negatively impact an organization, such as supply chain disruptions, market changes, or recruitment difficulties. It is crucial to anticipate and act against these potential threats to prevent growth from stagnating. Monitoring changes in product quality, evolving technology, and competitor practices can help stay ahead. However, copying competitors is not always the solution and should only be done if it improves the organization's position. It is important to assess if the organization is vulnerable to external challenges, such as financial problems, and take necessary precautions.

3.2.5 Marketing Plan and Sales Strategy

The Marketing and Sales Strategies section of a business plan is critical as it outlines the approach a business will take to reach and sell to its target market. The creation of an efficient marketing strategy is crucial in order to attract customers, since possessing an exceptional product or service is of no use if there are no buyers willing to purchase

it. Furthermore, having a well thought-out marketing plan is also imperative for gaining the trust and support of potential investors (DUERMYER, 2022).

Having a clear understanding of the target market, competition, and product messaging is crucial in developing an effective marketing and sales plan. This plan should take into account The Marketing Mix (the 4 P's of Marketing as alternative name) and aim to maximize profits through thoughtful pricing and other strategic decisions (DUERMYER, 2022).

3.2.5.1 Target Market

To maximize the success of a company's product development and marketing endeavours, it is imperative to identify and understand the target market. This is a group of individuals who have common characteristics, such as age, income, and lifestyle, and have been determined to be the most likely buyers. By determining the target market, a company can create products that are specifically designed, packaged, and advertised to appeal to this group of individuals. It is possible for a company to have multiple target markets, including a primary target market, which is the main focus, and a secondary target market, which, although smaller, has the potential for growth. (THE INVESTOPEDIA TEAM, 2022).

3.2.5.1.1 Consumer Behaviour

In order to gain customers' loyalty and therefore stay competitive in the market by satisfying customers it is necessary to realise their expectations regarding the travel experience. Since the travel activities are not tangible things the customers have their own view on the whole process which can heavily impact on the satisfaction level of the actual experience (PIZAM and MANSFELD, 1999).

Service quality is a factor that leads to customer satisfaction which is a metric for reflection of overall attitudes. Both customer satisfaction and attitudes have a significant impact on customers' intentions to recommend and return to a business, for example. Therefore, neither of these two variables should be overlooked when

predicting customers' future behaviour. Analysing customer satisfaction and attitudes is advantageous for businesses to provide high-quality service to exceed customer satisfaction, which can lead to positive attitudes and forming customer loyalty (CROUCH *et al.*, 2004).

3.2.5.2 Market Segmentation

Market segmentation aims to divide customers with similar purchasing habits and requirements into segments, thereby optimising the utilization of limited resources. The basis of the process is the recognition that customers have diverse product preferences and purchasing behaviors. Market segmentation enables businesses to manage this diversity and develop targeted marketing programs for specific segments. Segmentation is considered a critical component of effective marketing strategies and can lead to a deeper understanding of customer needs, increased competitiveness, and optimized marketing planning (DIBB, 1998).

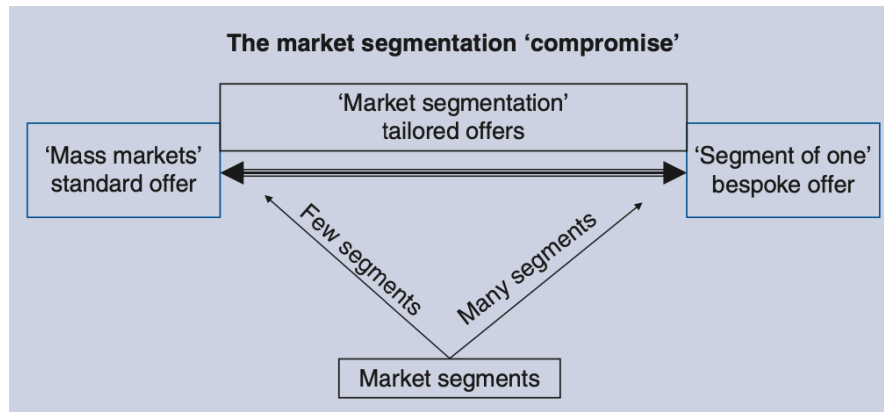
Typically, consumers are categorized into four main segments (THE INVESTOPEDIA TEAM, 2022):

- 1) **Demographic:** This segment is based on characteristics such as age, income, gender, occupation, and education level.
- 2) **Geographic:** Given the increasing significance of globalization, regional preferences play an important role in this segment.
- 3) **Psychographic:** It delves deeper than demographics by considering a consumer's lifestyle, attitudes, interests, and values.
- 4) **Behavioral:** Based on research into the buying behavior of a company's current customers. It helps inform the development of new products by leveraging insights into the popularity of previous offerings.

As shown in Figure 2 market segmentation represents a compromise between the "mass market" approach of offering a one-size-fits-all solution at one end and the "segment

of one" approach, where each customer is treated as unique with a tailored offer at the other end (FIFIELD, 2008).

Figure 2 The market segmentation 'compromise'



Source: (FIFIELD, 2008)

3.2.5.3 The Marketing Mix

Marketing mix is a crucial concept in the field of marketing, which refers to the combination of different marketing decision variables used by a company to market its goods and services. This mix helps the company to meet the needs of its customers and overcome the challenges posed by its competitors. The marketing mix also known as the 4 P's of Marketing is made up of four key elements – Product, Price, Place, and Promotion. These elements work together to provide an optimum combination of marketing ingredients to help the company achieve its goals, such as increasing profit, boosting sales volume, increasing market share, and achieving a higher return on investment. It is important to note that the marketing mix is a flexible and adaptable concept. As marketing conditions and environmental factors change, the marketing mix must change as well in order to remain effective. The marketing manager must be able to identify these changes and make the necessary adjustments to the marketing mix in order to continue meeting the company's marketing objectives (SINGH, 2012).

The marketing mix is a set of controllable variables that the company can use to influence the buyer's response. This is why the marketing manager must carefully consider the level of marketing expenditure and how to divide the total marketing

budget among the various elements of the marketing mix. The marketing mix must be tailored to the specific target market and must take into account the unique needs and wants of that market segment (SINGH, 2012).

Table 1 Elements of 4 P's

Product	Price	Promotion	Place
Design Technology Usefulness Value Convenience Quality Packaging Branding Warranties	Retail Wholesale Internet Direct sales Peer to peer Multi channel	Strategies Skimming Penetration Psychological Cost-plus Loss leader	Special offers Endorsements Advertising User trials Direct mailing Leaflets/posters Free gifts Competitions Joint ventures

Source: (SINGH, 2012)

Product

The product concept is a broad term that include not only tangible products and services but also experiences, people, places, property rights, businesses, information, and ideas. The life cycle of a product includes the stages of product development, market entry, growth, maturity, and decline. Products can be classified into various categories of consumer products (IŞORAITÉ, 2016):

- **Necessity products** – essential to daily lives and purchased frequently, without much consideration for alternatives;
- **Valuable products** – consumer-oriented, evaluated on quality, price, and style by buyers;
- **Exclusive products** – have unique characteristics or are distinguished by their brand and are bought by a large group of customers;
- **Transgressed products** – consumer does not know and has no intention of buying it.

Price

The pricing is a fundamental aspect in the marketing mix, and it is often seen as the monetary representation of a product or service's value to the customer. The definition of price can vary, but it is typically defined as the amount of money that must be paid for a product or service. The pricing is determined by several key factors, including production costs, marketing tactics, and distribution expenses. Different pricing methods can be employed by businesses to set the price of their offerings (IŠORAITĖ, 2016):

- **Cost-plus** – involves adding a standard percentage of profit to the production cost;
- **Value basis** – determined by the buyer's valuation of the product;
- **The competition** – compares the prices of rival companies;
- **Input Size** – sets a combined product price when entering the market;
- **Discount** – aims to attract new customers;
- **Unprofitable guide** – lures customers to the store to buy other items;
- **Psychological** – influenced by its impact on consumer behavior, such as a more appealing price point.

