Marketing Analysis and Business Evaluation
Marketing for a new firm Resort Västra Lägern

Master Thesis in Entrepreneurial Management
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Jönköping: June 2007
Abstract

Hospitality, tourism and leisure are industry sectors where different factors impinge together to provide a unique marketing context. The importance of concept intangibles, their significance to life-style and cultural preferences of customers in themselves represent a major challenge. Such intangibles may be more vulnerable to changes in customer perception than the physical aspects of product and service delivery. However, intangibles also present an opportunity for individual entrepreneurs to create alternative and differentiated concepts, based on their own view and intuition of what customers will find appealing.

Resort Västra Lägern was founded under the circumstances. It is one new, small resort firm in the countryside of Sweden. The owner identified the niche market in this traditional industry. The favorable natural and cultural resources create the business background while the active entrepreneurship makes the possibilities. At the start-up of the firm, marketing analysis is necessary for this SME to position itself properly on the markets and to target the customers effectively.

Marketing is absolutely central to the entrepreneurial process. For a new venture to be viable, customers have to desire what it is being offered, in sufficient numbers, and prepared to pay an economical price. This is at the heart of the marketing concept. However, an entrepreneurial approach implies taking advantage of market opportunities in a dynamic, proactive way.
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1 Introduction

Market segmentation has been well defined by Dibb et al. (2001) as: ‘The process of dividing a total market into groups of people with relatively similar product needs, for the purpose of designing a marketing mix that precisely matches the needs of individuals in a segment.’

A widely accepted definition of service marketing is that provided by Kotler (1994): ‘A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.’ There are four characteristics in the service business; intangibility, inseparability, variability and perishability. The unique attributes of service markets mean that, unlike the tangible goods, it is extremely difficult to separate the marketing activity from all of the other functions being undertaken within the small firm.

Gronroos (1984) proposed that in service firms a marketing task differs from traditional mass marketing because it involves not just marketing staff, but instead draws employees and assets from across the entire organization. This viewpoint is described when three tasks are categorized,

1. External marketing: the normal formal processes associated with the management of 4Ps
2. Interactive marketing: the activities which occur at the buyer – seller interface
3. Internal marketing: concerned with all of activities ensuring that every employee is customer conscious, and employees and physical assets reflect a commitment to the principle that every aspect of the operation is directed towards delivering total customer satisfaction.

The Marketing Mix model, known as the 4P’s grouped first in 1960 by McCarthy (2001), is a good tool to assist in implementing marketing strategy. It comprises Product, Price, Place and Promotion. These four parts are equally important for the company to attain competitive advantages in the marketplace. Marketers use the method attempting to generate the optimal response in the target market by blending four variables. They are controllable variables that can be adjusted on a frequent basis to meet the changing needs of the target group and other dynamics of the marketing environment.

Second, the SWOT analysis is a tool that a company can use an informal audit on their position and environment. The Strengths and Weaknesses components involve an internal assessment of the organization, while Opportunities and Threats outline the external situation.

In this thesis, the external marketing for one new SME resort firm in Sweden, Resort Västra Lägern, would be outlined in the framework of 4Ps marketing mix, including the customer analysis and markets competition. The interactive marketing and internal marketing would be addressed in the SWOT part with regard to the business assessment.
1.1 Background

Resort Västra Lägern is a new resort company located alongside the Lake Västra Lägern in Ydre Kommun, Östergötland, Sweden. It was founded in 2006 by one entrepreneur who comes from the Netherlands and invests here in the countryside land of 9 hectare (Appendix 1). The business is to build a recreation / holiday park where it offers the bungalow accommodation and the recreational activities. By far 10 bungalow houses are being under the construction together with the activity exploitation in the land. The bungalows would appear to be superb cottages equipped in good condition and with more comfortable spaces. The resort park is open around the year. Inside the resort or in the neighboring within a radius of 35 kilometers, plenty of outdoor activities are available for leisure in nature. In summer, guests can do swimming, sailing, fishing, canoeing, cycling, hiking, horse riding, and playing golf and so on. In winter, they can do ice skating, skiing and ski cross-country.

The target customers are mainly Dutch, Danish, Swedish and German who are willing to spend money to pursue the high-quality recreation / holiday. As soon as the construction is completed as expected in the spring of 2008, the resort land is open to public immediately.

The firm is one-man business run by the owner and he is currently responsible for the land building at the moment. But he urgently would like to know about the marketing strategies in order to reach the customers when the preliminary work is done. A number of holiday accommodation firms, both in the large and small scale, and the private cottage rental have existed in the landscape of Östergötland. Under the circumstance of close competition, it needs efforts to define the firm’s competitive competency differing from the competitors.

This thesis is mainly trying to explore the marketing field for the firm to understand the marketing mix in depth and to propose the marketing approaches. By studying the competitors, it tries to probe the effective marketing practices that help to position the firm appropriately on the markets.

Meanwhile, it is useful to clarify both the advantages and disadvantages in the SME through SWOT analysis before the market entry. Together, such an analysis can not help a firm determine their relative competitive advantages, but can help identify thus minimize the impacts of possible weaknesses and threats. Also it would better serve the marketing work in an explicit map guiding.

1.2 Empirical problem

Marketing activity may need account for new markets, new products and services, more customers, new equipment, new employees and so on that small firms have to contend with their limited resources. A small resort firm operating within the tourism and hospitality industry has neither the resources to build its own discrete marketing department with specialized job roles nor the funds to hire the services of an external marketing agency. However, marketing activities are significant for the small business and could produce the obvious effect on the whole business performance. Many small firms already recognize the benefits of marketing activities. Cox (1993) illustrated that over 50 percent of small firms view marketing as a guiding philosophy for doing business, and Barkham et al. (1996) found that 37 percent of small firms in which marketing was viewed as a very important strategy grew more quickly than those in which it was not viewed as such. Therefore, in the small
firm of Resort Västra Lägern, the marketing work apparently comes to the imperative matter at the business start-up, and permeates all levels and functional areas of the firm.

Marketing is a valuable tool in managing change, and managing changing is crucial to a firm’s survival, particularly in such rapidly evolving and intensely competitive industries as tourism and hospitality (Quinn et al., 1992). The focus in many small firms is on survival: that is, sales and the shorter-term view take precedence (Cox, 1993). Robinson and Pearce (1984) conclude that the small firm’s view of marketing is essentially operational and has little strategic focus, which is supported by evidences in the tourism and hospitality industries.

