EXQUISITE LISBON
Marketing Business Plan

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# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Slide</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Executive Summary</td>
<td>4</td>
</tr>
<tr>
<td>2. Internal and External Analysis</td>
<td></td>
</tr>
<tr>
<td>2.1 Company</td>
<td>6</td>
</tr>
<tr>
<td>2.2 Market</td>
<td>8</td>
</tr>
<tr>
<td>2.3 Customer</td>
<td>10</td>
</tr>
<tr>
<td>2.4 Competition</td>
<td>11</td>
</tr>
<tr>
<td>2.5 Channels</td>
<td>13</td>
</tr>
<tr>
<td>2.6 Porter’s Five Forces</td>
<td>16</td>
</tr>
<tr>
<td>2.7 SWOT Analysis</td>
<td>17</td>
</tr>
<tr>
<td>3. Key Success Factors</td>
<td></td>
</tr>
<tr>
<td>3.1 Opportunity</td>
<td>18</td>
</tr>
<tr>
<td>3.2 Taking Advantage of the Opportunity</td>
<td>19</td>
</tr>
<tr>
<td>4. Marketing Strategies</td>
<td></td>
</tr>
<tr>
<td>4.1 OGSM</td>
<td>21</td>
</tr>
<tr>
<td>4.2 Segmenting, Targeting and Positioning</td>
<td>22</td>
</tr>
<tr>
<td>5. Marketing-Mix</td>
<td></td>
</tr>
<tr>
<td>5.1 Service</td>
<td>23</td>
</tr>
<tr>
<td>5.2 Process</td>
<td>30</td>
</tr>
<tr>
<td>5.3 Physical Evidence</td>
<td>33</td>
</tr>
<tr>
<td>5.4 People</td>
<td>34</td>
</tr>
<tr>
<td>5.5 Distribution Channels</td>
<td>36</td>
</tr>
<tr>
<td>5.5 Promotion</td>
<td>40</td>
</tr>
<tr>
<td>5.6 Pricing</td>
<td>45</td>
</tr>
<tr>
<td>6. Financials, Budgets and Forecasts</td>
<td></td>
</tr>
<tr>
<td>6.1 Financial Results</td>
<td>48</td>
</tr>
<tr>
<td>6.2 Sales Forecast</td>
<td>49</td>
</tr>
<tr>
<td>6.3 Expenses Forecast</td>
<td>51</td>
</tr>
<tr>
<td>6.4 Profit and Losses</td>
<td>54</td>
</tr>
<tr>
<td>7. Controls</td>
<td>57</td>
</tr>
<tr>
<td>References</td>
<td>60</td>
</tr>
<tr>
<td>Appendix</td>
<td>61</td>
</tr>
<tr>
<td>Image/Graph</td>
<td>Location</td>
</tr>
<tr>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>Image 1: Gocar</td>
<td>Slide 6</td>
</tr>
<tr>
<td>Image 2: Annual average growth for the next 10 years</td>
<td>Slide 7</td>
</tr>
<tr>
<td>Image 3: Evolution of the distribution model in the tourism industry</td>
<td>Slide 9</td>
</tr>
<tr>
<td>Image 4: Positioning Map</td>
<td>Slide 12</td>
</tr>
<tr>
<td>Image 5: Tour searching and acquisition channels</td>
<td>Slide 13</td>
</tr>
<tr>
<td>Image 6: Porter’s Five Forces</td>
<td>Slide 16</td>
</tr>
<tr>
<td>Image 7: Opportunity Detail</td>
<td>Slide 18</td>
</tr>
<tr>
<td>Image 8: Brand Identity Prism</td>
<td>Slide 29</td>
</tr>
<tr>
<td>Image 9: – BOOST's organization chart</td>
<td>Slide 34</td>
</tr>
<tr>
<td>Image 10: Service flow for the Internet</td>
<td>Slide 36</td>
</tr>
<tr>
<td>Image 11: Service flow for the intermediaries</td>
<td>Slide 37</td>
</tr>
<tr>
<td>Graph 1: Tourism in Portugal by Emissary Country</td>
<td>Graph 8</td>
</tr>
<tr>
<td>Graph 2: Age Evolution of the Tourism in Portugal</td>
<td>Graph 8</td>
</tr>
<tr>
<td>Graph 3: Average Expenditure (in thousands of Euros) per age segment</td>
<td>Graph 8</td>
</tr>
<tr>
<td>Graph 4: Lodging Preference in Lisbon</td>
<td>Graph 9</td>
</tr>
<tr>
<td>Graph 5: Expenditure in Tourism in Portugal by Country</td>
<td>Slide 9</td>
</tr>
<tr>
<td>Table 1: Service Output Levels Summary</td>
<td>Table 36</td>
</tr>
<tr>
<td>Table 2: Price Menu (without 3 weeks advance in booking discount)</td>
<td>Table 46</td>
</tr>
<tr>
<td>Table 3: Sales by Channel</td>
<td>Table 49</td>
</tr>
<tr>
<td>Table 4: Office Expenses</td>
<td>Table 51</td>
</tr>
<tr>
<td>Table 5: Expenses with Exquisite Lisbon</td>
<td>Table 51</td>
</tr>
<tr>
<td>Table 6: Marketing Investments</td>
<td>Table 51</td>
</tr>
<tr>
<td>Table 7: Operational Costs</td>
<td>Table 52</td>
</tr>
<tr>
<td>Table 8: Trade Promotion Costs Year 2</td>
<td>Table 53</td>
</tr>
<tr>
<td>Table 9: Total Annual Fixed Costs</td>
<td>Table 53</td>
</tr>
<tr>
<td>Table 10: Total Variable Costs</td>
<td>Table 53</td>
</tr>
<tr>
<td>Table 11: Profit by Tour</td>
<td>Table 54</td>
</tr>
<tr>
<td>Table 12: Income Statement (4 year plan)</td>
<td>Table 55</td>
</tr>
</tbody>
</table>
1. **EXECUTIVE SUMMARY**

Exquisite Lisbon is a new service on the touring industry that is going to be launched by BOOST, a company owned by the entrepreneurs who launched the franchise Gocar in Lisbon (which has been extremely successful).

Exquisite Lisbon, a private tour provider, operates in Lisbon and offers the capital, Sintra and Serra da Arrábida as destinations. The concept of these tours varies from those of the competition, on a first glance, on the vehicle used – the mythical Volkswagen Beetles from the beginning of second half of the XX century. However, Exquisite Lisbon aims at offering an experience that goes far beyond its vehicles – a tour where the customer experiences the destinations on dimensions other than the visual.

The opportunity that this service will seize is, very briefly, a hole on the upper end of the market, where most tours are conducted on the same manner – a luxury vehicle (Mercedes Benz Van, in several cases) driven by a sharply dressed guide that stops at touristic attractions and behaves more as a chauffeur. Exquisite Lisbon will provide a traditionally sophisticated experience, thus improving the way that the destinations are experienced by this segment.

We identified four different areas on which the success of this venture most likely depends: the quality of the service provided, both in terms of how attractive our supplementary services are and on the service delivery itself; the people that we use to represent Exquisite Lisbon, namely the guides, who need to be pleasant, good drivers and knowledgeable about the destinations being visited; the communication that will determine the impact that the differentiation of both our core service and our supplementary services produce on the customer; and finally the channels – given that we expect the greatest share of business to come from the intermediaries (Hotels and Travel Agencies) our trade promotion strategies must truly entice them to working with our brand.

In order to guarantee the success for these specific areas, the following steps were taken: marketing research was conducted to evaluate the attractiveness of a list of several service benefits; the ones that scored the highest were chosen to be integrated in the service. The guides will be rewarded above average, so as to ensure that their availability always resides with Exquisite Lisbon. In addition to this we have structured several incentives both financial and behavioural, that should maximize their willingness to do their best for the company. The communication and the channels could not be resolved separately, since many customers will become aware of our service by speaking and having it explained to them by the intermediary’s employees. To solve this situation we deployed several extremely competitive strategies consisting of incentives and events destined to acquire affection from the different channel partners.

Predicting the results from the strategies that we wanted to implement led us to construct a 3 case scenario, where we evaluated the failure of the tactics detailed in this report, the moderate success scenario (which we will use as the reference scenario) and the positive situation scenario.
1. EXECUTIVE SUMMARY

It became clear, from the beginning, that the company benefits from an extremely small initial investment, especially since it received a government subsidy worth 200,000€ due to providing services of interest to the national tourism (destined to BOOST as a whole and not Exquisite Lisbon alone). The fixed costs are not very high and there is a good amount of profit drawn each time a tour is delivered. The company’s cash flows are typical of a smaller company, but there are many positive points going for this entrepreneurial venture, that make us have no doubts as to its success. It is important to take into account that the services described and detailed throughout this report do not account for all of BOOST’s activities, and are in fact just a small part of it. Exquisite Lisbon is only a small part of a bigger picture, in which all of the assets from each of the company’s brands are put together to cater to a very specific segment where returns are considerable – meetings, incentives, congresses and events.

We have some general recommendations that, in our opinion, would make the company benefit beyond the scope of this report. The first, and in our opinion the most relevant, is related to its name – Exquisite Lisbon. While preparing the promotion, and considering both the final customer and the intermediaries, it came to our attention that the name, in spite of sounding good, does not convey the service category nor the core differentiation associated with the vehicle. Our suggestion is, therefore, of a name change, to something inline with the company’s other brands – Lisbon by Beetle, for example, which does not stand far from one of the other service’s provided by BOOST (Lisbon by Segway).

Other than this we believe that it is never too much to stress the importance of the intermediaries, and how they perceive the company. Given that in the report we suggest the hiring of an individual specifically to manage Exquisite Lisbon has a brand, we think that his soft skills should be helpful in establishing an affective commitment with the channel partners. Once enough influence is gained over the channel, and assuming that the service’s quality is on par with our objectives, we cannot really imagine any way for this venture to be unsuccessful or below our objectives.

Information detailing and supporting the data included in this executive summary is depicted throughout the report.
2. INTERNAL AND EXTERNAL ANALYSIS

COMPANY

Our work project, which focuses on the existence of an opportunity to launch a company, will be starting with an analysis and description of the different micro and macro-environmental dimensions that inevitably influenced and impacted the strategic and marketing decisions detailed further in the report.

BOOST – Inovação em Turismo is a recent brand in the tourism industry, created with the purpose of covering other smaller brands that develop distinct activities in the sector. In spite of its recent birth, BOOST is supported by the over two years experience of enormous success that came with the entrepreneur venture of Gocar. Gocars are, as can be seen below, on Image 1, a yellow convertible tricycle for two that emits low levels of CO² and is equipped with an integrated talking GPS that gives a distinct personality to the vehicle, making it whistle, vibrate on a descending street, teach how to speak Portuguese or tell jokes. This technology is licensed and registered for Europe and the United States of America, where Gocar’s franchise cradle is located – San Francisco. Together with the talking features, the cars also have a position locator GPS that directs the tourist to a specific area of interest for non locals or back to the store (via the quickest possible route) if they so wish. The contents of the different routes were developed by licensed tourism guides, allowing for an experience that joins fun, actual learning and tourism for the first time. The service was deemed as revolutionary by the press and declared as being of interest for Tourism in 2008.

BOOST will be used as a means of consolidating the owning entity’s presence in the tourism market, both on the level of individual clients (tourists) and corporate events (Meeting, Incentives, Congresses and Events – MICE), segment in which the company uses the assets of all its different services, which will be described ahead, not only to accommodate the large number of customers typical of such events, but also to enhance their experience. Together with Gocar, BOOST has 4 other brands:

Jogging Tours
Still in development, the service provided by this brand would be guided tours throughout Lisbon while jogging. Jogging Tours are an innovative and fun means of visiting the city, a sporty and healthy approach to tourism.

Lisbon by Segway
Still in development, Lisbon by Segway joins guided tours of Lisbon through GPS with an interpret (pre-defined routes on a map are also available). The Segway is extremely mobile and faster than walking, which allows for more ground covered in a more entertaining fashion.
Also for Lisbon by Segway, a photographic study of different part of Lisbon in last century is being conducted, with the purpose of including it in the tour via digital frames. This particular feature is relevant for the service we are proposing in this report.

**X-wave**

Being the tip of Europe, Portugal boasts an impressive coastline where various types of dedicated activities are developed. X-wave makes use of this geographical feature, by providing a service of surf lessons for tourists, allowing them to truly make use of one Portugal’s best features, the ocean.

Finally, there is **Exquisite Lisbon**, the main focus of this work project. The original plan for this service involves the usage of the mythical convertible Volkswagen Beetles from the XX century, completely restored, for guided tours to Lisbon, Sintra and Serra da Arrábida. Services analogous to this one are available only in a few select cities in Europe (France, Rome or Florence, for example), and in none of them with Beetles. The acquisition of 8 cars is currently predicted, making this a niche service not only in terms of concept but also of size. Private Tours are, in their large majority, conducted in luxurious and large vehicles (Mercedes, for example), and are typically more expensive than regular tours.

Exquisite Lisbon wishes to extend its differentiation beyond the vehicles to the benefits it offers with the core service. This will, however, have the impact of raising the costs, and consequently the price, of the service, as will be detailed further ahead in the report.

**2. INTERNAL AND EXTERNAL ANALYSIS**

**COMPANY**

**Source:** www.turismodeportugal.pt – PENT

BOOST will, due to the wide variety of services in offer, have a positive impact on the strategy that **Instituto Português de Turismo** has planned for the country. From the 10 strategic products selected by the organization for development in order to aid tourism in Portugal (Image 2), BOOST has an impact on 3 of them: Cultural and Paisagistical, City-Break and Business Tourism (detail on each of the strategic products can be found on **PENT – Plano Estratégico Nacional de Turismo**). This made the company eligible for a government subsidy, QREN, worth 200.000€, which it won. This is an important indicator of the potential of the project, and a significant aid for the financial detailing of this venture.