Place

Place also known as distribution is a crucial component of marketing that involves the methods and processes by which products or services are delivered to consumers. The main aim of distribution is to make services more accessible and user-friendly for customers, while also addressing challenges like transportation and local conditions. To establish an effective marketing channel, businesses must analyze consumer needs, determine distribution objectives and potential roadblocks, identify key distribution alternatives, and assess these alternatives (IŠORAITĖ, 2016).

There are two common distribution channels that companies can choose from: direct and indirect marketing channels. The direct distribution channel involves delivering a product or service directly from the producer to the consumer, either through the producer's own sales branches and employees or independent brokers. On the other hand, the indirect distribution channel involves intermediaries like wholesalers, and

retailers, which can increase the cost of products due to commissions paid to each agent (IŠORAITĖ, 2016).

The distribution channel is an essential aspect of the service that involves the service provider, intermediaries, and the service user. As such, it is crucial for companies to develop an appropriate marketing channel that aligns with their objectives. By carefully analysing consumer needs and understanding the physical distribution challenges, businesses can develop an effective distribution strategy that ensures their products or services reach their intended customers. The distribution process can become a complex functioning system where the interests of producers, brokers, independent traders, and consumers are wholly compatible with each other in a specific environment and at a particular time (IŠORAITĖ, 2016).

Promotion

Promotion encompasses various tools to help companies reach their target customers. The five key tools of promotion are advertising, sales promotion, personal selling, public relations, and direct marketing (IŠORAITĖ, 2016):

- **Advertising** is one of the most commonly used tools, which is used to inform consumers about new products and services, and to bridge the gap between customers and organizations.
- **Sales promotion** refers to a range of activities aimed at encouraging consumers to purchase goods, including the use of coupons, prizes, free samples, discounts, and rebates.
- **Personal selling** is a type of communication that aims to convince potential buyers to purchase the product or service, and is carried out through a one-on-one conversation between the sales representative and the customer.
- **Public relations** is focused on building and maintaining good relationships with the public through various means such as promotion, relationships with influential people, and press conferences.
- **Direct marketing** involves direct communication between the company and the customer, and includes tools such as direct mail, email, and telemarketing.

It is crucial to understand the promotional strategy and select a combination of methods that will work best for the company's goals. Effective promotion is essential in increasing consumer awareness, building brand loyalty, and ultimately leading to higher sales (IŠORAITĖ, 2016).

3.2.6 Operations

In a business plan, the operations plan section outlines the practical aspects of a company's operation, including its location, facilities, and equipment. It may also detail inventory requirements, suppliers, and the manufacturing process. This section helps to identify the financial requirements of the business, serving as a checklist for what must be done to become profitable. The stage of development section should include a production workflow, risks, industry association memberships, supply chains, and quality control measures. By outlining these elements, the company demonstrates its understanding of the industry's standards and regulations and how it plans to adhere to them (WARD, 2022).

Development section (WARD, 2022):

- **Production Workflow** – outlines the process of how the product or service will be created, focusing on potential risks and ways to address them, such as employee safety and hazardous material management. This section ensures that the production process is clearly defined and that precautions are in place to manage associated risks.
- **Industry Association Memberships** – demonstrates awareness of industry standards and regulations. By highlighting existing and planned memberships, as well as outlining steps taken to comply with relevant laws and regulations, businesses can showcase their commitment to best practices and regulatory compliance.
- **Supply Chains** – includes the names of suppliers and their pricing, terms, and conditions. It is also necessary to describe any backup plans or alternatives that have been made to ensure the continuity of supply if the suppliers fail to deliver. By outlining the supply chain in detail, potential investors and partners can assess the company's preparedness and ability to mitigate risks.

- **Quality Control** – describes the quality control measures that have been established or are planned to be established. This can include a discussion of any quality control certifications the company plans to pursue and the steps that will be taken to achieve certification.

Production Process Section (WARD, 2022):

- **General** – provides a summary of a business's daily operations, specifying the operating hours, days of operation, and whether the business operates seasonally.
- **The Physical Plant** – provides a detailed description of the location, type, and size of the business premises, and include documents such as drawings of the building, lease agreements, and real estate appraisals to demonstrate the value and importance of the property to the proposed business.
- **Equipment** – besides detailing the equipment requirements and quantity needed, notes information on the equipment's value, cost, and financing arrangements.
- **Assets** – lists all the assets, which may comprise land, buildings, equipment, inventory, vehicles, and furniture, and provide the value of each one, along with legal descriptions.
- **Special Requirements** – in case of any unique requirements a business may have, such as water or power needs, ventilation, or drainage explains what measures have been taken to obtain the necessary permissions.
- **Materials** – specifies the source of the materials needed for a product or service and details the negotiated terms with the suppliers.
- **Production** – tells how much time it takes to produce a product and when it is possible to start the process. Also, it mentions the potential obstacles affecting the production and solutions to overcome them.
- **Inventory** – provides solutions to keep track of inventory.
- **Feasibility** – proves that a product/service pass the testing in terms of manufacturing, price, quality and etc.
- **Cost** – provides cost estimations and calculations.

3.2.7 Management Team

The management team business plan is a key section in a proposal that showcases the expertise and qualifications of a company's management team with the aim of impressing potential investors and partners. To create an effective plan, resumes of each manager should be collected and organized into categories, with details including their job titles, employment history, and educational background. This structure highlights the team's qualifications and justifies their appointment as leaders, which may encourage potential investors or partners to provide funding or collaborate with the company. Additionally, the plan should include information that distinguishes the organization from competitors (INDEED EDITORIAL TEAM, 2021).

3.2.8 Finances and Projections

Financial forecasting is a crucial tool for new businesses, enabling them to track their performance against projected sales and expenses. The forecast aids in predicting the amount of cash required to cover the company's day-to-day expenses and meet its financial obligations (HEASLIP, 2022). By creating the financials section of the plan, the founders and managers can develop a budget and make projections for future expenses and revenues. At the same time, potential investors will rely heavily on the financials to determine the appeal and level of risk associated with investing in the business (GORDON, 2022).

The section consists of a sales forecast, expenses budget, cash flow statement, balance sheet, and a profit and loss statement. It is essential to adhere to the standards set by the Financial Accounting Standards Board to comply with generally accepted accounting principles (RICHARDS, 2022).

A business can project the date when it becomes profitable by determining the break-even point, which is the point where revenue equals expenses. It is important to include this date in the financial section of the business plan to show potential investors that the projections are supported by accurate and realistic numbers. Although it may take time for a business to become profitable, having a specific date in mind is crucial for demonstrating the viability of the business (RICHARDS, 2022).

3.3 Commercial Tourism

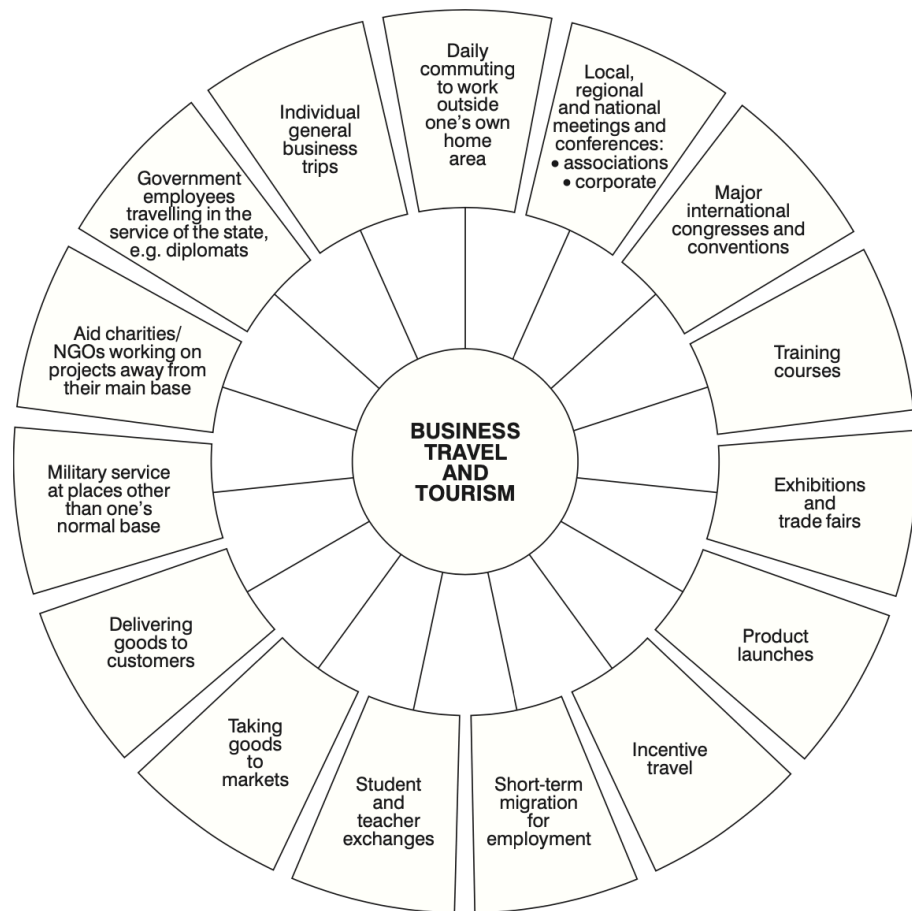
"Tourism is not just about recreation and relaxation; it is about expanding our horizons and discovering new cultures, ideas, and ways of life." - Jamie Sweeting (2021).