On the other hand, the complexity and uncertainty often happen to the marketing management in small firms due to the characteristic entrepreneurial behaviors. Hill and Hultman (2005) summarize empirical findings that vision and strategy are driven by tactical successes in these firms. The innovation in product/service is often witnessed but lack of planning occurs in incremental steps. How to hold the core competencies in each planning stage to compete with the large or existing firms? Formal market research is rare and marketing decisions are based on daily contacts and networks. Should small firms augment the value creation by alliances? How to exert founder and other personalities who are central to marketing as much reliance is placed intuition and experience. How to integrate the entrepreneurial spirit with the calculated risks in the real world? Likewise in Resort Västra Lägern these problems are identified and this paper tries to answer the questions confronted, or tries to give some critical findings to explain.

1.3 Purpose

The paper intends to explore the strategic management and business evaluation for the new firm, Resort Västra Lägern, in an entrepreneurial perspective. Based on the marketing mix illustration, competition studying and SWOT analysis, it tries to outline the most important indicators for the owner in Resort Västra Lägern to formulate the policies and strategies.

The following questions are addressed,

- How to attract the potential customers by analyzing the marketing mix: product, price, place and promotion, and studying the customer behavior as well.
- Who are the competitors in the same market segments and what situation of their performances.
- What is the firm’s core competence and market position compared with its competitors.
- On evaluating the business plan, what are the strengths and weaknesses respecting how to improve the operating performance.
- On evaluating the business environment, what are the opportunities and threats confronted respecting how to minimize the risk effects.

1.4 Methodology

1. Literature Review

It is necessary for understanding the theoretical background and for explaining and applying the meanings of the concepts related to the report questions and aims as well as for
supporting the data collected. It is guided by the literature related to marketing mix frame, followed by entrepreneurship theory in general as well as in the tourism and hospitality industry in particular. The meaningful academic knowledge is grounded on the author’s course study of ‘Business Development and Growth’, ‘Entrepreneurial Accounting and Control’, ‘International Marketing’, etc. The thematic theories used in this thesis are mainly derived from books about tourism and recreation management, and Small and Medium Enterprises (SMEs) management. Classic contributors related to these fields in mainstream views are presented in order to have a basic understanding of the concepts. Meanwhile, it also includes the latest theoretic views from the academic journals of recent years, which may better support the thesis aims, such as in Business to Business (B2B) marketing and e-business strategies, etc. Besides, the references from the author’s seminars and lectures are also helpful to extend the theory elucidation.

2. **Collection of empirical data**

The research methodology comprises quantitative and qualitative methods (Gill and Jonhnon, 1997). Due to the limiting factor, the qualitative method with in-depth and open-ended interviews is more applicable studying the firm. This method would give more critical and profound information about one individual case than the generalizations of a quantitative approach.

The owner of the firm has been conducting a paid survey on one professional survey website of ‘Survey Monkey’, collecting potential customer behaviors and their opinions on the resort project. It is meaningful as primary research for the initial business analysis and future database. Secondary research is a significant resource, including industry-related publications, government statistics, competitors’ websites and industry reports from respected firms. Personal contacts in telephone or email semi-structured interviews were conducted in order to obtain necessary information as well, such as in studying the competitors and learning the customer perceptions. The data of the background and situation about the new firm and the business location were gathered though a review of its business documents and relevant reports as well as on-site visits.

1.5 **Scope and Limitation**

In terms of scale of enterprises, the entrepreneurial orientation is based on small and start-up scope that tries to identify the business model of the small tourism enterprises in Sweden.

The geographical area is the Östergötland region in the southeastern of Sweden. As the firm is characterized by countryside areas so that nature and culture are seen as assets of the region, the thesis would probe the ways stimulating and promoting the nature / culture based resort business. The historical development and the potential growth within this region would also be studied to support the analysis since it is accepted that the entrepreneurial capacity and prospect are interwoven with the economic and social vitality in a considerable area.

Time constraints and language barriers were challenging the author during the thesis period. The firm is established promptly and would launch the business as soon as possible, considering the finance burden of overhead costs plus the owner’s ambition on this project. Secondly, some relevant information and database (e.g. reports, brochures) were obtained from the Swedish websites and representatives of municipalities that in the original language, Swedish. Moreover, claimed by Kotler & Armstrong (2001), it must be noted that
a SWOT analysis can be subjective and thus should not be taken as absolute fact, not used in isolation.

2 Marketing Mix Analysis

2.1 Product

Marketers must clearly identify their client in order to address their needs and manage their product marketing in the right way. Kotler and Armstrong (2004) suggest that the following areas of the product offer are addressed:

2. Product attributes (branding, quality, packaging, design, country of origin).
3. Support services (delivery, installation, spare parts etc).

In Resort Västra Lägern, the product offer could be described according to three categories above. Comprehensive understanding about the product scales and attributes could clue on every effort needed to design every aspect of the promotion issues.

2.1.1 Core product

Bungalow

The complete resort land covers 90,000 square meters and the lake has a surface of 100,000 square meters. The bungalow rental for holiday is the main body of the resort business. Six four-person bungalows and four six-person bungalows are under the construction right now. All the bungalows are built up on the slope of one unsoiled land distributed in ladder. There is approximately 80 to 90 meters space between each bungalow that guarantees the private area of each customer group (Appendix 2). From each bungalow, customers could overlook the Lake Västra Lägern in an agreeable angle of view. There would be a sinuous path cleared for cars to reach each bungalow and a small park lot beside respectively their bungalow house.

The bungalow interiors are completed with home facilities in modern style. It would opt for the IKEA high-class furniture kits that make the accommodation comfortable and convenient. The TV sets and DVD players are available to amuse the customers when needed. The most attractive item is a sauna room affiliated in the bath room of every bungalow, which may well intensely interests the non-Swedish foreign customers.

It could say the bungalow of Resort Västra Lägern is the combination of private cottage and hotel, as innovation by far in the holiday accommodation rental in Sweden.