While BOOST will be using the assets from Exquisite Lisbon to perform the activities for the MICE segment, this report will not provide any cover for that situation, since it will not be executed by Exquisite Lisbon alone. Our focus will rest on tourists (individuals) and on creating a service that will be attractive to them, convenient to purchase and effectively communicated, while maintaining its financial feasibility and potential of future development.
2. **INTERNAL AND EXTERNAL ANALYSIS**

**MARKET**

Tourism is one of the key Portuguese economic sectors and Lisbon, being a well positioned capital, naturally boasts one of the biggest markets in the country for this activity, especially during the Summer (sector is highly sensitive to seasonality). Exquisite Lisbon provides tours to Sintra and Serra da Arrábida in addition to Lisbon, however the activity invariably departs from Lisbon.

In 2010 the number of guests that stayed in the capital was of around 3,940,000, with approximately 2/3 of the customers being foreign. The top markets (other than the Portuguese) follow the distribution depicted in Graph 1, (with Spain, Brazil, France Germany and Italy being the countries with the highest emission of business) mostly comprised of Western European countries.

Research suggests that there has been an increase in the age of the typical tourist that travels to Portugal (along with the aging of the European population as a whole), with the most relevant interval being from 40 to 59, as can be seen in Graph 2. In spite of the European crisis, which is affecting countries of UE as a whole, the increase in age from the tourists visiting Lisbon is somewhat responsible for the increases in expenditure that tourism in Portugal is benefiting from; the older the person the more likely it is that he or she has reached a mature position in their professional life, having therefore access to a larger sum of money to spend (Graph 3). Tourism has brought a revenue of 2,505,2 million € on the first semester of 2011 alone, which represents a growth of 14.4% over the homologous period of 2010. In Lisbon tourism is growing at 6.3% per year. Due to the specific services that Exquisite Lisbon will be providing, it is important to mention the particular case of Culture and Paisagistical Tourism and City – Break Tourism, which are expected to have the biggest growth out of all the types of tourism, both in numbers and expenditures.
2. **INTERNAL AND EXTERNAL ANALYSIS**

**MARKET**

The quality of the establishment where a tourist decides to spend his time abroad functions as a reliable predictor in terms of the amount of money he/she is willing to spend. As can be seen in Graph 4, in 2010 the largest number of travellers in Lisbon chose to stay in hotels rather than apartments, hostels, villas or pousadas. 4 star hotels were the most popular choice (1,590,820 guests) followed by 3 star hotels (775,729) and 5 star hotels (617,006). Regarding expenditure patterns in 2010 the information depicts Portugal as a whole (Graph 5), but the numbers will be treated as representative: English tourists seem to be more prone to spending larger amounts of money (1,385,143.000€), followed by the French and the Spanish. There is a Western European predominance in expenditure amounts, as there was in emissary countries (Brazil, however, which featured prominently on the latter list does not appear in the former).

Due to the increasing relevance of the internet, personal customization of travels is on the rise. The channels existing between the customer and the tour operators are diminishing, as per Image 3, with clients opting to survey the offer as a whole for themselves rather than taking counsel by third parties, which is inevitably tainted by partnerships and other conveniences. This practice has, however, some consequences: there is an offer fragmentation and individualistic acting by the tour operators, which, along with the pre-conceived notion that job in Tourism is temporary, (thus causing unqualified hires) can lead to low quality services. The market has, therefore, a necessity for integrated services in companies that offer a prospect of career evolution for its employees.
2. INTERNAL AND EXTERNAL ANALYSIS

CUSTOMER

Understanding what the customers want on a tour and the most common current practices was one of the main reasons that led us to conduct Marketing Research (Appendix A-I). There are several different dimensions associated with a tour, and we attempted at quantifying them in order to understand how to develop the service in the future.

One of the first situations that we became aware of is the sector’s seasonality; being a country with a very large coastline, the possibility to go to the beach is one of the main drivers behind the decision to visit Portugal, and this activity is not passive of being developed during a time of the year other than the mid-late Spring, Summer or early Autumn. According to BOOST’s manager, one of the biggest limitation he faces with the Gocar is the fact that the car is convertible, so if the weather is wetter tours must be suspended. In spite of also being convertible, Exquisite Lisbon’s Beetles have a hood that protects the passengers from bad weather - this gives the service a certain degree of immunity to seasonality, however, from November to April there simply are not as many tourists in the country so sales will inevitably fall.

Throughout this report there will be several mentions to the Marketing Research we conducted. In spite of having stated its limitations on the Appendix, we would like to underline the fact that our sample was not representative due to the small amount of cases. For the tour itself, as we can see on Appendix A-I Graph 7, the large majority of tourists travels either alone or with one more person and without children (Appendix A-I, Graph 8). It is important to be aware that not everyone is willing to go on a private tour – they are, as a rule of thumb, more expensive than group tours and follow a fixed route with a strict schedule, which means that there is little maneuverability to accommodate requests from the customers while visiting destinations. From those who do take them, while most stated that the length of a tour they undertook was of one full day (Appendix A-I, Graph 5), 63,6% believe that liberty to change their minds and be able to decide on what to do and where to go on the moment is an important factor.

In order to be able to make a more effective targeting (further in the report), we attempted at discovering characteristics transversal to the customers that stated to have a high willingness to acquire our service(Appendix A-I, Graph 13) but were unable to do so. According to one of the interviews conducted to an industry expert during the Qualitative portion of the Research aimed at intermediaries:

“*In order to avoid nasty surprises, one must be careful not to overdo targeting in this industry; especially with a service such as this one [referring to Exquisite Lisbon], which is attractive for an unstereotyped niche. Sometimes the only common characteristic that can be taken into account is money availability, since private tours are more expensive than regular tours.*”

Travel Agent (Store Manager), Wide Travel

More information regarding customer’s preferences will appear further in the report, when the benefits associated with the service Exquisite Lisbon will provide are being considered.
2. **Internal and External Analysis**

### Competition

Competition among tour operators in Lisbon is very intense, and there is an incredible amount of companies performing activities in this sector, some with very interesting differentiations. There is lack of information regarding market shares, so success of companies can only be estimated from the years for which they have been operating and by the word of mouth generated from their services (measurable from [www.tripadvisor.com](http://www.tripadvisor.com), for example). Our objective in this portion of the analysis is not to exhaustively determine our main competitors - due to lack of information - but to exemplify the practices of some of the direct competitors as a means of benchmarking.

Lisbon Explorer is a direct competitor to Exquisite Lisbon with a high focus on the learning experience. The private tours are conducted in Mercedes and Volvo vans that can accommodate up to 8 pax. A 4 hour tour for 4 people would cost 121€ per person, and destinations include Sintra and Lisbon, but not Serra da Arrábida. Customizable tours are a possibility.

“We Hate Tourism Tours” is a direct competitor to Exquisite Lisbon, and one with a very strong differentiation: it aims at being as much a tour as an entertainment activity; the guide does not act so much as a guide, trying to appear more of a friend. It lacks, however, on client amenities: tours are 7 hours long and there is a high focus on fun in detriment of learning. The company possesses a UMM car (convertible, fun looking) but only uses it for trips inside Lisbon. Trips have the same destinations as Exquisite Lisbon’s and make an effort to cover typical foods and beverages. A nighttime tour of Lisbon is one of the company’s strong points. A 7 hour trip to Arrábida costs 45€/pax on an 8 seat van.

Inside Lisbon is a direct competitor to Exquisite Lisbon. It provides tours to Sintra, Serra da Arrábida and Lisbon, with both options of spending the whole day or just half a day. Its greatest differentiation factor is, however, the experiences it provides to customers (both in privates and MICE): activities like sunset sailing or dolphin watching are bound to attract the adventurous tourists. They offer a nighttime activity in Lisbon that is set in a typical Fado restaurant. A full day tour costs 70€ per person.
COMPETITION

Tours for You is a direct competitor to Exquisite Lisbon. They are very strongly positioned in the top-end hotels and restaurants, which is a marketing channel that Exquisite Lisbon needs to acquire. Their prices are expensive and much higher than those practiced by the other tour operators: full day tours cost from 165€ per person. Tours include Lisbon, Sintra and Serra da Arrábida.

From the competitors analysis, which, as we have mentioned before, involved more companies than those portrayed in this report due to space, we place the average price for a full day private tour at around 89€. “We Hate Tourism Tours” is an example of a tour with a very low price while “Tours For You” is one of a very highly priced service. Exquisite Lisbon’s price will fall somewhere between the average on the top end, as will be detailed further ahead.

The Positioning Map on Image 4 depicts a broader view of the competition that Exquisite Lisbon faces, both direct and indirect (all means of transport that allow one to reach each destination and visit it on one’s own were considered).

Exquisite Lisbon, marked by the tip of the arrow on the map, offers a highly differentiated vehicle at a higher price, due to the other benefits it wishes to incorporate. Part of our strategy is, as we will detail ahead, to have a strong presence on key marketing channels that are of difficult access for most companies, but that represent a big opportunity in terms of business emission. While “Lisbon Explorer” practices a somewhat differentiated service, we select “Tours For You”, described above, as the biggest competitor due to their exemplary use of the available channels and higher price demanded for service delivery.
2. Internal and External Analysis

Channels

Understanding the consumer in terms of purchasing habits was another of the reasons that led us to conduct Marketing Research, which can be found on Appendix A-I. During the Qualitative portion of the Research that was aimed at tourists, we tried to understand how potential customers became aware of tours and what was their preferred method of purchasing these tours. Quoting some of the interviews:

“I choose the destinations and the activities I will do once I’m there using Lonely Planet [Guidebook for Travellers].”

Female, 27 – German

“When we arrive at the hotel we ask the concierge pamphlets and choose tours from there.”

Female, 65 – Manx

From the research, four distinct means of acquiring information were gathered: Internet, Guidebook, Travel Agency and Hotels. We decided to include Tourism Offices on the Quantitative Survey due to personal experience and fear that it had been omitted from the Exploratory Research due to the its lack of representativeness. From the Quantitative Research we drew the following tour booking behavior (Appendix A-I, Graph 6): 36% prefer the Hotel, 22% prefer the Internet, 21% Travel Agencies, 14% Tourism Offices and 7% use a Guidebook.

Image 5 shows the process of acquiring a tour from each of the mentioned channels. The Guidebook and Tourism Offices can only be used for searching, with the booking of the tour requiring interaction between the tour operator and the final customer. Travel Agencies and Hotels, on the other hand, actively intervene on the purchasing process, in addition to being responsible for providing information on the tour they find most pertinent to satisfy a certain customer’s specific needs. In order to decide on how to act in relation to each channel, we conducted an individual analysis as to understand the inner workings of each.
2. Internal and External Analysis

Channels

The process that allows a tour operator to feature on each of the channels that communicate the activities is distinct.

Internet
The internet, being a means where anyone can upload whatever information they desire, is a channel in which a company can easily create space for its brand. As we have mentioned above (according to Image 3), it is also gaining relevance in detriment of the other channels. According to our Qualitative Research, users use the Internet in order to have access to a wider range of options and, based on descriptions and reviews from other users, acquire the service of their choice by their own means (most frequently with a credit card, or some other form of online payment).

The main advantages of the Internet are its reach in terms of potential customers associated with low expenses. It does, however, also have a space for most of our competitors, and potential customers can acquire their information and final service with as much simplicity as they can acquire ours. Google Adwords is probably the most reliable way of counterbalancing the initial knowledge necessary about a brand to find it on the internet, but they are also used by the competition. Once the service gains momentum from the satisfaction it provides to its clients on tours and word of mouth starts getting around in the form of web reviews the brand is at its full potential online, since its presence on generic websites used by travellers increases like a snowball.

Guidebook
Being a source of general information regarding destinations for traveller, a guidebook is only as good as the advices it gives. One cannot feature in a means until it proves its worth, and even then, it will be the writer’s choice to include the service or not. It is, undoubtedly, a valuable channel for communicating tours, and, being dependent on word of mouth, the only way to appear in it is by satisfying customers and meet their expectations on every level. On the short term it is inaccessible for Exquisite Lisbon, however in the medium-term it would provide a robust and cheap support to the company’s communication and reputation.

Tourism Office
Spread across the most relevant touristic points of any given city (with enough dimension or touristic relevance), tourism points are government owned facilities with the purpose of aiding travellers in need of information.

The two remaining channels were a part of our Qualitative Research due to interacting with customers on several levels while they are engaged in the process of acquiring a tour – we consider them to be, together with Internet, the most relevant marketing channels for the service we are building, and one of they key points for the success of the venture.
2. INTERNAL AND EXTERNAL ANALYSIS

CHANNELS

Intermediaries
The channels that mediate the relationship between tour operators and the final customer provide a higher service level than channels forcing direct contact prior to the tour taking, since many of the outputs are more convenient and some of the service flows handled by the intermediary.

The management of channel flows is homologous for all intermediaries, and it makes the process particularly easier for customers in the Ordering and Payment flow. For the former flow, the intermediaries will be responsible for contacting the tour operator (supporting those costs themselves) and communicate the customer’s preferences in terms of dates, hours and other eventual specifications. Payment between intermediaries and tour operators is usually closed every 30 days, and the bill presented to the final customer will be included in other expenses (hotel or trip complete bill), thus allowing him to make one single big payment rather than smaller but more frequent payments. Each intermediary channel has, however, its own characteristics regarding service outputs, thus requiring an individual analysis.

Hotel
The highest benefit that a hotel as over any other channel for tour booking is its Spatial Convenience. All a customer needs to do is approach the reception (in some cases a devoted desk is created for tour clarifications) and express his/her desire to undergo a tour in order to visit a certain destination. Some possibilities are then offered (through pamphlets, more frequently than not ) and all the customer needs to do is choose, say the destination, the day and time. Waiting time is also reduced and very beneficial; as we concluded from the Behaviour Sequence Model (Appendix B, Table 1) two distinct types of customers book tours in two different ways: the planners, who take care of everything travel related a considerable amount of time prior to the tour and the impulse acquireers, who only deal with certain details as close to the execution date as possible. The Hotel is particularly useful for this latter group, since they book the tour a few days prior to the event itself tops, instead of the weeks or even months typical of other channels. Assortment and Variety will also be considerably smaller (especially when comparing with the internet) since the hotels will only provide tours from operators present in their portfolio of partnerships. These partnerships require the payment of commissions to the hotel (the concierge, in most cases) via a percentage of the price from on each sold tour, but this situation will be further detailed ahead.