The United Nations World Tourism Organization gives the following definition for the term tourism: "Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which involve tourism expenditure." (UNWTO, no date a). Commercial tourism also known as business tourism primary specializes in travelling for business/professional purposes. In 1994, Rob Davidson wrote a pioneering book about business tourism where he tried to explain its meaning. According to him, business tourism refers to the act of traveling by individuals for reasons related to their job. This type of tourism has existed for a long time and is rooted in the history of trade, where people traveled for business purposes since ancient times (SWARBROOKE and HORNER, 2001).

3.3.1 Commercial Tourism Typology

The definition of commercial tourism is comprehensive and encompasses various forms of it, as shown in Figure 3. While the figure does not include all forms of business travel and tourism, it does cover most of the significant ones. This indicates that commercial travel and tourism is a complex and diverse field (SWARBROOKE and HORNER, 2001).

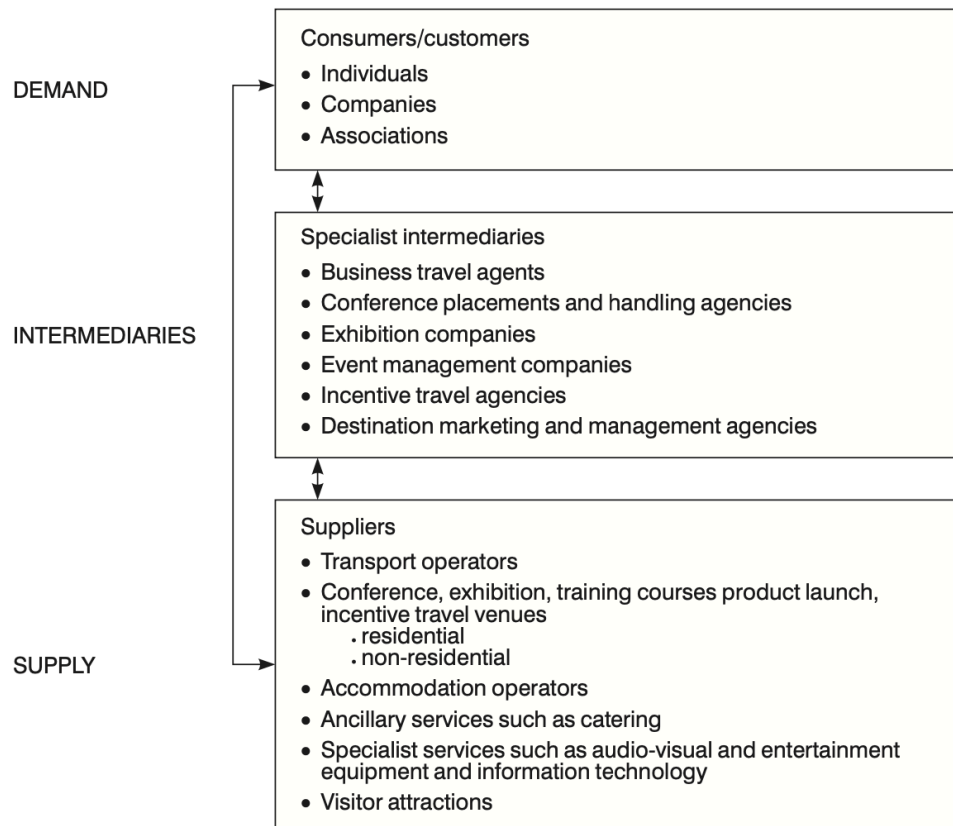
Figure 3 Commercial Business Typology



Source: (SWARBROOKE and HORNER, 2001)

Apart from the classification shown in Figure 3, there are alternative approaches to categorising commercial tourism based on different criteria. These alternative typologies, which take into account various factors, can result in different subcategories. Figure 4 depicts some of these types, which are just a few examples out of many ways to subdivide commercial tourism (SWARBROOKE and HORNER, 2001).

Figure 4 The structure of commercial tourism



Source: (SWARBROOKE and HORNER, 2001)

3.4 Corporate Travel Management (CTM)

Corporate travel management (CTM) is a structured approach to manage business trips and travel and entertainment expenses. The management of corporate travel is a comprehensive process, involving various aspects such as authorising and reserving flights and accommodations, monitoring expenses incurred on company credit cards, enforcing compliance with corporate travel policies, and maintaining accurate records. CTM programs play a significant role in streamlining these activities, allowing companies to optimize their travel budgets and improve employee travel experiences (GOLLIN, 2021).

Corporate travel management programs can be of great benefit to organizations of any size, not just large corporations. By adopting a CTM program, small businesses can

effectively manage their travel expenses and make the best use of their travel budgets (GOLLIN, 2021).

3.4.1 Historical role of CTM

The origins of travel management can be traced back to the 1940s or the late 1960s in large American companies, depending on the source. The National Business Travel Association, the largest professional group for travel managers in the United States, was founded in 1968. As business travel increased and expenses needed to be controlled, travel management expanded to Europe. Since then, travel management has become more common among large organizations as a way to manage costs and improve efficiency (GUSTAFSON, 2011).

Over the past years, the focus of managing business travel has shifted to the procurement and finance departments of organizations. As these programs are primarily viewed as a cost center, organizations need to adopt a structured approach to manage their travel expenses effectively. This is especially important for small and midsize organizations that have to balance other line item responsibilities besides travel (TRAVEL INCORPORATED, 2022).

In most cases, organizations rely on their employees to follow travel policies and guidelines while partnering with preferred providers to ensure that they offer the lowest possible prices. These core needs help to ensure that business travel remains within budget while still meeting the needs of travelers (TRAVEL INCORPORATED, 2022).

Despite this generalized approach, the role of the travel management still involves several key responsibilities, including the need to centralize travel functions, develop policy, and processes to manage travel-related disruptions. It also is used to analyze spend reports, recommend changes to support both the needs of the traveler and the organization, and build up relationships with suppliers to ensure they deliver services as per agreements. While historically these responsibilities have fallen on the travel

managers, in recent years, they have been shared by other departments, such as procurement and finance, as organizations seek to streamline their travel management processes. (TRAVEL INCORPORATED, 2022).

3.4.2 CTM Nowadays

Responsibilities of the corporate travel management are only expanding as of nowadays. A travel manager has become a main stakeholder in Human Resources and Risk Management besides the Finance Department. CTM has integrated new processes that include the surveillance, management, and priority. Moreover, it has moved to a more managed program instead of a single policy with company guidelines (TRAVEL INCORPORATED, 2022).