The bungalow houses look like private holiday cottages which have been popular in Sweden. But it surpasses the ordinary cottage as to the well-prepared living conditions and the high-quality furnishings. The customers could get the handy help and guide from the resort
reception. The linen package, towel package and tea towel package are provided ready for customers that the fee is all included in the weekly bungalow rental. Also the interim changes of the packages are accessible with charge fees of SEK 35 for the towel package (one bath towel, one towel and one flannel) and SEK 65 for tea towel package (two tea towels, one kitchen towel, one table-cloth, dishcloth, dishwashing and rubbish bags). Unlike the total self-supplying model of private cottages, the service and management in Resort Västra Lägern would yield one pleasant and relaxing holiday for customers without concerns.

As such, the bungalow might be compared with hotel as to the comparable standard. However, the distinction lies in the circumstances as the discernable value that the bungalows are situated in nature. They are against the hill and set down in the woods overlooking the clear lake. As long as customers step out of their houses, they are exposed in a tranquil nature. It is only walking distance that they access to the lake for sailing or canoeing, to the forest for hiking or cycling, and to other nature traits conveniently. It is inconceivable even for five star hotels to possess this predominance. From the online survey by far, the absolute majority claim that the large towns should be far away at least 20 kilometers from the resort destination (Figure 1). Although most hotels provide the polished conditions and outstanding services, they usually are choices for business travel people or hasty tourists. Hotels in town cannot supply the merits as the resort do – being close to nature. The resort park creates one peaceful and picturesque atmosphere making people feel at ease.

Activities

There are endless possibilities for guests of Resort Västra Lägern to be active in the recreations and adventures both in summer and in winter. Within the resort land the water sports and forest pleasures are adequate to create one entertaining week, such as fishing, sailing, canoeing, hiking and cycling, etc. In the neighboring district, guests are easy to find other lively fun from the golf, horse riding, skiing, and ice skating, etc.

Fishing – customers could do fishing freely in Lake Västra Lägern exempted buying the fishing licenses because the firm has taken up licenses. There are various fish varieties in Lake Västra Lägern: perch, pike, turbot, roach, whitefish, tench and salmon trout (Fiskeprojekt Östergötland, 2006). More interesting thing is that the resort would install the barbecue outfits in the islands of the lake hence tourists could barbecue there. That would be great enjoyment for guests in fond of fishing to spend time in the resort.

Sailing – the resort possesses its own sailing boats stored in the cabin on the lakeshore for daily rental. All the sailing boats are completed with life jackets and safe measures. Guests could take sailing and boat trips by themselves to explore the whole lake scene. This is good opportunity to sight-see into the deep of nature, for instance, to visit some deserted islands for exploration, bathing (near Liden), barbecuing, or else. The lake also offers a fantastic possibility of canoeing.

Swimming – Lake Västra Lägern, one of the clearest lakes in Sweden. It is perfectly suited for swimming in summer owing to its calm waters and beautiful shores. The maximum depth is 15 meters at any pinot in the lake.

Mountain cycling – The resort reception offers several pre-described bicycle tours around the zone and the mountain bikes could be rented out at the reception. The tour length varies between 15 kilometers and 70 kilometers. Moreover, local traditional cycling tours would be organized in June and July, for instance, Västern Lägern trip of 60km, Sommen trip of 75km or the complete lake trip which is a whopping 125km, the Vätten trip of 150km or the complete lakes tour at an amazing 310km.
**Hiking** – From the Resort some of the area's most beautiful hiking routes start and lead on into the surroundings. Every part which the hiking path stenches into has its specific beauty and mixture of wilderness and peacefulness. Several maps and hiking routes described could be picked up at the reception.

**Golf** – there are several beautiful 18 holes golf courses in the vicinity of the resort land, around 15 kilometers to 25 kilometers away. Around Aneby, golf lovers would find an 18-hole golf course Wiredaholm Säteri by the lake Viredaholmsjön, run by the Wiredaholm Golf & Country Club (www.wiredaholm.se). Other two choices are Hallaryds Minigolf and Stalpets Minigolf. In Kinda, Björndals Golfbana run by Kinda Golfklubb has a 9-hole golf course and driving range (www.golf.se/kindagk). In Eksjö, Eksjö Golfklubb operates an 18-hole golf course in Skedhult (www.eksjogk.nu). In Tranås, Tranås Golfklubb operates 18-hole golf course in Norrabyvägen 8 (www.Tranäsgk.se). Ydre Golfklubb has a 9-hole golf course at Ydregården in Österbymo.

**Horse riding** – Elmershults Hästar & Friluftsliv (Elmershult’s Horses and Outdoor Activities) is in 3 kilometers east of Österbymo. They arrange rides, riding treks and twilight rides in beautiful countryside on north Swedish horse breed, for both beginners and experts (www.elmershult.com). There are Ydre Riding school in Bulsjö Gård of Österbymo (bi-phome.spray.se/ydredrakk) and Trollmarker in Sprengsboda Farm (www.trollmarker.se). Allemansturism i Ydre AB offers horse riding and a series of leisure equipment rental. In Aneby, Haurida Skogshästsafari organizes summer riding tour starting from Åsen, other times from Boarp (www.skogshastsafari.se). Besides, Tranås Ridklubb is located in Hjäsmaryd in Tranås (+46(0)140-31 16 83).

**Skiing** – tourists do not have travel far up north to find decent skiing in Sweden. It is actually good choice for families to come to Asbybacken. The ski resort is equipped with catering services in Asby Alpina (www.asbyalpina.com). In Kisa, there is an exciting alpine ski centre, Tolvmannabackens alpine skidsportcentrum, which possesses slalom slopes with 5 slopes and 4 lifts in 140-meter height and 1200-meter length (www.tolvmannabacken.com).

### 2.1.2 Product attribute

An important part of the decision-making process to visit a particular destination is a favorable perception of the environment at the end of the journey. It is the physical and cultural attributes of a destination’s environment that provide the resources for wealth creation through tourism (Holden, 2002).

**Nature attributes**

A concise description of Östergötland would be to say that the landscape is a miniature of Sweden. The indigenous populations like to claim that their province is the mixture of the best ingredients of the whole country’s natural scenery (Svensk Turist Guide, 2007).