Travel Agency
Travel Agency has a considerably smaller convenience than hotels on Spatial Convenience, in spite of the possibility to interact via telephone or email. Waiting Time is also considerably increased, since the acquisition of the tour is done at the same time the other travel related acquisitions (plane ticket, hotel) are purchased. Assortment and Variety behaves as it does for hotels, with the other service outputs being relatively equal among all the channels, intermediated or not.

Strategies regarding the Marketing Channels will addressed with further detail later in the report.
Threat of Potential Entrants
The offer is already varied and reputation acquisition is a very important precursor to growth and one very hard to acquire; the threat is low.

Supplier Power
Company does not depend on any specific or scarce product to operate, therefore the supplier power is low.

Competitive Rivalry
Innumerous companies in the market offer different touring possibilities and have special agreements with intermediaries.

Buyer Power
Final consumers and intermediaries have a very high bargaining power.

Threat of Substitutes
While no competitor offers our exact service all of them have the same core service. The threat is high.

2. \textbf{INTERNAL AND EXTERNAL ANALYSIS}

\textbf{PORTER’S FIVE FORCES}

Image 6 – Porter’s Five Forces
2. INTERNAL AND EXTERNAL ANALYSIS

SWOT ANALYSIS

Strengths

• New service with high differentiation from a company that already has considerable experience on the sector

• Marketing Research will allow a choice of benefits that really entice the customer, thus allowing for a higher price

• BOOST has been considered of interest to tourism and was given a subsidy to support the investment

• Hooded vehicle will allow for a certain immunity to the seasonality typical of the tourism sector

Weaknesses

• Small and starting company can only count on small budget for service launching and expenses

• Cars are small and may be somewhat uncomfortable (especially if full)

Opportunities

• Unexplored segment (differentiated car for affluent customers)

• Tourism in Portugal is growing both in terms of number of tourists and expenditure per tourist

• Cross selling in services of Gocar and Lisbon by Segway

Threats

• Very competitive sector, and low barriers to imitate our service for established companies

• Strong presence in intermediaries may prove difficult to establish

• Repair costs are hard to calculate and can be higher than expected
3. Key Success Factors

Opportunity

1. Service Quality
   - Strong differentiation
   - Maximize value associated with benefits

2. People
   - Guides match expected service quality
   - Intervenients prepared for acquisition process

3. Communication
   - Effectively convey differentiation
   - Effectively convey benefits

4. Channels
   - Strong Presence
   - Engage Intermediaries

Successive integration of different aspects from service creation, successfully translated to service provision
3. KEY SUCCESS FACTORS

TAking ADVANTAGE OF THE OPPORTUNITY

Deciding to pursue the opportunity identified by an experienced manager in the touring sector is only the first step in the process of turning Exquisite Lisbon into a profitable venture. We identified some key elements on which the success or failure of the brand hangs:

Service Quality
Service Quality begins with the differentiation and the benefits that will be offered. In order to create an appealing service the benefits we include in the service provision must add value to the perception the final customer has of our offer. The Marketing Research (Appendix A-I) we conducted took this into account, and allowed us to evaluate all the different possibilities we had considered. This will be detailed further in the report.

Service quality does not, however, end with the service design. It must be present in the service delivery, as well, in order to allow Exquisite Lisbon to keep its competitiveness. In this business, as in so many others, bad word of mouth spreading online would lead to severe decrease in sales.

People
Guides are always an aspect of paramount importance in the enjoyment and fruitfulness of undergoing a tour. They are the main point of contact between the company and the customer, the main responsible for relaying the historical and cultural information and entertaining the tourists.

In private tours guides’ responsibilities are amplified further: first and foremost they are the drivers, and need to perform this task comfortable and responsibly. Other than that, our pool of guides needs to have fluency in many different languages (from Western European Countries and Russian). Exquisite Lisbon will be paying above average in order to ensure the best guides possible.

Guides will not, however, be the only collaborators contacting with our customers. The employee responsible for booking the tours, who deals with emails and phone calls, for example, also needs to be polite and helpful. Outside our company there are the intermediaries, who will contact with the customers in name of the company as well, which means that, for all purposes, they will represent Exquisite Lisbon. It is important to make sure that those involved in communicating our experience are inline with the expectations we strive to meet; we believe that this is manageable with a careful analysis and choice of the establishments we target to be our intermediaries.

Communication
Our communication needs to effectively convey the characteristics that set Exquisite Lisbon apart from the rest of the competition: it is mandatory that Exquisite Lisbon reaches potential consumers at the point-of-entry, meaning that it must be present during the contact between potential customers and the intermediaries. In order to attract them, not only does the quality of the service need to be enticing, but the communication effective as well. This gives our intermediaries a certain degree of power, since in some cases the only way that Exquisite Lisbon has of reaching the clients’ awareness is this third parties’ initiative.
3. KEY SUCCESS FACTORS

TAking ADVANTAGE of THE OPPORTUNITY

Marketing Channels
Communication will not be directed to the final customers alone. The service needs, first, to be sold to the intermediaries, a process that needs to be conducted by a dedicated sales team. While the company is still launching itself this process will be very hard, since the brand has no brand awareness or customer feedback from which to draw momentum. It does, however, have a sister brand named Gocar that has already been awarded several times and proved its worth in the industry. Capitalizing on this reputation should prove helpful in convincing intermediaries of the potential of this project. Exquisite Lisbon needs, however, to extend the efforts well beyond the point of entry on the hotel’s and travel agencies’ tour portfolio. A relationship needs to be created and maintained, as do the incentives that make the employees from the collaborating enterprise refer our company to clients. Needless to say this is also practiced by the competition, which adds further strain to our efforts to also be different in the intermediary’s eyes.

The steps taken to cover the needs in this specific points are the focus of the rest of the report, as is the exposition and preparation of the service as a holistic and complete offer.

Starting with the service design and provision, the issues we identified as ultimately having more weight on the success of Exquisite Lisbon are those that involve the customer directly. It is important that what the company is and what it offers is clear and easily understandable against that which the competition offers. Before this, however, comes the creation of awareness about the company, highly dependent on intermediaries, hence the vertical integration of the priorities.
### Objectives, Goals, Strategies and Measurements

<table>
<thead>
<tr>
<th>Objective</th>
<th>Goal</th>
<th>Strategy</th>
<th>Action Plan</th>
<th>Measurements</th>
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<tbody>
<tr>
<td><strong>Objective</strong></td>
<td><strong>Become the leader in niche tour experiences</strong></td>
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<td><strong>Marketing Objectives:</strong></td>
<td>Achieve 198.700€ of revenues on the first year of sales</td>
<td>From the benefits we are considering (iPad photographic slideshow, food treats, among other, all detailed on the service section of this report)</td>
<td>Evaluate and compare the different service benefit in terms of preference</td>
<td><strong>Quantitative Marketing Research</strong></td>
</tr>
<tr>
<td>Achieve 300.000€ of revenues on the second year of sales</td>
<td>Start small and expand slowly if the level of sales allow it</td>
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<td>Evaluate Customer Satisfaction</td>
<td><strong>Customer Based Brand Equity</strong></td>
</tr>
<tr>
<td><strong>Financial Objectives</strong></td>
<td>Have a 5 year NPV of 235.000€</td>
<td>Aggressive partner promotion program (communication to end consumer is, to a large extent, dependent on this strategy)</td>
<td>8 vehicles in the beginning and small staff (guides and management) with shared offices</td>
<td><strong>ROI</strong></td>
</tr>
<tr>
<td>Have the initial investment returned after 1 year and a half of sales</td>
<td>Staff associated with the service delivery itself (tour) will be generously compensated to ensure quality</td>
<td>Free trial tours and Sales Contest Events as annual incentive; intermediary relationship management meetings</td>
<td>Competitive commissions and profit margins to intermediaries</td>
<td><strong>NPV</strong></td>
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<td></td>
<td><strong>Evaluate Customer Satisfaction and Guide Efficiency</strong></td>
<td><strong>Number of intermediaries</strong></td>
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<td><strong>Sales per intermediary</strong></td>
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<td><strong>Marketing Dashboards</strong></td>
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<td><strong>Customer Pick Up and Drop Off Times</strong></td>
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SEGMENTING, TARGETING AND POSITIONING

A tour operator located in Lisbon can, as a rule, only sell its product to tourists staying in Lisbon, a market which comprises Portuguese tourists and foreign tourists (geographic variable). These tourists will be accommodated on different premises, which can be divided in hotels, hostels, pousadas, villas or apartments – as we mentioned in the internal and external analysis section of the report, the accommodation chosen by any given tourist is an indicator of the amount of money he/she has to spend during the holidays in Portugal. We then have, as defined by Instituto Português de Turismo, 10 strategic products defined by the Portuguese Tourism Industry, which represent 10 different reasons for travelling to the country:

- Gastronomy and Wines
- Golf
- Nautical Tourism
- Health and Wellness
- Nature Tourism
- Meetings and Congresses
- City Break
- Cultural and Landscape Tourism
- Sun and Beach
- Residential Tourism

From these broad segments we want to target foreign tourists from Western European countries: France, UK, Spain and Germany, due to being those that come to the country in higher amounts. We are mainly interested in tourists staying at top-end hotels (4 and 5 stars), since they are more likely to have the amount of money necessary to undergo a private tour (which, as we have already mentioned, are more expensive than regular tours). We are targeting the A and B classes. In terms of reason for travelling, they are abroad for city-break or cultural and paisagistical tourism, in order to enjoy themselves and spend some time away from their hometown. From inside these narrow segments, we expect Exquisite Lisbon’s typical customer to be male, due to the higher likelihood to have an affinity with cars that is characteristic to the gender. From the qualitative research, it became our opinion that the Beetle triggers an emotional reaction in certain individuals, who either associate it to their childhood or regard it as a mythical means of transport. For these motives, we place the age of the male customer more prone to bring his travel companions to our service from 30 to 50 years old (old enough to know and remember the car but not so old as wanting to reject the idea of trading the comfort of a Mercedes van, typical of private tours, for a Volkswagen Beetle).

So, to summarize, our target customer will be male, from 30 to 50 years of age, who comes from the Western Europe, is travelling with company and belonging to the A or B socio-economical groups, being abroad for leisure.

Positioning Statement
For the reasons described above, and some others that will become clearer during the Service Exposition further in the report, we propose the following positioning statement:

For tourists with higher affluence or a passion for old cars, Exquisite Lisbon is a tour on classic vehicles that offers a uniquely trendy and customizable experience of being immersed in the local culture via location, image and flavors, thus creating a memory that will be a pleasure to remember.
As we have mentioned earlier, the company that is going to launch Exquisite Lisbon entered the Portuguese tourism sector with a franchise imported from San Francisco, Gocar. The name under which the company was registered was MVMS, Lda. and it operated with Gocar as the only brand. The huge success of that service led to the expansion of the company, under a name more appropriate for the sector, BOOST.

Exquisite Lisbon is a part of BOOST, which, as we have already mentioned, also owns Gocar, Lisbon by Segway, X-Wave and Jogging Tours. The architecture that best suits this situation is Endorsing Brand Strategy. It is a branding strategy that capitalizes on existing brand names, where each service has its own unique name. Thus, all sub-brands are linked to BOOST by means of verbal or visual endorsement. BOOST lends its reputation to the diversity of brands it endorses while still allowing them to have their own place.

BOOST acts as the guarantor of the high quality of the services, capitalizing, on the short term, on Gocar’s success until the other brands reach a state of reputability for themselves – this is a relatively cheap means of giving substance to the brand’s name. It also allows for a considerable freedom of movement in spite of the irrevocable association to BOOST and its other services.

Additionally, Exquisite Lisbon is a variant of the endorser strategy, that is Token Endorsement Strategy, reflecting the widest separation from a parent brand. Here, the master brand (BOOST) is involved in several product-market contexts, which is substantially less prominent than the endorsed brands. The token endorser simply lends a logo to provide the endorsement benefit. Although, the reason the token endorser takes a less prominent role is to allow the endorsed brand enough distance to develop on its own.
Exquisite Lisbon – Core Service

A private tour is scheduled by a customer when there is a destination that he or she wishes to visit with counseling and explanations from a guide and little interference from other tourists. Being a tour operator Exquisite Lisbon’s core service must address that need. Using Volkswagen Beetles from the beginning of the 2nd half of the XX century, a guided tour will be conducted in Lisbon, Sintra or Serra da Arrábida, and each car will have a different colour and personality, associated with different kings of Portugal. Guides will pick the tourists up at the hotel they are staying at and drop them off there as well. The tours can have different lengths, with pre-created packages lasting Half a Day (4 hours) or a Full Day (8 hours), however, the customer has the liberty to create a customized tour of its own duration. The possibility of customization is extended beyond the duration to include what is visited in each location; if the customer so chooses he or she can tailor the trip he/she will be having with Exquisite Lisbon completely, the only demand is one week of advance in order for the company to organize the tour and return the plan to the customer with the price. Tours during the night are available as well, per request. Each destination has a different set of museums, natural and cultural landmarks, restaurants, among others; our pre-made tour packages will include a fixed combination of these, since we expect that a large amount of users to not resort to the customization (as per Graph 11 from Appendix A-I, 63,6% state that possibility to customize is very important). However, we want the tour with the pre-made package to also be able to accommodate the customer’s desire mid-tour, so our guides will be instructed to yield to requests that are made to them. This may cause some tours to somewhat extend themselves over the estimated 4 or 8 hours, but it is the company’s policy not to ask remuneration for this if it does not surpass 1 hour; it is our belief that the money that is being spent in this situations will be returned in the form of Word of Mouth and result in positive reviews and higher customer satisfaction. This aspect will not be communicated to the tourist in order to avoid excesses.