Travel managers must balance the needs and preferences of travelers, decision-makers within their organization, suppliers such as airlines, train companies, and hotel chains, and travel agencies. Establishing and maintaining these relationships can be a delicate job, as conflicting interests and potential conflicts can arise (GUSTAFSON, 2011).

The business travel industry is further complicated by the nature of the products and services involved, as well as the organization of distribution channels for these products, and the hybrid nature of the market for them. In recent years, the demand side of travel management has become increasingly important, as travelers seek out more personalized and convenient options while companies aim to control costs and minimize disruptions. To succeed in this dynamic and rapidly evolving industry, travel managers must possess a wide range of skills, from negotiation and relationship-building to data analysis and risk management (GUSTAFSON, 2011).

3.4.3 Functions of CTM

Reducing the substantial costs associated with business travel is an important aspect of travel management, and it often strives to find ways to reduce these expenses. A second set of concerns relates to the comfort, working conditions, and safety of

travelers. For frequent travelers, travel can be stressful and risky in various ways, and travel management may consider these factors when organising trips. More recently, environmental issues related to travel have become an additional concern for many organizations (GUSTAFSON, 2011).

In order to control travel behaviour and cost expenses there are six main tasks of CTM (GUSTAFSON, 2011):

- **Developing and implementing a travel policy:** The main objective of the corporate travel policy is to establish common rules and routines for travel. It includes guidelines on travel means, transport suppliers, allowed comfort levels, ticket types, and other related matters. The travel policy also defines administrative procedures for travelers, such as pre-trip approval, booking processes, payment methods, and expense report management. Developing and implementing a travel policy is, therefore, crucial for effective travel management.
- **Cooperating with a travel agency:** Employing a single travel agency for all bookings provides standardized administrative processes and grants access to reliable data on the organization's total travel activities and expenses. Travel agencies can also aid in implementing the travel policy by informing travelers of the rules, declining bookings that do not conform to the policy, or reporting deviations to the travel management team. Thus, ensuring that travelers use the contracted travel agency is an essential strategy for most travel management programs. Additionally, travel agencies offer security services and various travel management consultancy services.
- **Making agreements with suppliers:** Negotiating with suppliers for favorable prices and conditions has traditionally been a significant task for travel management teams. To succeed in such negotiations, accurate travel statistics demonstrating the organization's travel volume and a strong travel policy ensuring that travelers use preferred suppliers are essential.

- **Standardising payment routines:** It is usually up to the travel management to establish payment procedures for expenses incurred during travel. To accomplish this, they may choose popular alternatives like travel account services and corporate charge cards. The travel agency typically collaborates with them in implementing these solutions. In some instances, advanced computerized systems that streamline the process by providing integrated routines for booking, invoicing, payment, travel expense reporting, manager authorization, and accountancy may be used to minimize the amount of manual and paper-based work required.
- **Using travel statistics:** Effective travel management relies on obtaining and analysing travel statistics for two key reasons. Firstly, statistics are crucial for negotiating with suppliers, as previously mentioned. Secondly, these figures help to analyze the organization's travel activity, ensuring compliance with policy and identifying cost-saving opportunities. Travel statistics can be obtained from several sources, including the travel agency, payment systems, and suppliers. Travel management teams invest significant time in comparing and analysing travel statistics to make informed decisions.
- **Communicating and gaining support within the organization:** Effective communication between travel management teams and travelers is essential for ensuring policy compliance and receiving feedback, including complaints, regarding policy rules, travel arrangements, suppliers, and travel agency services. Additionally, travel management teams must obtain support for their program from key decision-makers within the organization.

Typically, travel management teams are responsible for these tasks, although they often need to collaborate with other departments. For instance, the procurement department is usually involved in negotiating agreements with external partners, finance is responsible for payment routines, and the security department may have a stake in travel arrangements, particularly in organizations that frequently travel internationally (GUSTAFSON, 2011).

3.5 Sustainability

The corporate travel management industry has seen a rise in the importance of sustainability, primarily due to the growing concern for the environment and the necessity to decrease carbon emissions. The travel industry is accountable for about 8% of global carbon emissions and the number can grow up to 25% by 2030 if the issue fails to be addressed (LENZEN *et al.*, 2018). Business travellers and other travellers are now conscious of the environmental impact of their travels and are searching for ways to minimize their carbon footprint (MOLLENKAMP, 2022). Over 400 companies signed a pledge at the 2021 Davos World Economic Forum, committing to achieving decarbonization by 2050. This trend is also being followed by smaller companies.

Almost one-third of travel managers have stated in a surveyed report that their company is committed to reducing emissions within a specific timeframe. Furthermore, 79% of companies are either working towards or have made some kind of pledge in support of sustainability. As a result of this increased focus on sustainability, travel policies are coming under closer scrutiny. About 50% of survey respondents say that within the next year, they plan to optimize their business travel policies to reduce their environmental impact. Reducing travel-related emissions is now among the top priorities for companies in their efforts to reduce environmental harm, along with reducing paperwork and creating more sustainable supply chains (CAPUTO *et al.*, 2021).

Examples of the sustainable practices and initiatives in the corporate travel industry are (FRIEDRICHSEN, 2021):

- Promoting more environmentally friendly methods of transportation like carpooling, ridesharing, car sharing, bike parking, electric scooter rentals, and public transportation.
- Choosing reputable airlines and accommodations that actively work to reduce their carbon footprint, such as through the use of renewable energy, waste reduction, and emissions offsets.

- Calculating the carbon footprint of travel-related activities, reporting it, and setting reduction goals.
- Encouraging and educating tourists to adopt eco-friendly habits, such as traveling lightly, utilising reusable water bottles, and staying away from single-use plastics.

3.6 Alignment of CTM and IT

The successful management of corporate travel requires the synchronization of IT systems with travel management procedures. The implementation of technology can greatly enhance the efficiency of the travel booking process (DOUGLAS, LUBBE and RITALAHTI, 2015). Here are some ways in which technology can be utilized in corporate travel management (ITILITE, 2022):

- **Online Booking Tools:** These allow for quick and easy booking of travel arrangements, reducing the need for a dedicated travel management team. Online booking tools also provide real-time cost information, helping businesses manage expenses.
- **Travel Management Systems:** These provide a centralized platform for managing all aspects of travel, including bookings, itineraries, expenses, and reporting. Travel management systems integrate with other business applications to provide a comprehensive view of travel expenses.
- **Mobile Apps:** Mobile apps allow employees to manage their travel itineraries on the go, including flight and hotel bookings. They also provide real-time travel updates, helping employees stay on top of their travel plans.
- **Data Analytics:** Data analytics can assist businesses in analysing their travel expenses, identify cost-saving opportunities, and recognize travel patterns. This analysis can help businesses identify areas where they can reduce costs, such as choosing less expensive accommodation options or booking flights in advance.

By aligning IT systems with corporate travel management processes, businesses can improve the efficiency and effectiveness of travel management. Utilising online booking tools, travel management systems, mobile apps, and data analytics can help streamline the travel booking process, reduce costs, and improve employee satisfaction.