The landscape of Ydre is rich and varied. There are high hills, deep forest, and abundance of lakes and, in the valleys, farmlands cultivated for centuries. There are about ten nature reserves worthy of a visit within the bounds of Ydre Kommun. For example, Torpon, Vasviksberget, Sjovik and Korphalorna are wooded area of near-virgin forest. Rocks Mosse is one of the most valuable bog complexes in Östergötland. Herbergshut is an old pasture carrying a rich flora under the scattered oaks. These habitats are full of birds, including capercaillies and several species of woodpecker and owl. The botanist will spot rare
flowers, mosses, fungi and lichens. "Ydrebygden" lies in the borderland between the Swedish counties of Småland and Östergötland on the north side of the southern Swedish highlands, exactly the locality of Resort Västra Lägern. Here you find large forests with pine and spruce, but also deciduous forest surrounding glittering clear water lakes and mountains.

Ydre has spectacular nature with almost 100 clear lakes of which Lake Sommen is the largest. In fact, this is the largest clear water lake in Sweden. All this, together with the energy created by the enthusiastic entrepreneurs, provide all the ingredients for a successful holiday experience.

There are six marked places that all gives a visitor scenic view of the countryside; all about 15-minutes drive easy to reach from Resort Västra Lägern: Bodaberget on Torpon, Holkasa in north of Asby, Kleveberget on the way to Herbergshult, Kungabordet near Norra Vi, Kalemala knapp near Nogmalen and Zelo berg in north of Sund. There are more attractions along the shore of Lake Sommen, between 15-25 minutes drive from the resort land. Passing Rydsnas to little south, Helgesfall Gardens is popular with tourists not only by an abundance of flowers but also wooden figures made from forest materials by one family. On the way, guests could witness Brantefall, a roaring spring waterfall sweeping over the rocks where an old mill once stood.

**Cultural attributes**

Most foreign people conceive of one fabular image on Sweden, which is the classic Småland cottage, painted red and trimmed neatly in white - set in a natural landscape of birdsong and beauty.

It is hopeful that the bungalows in Resort Västra Lägern will be built up in the style of Småland cottage. The pictures posted in the website would observably attract the customer’s eyes and their longing for the renowned Scandinavia recreation.

Typically, there is no wonder that many western country tourists would be enchanted by the fairy tale and myth handed down among the Swedish folks. They are willing to realize the past story or legend so that the relics and monuments are a window for them to be personally on the scene. Thus, the age-old sites with the ancient imprints are one component of cultural attributes for the resort business.

Östergötland was an influential and wealthy part of the kingdom until Gustav Vasa’s centralization of power then many towns were founded and great religious, trading and cultural activities characterized this era. This is a vibrant county with a history that is visible and very much alive by a number of historic sites dotted in the zone, within a 15-kilometer radius of the Resort Västra Lägern. For instance,

- **Olstorp Säteri** – 3 kilometers away; there are still many remains from the old industry of a hundred years ago around the stately manor, named Olstorp Manor in Västra Ryd.
- **Rass Mill** – 10 kilometers away; the mill built in 1742 stands on its steady foundation of natural and worked stone. It has been restored so successfully and now classed as a Building Memorial.
- **Skomakerimuseum** – 10 kilometers away; one cordwainer (shoemaker) built this little special house for shoemaking before and now tools exhibited there tell visitors the old times story in the village.
Osterfors Smithy – 10 kilometers away; the first village smith made living there from 19th century. The uniqueness is that nothing has changed inside the smithy by far, and the water wheel and charcoal smell are still there.

Sunds Bruk – 15 kilometers away; one of the most remarkable of Ydre’s industrial monuments is the ruin of the blast furnace at Sund’s Forge, where people worked iron ore from the lakes and marshes before. Many remains from their day and age tell short but intensive history.

Besides, there are several museums in Ydre that may interest guests from the resort. Hultgren’s Museum, in the Central Library in Österbymo, records precious photos by one well-known photographer. It illustrates the past time, people and scenes about the district that shortly disappear later. Lake Sommen Naturum Museum concentrates on showing the Sommen Lake distinctiveness, from the forming time to boating life of today, portraying fully the Swedes’ affection on lakes. Furthermore, in the natural landscapes and towns, it abounds with local handicraft shops and markets offering a wide selection of local handmade products in the form of decorative or more down to earth uses. These local cultural attributes signify some certain added value that guests would delight in the resort holiday.

2.1.3 Support service

Support service matters a lot in the resort business as it shapes the overall image of the holiday product upon the customers. Booking bungalow is just a starting point where customers come to recognize and anticipate the resort product. Not until they get involved in the supporting products and services they receive then and there, they can acknowledge the whole project they afford. The supporting services consist of catering, housekeeping, routines that indispensably accompany the core product to suffice the customers. The information should be handed out before in the brochure, or immediately the customers arrive at.

Regarding catering, it is quite convenient for guests take a 10-minute drive to Österbymo town where there are two supermarkets, ICA Omo-hallen and Coop Nara. They are daily open until 9 pm. As to the long-distance customers driving along Route 131 via Tranäs, a bigger town, they could replenish the food in the supermarkets in the town centre, such as ICA and Hemkop likewise. There are also a few shops selling the food and beverage in town for choices. The nearest grocery to the resort land is found in Rydbogatan, Rydsnas, just 5-minute drive away. Opposite to this grocery, it is one lovely café called Rydzater run by one family house. The household style would appease visitors with an extraordinarily local friendliness. The nearest restaurant to the resort land is found in Rydsnas, named Ryzatra’s Lunch & Catering. They offer good home cooking and a coffee bar with home baked bread, and could be booked for customers’ special occasions.

At the entry of Österbymo town, Café Evas Skafferi welcomes guests in an ease moment with coffee, sandwiches, deserts, etc. For other choices, people could go to Pizzeria Capri and simply take the hot meals there, pizza or kebab; or go to Ydregrillen for hamburger or sandwich, etc. Likewise, in other bigger towns such as Aneby and Tranäs nearby there are a number of restaurants and cafés available if the guests would like to drop in when passing by. In Asby, ten-minute drive from the resort land, Asby Lanthandel is well known in the area. This is a pretty cozy place including one grocery and café where local people frequent to here for relax. The grocery supplies fresh vegetable and fruit as well as frozen food like one mini supermarket. What is unique lies in the local products in unique and in freshness.
Here also serves as agent of SystemBolaget, Apotecket and Svenska Spel. The services of Internet, copier and fax are available.