A measurement of the most important stops to include in our tour packages was included in the Marketing Research, with the data depicted in Graph 9 from Appendix A-I. The information was only representative for Lisbon, due to the small amount of answers pertaining to the other locations – Museums and Cultural Landmarks scored as being the most important, followed by Restaurants, Natural Landmarks and Stores. The construction of the packages took this into account, however this answer was not generalizable to the other destinations. In Sintra there are many more Natural Landmarks to sightsee than in Lisbon, and in Serra da Arrábida museums do not exist. The packages that we are communicating have the possibility to include all expenses of the tour (museums or other admittance fees on a first level and restaurants on a second level, but this information will be detailed later in this section of the marketing plan) or leave all for the customer to acquire and pay on arrival if he so desires. If the customer decides to include the restaurant, we selected three awarded establishments, for each location: “Bica do Sapato” in Lisbon, “Estalagem de Colares” in Sintra and “O Azeitão” in Serra da Arrábida. A detailed description of the tour packages features further in the report.
Supplementary Services
While analyzing the internal and external environment it became immediately clear that, in order to be competitive, the service had to extend its differentiation beyond the type of cars used to conduct the others. From the Qualitative phase of the Marketing Research we determined some characteristics that influenced the perception of the value that the customer had of the service, and the preference for each was measured on the Quantitative Research.

From meetings with the company's manager, we identified two distinct areas where benefits could be created: the environment and the enhancement of the contact that the tourist has with the local culture. The environment came up as an issue due to the age of the vehicles; they are far more pollutant than any car currently in production, and this could draw potential customers away. As a means of counterbalancing this effect to different benefits were created:

- The company purchasing the CO₂ it emits during the tours
- Offering the customer the possibility to plant a tree with his/her name engraved on it on one of the destinations, thus helping the environment and leaving his/her mark for posterity.

For contact with the local culture, 3 benefits were planned:
- An iPad slideshow with a photographic demonstration of the evolution of the destinations during the XX century. This addition would use the information collected for another of BOOST’s brand, Lisbon by Segway. For Sintra and Serra da Arrábida the photographic study would need to be conducted from the beginning.
- A “picnic” during a small pause on each destination, consisting on a few typical Portuguese appetizers and a glass of wine.
- An edible treat typical from the destination being visited.

Against our expectations, the benefits associated with environment preservation scored the lowest. The culture approximation possibilities were, however, well received, which led us to forego the first two hypothesis and proceed only with the latter three.

The iPad photographic slideshow, in addition to providing the historical background has the advantage of the existence of one iPad on each car, a sought after gadget that will entertain many a customers beyond the experience of the tour. The picnic will consist on bread, cheese, “chouriço” and wine, while sweet treats will vary according to the destination: “Pasteis de Belém” in Lisbon, “Queijadas” or “Travesseiros” in Sintra and “Tortas de Azeitão” in Serra da Arrábida.
**5. MARKETING MIX**

**SERVICE**

**LISBON**

**Half Day (4 Hours)**

In this tour we will start by taking the tourists through Avenida da Liberdade, one of the most famous and typical avenues in Lisbon, where a quick stop for shopping can be done. After that we will drive them to Castelo de São Jorge, passing by Alfama. Then we will go to Belém, where they will enjoy a picnic with small treats, including the Pastel de Belém. The tour will end with a visit to Torre de Belém, Mosteiro dos Jerónimos and Padrão dos Descobrimentos.

**Full Day (8 Hours)**

Tourists will start their tour visiting Avenida da Liberdade one of the most famous and typical avenues in Lisbon and also the traditional commercial area of the city, Chiado. After, we will take them to visit Castelo de São Jorge, including Alfama. Afterwards they will go to Belém, where they will enjoy a picnic with small treats, including the famous Pastel de Belém and the tour will end with a visit to Torre de Belém, Mosteiro dos Jerónimos and Padrão dos Descobrimentos. Lunch will be at Bica do Sapato and afterwards they will visit Expo 98 and Oceanarium. Lastly they will visit the Calouste Gulbenkian museum.

**SERRA DA ARRÁBIDA**

**Half Day (4 Hours)**

The first stop will be at Sesimbra, an enjoyable city much less urban than Lisbon. After this we will drive along the mountains of the Arrábida Natural Park (500m peak) and take a break with some treats (Moscatel tasting and cheese). Then off to Azeitão, where tourists can try the famous Tortas de Azeitão. Finally, the last stop will be at the Castelo Palmela, where tourists can take remarkable photos. Return to Lisbon will be through Ponte 25 de Abril and then enjoy the last sightseeing of Lisbon and Cristo Rei Statue.

**Full Day (8 Hours)**

Tourists will leave Lisbon through Ponte Vasco da Gama (the longest in Europe), and our first stop will be at Castelo de Setúbal. Then we will drive along the mountains of the Arrábida Natural Park (500m peak) and enjoy a relaxing break where they can try the famous Tortas de Azeitão and then it’s time to have lunch at the restaurant Azeitão. After lunch we will go to Sesimbra and Cabo de Espichel where they can admire the notable cliffs. Afterwards they will stop at Castelo de Palmela, to take a break with some treats (Moscatel tasting and cheese) and the last visit will be to Cristo Rei. Return to Lisbon will be through Ponte 25 de Abril where Lisbon can be seen from a beautiful vantage point.

**SINTRA**

**Half Day (4 Hours)**

The tour will start with a small walk through Pena Park and then on to the Pena Palace. Afterwards, they will go to the historical center, where time will be used to take a walk and eat the famous Queijadas de Sintra or Travesseiros. Finally they will visit Quinta da Regaleira. The return will be through the Marginal Avenue, where an amazing view of the beaches can be enjoyed.

**Full Day (8 Hours)**

The tour will start with a small walk through Pena Park and then a visit to the Pena Palace. After this it is time for a break to taste some wine and cheese. Afterwards, they’ll go to the historical center, where they will have time to take a walk and eat the famous Queijadas de Sintra or Travesseiros and see Sintra National Palace. Then we will drive them to Sintra Natural Park, passing through Quinta da Regaleira, Seteais and Monserrate. After these places they will have a nice lunch break in one of the many traditional restaurants, Estalagem de Colares and after lunch the guide will drive the tourists to Cascais, stopping at the westernmost point of continental Europe Cabo da Roca, to take a break with some treats. Afterwards they will be driven to the dunes of Guincho beach. From Cascais, where they will take a walk around the center, they’ll go to Lisbon, through Marginal, where they can enjoy an amazing view of the beaches.
Facilitating Supplementary Services
There are several additional services that need to be provided in order to facilitate the acquisition and usage of Exquisite Lisbon’s offer for the customer.

Information
Details regarding schedules (half day or full day), destinations (Sintra, Serra da Arrábida or Lisbon), packages (pre-made or customized, with specific activities at the destiny), preferred car and the different prices. These will all be available on the website, on flyers at the intermediaries (who provide information themselves) and upon direct contact with the company. The information provision is much more customer-friendly when provided through an intermediary, in spite of also being completely present on the online channel.

Order-Taking
Order entry (information request and booking) through e-mail, phone, web-order or from the intermediary (hotel, travel agency and tourism office). Payment is made (before or after the tour, depending on the intermediary) and the car and guide will be waiting for the customer at the agreed meeting point and time. The key objective is the minimization of time and effort required for both parties, while also ensuring completeness and accuracy. On arrival, customers just need to show the ID and provide the guide with the confirmation receipt. This service is, once again, different among channels. If a customer is acquiring the tour through an intermediary, it will be that agent’s responsibility to coordinate the details with our company, thus increasing the customers’ well being.

Payment
Needs to be as easy and convenient as possible. If the order is made on the Internet, it will be charged on a credit card. Through Hotels or Travel Agencies, the payment will be settled between customer and intermediary and include all of the activities developed with that intermediary, thus reducing the number of payments for the final customer. The intermediaries will pay to Exquisite Lisbon later; we are currently planning to receive the payments on a 30 days period.

Billing
Self-billing when customers make the orders themselves (online) and authorize payments via credit, which is self-billing. Billing via intermediaries when using them: Exquisite Lisbon tours bill will be paid along with the whole trip package to customers (e.g. Hotel bill, extra services that customers used, touring services or in case of Travel Agencies will be a bill with planes, hotels, transfers and touring services).

Enhancing Supplementary Services
Consultation
Customized tours demand availability to meet customer requirements. Counseling will be given regarding all the information and activities that the customer asks for or suggests himself.
5. Marketing Mix

Service

Hospitality
Guides and company employees in general need to demonstrate nothing short of courtesy and consideration for customers on all interactions. Nice, warm and welcoming guides who speak the customer’s language should help putting them at ease. The inclusions of typical food, beverages and treats ensures that they feel welcome while encouraging them to sample our culture. It is also important to make sure that the intermediaries’ employees act according to the brand’s guidelines when advising or selling the service.

Safekeeping
The company takes full responsibility for personal belongings left in the car during the tour.

Exceptions
Anticipation allows for preparation, and our employees cannot seem unable or unprepared to deal with irregular or uncommon situations:

- **Special Requests** - medical needs and personal disabilities, are not regarded as problems, but it is advisable to let the company know in advance in case of motor disabilities.

- **Problem Solving** - sometimes normal service delivery fails (delay, accidents, breakdowns in cars). In case of accidents or breakdowns in cars we immediately change to another Beetle (if it’s available) or call a taxi. In case of delays, we will be the first to report to the clients (via mobile or intermediary).

- **Handling complaints or suggestions** - it needs to be easy for customers to express dissatisfaction and offer suggestions for improvements. If they have any complaint they can write it on the complaint book or talk with one of the managers of Exquisite Lisbon, while a general satisfaction query will be asked after the end of the tour. For suggestions we have a book in the car where they can write.

- **Restitution** - compensation for possible failures. These are guaranteed in case of valid complaints or due to eventual problems that may affect Exquisite Lisbon.

Source: Marketing Research and Services Marketing, People Technology and Strategy (number 3 in references)
5. MARKETING MIX

SERVICE - BRAND IDENTITY

Sources: O Mundo das Marcas (number 4 in references); Service Management and Marketing (number 5 in references); The New Strategic Brand Management (number 6 in references)

PICTURE OF SENDER

Physique
Volkswagen Beetle
Colourful

Personality
Male
Pleasant
Appreciates the modern but values the traditional

Relationship
To provide a unique experience and leave a sense of discovery and enjoyment in the memory.

CULTURE

European from Portugal,
sophisticated, unique and trendy.
Respectful and thankful

Self-Image
I am classic;
I am unique;
I am sophisticated but traditional.

INTERNALIZATION

Reflexion
Male, 30 to 50 years of age and Western European. High affluence and an interest on classic vehicles

EXTERNALIZATION

PICTURE OF RECIPIENT

Image 8 – Brand Identity Prism
First Contact from Customer/Information Request

Back Office will give support to the tourists (or intermediaries), providing all the necessary information regarding prices, length of tours, places to visit, restaurants and any other data pertinent to tour provision.

Tour Booking

Tours can be booked by e-mail, telephone, web-order or through the Intermediaries (Hotels and Travel Agency). Once again, it will be the back office that will deal with the customers, helping them (or the channels) book the tour. The tourists will choose the car that they want, according to their theme and colour of preference, and the back office will see if it is available for the day that they pick; tickets for the museums and other places that they want to visit will also be handled by the back office, as is the restaurant at the destination, if a full day tour is chosen (and the meal included in the service, option which will be detailed ahead). In case of the customized tours the back office will also have to budget the tour.

Guide is chosen according to customer language and contacted

The Back Office contacts the guide and checks for availability on the specific day requested by the customer; if unavailable, another guide is chose. Back Office will also explain the tour that customers want to make and mention special details, if any were agreed upon.

On the date guide picks car up from garage

Starting at the store to pick up the keys, the guide will pick up the car from the garage with a scooter. After picking up the car, the guide will go to the shop again to take, the food and other necessary items with him, which had already been previously acquired. In case of any delay, the tourists will be warned in advance and will have a waiting room (at the hotel) where we send a drink to, in order to compensate for the waiting time.
5. MARKETING MIX

PROCESS — DURING THE TOUR

Guide picks up customer from meeting point

Front Office, where it will be our guides that represent Exquisite Lisbon. They will deal with the tourists, since they will drive them to the destination. Guide will meet the tourists at the meeting point (the most common should be the Hotel, but if they prefer, guide can pick them up on other place). Before they start the tours, guide will leave the car and warmly greet our customers to make them feel comfortable and welcome.

Tour

As we said before, during the tour we will offer our customers typical dishes (varying according to the place that customers choose to visit) and a picnic (we choose a place with a beautiful view in which we will offer our customers a picnic with typical dishes: a bottle of wine and bread with cheese) and the car will be equipped with a Photo slideshow on iPad. During the tour we can face different problems, such as Rain or mechanical problems with the cars, since they are old. To mitigate this type of problems, in case of raining, we will do the picnic in a covered place (instead of having it waiting for the tourist upon his/her return from a museum or another landmark). In such a situation the hood will obviously by pulled up. Umbrellas will also be available for our tourists, when they leave the car to visit some place. In case of any problems with the car (such as, a tire puncture or an engine failure), there are two possible solutions: the first one and most convenient is getting another beetle (if we have one available) and the second is calling a cab to pick up the tourists. While in the former situation a partial refund may be due, in the latter it will be mandatory that Exquisite Lisbon provides a full refund.

Tour ends return to Lisbon center

When the tour is near the end, we will notify our customers that the tour its almost ending, probably before the last place that they will visit. In case of delays, or if they want to stay a little longer, we will accept the request and abide, since this is a sign that they are really enjoying the tour, and an effort from our side that expect will pay off in word of mouth.
After the tour and before the customers leave our guide (best before arrival) the customers will be given a questionnaire to evaluate Consumer Based Brand Equity and Satisfaction (more details in the Controls).

Guide will leave the customers at the dropping point or another (sensible) place of their choice. Guide will express gratitude for the choice of tour that was made and mention BOOSTs other brands (in a non intrusive or obnoxious way), in an attempt to cross sell.