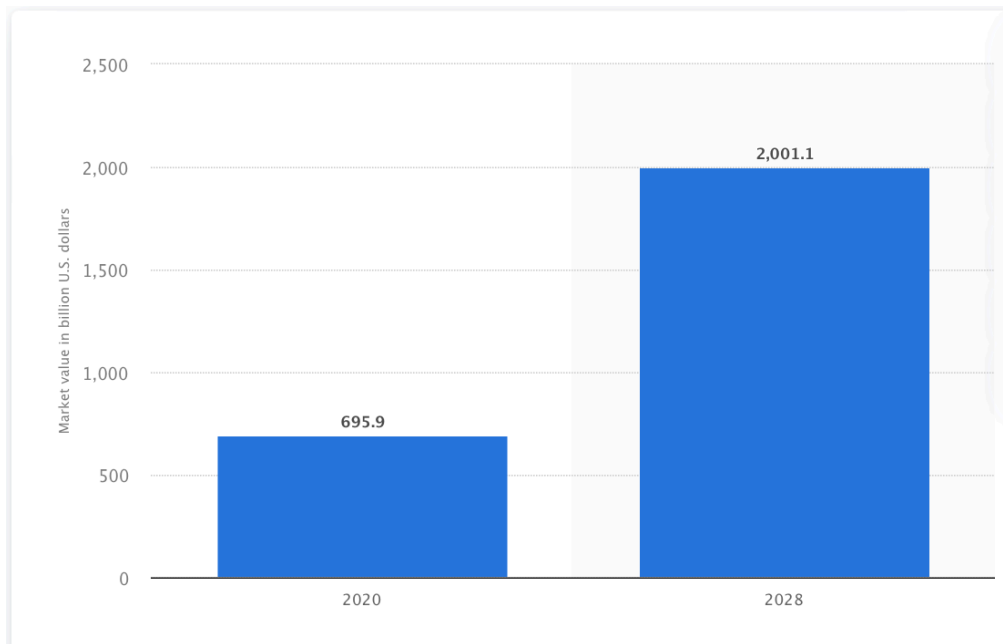
4 Practical Part

4.1 Industry Analysis

Business travel accounted for 20% of the total tourism spending globally in 2021. It is estimated that business travelers across the world spent more than 740 billion U.S. dollars in the same year. Chinese tourists ranked highest in terms of business travel expenditure. In 2020 the Asia Pacific region was the global leader in business tourism spending, with Europe coming in second. Out of the European countries, Germany had the highest value in business tourism spending, with a total expenditure of around 36 billion U.S. dollars. Other countries that made it to the top five were the United Kingdom, Italy, and France. Denmark took the lead in the largest share of business travel spending in Europe, with 40 percent of its total travel and tourism expenditure attributed to work-related trips. In July 2021, Switzerland was the most favored destination among European travelers for upcoming business trips, with over 10% of respondents planning to visit the country for work-related purposes. Switzerland was also identified as the location of some of the most expensive cities in Europe for business travel, including Zurich, Geneva, and Basel, according to data from 2020. (LÓPEZ, 2022).

Figure 5 demonstrates the industry is expected to continue growing in the future. The market's worth is estimated to increase by 188 percent by 2028, reaching around 2 trillion U.S. dollars.

Figure 5 Market value of the business travel



Source: (LÓPEZ, 2022b)

This suggests that there is potential for new entrants in the market, especially those that offer unique and sustainable-focused services. However, the industry is also highly competitive and may require significant investment in technology, personnel, and infrastructure to be successful.

4.1.1 Porter's Five Forces

Threat of new entrants: The corporate travel industry is highly competitive, and existing players have strong brand recognition and customer loyalty. Consequently, new entrants face significant barriers to entry, including economies of scale, high capital investment requirements, regulatory hurdles, the challenge of building a brand, establishing customer loyalty, and product differentiation. The scale effect ensures low prices and production costs for established organizations, while the high capital requirements and risks associated with new services make it hard for new entrants. Customers are attached to existing trademarks and prefer differentiated products, making it challenging for new organizations to establish themselves in the market (БАУМГАРТЕН, 2007).

In addition, a study on tourism loyalty has shown the importance of customer loyalty and brand recognition in the industry. Customers tend to use the same online travel agency for their corporate travel needs, indicating the difficulty of building a brand in the industry (ALMEIDA-SANTANA and MORENO-GIL, 2018). Overall, the corporate travel industry has a low threat of new entrants due to these significant barriers and the established market presence of existing players.

Bargaining power of suppliers: Suppliers in the corporate travel industry have a strong position in negotiating due to their control over essential resources and services (COLAKOĞLU and AYAZLAR, 2013). Airlines and hotels can exert significant bargaining power over travel agencies due to limited availability of alternatives and high dependence on their services. Additionally, suppliers can increase switching costs, making it harder for travel agencies to switch providers. However, the bargaining power of suppliers can be weakened by having multiple suppliers or if there is little differentiation among them. There are steps to mitigate supplier bargaining power, such as negotiating contracts, diversifying a supplier base, or investing in vertical integration.(HUANG *et al.*, 2012) The bargaining power of suppliers in the business travel industry is indeed high.

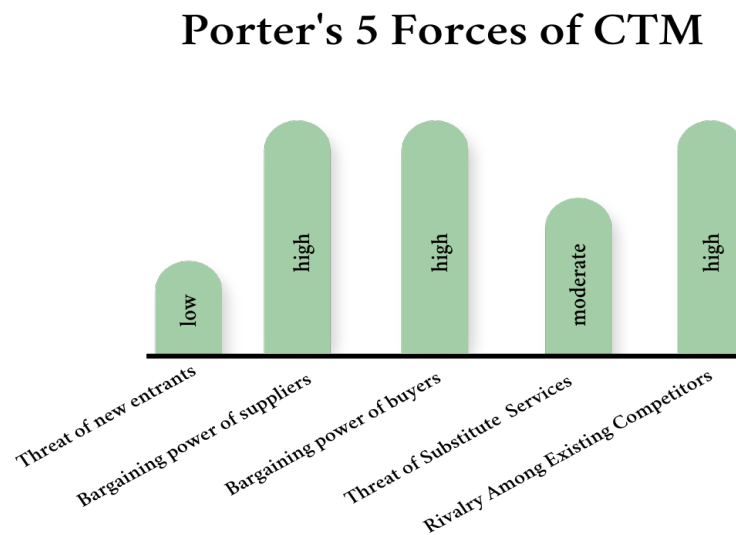
Bargaining power of buyers: Business travelers are a crucial source of revenue for the industry, and they have significant bargaining power. They can negotiate prices for services and accommodations and are often able to choose from a wide range of providers. Buyers can easily switch to different travel agencies if they are dissatisfied with the services provided, which creates significant competition among industry players (KUO *et al.*, 2011). Additionally, the rise of online booking platforms has given buyers greater transparency and choice. In order to mitigate the impact of buyer bargaining power, differentiation of services and offering of unique value propositions must be carried out (SILVA and GONÇALVES, 2016). This can involve developing specialized expertise in specific industries or regions, providing customized travel itineraries, or offering exceptional customer service . As a result, the bargaining power of buyers in the business travel industry is also high.

Threat of Substitute Services: In recent years, the rise of online booking platforms has increased the threat of substitute services in the corporate travel industry. This trend can reduce the demand for traditional travel agencies, leading to a loss of market share (AGAG and EL-MASRY, 2017). One example is businesses bypassing travel agencies and booking travel directly with airlines, hotels, and car rental companies. However, it is unlikely that booking channels and media will be able to fully replace the services provided by travel agents. (DOLNICAR and LAESSER, 2007).

Moreover, the business travel industry faces a threat from substitutes such as video conferencing, which offers an alternative to in-person meetings. While video conferencing cannot completely replace face-to-face interactions, it can significantly reduce the need for business travel (MANCA *et al.*, 2021). The threat of substitutes in the business travel industry is moderate.

Rivalry Among Existing Competitors: The business travel industry is highly competitive, with numerous players vying for market share. Major players in the industry include airlines, hotels, and travel agencies, among others. The industry is also highly fragmented, with many small and medium-sized businesses competing for customers (LIBERTY METRICS, no date). Additionally, the industry is highly sensitive to economic conditions, with demand for business travel closely tied to the health of the economy. Prime example was the pandemic crisis started in 2019. Since the travel industry is one of the largest world's economic sectors it was severely affected by the crisis causing vast financial and social losses (UNWTO, no date b).

Figure 6 Porter's Five Forces Analysis



Source: Own

4.1.2 PEST Analysis

Political factors:

- Government policies and regulations on travel: In Europe, there is a Schengen Area agreement which allows for visa-free travel between many of the member countries. However, non-European Union nationals need to obtain a Schengen visa to travel within the Schengen Area (YOUR EUROPE, no date). Russia has its own visa regulations which can be complex and time-consuming to navigate depending on a visa type (VISA HOUSE, no date).
- Political instability and safety concerns: Terrorist attacks and other safety concerns could impact travel patterns and lead to reduced demand for corporate travel services in affected regions. As for a topical example, Russia and Ukraine have faced political unrest in recent times, which could make business travel to these countries less safe and less attractive due to dangerous military hotspots, ruined Ukrainian infrastructure, disrupted logistics chains, political

and economic bans and sanctions against Russia, and all other numerous consequences of the armed conflict (KAMMEP *et al.*, 2022).