The gas stations information should be indicated when guests come and set down. Q-STAR is located on the way from Rydsnas to Österbymo; another one at the entry of Österbymo town is OK Q8 where one small grocery is also inside. Additionally, in Ramfall village, 12 kilometers away from the Resort Västra Lägern, the gas station Preem Ramfall stood along the main road. A car repair shop Gustavssons Motorverkstad AB is always ready to give help in time. It facilitates the tourists to drop in when they head for the Sommen district bypassing Ramfall.

In the Österbymo town, customers could find liquor selling in SystemBolaget, pharmacy items in Apotecket and aid in Forsakringskassan if needed. Each situational service that the guests of Resort Västra Lägern may seek can be easily found in the circumjacent areas of the resort land.

Particularly, Resort Västra Lägern offers the free delivery of food from Asby Lanthanel (www.asbylanthanel.com) at the guests’ request. Any price of item charged from customers are the exactly same with the inventory lists distributed by the store. It is believed that the extra service endeavored by Resort Västra Lägern would satisfy guests well and gain many approvals during their time there.

These supporting services would be requested and demanded from time to time by guests like in any other resort project. It would present as thoughtful management if the firm collected the accurate information in details before and spread to the guests in manuals. Meanwhile, the supporting service could be attached in the promotion brochures to potential customers in which way supposed to secure one contented holiday in nature without any worry.

2.1.4 Summary

Resort Västra Lägern offers customers a recreational holiday provided with high-quality product and service. The well-conditioned bungalows are the core products to accommodate the guests with the characteristic combination of hotel and cottage in nature. A number of outdoor activities within the resort land are part of core contents that suffice the guests, together with other activity possibilities in the nearby district. These offers are not only physical recreation products but also attached with Sweden natural and cultural attributes hence customers would perceive as a unique value. Besides, the supporting services are adequate to facilitate the resort business concerned with catering and subsistence, etc. As such, the reception’s ready services would guarantee guests of a comfortable holiday in less worry. In conclusion, as to marketing to target the customers, all these product traits need to be exposed noticeably that imposes a value image on customers. No doubt the customer perception is shaped firstly on the product description and their understanding about it.

2.2 Price

Price is an important component in the marketing mix and can be used to help position the concept towards different customer groups, or to encourage the same groups to use the service on different occasions. There is natural concern that pricing causes much anxiety,
pricing at too high a level will result in reduced customer counts and a shortfall in income. At the same time, prices which are excessively low will sacrifice profit. As well as being targeted at particular market segments and occasions, price should reflect all the factors which influence the purchase decision, such as product / service quality perception, ambience, and location convenience.

### 2.2.1 Pricing approaches

Kotler and Armstrong (2001) discussed a traditional *cost-plus pricing* strategy based upon the total estimated cost of producing, marketing and maintaining the product, plus a desired profit margin. The pricing approach applied in Resort Västra Lägern could ascribe to the cost-plus pricing as the owner / manager correlates it extremely tight with the capital budget he would invest in and the business operation costing.

As the financial overview (Figure 1) in the business plan illustrates, the preliminary investments in the purchasing the land and bungalow construction summed up to approximately SEK 18 million, including the electricity connection, inventory and infrastructure expenditure. When the business is launched, the overhead expenses are estimated at approximately SEK 1.4 to 1.5 million each year, which covers such as house maintenance and inventory costs, transport charges, general management expenses, staff and private expenses, and other remaining costs. This initial budget constitutes the price scale in the owner / manager’s mind that the price is set down at a differentiated level. Upon the reckoning, the price for four-person bungalow weekly ranges from SEK 9,000 in low seasons to SEK11,500 in high seasons and for six-person bungalow at SEK 11,700 and SEK 14,900 respectively. Along with the anticipated occupancy percentages, the firm may hopefully expect the breakeven after the first high season in 2008 and payoff within three years.

The explanation of the cost-plus pricing applied hereby might reflect on the nature of small business. First, the entrepreneurs often have a high drive to achieve so that they anticipate the prompt earnings out of the business performance. It is understandable to witness that they are simply prone to chase the profit account in the short term as the success symbol.

On the other hand, small businesses are often haunted by the financial issues that they have obligation in the loan interest charge as well as the annual fiscal report. They are sensitive to red record so that try every effort to cover the costing through the price charges from the customers. The vast costs exist in the bungalow construction and land purchase as immovable property which burdens on the firm from the beginning. The high-class facilities in the resort incur a big sum of money, plus the energy supply for the luxury bungalow and high quality maintenance for the whole land. Furthermore, the construction period together with other preparatory work time exceeds one year, which also means the opportunity cost to the owner / manager. Therefore, the pricing approach of Resort Västra Lägern inevitably falls into the cost-plus pricing.

Notwithstanding, there are severe drawbacks in this pricing approach. It neglects the local information, business environment and competition on the market. Meanwhile, the cost-plus method ignores consumer perceptions and therefore runs counter to marketing thinking (Blythe and Benett, 2002). A more modern approach is the use of *value-based pricing*. It aligns with value delivered to customers, dependent on an understanding of how customers measure value through careful valuation of customer operations or feedback to a survey. Three methods are recognized broadly as *penetration pricing, market holding pricing and skimming pricing*. 
Penetration The firm combines a low price with aggressive advertising in order to gain a large share of existing markets, mainly applicable to price-sensitive customers. Obviously this is unbefitting to the business concept in Resort Västra Lägern.

Market Holding It is a reactive approach in light of competitive prices while similar products already exist, such as standard hotels and private cottages within the destination. This exceptionally requires the owner / manager’s thorough knowledge of business costs and itself position against the competitors in the target market. Also it is supposed to have confidence that the product life cycle is long enough to warrant the payoff of the new business entry. As to Resort Västra Lägern, the owner / manager adheres to the business concept differing from competitors that combines the merits of both the standard hotel and private cottage in nature. This unique market positioning is seen to deserve the differentiating mark-up at prices. Particularly, the owner / manager may propose the project in a relatively short perspective, so less concern is addressed on pricing foresight yet until the mature phase.