After leaving the customers, guide will leave the car at the garage and return to the shop with the scooter that he used to pick up the beetle.
5. Marketing Mix

Physical Evidence

The physical evidence is the first actual contact that the customer has with Exquisite Lisbon, so the elements that will mark the first impressions needs to be flawlessly arranged. The car, being the most important aspect, needs to be spotless clean, looking comfortable and fully prepared for the tour (food treats tucked away and gas tank full). The guide needs to be polite in manners and appearance – properly dressed (as classically as the vehicle being driven - Khaki pants and a polo with Exquisite Lisbon’s Logo on it) and friendly looking. When booking the tour the customers choose the vehicle according to its colour and personality, so these characteristics are included in the physical evidence.

Red – D. Afonso VI, The Victorious
If you think he’s a winner now imagine him 20 years ago with an “eat my dust” expression in his eyes that no one could resist! Well this one, he’s like wine, he gets better and better every day.

Beige – D. Afonso Henriques, The Conquerer
Having already conquered Lisbon, D. Afonso Henriques will melt female tourist’s hearts.

Black – D. Sebastiao, The Desired King
Everyone wants a ride with but very few get it, since he’s always busy showing tourists all the palaces and castles he would have owned if only he had been king longer...

Yellow – D. Joao II, The Perfect Prince
Don’t mistake him with D. Joao I (or Dom Juan for that matter) this guy’s a perfect gentleman so if you’re trying to impress your girlfriend or wife... try harder when you’re around him.

Green – D. Pedro II, The Peaceful King
As if in a beautiful landscape by Monet enjoying the sun and the view, the gentle purr that comes from the engine elevates you into a peaceful bliss as you enjoy Portugal’s marvelous weather. Relax and enjoy the ride.

White – D. Joao I, The King of Good Memory
You can’t get lost with this guy! He knows the streets by heart and would love to take you with him...

Blue – D. Jose I, The Reformer
Watch out for this one... he likes to set the rules straight and he is ruthless in obeying schedules and pit stops. If checkpoint is at nine to five the engine will be turning off on time for a delicious snack.

Pink – D. Luis, The Popular King
Ok, looks aren’t everything but he sure makes an impression standing out of the classy (not oldies) group. His fashionable attire screams a modern personality and if you don’t want to take it slow catch a ride with this one.
The most relevant group of employees for Exquisite Lisbon’s Service are the guides, since in addition to being the company’s face during the tour and interacting with the client the longest from all the departments, the enjoyment of the tour itself is dependent on their performance. Interpersonal and driving skills, a positive attitude and background knowledge (historical, geographical and social) are mandatory if the guide is to work for the company. Payment will be above average in order to attract trained and experienced labour. Our pool of guides will need to include expertise in the languages of English, French, Spanish, Italian and German, since these are the countries where most business comes from.

Our pool of guides will be big enough to ensure that there is always someone available to perform the tours. By using the contacts that BOOST created with its other brands, it is possible not only to make sure that there is no deficit of collaborators, but to start the service with a very strong idea of the guides that will provide a service inline with our positioning. No guide will provide a service in Exquisite Lisbon’s name without, before, being tested on the routes we are providing under the parameters of our service provision by one of the members of the management team.

An incentive system will be deployed, where the main goal is having the guides providing the best service they possibly can; positive feedback from clients will pay them an extra 5€ per tour. When tourists write good reviews and recommend our service, the guide will be rewarded further. A guide of the month will also be nominated, and this incentive will be set on the premise that guides who are more often distinguished with this award will be the first to be called to perform services for Exquisite Lisbon and BOOST’s other brands. Being nominated guide of the month will act as an insurance of the continued relationship between that guide and not only Exquisite Lisbon, but Lisbon by Segway, Jogging Tours and activities for the MICE segment developed by BOOST. Being a worker who is paid on “recibos verdes” and who has no contract, this will be a significant stabilizer for expectations regarding the professional life.

Guides, however, are not the only collaborators working with Exquisite Lisbon. In addition to the personnel from the intermediaries (explained in great length on the section of the distribution, ahead in the report) the whole BOOST will interact to some extent with the service the brand provides.
Image 9 depicts the organizational chart in BOOST. There currently is no allocation from employees to a specific area of the company, with the management being divided in functional departments rather than brands. While this may be uncommon in larger companies, BOOST’s size and need to lower costs with personnel justifies this choice. There are two main areas inside the company:

**Commercial Area**
Comprises the Commercial Manager, BOOST’s coordinator, an assistant that provides support to both the commercial and operational area, and Exquisite Lisbon’s brand manager. While the company is on the launching period the brand manager will be reporting to the commercial manager, since his/her main activity will consist in meetings with the intermediaries, which means his/her allocation to a sales team along with the commercial manager and BOOST’s coordinator (more detail on this subject on the intermediaries and promotion sections of the report). The commercial area is, as the name indicates, responsible for expanding the volume of business. Since the company is in the process of launching new brands with specific services, this area is particularly relevant for its success.

**Operational Area**
Comprises the Operational Manager, the supporting staff and the assistant that rotates between areas, covering wherever the workload is heaviest. This area is responsible for providing the services to end customers, by coordinating the guides or, in some cases, receiving the customer and preparing him for whatever activity he is doing. Once the intermediary acquisition period is over (in spite of occurring every year, as we will explain ahead), it makes sense that Exquisite Lisbon’s brand manager reports to the operational manager.

The tasks that the brand manager will provide under the commercial department will be related to intermediary acquisition; under the operations department it will include Customer Feedback (especially oriented to the management and engagement of the online interactions) and Intermediary Relationship management, together with BOOST’s supervisor. It will also be his/her responsibility to control the evolution of the service by using the controlling measures that are detailed in final section of this report.
5. MARKETING MIX

DISTRIBUTION CHANNELS

The five different channels that we introduced in the External and Internal Analysis, that allow a final customer to become aware of tours (and in some cases also acquire them), were Hotels, Travel Agencies, Internet, Guidebook and Tourism Offices. According to our findings from the Marketing Research (Appendix A-I) the most relevant channels are those that act as intermediaries (Hotel and Travel Agency), and the Internet. Table 1, below, details the service output level from each of the relevant channels. Hotels are the channel that provide a service of greater level for the customers, followed by the Internet and Travel Agencies.

<table>
<thead>
<tr>
<th>Service Output Levels</th>
<th>Hotel</th>
<th>Travel Agency</th>
<th>Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spatial Convenience</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Waiting Time</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Assortment and Variety</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Customer Service</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Information Provision</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Service Output Level (Average)</td>
<td>High</td>
<td>Medium</td>
<td>Medium - High</td>
</tr>
</tbody>
</table>

Table 1 – Service Output Levels Summary

The choice of channel depends on what the customer wants; a planner (please see Behaviour Sequence Model on Appendix B, Table 1) does not value spatial convenience as much as assortment and variety or the time he/she has to wait from the moment the tour is paid for to the moment when it actually happens. The impulse buyer is much more likely to value the quickness of acquisition and the spatial convenience in detriment of the amount tours in can survey prior to making his decision.

But the channels do not vary amongst themselves in terms of outputs alone; the channel flows are also relevant and have an impact on the customer’s behavior.

Image 10 depicts the flow of activity between Exquisite Lisbon and the Final Customer using the Internet as a channel.
5. MARKETING MIX

DISTRIBUTION CHANNELS

The process starts with the client noticing the promotion that the company has made available. Sometimes (frequency will increase as the company matures and the number of served customers rises) this promotion can be given back to Exquisite Lisbon in the form of Word of Mouth (online reviews, for example). After noticing the service and taking an interest, the customer will ask for information to the providers; this flow can be two sided in the case of customized tours – there needs to be a more extensive interaction as to clarify the customers plans and submit a price upon evaluation. When the information has been assimilated the customer places his order and to the company, which is done through financing, since online payments involve credit cards and the service is, more likely than not, being purchased with a certain distance to the date when it will occur. The payment is also of the customer’s responsibility. The client will own a service he has not and will possibly not use for some time, which is related with the output of waiting time, that the planners value little and that the hotel satisfies better.

Image 11 shows the same channel flow but for intermediaries (Hotels and Travel Agencies, for whom the flows behave equally). Promotion is, on a first instance, directed at the intermediaries in order to convince them to include Exquisite Lisbon in their tour portfolio. Once this stage is cleared, the intermediary actively recommends the service to its customers, who, in turn, will affect its performance with word of mouth. There is, as there was with the internet, a flow of information provision that can be directed to both sides depending on whether the customer wants a customized tour or not.

Ordering is a flow where the existence of intermediaries impacts the way it is dealt with from the final customers’ side. To start with there is a much narrower offer depiction than that of the internet, but on the other hand, the whole ordering process will be handled by the intermediaries. The customer then makes his payment directly to the Hotel or the Travel Agency, together with the other expenses he/she incurred in. The ordering and the payment process give a customer service benefit advantage to the channels with intermediaries. Exquisite Lisbon will be financing since payments are only closed every 30 days, and the intermediaries keep a profit margin or a commission.
5. MARKETING MIX

DISTRIBUTION CHANNELS

The ownership is given to the final customers at different times depending on the intermediary. While hotels only claim the value of the service when the customer is leaving (after it happened), thus minimizing the waiting time, travel agencies typically charge it prior to the trip where the tour is performed (behaving similarly to the internet.

The End Consumer has a greater ease of acquiring the service when relying on intermediaries to place the orders and make the payments for them, however, Exquisite Lisbon benefits greatly from selling the tours through the internet (mainly due to not having to pay commissions or take profit margins from 3rd parties into account. Together with the service output levels, it becomes clear that, in terms of acquisition facilitation a customer will be more likely to prefer intermediary acquisition while Exquisite Lisbon prefers to deal with the customer directly from the beginning.

Exquisite Lisbon is, as we have covered previously in the report, a newcomer company in a very competitive market, targeting a niche consumer (both in terms of taste and social class) with a small number of vehicles. It is, therefore, unnecessary to have a high degree of distribution intensity, with selective distribution being more appropriate. Not only because of the expenses associated with the acquiring and keeping the channels (creation and maintenance of an affective relationship) but also because the company does not have the capability to perform the service en masse. This also makes the company more attractive to the channel partners, since they will be providing an uncommon service that allows them to differentiate themselves: if few intermediaries have access to our service, it becomes an activity that sets those who provide it apart.

Touring services, as a product category, usually have a narrow brand assortment - in our particular case, since our tour is aimed at affluent users who enjoy high quality, it wouldn't do to have it in hostels and top end hotels. Employees in these hotels will also convey the information regarding the company in a fashion which is much more in line with its image - Exquisite Lisbon will capitalize on the treatment provided to clients on top end hotels. We aim, therefore, at providing a superior quality brand to a specialty group (lovers of different and trendy experiences or old car lovers). This niche strategy for selective distributors will also aid Exquisite Lisbon in gaining influence over the intermediaries, with the usage of sales incentives (depicted in Trade Promotion further in the report).

Service gaps can exist in a few cases (these are only predictions, since we have no empirical evidence of the existence of any gaps):

- If we consider that the ordering and paying, part of the acquisition process, are a dimension of customer service, we may have a customer service gap on the demand side due to the fact that internet purchasers have none mediating the interaction.
5. Marketing Mix

Distribution Channels

- Intermediary purchasers may feel that the variety and assortment at their disposable on those channels is small, which is another demand side gap, albeit one that benefits Exquisite Lisbon and that depends on the intermediary and not on the company.

- Customers other than those who acquire the tour via hotel may feel that the payment date is due too long before the service is provided; this is another Demand-Side Gap

While expenses with Travel Agencies are limited to the commission we provide every time a customer of theirs does a tour with us, Hotel Concierges in addition to requiring this expense also need relationship management. The closer our brand manager is to the hotel concierge, the more likely it is he will have our brand into account while advising tourists on tours. Another factor that plays in our favor is the differentiation – tours in classic convertible beetles really set Exquisite Lisbon apart from the competition, aiding in brand recall both for intermediaries and potential customers.

For the reasons mentioned above, expenses with intermediaries will be high, especially hotels. This led us to make an initial selection in order to reduce costs while maximizing the number of customers being targeted – thus, we chose the top 5 hotels in Lisbon with the highest market share, taking into account number of stars (at least 4) occupation rate and number of bedrooms. The same applies for Travel Agencies, in spite of not being as costly nor as profitable (according to expectations) as hotels.

Hotels:
- Tivoli
- Vila Galé
- Novotel
- Altis (4 different hotels in Lisbon)

Travel Agencies:
- Best Travel
- Abreu
- Vega
- Tui

We think that for a starting effort, these intermediaries will allow us to work a more than relevant customer base, and evolve in the learning curve.
5. MARKETING MIX

PROMOTION

Being a tour service provider, Exquisite Lisbon faces a very particular set of conditioning characteristics relevant for Promotion:

- Touring services are “frozen” in a perpetual stage of convincing potential customers (other brand switchers) to try its service.

- Marketing Channels feature prominently on the communication efforts: brand awareness (via recognition and recall) on the final customers, depends, to a large extent, on intermediaries.

- It is unnecessary to create repeat purchase intention on the final consumers, since tours are only done once.

Target Audiences

Due to the nature of the business the target audience are Other Brand Switchers (OBS) – individuals who know what privates tours are and have already experienced them in other countries. Communication will be focused on Western European tourists travelling to Lisbon, staying in top end hotels (4 and 5 stars), who want to discover the city in an innovative and fun way. According to the Behavior Sequence Model (in Appendix B, Table 1) we have two types of primary audience: **planners** who purchase the tours they are going to make in their trip prior to the trip itself, either through the internet or travel agencies (intermediary), and **impulse buyers** who ask for tour possibilities to the concierge of the hotel (another intermediary) they are staying in, and choose from what is advised.

Our intermediaries will be the secondary target audience, targeted with On Trade Promotion - the promotion used for the final customer will not be the same as the one for intermediaries. As of launch they are considered Other Brand Switchers (OBS), and differ from the customers in the sense that they can evolve in the consumption of our brand – not to brand loyal, since this would harm their business (and the acquisition is ultimately done by the final customer), but to favorable brand switchers (FBS).