- Brexit: The UK's exit from the EU has led to changes in travel regulations between the UK and Europe, including changes to visa requirements and border controls. These changes could impact business travel between the UK and Europe (SIMA, 2017).

Economic factors:

- Economic growth and stability: The economic growth and stability of different countries in Europe and Russia can have a significant impact on the demand for corporate travel services. A strong and growing economy can lead to increased business activity and travel, while economic uncertainty or decline may result in reduced demand for travel services.

In Europe, different countries have varying levels of economic growth and stability. For example, Germany and the UK have traditionally been major players in the European economy, while countries in Southern Europe such as Italy and Greece have faced economic challenges in recent years (ZIOŁO *et al.*, 2019).

In Russia, the economy has also faced challenges in recent years, including low oil prices and economic sanctions. These factors have contributed to a decline in business activity and a reduction in demand for corporate travel services in the region (ALIKHANI, 2022).

- Exchange rates and currency fluctuations: Exchange rates and currency fluctuations between the euro and the Russian ruble could affect travel costs for companies. For example, if the ruble weakens against the euro, this could make travel to Russia more expensive for companies based in Europe.
- Trends in corporate travel spending and budgets: Corporate travel budgets and spending habits vary across different countries and regions in Europe and

Russia. Some companies may prioritize cost-saving measures, while others may prioritize quality and comfort. These differences could impact demand for different types of corporate travel services in different regions. For instance, Spain, Italy, France, Poland, and Austria are among the countries that prioritize domestic travel over foreign travel, and when traveling within Europe, these countries may prioritize cost-saving measures over quality and comfort. Meanwhile, Belgium, the Netherlands, Switzerland, the United Kingdom, and Germany ranked high on preferring foreign destinations over domestic ones. These countries may prioritize quality and comfort over cost-saving measures when traveling (STATISTA RESEARCH DEPARTMENT, 2023).

Social factors:

- Changing travel preferences and habits among business travelers: Cultural and social factors can influence travel preferences and habits among business travelers. For example, in some Western European countries such as France and Spain, face-to-face meetings and personal relationships are highly valued in business. Therefore, clients may prefer in-person meetings over online meetings. On the other hand, in some Northern European countries, digital communication tools are more commonly used in business, and companies may be more open to using online meetings instead of face-to-face meetings (STANKOVIĆ *et al.*, 2021). Similarly, business culture in Russia places high importance on personal relationships and trust. This often leads to a preference for face-to-face meetings in order to build and maintain these relationships. However, it's important to note that this cultural trend can vary across different regions within Russia and also across different industries (IVANOVA-GONGNE and TORKKELI, 2018). Understanding these differences can help tailor the services to the needs of different clients.
- Demographic shifts in the workforce: The rise of the millennial (Generation Y) and the post millennial (Generation Z) workforce is a trend that is occurring at different rates across Europe and Russia. These generations may have different travel preferences and expectations than previous generations, which could

impact demand for certain types of corporate travel services (OTIENO and NYAMBEGERA, 2019).

- Sustainability and environmental considerations: The rising significance of sustainability and environmental concerns in travel decisions is a trend that's been gaining traction worldwide, and Europe and Russia are no exceptions. This trend is driven by growing concerns about climate change and the impact of human activities on the environment. Businesses are gradually realising their carbon footprint and the role they play in contributing to climate change. Hence, they are placing more emphasis on sustainable travel options and carbon offsets when making travel decisions (YEGINSU, 2021). This shift in focus is a crucial step towards mitigating the harmful impact of business travel on the environment. By prioritising sustainable travel options, companies can reduce their carbon footprint and contribute towards building a more sustainable future (IBNOU-LAAROUSSI, RJOUB and WONG, 2020).

Technological factors:

- Advances in travel technology: The travel industry has undergone a remarkable transformation with the advent of online booking platforms and mobile apps. These technological innovations have revolutionized the way people plan and manage their travel. Now, travelers have access to an array of travel options at their fingertips, making it easier to compare prices, book travel services, and manage their itineraries on the go. As a result, more and more people are relying on online booking platforms and mobile apps to plan their trips (AGAG and EL-MASRY, 2017). For example, by 2027, the size of the worldwide online travel market is expected to reach a staggering 1,463.98 billion U.S. dollars, compared to its 2021 value of 800.72 billion U.S. dollars (BUSINESS WIRE, 2022). This shift in behavior has forced travel companies to adapt their services to cater to the needs of technically literate customers who demand convenience and accessibility.

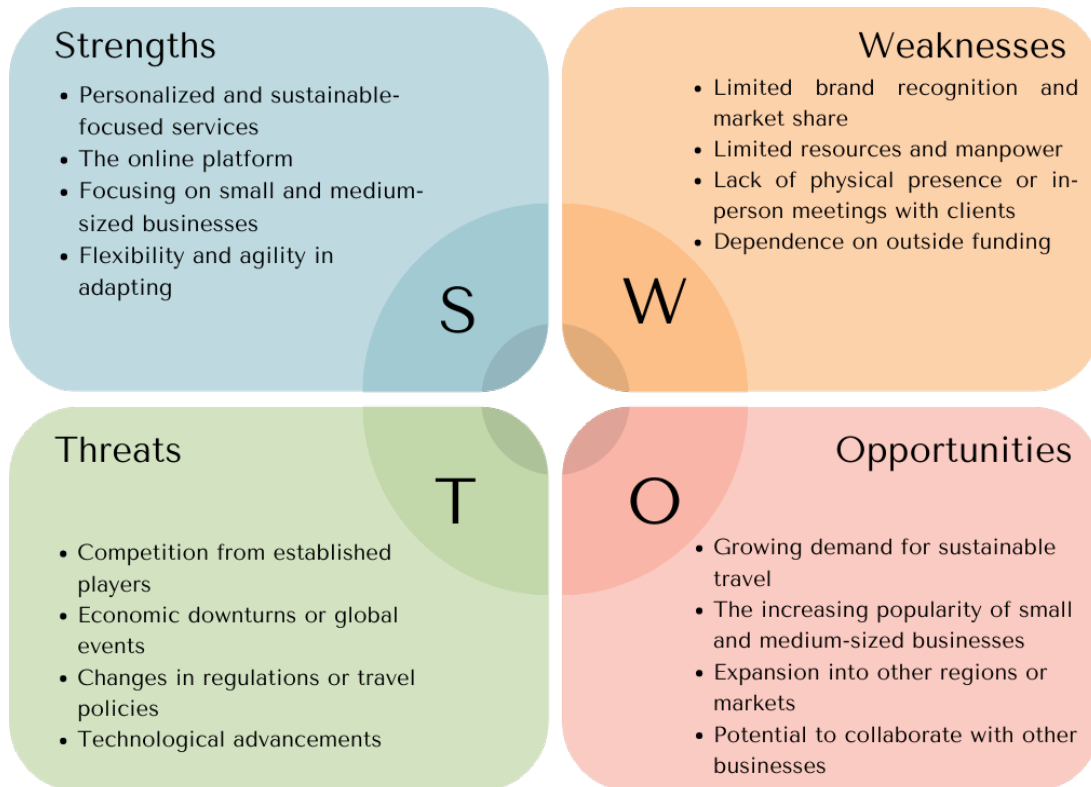
Technology adoption rates for online travel booking platforms and mobile apps vary across Europe and Russia. Online booking platforms and mobile apps may

have an advantage in countries with higher rates of technology adoption, while companies that offer traditional travel agent services may still be in demand in countries with lower rates of technology adoption. For instance, some Western European countries have higher rates of adoption, while Eastern Europe and Russia may still rely on traditional travel agents or offline booking methods (HEUNG, 2003).