Skimming This strategy is a deliberate attempt to reach the top end market segment by charging high prices for luxury version of established products. This approach is applicable in Resort Västra Lägern either respecting the product criteria (the well-equipped bungalows), or respecting target customer groups (mainly up-middle class families). High-quality images are necessary to justify the high prices and should be designed to appeal to affluent and demanding consumers. The point is how to convey this high-quality image to the potential end buyers. In fact, to convince the customers of prices, the exquisite image of bungalow is not enough to speak for itself. Instead, the cozy and homey atmosphere released from the bungalow accommodation and the genial nature circumstances around the resort, would draw forth the customers’ approvals on the quoted prices. So that the value image imposed on customers signifies enormously than the physical value of the products. However, to apply the skimming strategy, the firm has to trade off a low initial market share against a high margin. It likely makes the firm vulnerable to aggressive local competition. Second, maintenance is pretty costing involving the energetic promotion and eminent after-sale service. On the ground, Resort Västra Lägern has to recognize that its mainstay lies not in the market share. There should be backup at the stage of business introduction in case of the occurrences of booking stagnancy, especially in the low season of winter. It is quite obvious that most competitors react with lower price tactics to get thorough the low-profit period. The discount of the holiday rental is usually provided around 30% to 50% off, even more in some cases. These common practices in Sweden often motivate some flexible customers to plan the winter holiday very earlier. By contrast, Resort Västra Lägern deals out the price range quite evenly. SEK 9,000 is priced for four-person bungalow for 6 weeks in winter and SEK 11,500 for 10 weeks in summer that the difference is at about 21.5%; SEK 11,700 is priced for six-person bungalow for 6 weeks in winter and SEK 14,900 for 10 weeks in summer that the difference is at about 21.7%. Due to the slight pricing differentiation, it could say that customers hardly have incentives to plan the winter going-out. Therefore, the owner / manager has to be cautious of the conceivable hardship in the low seasons and seek the solutions to balance the finance depression.

Keegan (2002) stresses the skimming pricing is often used in the introductory phase of the product life cycle, when both production capacity and competition are limited. As such, Albaum et al. (1998) suppose that objective might be the largest short run profit possible and little thought is given to the company’s permanent position in the field. This could help to explain in Resort Västra Lägern as the owner / manager sets the goal in the short term and also very wary of the business exit if the business performance got disappointed.
2.2.2 Pricing rules

Cullen (1997) asserts that the appropriate pricing policy applies the principle that the marginal cost is equal to marginal revenue, which is the standard optimization procedure. In the case of hospitality firms, he also identifies the relevant costs in the following categories:

*Capital cost* These include the cost of the building and associated costs in purchasing or commissioning the building plus any reconstruction work. These costs are averaged out over the expected life of the assets and include the costs of financing the building. The average cost per year is called the *annuitized capital cost*. This may be greater or less than any mortgage payment the firm has to make because the firm borrows less than the cost of the building (which makes the annuitized capital cost greater) and pay the mortgage back over a shorter period than the life of the building (which makes the annuitized capital cost less).

*Operational costs* These are incurred in each period according to capacity used.

More important, it could be imaginable the business performance of Resort Västra Lägern will suffer much to the season periods, which makes the pricing fairly complex. Occupancy can be about 70% or more during the high season and less than 30% in the low season (taking into account the resort may shut for sometime in winter). According to Cullen’s (1997) explanation, this situation falls into ‘the firm peak case’ that the level of demand is very high in the peak period compared with the off-peak period. In this case, the demand is so low that even charging only operating costs does not lead to the same level of occupancy or resource usage as in the peak period. The capacity becomes ‘effectively a free good in the off-peak’ period and the firm should not include any capacity costs at that time.

This means all the capital costs have to be paid for by the peak period customers as well as the operational costs. Hence the marginal principle could be applied as follows,

*Peak period*

Marginal operating costs + Marginal capital cost = Marginal revenue in peak period

*Off-peak period*

Marginal operating costs = Marginal revenue in the off-peak period

Usage or occupancy rates will still vary considerably between peak and off-peak periods. The peak period customers bear all the capital costs, and the firm charges off-peak customers according to running costs only. Therefore, it would be reasonable for Resort Västra Lägern to set much lower prices in winter. The consideration is to get through to offset the running costs rather than earning profits as counted in the budget.

2.2.3 Pricing perspectives

It could be assumed that the product and/or service in tourism, resort or recreation sectors eventually are sort of transitory consumption, unlike the durable products or the living necessity. Resort Västra Lägern would better comprehend this point when making pricing decisions. Majority consumers’ attitudes to expenditure on the recreation part are still quite flexible, which means the high prices, even with high-quality or characteristics in niching, may not promise dynamics on markets. After all, the expense on the recreation items is seen as transactional, one-off experience. Of course it becomes another case if Resort Västra Lägern took the bungalow and land exploitation involved in real estate field. It is
not a big surprise that the bungalows are taken as immovable property for long / fixed term rental or other reinvestments.

Another problem is that, as found by Cox (1993), small firms did not generally focus their activities. In case some incidents happen to the firm that distract the core business operated, the rescue method usually utilized by small firms are cutting down the prices with less profits but for sustaining sales. However, it contains great risks in the service industry of recreation. Imagining that happens in Resort Västra Lägern, if the initial quoted prices are adjusted from the skimming approach to be afterwards at an attractive level, it may incur the disagreeable effects instead. The suspicion from customers about the incongruent figures may be of quality decline on the bungalows and facilities, or laxity of management and insufficiency of maintenance. Another suspicion is that customers simply assume the resort is not an interesting place and the absent sales force the firm to execute the price discounts.

Price is one of the simpler facets of the marketing process to comprehend because there are a number of clearly identified rules and conventions which control the use of this variable in seeking to improve organizational performance (Chaston, 2000). One fundamental rule is that, with the exception of monopoly goods scenarios, customers, not suppliers, determine at what price products will be sold in a market. If a company ignores the price preference of the average customer and, on the basis of internal operating cost and / or profit margin aspirations, sets a significantly higher price or much lower, then the organization should not be surprised to find that its decision may adversely impact overall sales volume.

Customer attitudes

Resort is a unique product involving the sale of intangible dreams and fond memories. Customers spend a relatively large amount of their disposable income in this transaction where, at the time of purchase, they merely receive factual information of what their ‘investment’ can potentially mature into.