Action Objectives

The fact that our target audience is so limited in terms of buyer groups also limits the target objectives, which are reduced to trial objectives (since probability of having a repeat purchase is non existent): category trial and brand trial. As we have mentioned above, private tours are not a new category and are widely available in every country; Exquisite Lisbon still has, however the need for a small amount of educational content in its communication in order to fully inform potential customers on the differentiation of the tour and the benefits it offers.

For the intermediaries, the main action objectives after the initial trial objectives (category and brand trial) are met, will be repeat “purchase” objectives: to increase the repeat rate (have them advise our service to customers as often as possible, or, in other words, whenever possible), unless of course our company is already fully booked which may happen due to the small number of vehicles in the fleet.
Communication Objectives

Category Need
Exquisite Lisbon falls in seldom bough category – tours in a foreign country, for which category need reminding suffice. The purpose is that of merely re-establishing a previously learned connection. The communication content in the reminder campaigns is directed primarily toward category awareness which should also have the effect of reminding the prospective buyer of the favorable category attitude that he or she can be assumed to have. This case is only applicable for impulse buyers who might stumble upon the service at a hotel, since internet and travel agency customers have to search for, or request the service, which indicates previous existence of category need

Brand Awareness
Impulse buyers and planners who do not purchase online need only be stimulated through brand recognition – at the point of decision they need to look at the different possibilities that were given to them, and from the name know that ours is the tour that provides those different characteristics that pleased them the most while they were studying possibilities.

Planners who purchase the tours online need a more decisive type of awareness upon the moment of purchase, so the objective would be brand recall: they need to remember, by themselves, that they had already seen that brand while browsing the web and recall its name or specific details passive of being used in a search engine. It its important for the category need to be associated with the brand name, which is a need that a slogan, for example, can satisfy.

Brand Attitude
Considering the purchase motive associated to the specificity of our brand offering, it is likely that potential customers are purchasing our service in order to have more of a sensory gratification (travelling in a trendy vehicle and being able to fully tailor their experience without sacrificing the access to knowledge from a reliable source, the guide) than to avoid a problem (getting lost, missing out on an important landmark or historical/cultural information, etc). This requires a tactic of transformational brand perception.

Brand Action Intention
Generate brand purchase intention considering high involvement. For high involvement this is achieved (on the internet) with a large picture, an headline and a body of text below with no more than 500 words; the benefits must be highlighted. The brand’s name must feature on the ad.

Purchase Facilitation
People and Service may be disruptive Marketing Mix Points due to availability; if a customer books his tour close to the tour date it is possible that the language-speaking guide or specific beetle he desires are already booked; this must be communicated in order to prevent eventual issues. It is also important to make sure that the intermediaries, especially hotels, can easily recall all of the information about our service by looking at the promotional material, since they will need to sell and explain it personally.

Sources: Marketing communications , theory and applications (number 8 in references);
Groundswell – winning in a world transformed by social technologies (number 9 in references);
Advertising communications & Promotion Management (number 10 in references)
5. MARKETING MIX

PROMOTION

IMC Strategy

Media Selection

Our Primary Media will be the Internet (site and banners), since it is the most geographically broad and the only affordable one. This will create awareness for the brand on planners who book online, since Impulse Buyers and travel agency purchasers do not use this channel.

The Secondary Media will be used extensively in order to boost both brand awareness and brand preference (the latter being the most important factor) to Impulse Buyers or Travel Agency purchasers, mainly through Point of Purchase (POP) media. While POP media itself does not generate awareness, this will also be addressed at the POP when the potential customer interacts with the concierge or Travel Agency employee by asking for information. The timing between information collection and actual purchase may vary, and while in the former the POP media will not greatly impact the outcome in terms of awareness, in the latter situation it is extremely helpful.

Media Caducity

Advertising expenditures for Exquisite Lisbon are permanent. Online efforts need to be reinforced often or the competitors gain advantage; also, without permanent feeding to the intermediaries at the POP, tours will certainly decrease - Exquisite Lisbon cannot afford to decrease its presence in any of the eventual decision making stages. The budget for communication expenditures is included in the financials, detailed further ahead in the report.

Creative Strategy

Media Tactics

Most of the media Exquisite Lisbon will be using will be on the POD, with a heavy reliance on the intermediary’s representative; this need not have a particular regard toward the customer’s attention patterns. Relaying the information is only done so upon request, which means that full attention is a given. For the audience that plans the trip and prefers to arrange the purchase through the Internet, the case is different: the company needs a website where all the information about the service is provided and, through which, purchasing is possible and intuitive.

Being present on Facebook is also mandatory, as is the interaction with Volkswagen Beetle Clubs. The former will be controlled by the brand manager while the latter involves an individual approach to each club in order to acquire permission to use the mailing list, followed by the sending of an email, which needs an adapted version of the brochure used at the intermediaries. It will also be possible to engage these clubs by participating in their forums, which should be a task performed the brand manager. Trip Advisor, together with Facebook, is an important tool to measure the Word of Mouth being spread by customers who used the service.

Creative Idea

Due to past successes the manager wants the idea to be developed and executed by a freelance artist, from the website freelancer.com.
PROMOTION

Not only are the costs extremely reduced, there is also a very high creative quality associated with the productions of some of the “offer” on the website. There will need to be an assurance, however, that the hired freelance is in possession of all the information he/she needs to work accordingly to expectations. The Creative Brief can be found in Appendix B.

Campaign Tracking
The online campaign is very easy to track by measuring interactions with both Exquisite Lisbon’s website and Google Ad word’s metrics, such as clicks, conversions, click through rates, cost per click and cost per impression. The campaigns directed at end users on intermediaries will not, however, be measurable with indirect information – only by asking the clients directly what they thought of it. The number of sales we have with each intermediary will, on the other hand, be a good indicator of how Trade Promotion is being received.

On Trade Promotion
Promotions aimed at the intermediaries (Hotels and Travel Agencies) are structured specifically in order to increase their willingness to not only include our service in their portfolio but also recommend it often.

Entering a intermediary’s portfolio New Business Selling. A sales force composed of more experienced salespeople, who have a higher knowledge and more experience with the industry, will be conducting presentations and convincing the responsible entities for managing the tour portfolios in the intermediaries (concierges for hotels and upper management for travel agencies) to sample the service themselves, bringing along anyone of their choice. While this activity will not be the sole focus of the members of the team in terms of tasks inside the company, it will consume a large amount of time and effort. Once the company has breached through with a certain partner and entered their tour portfolio, it is necessary to stimulate the rate with which they advise their customers to acquire our service, which is done with a commission in the case of hotels and with a profit margin in the case of travel agencies. Due to the extreme importance of the Marketing Channels in the success of this venture, these incentives take into account that which is practiced by competitors and aims at surpassing it.

The commission will be divided according to the number of sales made by that intermediary, and increase as the number of sales increases:

- 1 to 3 sales - 15% commission on price
- 4 to 6 sales – 20% commission on price
- More than 7 sales – 25% commission on price

Profit Margin for Travel Agencies will be fixed at 15%, since their profits need to be ensured on every sale.

Sources: Marketing communications , theory and applications (number 8 in references); Groundswell – winning in a world transformed by social technologies (number 9 in references); Advertising communications & Promotion Management (number 10 in references)
5. MARKETING MIX

PROMOTION

Since the commission is common practice in the industry, the need to further differentiate Exquisite Lisbon in the eyes of the channels is clear when taking into account one of our findings from the Qualitative portion of the Marketing Research:

“The tours either sell or do not sell depending on how high the commission paid to the concierge is. Since many companies pay similar commissions, the one with a closer relationship [affection] to the intermediary has the biggest advantage.”

Ex-employee from Sheraton.

In order to meet create proximity to the our contact inside the intermediary’s organization, it will be the brand manager’s responsibility to invite the concierges for a business meeting, during a meal, to discuss the performance of the intermediary considering the objectives of the company. There will be an annual payoff to the dedication shown by the intermediaries, consisting in a Sales Contest: an yearly reward will be awarded to the intermediaries based on how the sales level they gave Exquisite Lisbon. 3 different levels of rewards are currently planned:

• For the best sellers, Exquisite Lisbon will offer credit to spend on a holiday trip to equivalent to 500€

• For the second best sellers, the company will offer a “Vida é Bela” package valued in 200€

• For the third best sellers, it will be given a “Vida é Bela” package in the value of 100€

The goals that establish who receives which prize are as follows:

• The first prize is given to an intermediary who sells more than 70 tours in a year

• For the second prize more than 50 tours a in a year

• And for the third prize more than 25 tours in a year

Since the intermediaries need to personally sell the service we need to have advertising information that explains and, thus helps, their sales staff sell the product.

Sources: Marketing communications, theory and applications (number 8 in references); Groundswell – winning in a world transformed by social technologies (number 9 in references); Advertising communications & Promotion Management (number 10 in references)
5. **MARKETING MIX**

**PRICING**

**Value Creation**
The basic need behind the booking of a private tour is a means of transport from A to B and then back to A, including interesting and accurate relaying of information regarding B. Exquisite Lisbon offers, as a differentiation, the service on Volkswagen convertible Beetles in order to provide a collection of memories unlike any other in the Portuguese touring industry together with a feeling of trendiness and an effort to truly make the customers comfortable with the local culture via destination treats, typical Portuguese dishes picnic, and the photographic slideshow depicting the destinations in the past decades. This will be our Differentiation Value: the possibility to experience a touristic destination on the customer’s own terms (customization) in a trendy but still faithful to it’s roots fashion. For the Reference Value, as we have mentioned earlier, we place competitor’s price (estimation of average) at 89€/person per tour.

All of the benefits mentioned in the last paragraph were measured and only then selected, in order to add real value to the service in the customers’ opinion; the reasoning for this action is that the customer will be willing to pay as much as he perceives the product to be worth; by maximizing this perceived value we can increase the charged price.

**Price Structure**
In Exquisite Lisbon the price is charged per car, but in order to cover all the scope of our offer, additional metrics add to be employed:

- **Destination - number of kilometers made on each tour.**

Tours in Lisbon require the lowest number of km, followed by Sintra and Serra da Arrábida.

- Length of the tour – guiding the tourist on his chosen destinations for four or eight hours (half day tour and full day tour) has different costs, and will be subject to a different pricing.

Another important factor, which we mentioned in the Distribution Channels, is the channel of acquisition, that varies with the type of customer (please see the Behavior Sequence Model in Table 1, Appendix B): due to the high commission, hotels are the channels with the highest costs for Exquisite Lisbon and it coincidentally is the channel that provided the highest service output to customers. Travel Agencies follow hotels in terms of costs, and finally the Internet, which is the most profitable means of acquisition (but also the one with the least expenses on the company’s side).

We cannot charge a different price simply by separating the acquisition channels, in order to prevent channel conflicts. However, we know that the impulse buyers will, most likely, acquire the service through the hotel and not through any other channel – we decided, therefore, to charge a lower price (10% on the base price) for bookings that are done with at least 3 weeks of advance. This price fence will allow Exquisite Lisbon to capitalize on the higher service outputs offered from the hotel, since we are assuming that few acquisitions from Travel Agencies and the Internet will not have access to this price decrease.
5. MARKETING MIX

PRICING

Price and Value Communication
The communication needs to be focused on the service benefits, or the client may believe that the price being asked is too high. This was covered in greater detail in the Promotion, but being that our target are other brand switchers, who are already familiar with the category they are purchasing, there is no need for lengthy educational communication, with focus on the benefits sufficing. Since our service aims at expanding benefits when compared to competitors and is improving the standard of living rather than maintaining it, the communication will be set on the perceived fairness of the amount charged. Being a service that delivers primarily social-psychological benefits such as status or pleasure it needs to have a higher pictorial illustration and rely on testimonials from satisfied users.

In order to have the possibility to increase our profits we constructed a price menu where we separate our offer on the core service, which includes the tour and the supplementary services, core service with museums and other admittance fees included (of particular interest for tourists taking the half day tour) and core service with museums plus meal on a restaurant that the company advises (as we mentioned in service, all the restaurants are award winners and inline with Exquisite Lisbon’s targeted quality). This latter specification will be of greater interest for Full Day tour takers, since half day tours are typically done before or after the meal (without it being comprised in the service).

Our Research indicated that museums allow for a purchase of a high number of tickets that are valid for one year and that benefit from a quantity discount. The restaurants will also provide a specific menu priced from 30 to 40 Euros. Exquisite Lisbon plans on profiting 1€ from each admittance ticket included in the package and 5€ for every meal (detailed costs and profit on Table 1 in Appendix D).

<table>
<thead>
<tr>
<th>Price Menu</th>
<th>Length</th>
<th>Price per car</th>
<th>With Museum</th>
<th>With Museum and Restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1/2 Day</td>
<td>83 €</td>
<td>1 pax 102€/pax</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 pax 60,5€/pax</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 pax 47€/pax</td>
<td></td>
</tr>
<tr>
<td>Lisbon</td>
<td>Full Day</td>
<td>121 €</td>
<td>1 pax 155€/pax</td>
<td>1 pax 195€/pax</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 pax 94,5€/pax</td>
<td>2 pax 134,5€/pax</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 pax 75€/pax</td>
<td>3 pax 115€/pax</td>
</tr>
<tr>
<td>Sintra</td>
<td>1/2 Day</td>
<td>94 €</td>
<td>1 pax 124€/pax</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 pax 77€/pax</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 pax 62€/pax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Full Day</td>
<td>143 €</td>
<td>1 pax 190€/pax</td>
<td>1 pax 220€/pax</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 pax 118,5€/pax</td>
<td>2 pax 148,5€/pax</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 pax 95€/pax</td>
<td>3 pax 125€/pax</td>
</tr>
<tr>
<td>Serra da Arrábida</td>
<td>1/2 Day</td>
<td>105 €</td>
<td>1 pax 110€/pax</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 pax 57,5€/pax</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 pax 40€/pax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Full Day</td>
<td>160 €</td>
<td>1 pax 165€/pax</td>
<td>1 pax 195€/pax</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 pax 87,5€/pax</td>
<td>2 pax 117,5€/pax</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 pax 60€/pax</td>
<td>3 pax 90€/pax</td>
</tr>
</tbody>
</table>

Table 2 – Price Menu (without 3 weeks advance in booking discount)
Pricing

Table 2 shows the price menu depicting the cost of the tours without the three week booking in advance discount, which is the values we are assuming to vigor in Hotels. The price menu will need to be included in the communication, with a note indicating the 10% discount in case the tour is still 3 weeks way. We will include this information in the Creative Brief (Appendix B) since it will have to feature on all our communications.