- Digital communication tools: The COVID-19 pandemic has accelerated the trend towards increased usage of digital communication tools, including video conferencing. This technology has made remote communication and collaboration easier, thereby reducing the necessity for in-person meetings and travel (KELLEHER, 2022). It is occurring at different rates across Europe and Russia. Again, Western European countries, may have higher rates of digital communication tool adoption compared to countries with less advanced technology infrastructure, such as some Eastern European countries and Russia. For example, Denmark was ranked the most digitally competitive country globally in 2022. Among the top 15 countries ranked, several Nordic countries, including Sweden, Finland, and Norway, were also included. In contrast, Eastern European countries like Poland, Hungary, Romania, and Bulgaria are ranked lower (between 34th and 54th) in terms of digital competitiveness. Russia also falls in the same category, ranked 45th in this ranking (TAYLOR, 2022).
- Big data and analytics: By analysing large amounts of data, including travel preferences, booking patterns, and supplier performance, it can be used to identify opportunities to optimize travel programs and improve the traveler experience. Big data is transforming the tourism and travel industry, and businesses that adopt this technology can gain a competitive advantage. By leveraging the power of data analytics, a company can create better customer experiences, optimize operations, and stay ahead of the curve in an industry that is constantly evolving (EPAM ANYWHERE BUSINESS, no date).

4.1.3 SWOT Analysis

Figure 7 SWOT Analysis of a small business specialized in online CTM



Source: own

Strengths:

- Offering personalized and sustainable-focused services can set the business apart from competitors and attract customers who value eco-friendly and customized experiences.
- With an online platform, clients can conveniently access and book travel services anytime and from anywhere.
- Prioritising small and medium-sized businesses can lead to more personalized attention to individual clients and their unique travel requirements.
- Being a small company can also provide greater flexibility and adaptability to changes and trends in the industry.

Weaknesses:

- Competing with larger, more established companies in the industry may be challenging due to limited brand recognition and market share.
- Limited resources and manpower may also restrict the company's ability to handle a high volume of bookings or take on larger clients.
- Building trust and relationships with clients may be difficult if the company lacks a physical presence or in-person meetings.
- Dependence on outside funding may also restrict the company's ability to invest in technology and marketing.

Opportunities:

- There is an increasing demand for sustainable travel options, which can attract environmentally conscious customers who are willing to pay more for eco-friendly services.
- Small and medium-sized businesses are gaining popularity, providing the company with a niche market to target and serve.
- Expansion into new regions or markets can broaden the company's customer base and revenue potential.
- The company can explore opportunities to collaborate with other businesses or service providers in the travel industry, offering more comprehensive services and attracting new customers.

Threats:

- Established players in the industry can pose a challenge to the company's ability to attract customers and establish its presence in the market.
- Economic downturns or global events, such as pandemics, can cause a significant decrease in demand for corporate travel, negatively affecting the company's revenue and growth prospects.
- Regulatory changes or travel policy updates can disrupt the company's operations, necessitating significant changes to remain compliant.
- New technological advancements or competitors may make the company's online platform and services outdated or less desirable to customers.

4.2 Market Analysis

4.2.1 Target Market

The target audience for the corporate travel management company, which offers business trip planning and organization services for businesses in Europe and Russia, would be small and medium-sized firms that require assistance in managing their travel arrangements. These companies may lack the resources to handle travel planning in-house and seek a reliable and efficient travel management company to handle their needs.

To reach these companies, the marketing strategy includes targeted advertising campaigns, social media marketing, and content marketing. Networking at industry conferences and events is also a way to connect with potential clients and promote the services.

It is essential to highlight the company's value proposition, including personalized and sustainability-focused travel management services that meet the needs and preferences of clients. The marketing materials emphasize the benefits of the services, such as cost savings, time efficiency, and hassle-free travel planning.

4.2.2 Market Segmentation

Demographic: The target market is small and medium-sized businesses with 50 to 500 employees. The demographic segmentation would focus on factors such as company size, industry, and job title of the decision-makers who have the authority to purchase travel management services for their employees.

Geographic: The company's primary focus is on providing services within Europe and Russia. The geographic segmentation would target companies that have a presence or plan to do business within these regions.

Psychographic: The target market values sustainable and eco-friendly travel practices. The psychographic segmentation would focus on factors such as attitudes, values, and lifestyle choices that align with sustainability.

Behavioral: The target market is looking for personalised and cost-effective travel management solutions. The behavioral segmentation would focus on factors such as usage rate, loyalty, and readiness to try new travel management solutions.

4.2.3 Marketing Mix (4 P's)

Product: The service offers flight and hotel bookings, ground transportation, visa assistance, and 24/7 customer support. The unique selling proposition of the service is its eco-friendly accommodation and transportation options, which sets it apart from competitors in the market and makes it sought after by its target market. The service can be classified as valuable products. This implies that buyers will be considering factors such as cost, quality of services, and the sustainability of the travel options provided.

Price: The company will use a cost-plus pricing strategy for its corporate travel management services. The cost of production will include expenses such as website development and maintenance, customer support, employee salaries, and software licensing fees.

Assuming the company incurs monthly expenses of 10,000 euro, it will add a profit margin of 20 % to determine the final price. Therefore, the minimum monthly cost of the services will be 12,000 euro ($10,000 \times 1.2$).

To determine the pricing of each service, the company will analyze the market rates for similar offerings by competitors and set competitive prices that reflect the value of its services. It will also offer 10 % discount for long-term contracts and loyal customers.

Additionally, the company will use psychological pricing tactics to influence consumer behavior. For example, instead of pricing a service at 50 euro per transaction, it may choose to price it at 49,99 euro to make it seem more affordable and appealing to customers.

The pricing strategy will aim to be competitive, transparent, and value-based, while also considering its production costs and profit margins.

Promotion: The promotional strategy of the company will primarily focus on online marketing through social media advertising, email marketing, and search engine optimization. The company will also participate in travel industry events and conferences to network and promote its services. Referral marketing will also be utilized, where customers can refer the company to their colleagues and receive discounts or incentives for doing so.

Place: The place of the service will be entirely online, with no physical office, and accessible through the company's website. The website will have a user-friendly interface, allowing customers to easily browse and select the services they require. The company will also offer 24/7 customer support through chat and phone.





The marketing mix of the company aims to provide a quality service at a competitive price, setting price at 50 euro per transaction, while differentiating itself from competitors through its sustainable-focused services and transparent pricing strategy. The online platform allows for easy accessibility and convenience for the target market of small and medium-sized businesses with 50 to 500 employees.

4.2.4 **Competitive analysis**

There is a few small and mid-sized European and Russian CTM companies that could be potential competitors:

- 1) **TravelPerk:** Based in Barcelona, Spain, TravelPerk is an all-in-one platform that offers business travel solutions to companies of all sizes. Their services include booking flights, hotels, trains, and rental cars, as well as managing expenses and travel policies.
- 2) **Booking.com for Business:** Booking.com for Business is a separate division of Booking.com that caters to corporate travel needs. Their services include booking accommodations, flights, and rental cars, as well as providing reporting tools and 24/7 support.
- 3) **FCM Travel Solutions:** FCM is a worldwide travel management company that offers an array of business travel services, including hotel and flight reservations, ground transportation, visa support, and customer assistance. Their focus is on providing sustainable and cutting-edge travel solutions to their customers, which has earned them multiple accolades for their corporate travel services. They operate in more than 95 countries, catering to clients in a variety of sectors, such as finance, healthcare, and technology.
- 4) **BCD Travel Russia:** BCD Travel Russia is a subsidiary of BCD Travel, a global corporate travel management company. The company provides a wide range of travel services to its customers in Russia, including flight and hotel bookings, visa support, ground transportation, and meetings and events management.
- 5) **CWT Solutions Group:** CWT Solutions Group is a consulting division of Carlson Wagonlit Travel that provides travel management services to small and mid-sized companies. Their services include travel policy development, expense management, and risk management solutions.