Pavesic (1989) demonstrates that customers are actually quite sophisticated at weighing up different complex combinations of attributes which are offered by different organizations. Two driving forces influencing customer attitudes are perceptions about the economic circumstances confronting these individuals, and the way their expectations over pricing levels evolved from prior usage of the product or service (Chaston and Mangles, 2002).

For the small business seeking to determine the acceptable price for customers, it is necessary firstly to clear about the product value expectations from customers. One way of approaching this analysis is to create a value map to determine interactions between customer requirements and price (Rangan et al. 1992). As shown in Table 1, the vertical dimension is the price customers are willing to pay for the core product. The horizontal dimension is about customers’ perception on augmented product or incremental value.

<table>
<thead>
<tr>
<th>Price Expectation for</th>
<th>Entrepreneurial-transaction orientation</th>
<th>Entrepreneurial-relationship orientation</th>
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<tbody>
<tr>
<td>Low</td>
<td>Conservative-transaction orientation</td>
<td>Conservative-relationship orientation</td>
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<tr>
<td>High</td>
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**Customer Relationship Orientation**
Table 1 A value-relationship price matrix

Combining the two dimensions generates four alternative pricing scenarios, named in the table above. In Resort Västra Lägern, the pricing guidance comes to the scenario of ‘Entrepreneurial-transaction orientation’ according to the principles 1) the supplier will exploit innovation to offer new, truly superior products that competitors are hardly able to match the offering, and 2) customers are not expecting service augmentation from the supplier, so a high price could be commanded for the core product proposition. Resort Västra Lägern’s offering are typically innovative in the recreation and hospitality industry of Sweden markets. Customers would match the quoted price to the core product ‘bungalow’ rather than affiliated recreations that could be found else in other resorts. However, even the customer relationship counts ultimately, it is recognized that customers mostly are taking a transactional purchase. It implies that they might not further anticipate incremental value after this one-time transaction. There are no sufficient indications yet that customers would come back to the resort re-experiencing another holiday. Foreign customers get used to choose a new destination for a new holiday trip while many Swedish customers have their own summer cottages for regular holidays.

**Owner / Manager Behavior**

In small businesses, many academics have assumed that small firms act rationally that owner / managers are taken to task for not following conventional business practices, especially in pricing. They may have a decisive influence on the pricing strategies that might be implemented. Curran et al. (1997) point out many SMEs owner / manager exhibit ‘instrumental rationality’ that driven by an attempt to make economic decisions such as seeking to maximize profit. Curran et al. applied a grounded approach to quest these owner / managers for the rationale behind their pricing decisions. What emerged was evidence that the respondents were heavily influenced by their perceived social role within the business system, and this resulted in prices being determined by a diverse range of ‘non-economic’ factors.

In Resort Västra Lägern, it reveals certain factors on pricing that derive from the owner / manager’s empirical recognition of businesses and knowledge of customers. It is assumed the wealthy people would like afford higher price for the higher quality of the resort offer, however, many evidences show that even wealthy people are inclined to compare the price in some specific contexts. Especially, the resort holiday involves the accessional expense items; the flight fees, car rental fees, or probably AP (additional premium for insurance) and so on. For example, that is a problem when no economic flights are available for the return trip in which suitable dates they plan to book the bungalow. Thus they may hold back on decisions due to the expensive transport fares. So it cannot conclude the wealthy people are not often price sensitive.

Moreover, from the survey about the respondents’ opinion on prices, the majority absolutely agree on the price spectrum in positive attitudes with ‘yes’ or ‘maybe’ as expected by the owner / manager: SEK 9,000 to SEK 10,500 for the four-person bungalow and SEK 13,000 to SEK 14,500 for the six-person bungalow. However, the favorable assumption about customer perceptions may only mean they justify the prices as ‘reasonable’ based on the combination of the product itself (e.g. big space of 100 square meters and 120 square meters), the conditions (e.g. sauna, Internet, linen package) and other availabilities (e.g. free fishing). The price level is seen as quite acceptable to valuate the resort business but the ‘willingness’ of respondents may not be equivalent to their careful consideration when making decisions. For instance, they pursue high quality but they do not need such big
space in the bungalow; they may see sauna as a splendid outfit but also frills sometimes that raise the bungalow charge on customers (i.e. they cannot utilize everyday in one week then think as extravagancy). As to another trait as such a pleasant fishing place, there might be a dilemma that lots of fishing people prone to stay in the plain holiday cottages when pursuing this outdoor activity. In a word, survey is a good tool in pricing but the limitation has to be mentioned because the respondents normally evaluate products as one single isolated matter without as much discreet consideration as in purchasing. So there is a need for guidance rooted in the real world that the owner / managers should draw upon their own mental maps of the real situation and include non-economic variables when determining the optimum quoted price.

2.2.4 Summary

From the analysis, Resort Västra Lägern is based on the cost-plus pricing at the moment owing to the large amount of investment. As such, the owner adopted the skimming approach to target the high end customers, which accords with the product attributes and business concept. However, more profound strategies on pricing should be grouped for. The pricing principle at the beginning of business could be less stressed on the capital costs but the market status. It would better have a distinct price gap between peak season and off-peak season to get through the less active period. Furthermore, it is helpful for the firm to realize the customer attitudes or preferences about the intangible, transitory consumption in the recreation industry. On this issue, Resort Västra Lägern is in an entrepreneurial – transaction orientation within the value – relationship pricing matrix. At last, the caution is needed to observe the SMEs owners’ behavior that affect the pricing thinking and recognition.

2.3 Place / Distribution

In the marketing mix, place indicates the distribution channel and specifies how the company delivers the products or services to the places where customers receive them. A distribution channel (or place) has been defined by Kotler and Armstrong (2004) as: 'the set of firms and individuals that take title or assist in transferring title, to the particular good or service as it moves from the product to the final consumer'.

In the case of Resort Västra Lägern, the place mix stands for the product mix to some extent on account of the ascription of the tourism and hospitality. It goes without saying that customers come to the destination not for the bungalow function in itself but for the place and circumstance where the bungalows are. Customers normally conceive certain expectations from there, namely, the nature, the surrounding of the resort, the towns nearby, the region of Sweden, even the itinerary by which they experience.