Pricing Policy
The nature of the business, that does not allow for the creation of brand loyalty, led us to conduct the creation of promotions only with cross selling, in order to incentive the customer to keep spending the budget he/she had allocated for his holidays with BOOST. Other than this, Exquisite Lisbon will not have big discounts or promotion periods, nor do we want to vary the price according to seasonal demand, since it would be very expensive to coordinate the communication of price changes in all the channels and hard to provide tools for the intermediaries to accurately communicate and advise our service if its value kept changing, and frequent price changes would not do much for this cause. One of the key issues for the success of this venture is a strong relationship with intermediaries, and opting to have price varying with seasonality would not do much for this factor. Our pricing policy demands, therefore, a price that does not fluctuate often, with no promotions or discounts for the end consumer (save for cross selling exceptions or 3 week advance in booking), since loyalty cannot be created.

Price Level
Due to the nature of the sector, Exquisite Lisbon is limited to following a Neutral Pricing Strategy, since it will focus on value/benefits that the tour will give to our customers, being this tactic, in our opinion, the most appropriate for our service. Not only is the company somewhat limited by the prices practiced by the competition (in spite of already practicing a considerably higher charge for its service), which makes the skimming strategy risky, both the impossibility to have brand loyalty and the company’s positioning has a high-end service invalidates the penetration strategy.

Source: The Strategy and Tactics of Pricing (number 11 in reference)
5. Financials, Budgets and Forecasts

Financial Results

The following financial indicators are representative of the impact that we expect the strategies, chosen and described by us in this of the report to have.

- The return on investment, used to evaluate the generated cash flows with the initial investment as the basis, yielded a result of 696%. While this value seems exceedingly high at a first glance, one must take into account the extremely low value of the initial investment (33.000€), which was decreased from a subsidy that BOOST received, worth 200.000€, due to being a company of interest for the national tourism. This will be detailed further ahead on the financials.

- The IRR of return is of 104%.

- The initial investment will be fully recovered after 1 years and 2 months of sales – February of 2013 - (Payback of 2.19, but it needs to be taken into account that there are no operations on the year of investment). Discounted Payback indicates that the investment recovery is achieved after 1 year and 2 months of sales as well, on February of 2013.

- The monthly break even point, the point when the costs and the revenues equal 0, is hit at 22 tours. Annually this value is increased 523 tours. Once again, detailed data on the expected costs and revenues can be found ahead in this section.

- The Net Present Value, calculated with a discount rate of 10%, yields a result of 234.063€.

As we can see, the net present value is indicative of a project with relatively small cash flows, but nevertheless one where the invested money as an impressively strong return.

The modest cash flows need to be contextualized; Exquisite Lisbon provides a service that is appealing to a niche segment, and the existence of these assets benefit the company on levels other than the incoming business it directly generates, namely on the MICE segment. We did not cover this situation to great length in this report since it is going to be provided by BOOST and not by Exquisite Lisbon, but the beetles are mandatory for catering to this segment, which is expected to grow during the next years.

The remainder of the financials will detail all of the assumptions and values that allowed us to arrive at these indicators.
5. Financials, Budgets and Forecasts

Sales Forecast

Forecasting sales required taking into account several aspects and making several assumptions. First of all, there is an important effect from seasonality, which causes for the sales to be much smaller during the winter than during the summer. The expected drop in amount of tours was calculated taking the following ratio into account: May to October the tours will be being provided on the highest yearly amount; November: 50% of October's tours; December: 50% of November's tours; January=December's tours; February: + 50% of January's tours; March: +50% of February's tours; April: + 50% of March's tours.

Considering our three destination and the existence of half or full day tours, the allocation of sales to each of these possibilities was done taking into account the results from the Marketing Research; 60% of the tours are conducted in Lisbon, 30% in Sintra and only 10% in Serra da Arrábida, and approximately 30% of half day tours and 70% full day tours (Graph 5 in Appendix A-I, without considering the answers for 2 days).

Another important aspect that needs to be taken into account is the channel through which the service is sold to the end customer, given that the costs the company supports with each vary; Hotel is the most expensive, followed by Travel Agency and the Internet. The marketing research led us to allocate the following values to the sales: 46% for Hotel, 26% for Travel Agency and 28% for the Internet, as can be seen in Graph 6 in Appendix A-I. We have an additional channel, which is the sales that come from one of BOOST’s other brands (Cross Selling), amounting to about 7% of the sales made in each year. Sales through this channel are subject to a discount of 20€ from the price of the chosen tour.

Current price, determined according to the strategy explained in the pricing section, will be in vigor throughout the 5 years present in our financial plan. In order to arrive at a number of tours we opted for a scenario where the company starts, on the first year and on the summer months, to have each car performing 4 tours per week. The price we consider is that without the discount of acquisition with 3 weeks of advance.

Due to our conclusions from the Sequence Behavior Model (Appendix B, Table 1) we assumed that customers who acquired the service through an Hotel do not benefit from the discount of the three years in advance, and Travel Agency and Internet acquirers always do.

Table 3, above shows the allocation of number of sales per channel of acquisition. Tables 1 and 2 on Appendix C depict the annual revenues from regular sales and cross selling sales with VAT included. Final revenues of for 2012 will amount to 198,610.53€, VAT excluded. The value in the table was computed by taking into account all the different prices practiced by each channel. During the summer months, when the service is operating at the highest season, we are expecting a total amount of 128 tours per month.
**SALES FORECAST**

It is important to mention the payment that Exquisite Lisbon receives from the lending its assets (the beetles) to BOOST for activities involving the MICE segment. We assumed a monthly value payed by BOOST that would be constant in order to simplify (in spite of, in reality, varying with seasonality). We also assumed that the number of sales for MICE would remain constant for the duration of our plan: an average of 1848€ per month, which amount to 22540€ per year.

Predicting the increase in the sales level for the following years led us to consider the growth rate experienced by Gocar after it was launched. However, with Gocar being a franchise existent in other countries that was subject to media interest and several awards, we adjusted the growth rate downward, to 49,5%. Tables 3 and 4 on Appendix C depict the annual revenues from regular sales and cross selling sales with VAT included for 2013. Final revenues of for the year will amount to 296,896.65€, VAT excluded. The number of sales correspondent to this value is 1720. Number of sales in the summer months will be 196 (per month).

Assuming that the growth rate would slow down after the big expansion in the year after launching (as happened with Gocar), we placed the growth rate at 23,78% which yields 242 tours for the high season. With 2159 sales in 2014, Tables 4 and 5 on Appendix C show the annual revenues (with VAT) for that year. Value excluding VAT ascends to 367.459€.

Finally, in 2015 with a growth rate 30,86%, we are expecting 2797 sales, which yield a revenue value (VAT free) of 480.846€. The
5. Financials, Budgets and Forecasts

**EXPENSES FORECAST**

### Initial Investment

Being in the process of expanding, BOOST is currently developing new services and brands, as we covered in the beginning of the report, which means that several investments are being made. Being that the company is still fledgling, all operations will be conducted from the same headquarters.

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total Price with VAT</th>
<th>Total Cost without VAT</th>
<th>VAT Deductable</th>
<th>Depreciation (4 yrs-25%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office licenses (Word, Excel and Power Point)</td>
<td>3</td>
<td>15,00 €</td>
<td>45,00 €</td>
<td>34,65</td>
<td>10,35 €</td>
<td></td>
</tr>
<tr>
<td>POS license (support for rental and billing software)</td>
<td>1</td>
<td>800,00 €</td>
<td>800,00 €</td>
<td>616,00 €</td>
<td>184,00 €</td>
<td></td>
</tr>
<tr>
<td>Larger scale printer</td>
<td>1</td>
<td>80,00 €</td>
<td>80,00 €</td>
<td>61,60</td>
<td>18,40 €</td>
<td></td>
</tr>
<tr>
<td>Desks</td>
<td>2</td>
<td>30,00 €</td>
<td>60,00 €</td>
<td>46,20</td>
<td>13,80 €</td>
<td></td>
</tr>
<tr>
<td>Chairs</td>
<td>2</td>
<td>10,00 €</td>
<td>20,00 €</td>
<td>15,40</td>
<td>4,60 €</td>
<td></td>
</tr>
<tr>
<td>Shelf storage for arquive</td>
<td>2</td>
<td>8,00 €</td>
<td>16,00 €</td>
<td>12,32</td>
<td>3,68 €</td>
<td></td>
</tr>
<tr>
<td>Cabinets for storage for arquive</td>
<td>2</td>
<td>8,00 €</td>
<td>16,00 €</td>
<td>12,32</td>
<td>3,68 €</td>
<td></td>
</tr>
<tr>
<td>Accounting System to cope with new legislation</td>
<td>1</td>
<td>50,00 €</td>
<td>50,00 €</td>
<td>38,50</td>
<td>11,50 €</td>
<td></td>
</tr>
</tbody>
</table>

**Table 4- Office Expenses**

Total | 1 087,00 € | 836,99 € | 250,01 € |

Office expenses are detailed in table 4. The values shown in unit price are not the full price of the product, since they have already been allocated to each of BOOST’s brands (1/5 of the cost for each brand, given that there are 5).

Table 5 depicts the costs with the investment for Exquisite Lisbon alone. Already comprised in the table are the costs of the core service and the supplementary services the company will provide. The details explaining the need for each different acquisition are explained previously in this report.

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total Price with VAT</th>
<th>Total Cost without VAT</th>
<th>VAT Deductable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scooter 125</td>
<td>1</td>
<td>1.125,00 €</td>
<td>1.125,00 €</td>
<td>866,25 €</td>
<td>258,75 €</td>
</tr>
<tr>
<td>Scooter 50</td>
<td>1</td>
<td>750,00 €</td>
<td>750,00 €</td>
<td>577,50 €</td>
<td>172,50 €</td>
</tr>
<tr>
<td>Beetles requalifications</td>
<td>8</td>
<td>500,00 €</td>
<td>40.000,00 €</td>
<td>30.800,00 €</td>
<td>9.200,00 €</td>
</tr>
<tr>
<td>GPS</td>
<td>8</td>
<td>500,00 €</td>
<td>40.000,00 €</td>
<td>3.080,00 €</td>
<td>920,00 €</td>
</tr>
<tr>
<td>Professional photographs for promotional material</td>
<td>1</td>
<td>1.500,00 €</td>
<td>1.500,00 €</td>
<td>1.155,00 €</td>
<td>345,00 €</td>
</tr>
<tr>
<td>iPad 2</td>
<td>8</td>
<td>500,00 €</td>
<td>4.000,00 €</td>
<td>3.080,00 €</td>
<td>920,00 €</td>
</tr>
</tbody>
</table>

**Table 5- Expenses with Exquisite Lisbon**

Total | 89.500,00 € | 68.915,00 € | 20.585,00 € | 7.700,00 € |

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total Price with VAT</th>
<th>Total Cost without VAT</th>
<th>VAT Deductable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand - Initial Investment:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freelancer (Website, Flyer, Creative Strategy)</td>
<td>1</td>
<td>2 000,00 €</td>
<td>2 000,00 €</td>
<td>1 540,00 €</td>
<td>460,00 €</td>
</tr>
<tr>
<td>Internet (Primary Media):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domain Registration and Google Adwords Flyers</td>
<td>1</td>
<td>500,00 €</td>
<td>500,00 €</td>
<td>385,00 €</td>
<td>115,00 €</td>
</tr>
<tr>
<td>Tourism Offices</td>
<td>1</td>
<td>1 000,00 €</td>
<td>1 000,00 €</td>
<td>770,00 €</td>
<td>230,00 €</td>
</tr>
</tbody>
</table>

**Table 6- Marketing Investments**

Total | 4 200,00 € | 3 234,00 € | 966,00 € |
5. Financials, Budgets and Forecasts

Expenses Forecast

Table 6 describes all of the investments that are necessary to be able to communicate the brand, not only to the final customer but to intermediaries as well.

The total cost with investments amounts to 72,986€. However, as we have already mentioned previously, the company won a government subsidy destined for companies that provide services of value for the Portuguese tourism industry. While this financial aid is worth 200,000€ it was attributed to the company as a whole, so, the share that is claimed by Exquisite Lisbon is of 40,000€. The final investment value is, therefore, of 32,986€.

Fixed Costs

Fixed costs in Exquisite Lisbon are divided in two broader areas: operational costs and promotional (trade promotional) costs.