Figure 8 Comparison of Market Competitors

	Pricing Strategy	Marketing Strategy	Customers Reviews
 TravelPerk	free basic plan for small businesses; charges a per-booking fee for additional services; custom pricing plans based on specific needs	combination of content marketing, social media, and search engine; attend industry events and conferences to meet new customers and partners	4.6/5 on Trustpilot (based on 651 reviews)
 Booking.com for Business	same prices as regular; additional reporting tools and support for corporate clients	sponsorships and partnerships with industry organizations; targeted email marketing campaigns and social media	4.5/5 on Trustpilot (based on 1,399 reviews)
 BCD Travel Russia	competitive pricing for their travel services, with discounts available for volume bookings and long-term contracts	targeted email marketing campaigns and social media, focuses on building strong relationships with their clients through personalized service	4.8/5 on Featured Customers (based on 1,095 reviews)
 CWT Solutions Group	custom pricing plans based on the specific needs of their clients, with a focus on providing cost savings and efficiency	content marketing, email marketing, and social media, participation in industry events, offer webinars to establish themselves as experts in the field	4.8/5 on Featured Customers (based on 1,039 reviews)
 FCM Travel	custom pricing plans based on the specific needs	content marketing, email marketing, and social media, participation in industry events and conferences, awards promotion	4.4/5 on Trustpilot (based on 122 reviews)

Source: own

TravelPerk and Booking.com for Business appear to focus on providing a one-stop-shop for business travel needs at competitive prices. This may be attractive to companies looking for a convenient and affordable solution for managing their employees' travel arrangements.

Meanwhile, FCM Travel Solutions and BCD Travel Russia seem to prioritize building strong relationships with their clients by providing personalized service and support. This may appeal to companies that value a high level of customer service and want a partner that can provide tailored solutions to their specific needs.

Finally, CWT Solutions Group appears to differentiate itself by offering cost-saving solutions and positioning itself as a thought leader in the industry. This may be appealing to smaller or mid-sized companies that are looking for cost-effective travel solutions and want to work with a company that has a reputation for expertise in the field.

Overall, these companies cater to different customer needs and preferences and use a variety of tactics to differentiate themselves. Each of these companies has its own strengths and strategies for competing in the business travel market.

5 Results and Discussion

5.1 Statistical Data

The business travel industry is a significant contributor to global tourism spending, accounting for 20% of total tourism spending globally in 2021. Business travellers across the world spent more than 740 billion U.S. dollars in the same year, with China ranking highest in terms of business travel expenditure. In 2020, the Asia Pacific region was the global leader in business tourism spending, with Europe coming in second. Out of the European countries, Germany had the highest value in business tourism spending, with a total expenditure of around 36 billion U.S. dollars.

The market is estimated to increase by 188% by 2028, reaching around 2 trillion U.S. dollars globally. In the years 2022-2030, it is estimated that the global corporate travel industry will grow at an average annual rate of roughly 13.3%. The market is expected to generate revenue of 711.1 billion US dollars in 2021 and 2,997.2 billion US dollars by 2030.

5.2 Industry Analysis

1) **Porter's Five Forces** analysis resulted in low threat of new entrants due to significant barriers and the established market presence of existing players. The bargaining power of suppliers in the business travel industry is high because suppliers have a strong position in negotiating due to their control over essential resources and services. The bargaining power of buyers in the business travel industry is also high since the customers are a crucial source of revenue. The threat of substitutes in the business travel industry is moderate due to rapid development of technologies such as virtual events and videoconference. However, it is very unlikely that online communication will completely replace face-to-face interaction. Rivalry Among Existing Competitors is high as well because the business travel industry is extremely competitive.

2) **PEST analysis** showed the following external factors that affect business activities by either disturbing the processes or helping to optimise them that must be taken into consideration:

- Political factors: government policies and regulations on travel, political instability and safety concerns, and Brexit.
- Economic factors: economic growth and stability, exchange rates and currency fluctuations, trends in corporate travel spending and budgets.
- Social factors: changing travel preferences and habits among business travellers, demographic shifts in the workforce, sustainability, and environmental considerations.
- Technological factors: advances in travel technology, digital communication tools, big data, and analytics.

3) **SWOT analysis** identified external as well as internal factors of the online CTM company as shown in Table 2:

Table 2 SWOT Analysis

Strengths	Weaknesses	Threats	Opportunities
Personalized and sustainable- focused services	Limited brand recognition and market share	Competition from established players	Growing demand for sustainable travel
The online platform	Limited resources and manpower	Economic downturns or global events	The increasing popularity of small and medium-sized businesses
Focusing on small and medium- sized businesses	Lack of physical presence or in- person meetings with clients	Changes in regulations or travel policies	Expansion into other regions or markets
Flexibility and agility in adapting	Dependence on outside funding	Technological advancements	Potential to collaborate with other businesses

Source: Own

5.3 Market Analysis

The target market is small and medium-sized enterprises who need help organizing their travel plans. These businesses might not have the means to make travel arrangements themselves, so they look for a trustworthy and effective travel management company to meet their requirements.

Market Segmentation is defined as follows:

- **Demographic:** the target market is small and medium-sized businesses with 50 to 500 employees.
- **Geographic:** the company's primary focus is on providing services within Europe and Russia.
- **Psychographic:** the target market values sustainable and eco-friendly travel practices.
- **Behavioural:** the target market is looking for personalised and cost-effective travel management solutions.

The marketing mix analysis concluded in the following:

- **Product:** flight and hotel bookings, ground transportation, visa assistance, and 24/7 customer support with a focus on eco-friendly accommodation and transportation options.
- **Price:** use of a cost-plus pricing strategy. The minimum monthly cost of the services is 12,000 euro. A 10% discount for long-term contracts and loyal customers. A pricing for a transaction is determined to be 50 euro.
- **Promotion** online marketing through social media advertising, email marketing, and search engine optimization.
- **Place:** The place is entirely online, with no physical office, and accessible through the company's website.

Competitive analysis discovered that offering a one-stop shop for all business travel requirements at reasonable pricing seems to be the main focus of TravelPerk and Booking.com for Business. This could be appealing to businesses searching for a practical and economical way to manage the travel needs of their staff.

By offering individualized service and assistance, FCM Travel Solutions and BCD Travel Russia appear to place a higher priority on developing long-lasting relationships with their customers. Companies who value excellent customer service and seek a partner who can offer specialized solutions to meet their unique demands may find this to be appealing.

Finally, CWT Solutions Group appears to set itself apart by providing cost-saving solutions and establishing itself as an industry thought leader. Smaller or mid-sized businesses who are looking for affordable travel options and want to partner with a business that has a reputation for subject-matter expertise may find this to be appealing.

6 Conclusion

This bachelor's thesis has explored the topic of corporate tourism from business perspective, with a particular emphasis on sustainability and the alignment of IT within travel management. By this research, it has become clear that the travel and tourism sector contributes greatly to the world economy and that demand is rising from a wide range of stakeholders. But travelling should be considering of its potential for damaging the environment.

Regarding environmental aspect, the thesis has also highlighted the importance of sustainable practices in the tourism industry, particularly for small businesses engaging in the corporate travel management industry. As more and more customers look for sustainable travel options, these firms can not only contribute to environmental preservation but also increase their profitability by incorporating sustainable practices into their business strategies.

The thesis has also emphasized the important part that IT plays in the management of corporate travel as well as the ways in which the firms can use modern technology to improve services and increase efficiencies. The businesses may provide consumers with more value while also optimizing their operations by creating user-friendly platforms and using data analytics.

This thesis has evaluated opportunities and delivered available strategies for launching a company in the corporate travel management industry by conducting a market analyses.

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8.3 List of abbreviations

CTM – Corporate Travel Management
GDP – Gross Domestic Product
IT – Information Technology
PEST – Political, Economic, Sociocultural, and Technological
PESTLE – Political, Economic, Sociocultural, Technological, Environmental and Legal
STEEPLE – Sociocultural, Technological, Economic, Environmental, Political, Legal and Ethical
STEEPLED – Sociocultural, Technological, Economic, Environmental, Political, Legal, Ethical and Demographics
STEER – Sociocultural, Technological, Economic, Environmental, Regulatory factors
SWOT – Strengths, Weaknesses, Opportunities, and Threats
U.S. – United States