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total per Month</th>
<th>Total per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent from the garage for the 8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>beetles</td>
<td></td>
<td></td>
<td>500,00 €</td>
<td>6000,00 €</td>
</tr>
<tr>
<td>Car insurance</td>
<td></td>
<td></td>
<td>267,00 €</td>
<td>3204,00 €</td>
</tr>
<tr>
<td>Car maintenance</td>
<td>8,00</td>
<td>62,50 €</td>
<td>500,00 €</td>
<td>6000,00 €</td>
</tr>
<tr>
<td>Brand Manager</td>
<td>1,00</td>
<td>800,00 €</td>
<td>800,00 €</td>
<td>9600,00 €</td>
</tr>
<tr>
<td>Commercial Manager</td>
<td>1,00</td>
<td>1200,00 €</td>
<td>240,00 €</td>
<td>720,00 €</td>
</tr>
<tr>
<td>BOOST Supervisor</td>
<td>1,00</td>
<td>800,00 €</td>
<td>160,00 €</td>
<td>480,00 €</td>
</tr>
<tr>
<td>Operational Manager</td>
<td>1,00</td>
<td>1200,00 €</td>
<td>240,00 €</td>
<td>2880,00 €</td>
</tr>
<tr>
<td>Operational Staff</td>
<td>1,00</td>
<td>485,00 €</td>
<td>485,00 €</td>
<td>5820,00 €</td>
</tr>
<tr>
<td>External services and suppliers</td>
<td></td>
<td></td>
<td>250,00 €</td>
<td>3000,00 €</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>3442,00 €</strong></td>
<td><strong>37704,00 €</strong></td>
</tr>
</tbody>
</table>

Most of costs comprised in Table 7 (Operational Costs) are self-explanatory. The external services and suppliers costs are relative to mechanic that has an agreement with the company. Due to the age of the cars, maintenance needs to be performed frequently, since the company cannot afford to let the customers down mid tour. The rationale behind the wages are as follows: the brand manager will, as we have already discussed in the People section of the report, be varied among Commercial Area and Operational Area. For the former, which should only last some months each year (we assumed 3), during which new intermediaries are being approached so as to include Exquisite Lisbon in their tour portfolios, the brand manager will be working with the commercial manager and BOOST’s supervisor. Given that they are also working for the other brands, we considered their wages for only 3 months and on an allocation rate of 20%. The brand managers salary will be fully allocated to Exquisite Lisbon for the whole year. The operational employees provide services to the brand all year round, but the commercial manager will also work for the other brands; so, once again, only 20% of this cost was allocated to our financial report. One member of the operational staff was fully allocated to Exquisite Lisbon for the whole year so as to simplify calculations.

The promotional costs are incurred in for two reasons: the first is to provide free trial tours to potential intermediaries, and the second is to create a closer relationship to them, thus enticing them to improve the sales for the company. This will be done through business meals and sales contest, already described in the promotion section.
EXPENSES FORECAST

YEAR 2:

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Trial Tours</td>
<td>11</td>
<td>46,33 €</td>
<td>509,63 €</td>
</tr>
<tr>
<td>Number of Dinners per year</td>
<td>8</td>
<td>25,00 €</td>
<td>200,00 €</td>
</tr>
<tr>
<td>Intermediate awards</td>
<td>8</td>
<td></td>
<td>2 000,00 €</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>2 709,63 €</strong></td>
</tr>
</tbody>
</table>

Table 8 – Trade Promotion Costs Year 2

Table 8 depicts the expenses in these activities for Year 2. The trial tours will be provided to a certain number of intermediaries, and from those, only some will become our partner’s. This will increase every year. Detail for the remaining years can be found on Tables 9, 10 and 11 on Appendix C.

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Fixed Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>40 413,63 €</td>
</tr>
<tr>
<td>2013</td>
<td>43 348,95 €</td>
</tr>
<tr>
<td>2014</td>
<td>44 260,65 €</td>
</tr>
<tr>
<td>2015</td>
<td>44 260,65 €</td>
</tr>
</tbody>
</table>

Table 9 – Total Annual Fixed Costs

Table 9 depicts the total fixed costs for each year of operations.

Variable Costs
There is a wide variety of costs that must be considered whenever a tour is provided: the guide, who is paid according to the length of the tour; fuel, which varies according to the number of kilometers travelled; the value claimed by the intermediary (commission for hotels and profit margin for travel agencies), in case the purchases are not made through the internet. Food and drink, which are relatively independent from any of the metric (the sweet treat changes between destinations, but the price is similar among them is very similar); whether the customer wishes to include the admission ticket to museums or other attractions, which depends on the destination (and the customer); the lunch, which depends on the length of the tour and on the destination. Trips to Serra da Arrábida also include a toll price. The large number of variables that need to be considered, render the tables as not “user-unfriendly” when being analyzed with a tool other than Excel. We did, however, include the table for the variable costs in year 2 as an example; it can be seen on Table 12 on Appendix C, without the costs per restaurant due to reasons of spacing.

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Variable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2</td>
<td>144 761,99 €</td>
</tr>
<tr>
<td>Year 3</td>
<td>217 696,01 €</td>
</tr>
<tr>
<td>Year 4</td>
<td>272 462,25 €</td>
</tr>
<tr>
<td>Year 5</td>
<td>353 007,05 €</td>
</tr>
</tbody>
</table>

Table 10 – Total Variable Costs

Table 10 depicts the total amount of variable costs on each year comprised in the plan.
5. Financials, Budgets and Forecasts

Profit and Losses

Prior to presenting the income statement, we believe that it is important to analyze the costs incurred in and profits drawn from each possible tour.

<table>
<thead>
<tr>
<th></th>
<th>Length</th>
<th>Price of the Tour</th>
<th>Guide</th>
<th>Fuel</th>
<th>Commissions</th>
<th>Food and Drinks</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lisbon</td>
<td>Half Day</td>
<td>83€</td>
<td>25€</td>
<td>10€</td>
<td>25€</td>
<td>6.41€</td>
<td>16.59€</td>
</tr>
<tr>
<td></td>
<td>Full Day</td>
<td>121€</td>
<td>45€</td>
<td>13€</td>
<td>25€</td>
<td>6.41€</td>
<td>31.59€</td>
</tr>
<tr>
<td>Sintra</td>
<td>Half Day</td>
<td>94€</td>
<td>25€</td>
<td>15€</td>
<td>25€</td>
<td>6.33€</td>
<td>22.67€</td>
</tr>
<tr>
<td></td>
<td>Full Day</td>
<td>143€</td>
<td>45€</td>
<td>19€</td>
<td>25€</td>
<td>6.33€</td>
<td>50.67€</td>
</tr>
<tr>
<td>Serra da Arrábida</td>
<td>Half Day</td>
<td>105€</td>
<td>25€</td>
<td>22€</td>
<td>25€</td>
<td>6.56€</td>
<td>26.44€</td>
</tr>
<tr>
<td></td>
<td>Full Day</td>
<td>160€</td>
<td>45€</td>
<td>27€</td>
<td>25€</td>
<td>6.56€</td>
<td>56.44€</td>
</tr>
</tbody>
</table>

Table 11 – Profit by Tour

Table 11 discriminates the costs that Exquisite Lisbon has with a tour (without considering the options from the price menu). The table was created considering a tour acquired through a hotel, where the commission to intermediaries is around 25€ per sold tour. The costs with the guide vary between half and full day tour, with a pricing of 25€ and 45€ respectively. The fuel expenses depend on the amount of km travelled, and a half day tour in Lisbon is, logically, the least expensive in this dimension while a full day tour to Serra da Arrábida is the most expensive. The foods and drinks are divided in the following: one cheese per tour, 2 loaves of bread (since for the financials, every car was assumed to transport 2 people, due to the results represented in Graph 7 on Appendix A-I, which is an important information when taking the price menu into account), 1/3 of a bottle of wine (one glass per customer) and the typical treat from the destination (for Lisbon one Pastel de Belem, Sintra queijadas or travesseiros and in Serra da Arrábida Tortas de Azeitão). The food treats will be purchased in cash and carries in order to benefit from cheaper prices associated with quantity discounts. The wine will be bought straight from the manufacturer; an agreement was established to only provide Marquês de Borba (which is currently undergoing a rebranding process) in our tours as a means of exposing the brand to foreign consumers, that will allow us to acquire each bottle at 4.50€.

Considering only the Core Service, the tours that are most profitable for Exquisite Lisbon are full day tours, especially to Sintra and Serra da Arrábida. When including the price menu differentiation the profits will increase further, as is exposed on Table 1 from Appendix D. In average, we are profiting 1€ from every admission ticket (due to quantity discount, in most cases) and 5€ from each restaurant.
Table 12 depicts the Income Statement for Exquisite Lisbon, based on the assumptions we presented throughout the financial detailing. The cash flows are always positive and amount to a final value of approximately 197.000€. The growth between years is significant, however, based on the pattern we witnessed for Gocar, we are assuming that the growth rate significantly decreases and stabilizes from 2015 to 2016. It would not be possible to keep the same growth rate for long, otherwise the service capacity would be exceeded. Of course that, with such a positive growth and the depreciations completed, it is only natural to assume that there will be additional investment in this business in the direction of expansion. We would like to underline, once again, the fact that this is a niche service and that this brand is integrated in other activities that bring incomes of their own.

In order to incorporate a prediction of all possible future situations, we constructed a 3 case scenario, where the income statement and financial indicators are evaluated after applying a change in the amount of sales for each year.
PROFIT AND LOSSES

In a more positive scenario we assumed that, on the first year of sales, on the high season we performed 190 tours per month. Table 13 in Appendix C is the income statement for this positive situation. The cash flows are considerable higher, amounting to a total of 1,900,000€ for the 4 years of operations we predicted. The NPV is of 2,560,000€ and payback for the investment is returned on the first trimester of sales activity. To compute this scenario we estimated the sales for the first year and computed the variable costs and sales with the growth rate we had extrapolated from middle case scenario.

In the worst case scenario we assumed 60 tours on the high months, and the income statement in Table 14 Appendix C is representative of this situation. The much lower cash flows, amounting to 60,200€, justify the lower NPV of 41,600€. Payback for this situation is of 4.04, in the beginning of January of the 4th year of sales (2015).

In conclusion, in spite of the difficulty we had in predicting the sales, and finding a scenario that we were completely comfortable with, one thing is common in all scenarios, which is the positive cash flow. We are confident that the measures and strategies we chose to take advantage of this opportunity are the propeller necessary to have a successful venture.
Marketing Organization

The low budget associated to the launching of Exquisite Lisbon, dependent on low costs in order to achieve profit quickly, does not allow extensive hiring for brand and service management. One of the key success issues for the venture to work is intermediary channel management, and the company was already planning to open a new position to perform this task. It is, however, our opinion, that this role should have more responsibility.

One single brand manager, who would report to the company owners, should be in charge of all the processes regarding the brand:

1. Planning:
   - Developing a long range strategy for the product
   - Preparing an annual market plan and sales forecast
   - Initiating offer improvements to meet changing markets

2. Sales:
   - Coordinate online and intermediary sales
   - Ensure guide availability and car/route specifications
   - Provide budget for personalized trips
   - Manage and engaging the intermediary channels
   - Gather continuous intelligence on the offer performance, customer and dealer attitudes, and new problems and opportunities

   - Measure Customer Satisfaction and deal with eventual issues in order to prevent loss of brand image
   - Attempt at acquiring mailing lists from website of Volkswagen Beetle Clubs
   - Continuously manage the Facebook webpage and forums from Volkswagen Beetle Club websites

Rather than providing incentives based only on sales level, this manager should also be rewarded according to customer satisfaction levels, since this will be one of the primary growth drivers.

Source: *Marketing Management* (number 13 in references)
5. CONTROLS

Marketing Management
An annual plan is to be drawn and evaluated quarterly, with the following measures:

1. Sales Analysis
   - Sales Variance Analysis:
     • Due to Volume Decline \( P_0 \), \( V_0 - V_1 \) - seasonal variations
   - Micro sales Analysis:
     • By purchasing channel
     • By Car/Destiny Attractivity
   - Marketing Expense-to-Sales:
     • Sales Force-to-Sales Ratio – intermediaries
     • Advertising-to-Sales Ratio – online
     • Sales Promotion-to-Sales Ratio – cross selling
     • Sales Administration-to-Sales Ratio – management staff wages

2. Financial Analysis
   Comparing the forecasts with the actual results

3. Profitability Control
   - Revenues and costs allocated to each area, in order to assess most profitable channels and practices (destination and tour length, for example).

4. Efficiency Control
   - Customer Pick up and Drop Off times
   - Car Maintenance related issues (e.g.: gas consumption)
   - Quality/Price ratio of food treats bought for customers
   - Number of complaints
   - Guide and route satisfaction

Marketing Metrics
1. Counting Based Metric
   Number of complaints
   Sales
   Headcounts
   Number of customers
   New hires

2. Accounting Based Metric
   ROI
   NPV

3. Outcome Metrics (Please consult Appendix D, Images 1 and 2)
   - Consumer Based Brand Equity (should not be performed on every customer)
   - Marketing Dashboards

Source: *Marketing Management* (number 13 in references)
Contingency Planning

Launching the brand successfully will be one of the hardest and most important parts of this process. Some of the intermediaries will undoubtedly be unwilling to advise our service to customers until proof of its quality and customer satisfaction potential have been given. If we are having trouble in acquiring tours prior to sending our team to talk to the intermediaries, an advertising strategy can be deployed: one of the Beetles is to be used purely for advertising, roaming the most tourist-intense areas in Lisbon (airport and hotels included) in order to attract customers with a visual demonstration of the car. Such a proximity to the service is more likely to entice the potential customers, thus helping put Exquisite Lisbon on the map with word of mouth.

Once a more relevant amount of tours has been conducted and the company has the customer satisfaction reports to back the presentations, intermediaries may prove more willing to provide access to their tour portfolio. Nevertheless, it is important to underline the experience that Exquisite Lisbon’s owners have acquired from their previous ventures, namely Gocar.

In case of Sales Volume not corresponding to expectations, several steps can be taken. Online adjustments can be made with the investment on Google Adwords and on the treatment to the client; if we are able to truly delight and request for honest reviews to be posted on www.tripadvisor.com, word of mouth ought to provide a considerable boost to level of tours being purchased. For the intermediaries, individual analysis meant to allocate the number of tours being provided by each could indicate which are truly benefiting Exquisite Lisbon, and which are more a weight than an advantage. A restructuring of the incentives could be a feasible solution, but only after the company tries to cut the relationship with the mediated channels and attempt at improving sales with new intermediaries.

Should the venture prove to be completely unprofitable due to some unexpected variable or the failure of the strategies aligned in this report, alienating the assets specific for Exquisite Lisbon (the Beetles) will not be very hard, since the cars’ market value should not suffer any sharp drops. The office material and space will continue to be used for the company’s other brands.
REFERENCES


15. www.euromonitor.com ;