2.3.1 Place resources

The nature and surroundings of the resort ascribe to the essences as core product which has been discussed in Product mix above. With regard to the regions and towns, they are also the significant factors when planning the holiday.
Region

In the past, international tourists to Sweden probably follow the mainstream going to three traditional visiting districts; the northernmost part, the Stockholm region and the Gothenburg coastline region. The northernmost part owns to the extremely spectacular experience. The large populations and active nation representatives strengthen the tourism in the Stockholm and Gothenburg regions. However, their tourism development enters the mature stage whereas the south and east parts of Sweden get more and more popular by foreign tourists in the recent years.

Smith (1983) argued that the ‘description of location is the study of difference’ which can be classified in terms of description of facility of recreational resource location, where the distribution of resources pertinent to the specific activity can be enumerated and mapped.

The south and east parts are mainly talking about Västergötland, Småland and Västergötland. They are ideal places for active pleasures under the open sky. The fairy-tale lakes and forests here attract hikers, cyclists and campers from near and far, especially the local hiking holiday in spring and autumn gets popular by international tourists. Several districts are paradises for canoeists and kayakers. Attractive rivers and lakes could be found for freshwater paddling. There are unique archipelagos outside the regions of Västergötland, Småland, Blekinge. Excellent scope in this region is accessible for more strenuous outdoor activities such as climbing, bouldering and mountain biking. Most important is that people can savor the priceless natural luxuries of solitude, peace and calm (Visit Sweden, 2007). At the same time, the tourism and recreation business in this region has been growing rapidly by energetic entrepreneurs. Hence the transportation, catering, entertainment segments develop correspondingly to facilitate the tourists. The background and development nowadays could favorably expose the nature treasure of this region to the Sweden tourism markets.

Towns

Tourism businesses and tourists are sharing socio-cultural and physical resources with host communities. These resources have some certain economic value to all parties. In the neighboring district of Resort Västra Lägern, the main towns develop tourism resources very well that benefit for the resort firm; **Aneby** in the west, **Osterbymo** in the east, **Eksjö** in the south, **Asby** and the big town **Tranäs** in the north and **Kisa** in a little bit far of northeast. All distances are within 30-minute drive. The nature and historical places of interest constitute ample basement in the Kommun and County for the resort guests. On the one hand, guests could enjoy the complete serenity in the resort land due to the low density of dwellers and tourists there. On the other hand, it is easy to reach other places for leisure fun at convenience.

**Aneby**

At the very heart of Aneby is the distinctive, octagonal town hall with the tourist information office inside, where staff could help plan trips to the Sommen Lake District. There are a range of tourism attractions as follows;

**Björkenäs Nature reserve** – fields, meadows and the Lake Ören

**Fornborgen** – an ancient castle

**Hyllingen Nature Reserve** – with a bird tower; witness whooper swan, shoveler hen harriers

**Nobynäs Säteri** – a Middle Age manor
Skyttlingebäcks ängar – full of flowers

Stalpets Waterfall & Café Stalpet – a 19-meter waterfall, the highest in southern Sweden

Bredestad valley – a fantastic view in the mountain with Bona Gästgiveri and notable runestone; settlement dates back to 750-800 AD

Stjärneborgs Museum and Pyramid – 7 meter high burial pyramid

Åsens by Culture Reserve – a historic area with nature walk, native livestock, experience workshop, exhibitions etc.

Bodaskog Shop and Postmuseum – one premier cultural buildings with a solid history

Post office, pharmacy, bank, etc. all settings related to tourist needs are accessible in the Aneby town.

Osterbymo

Osterbymo is the main town in the municipality of Ydre and, according to legend, is the domain of the Giant Blue. The town smithy and the library’s photography museum are well worth a visit. Post office, bank, tourist information office (open all summer) and other shops and services could be found in town.

Tranäs

Tranäs boasts one of Sweden’s most impressive high streets – a veritable boulevard with pleasant shops, cafés and galleries which make for a continental atmosphere. Visitors could listen out for brass band music every Saturday morning between May and September. The town is also home to several museums, including the Hamlet Theatre Museum, the Carriage Museum and the Eriksberg Museum, with its school and fur museum, and the paintings and sculptures by local artists.

Asby

One small medieval church is in the village and its steeple dates from 13th century. In winter, the village is enlivened by thousands of downhill skiers visiting Asby Alpina. In the oak grove, the trail is specially attractive in spring with its anemones, cowslips and birdsong.

Kisa

It is a 45-minute drive to reach Kinda. Kisa, the main town, is set amid the hills and valleys on the northern edge of the Småland Uplands that offer a magnificent panorama of the surrounding countryside. It is a delightful town with a market every Friday. Kisa is also home to the Emigrant Museum and an attractive local history museum on the shores of Lake Kisasjön. 250 lakes, Kinda canal, the river Stångån, and other exciting waterways offer ample opportunities for swimming and bathing, canoeing and boating, and a surprisingly wide range of other water sports.

2.3.2 Distribution

The American Marketing Association defines channel of distribution as “an organized network of agencies and institutions which, in combination, perform all the activities required to link producers with users to accomplish the marketing task.” (Bennett, 1995). In the case of Resort Västra Lägern, the distribution network consists of two components that bring the customers to the ultimate destination; the physical network of transportation and the
information network of Internet. Both networks impact the resort’s business performance gravely hence the owner / manager should get familiar with this marketing indicator.

2.3.2.1 Transportation

For the domestic customers, it is quite easy to drive from any part of Sweden to the resort land in the south of Östergötland because the road route system is well-established reaching almost all the places in Sweden. Additionally, the native geography and language makes the individual orientation easy. But most often the customers would be foreigners, for example, from the Netherlands, Germany, Denmark, the United Kingdom, etc. Before they drive towards to the resort land in Ydre Kommun, they have to manage the prior journey which takes time and money.

The guests who prefer to drive their own cars have to take ferry from Germany or Denmark (Appendix 3). From Germany, the longer route is departing Rostock directly to Trelleborg in southernmost of Sweden; another one is departing Rostock to Gedser in Denmark then driving until Helsingor, and again departing there to Helsingborg in east coastline of Sweden. The guests from other continental countries who arrive in Denmark can take ferry from Puttgarden to Rodbyfjord, then drive to the port Helsingor, afterwards take the second ferry to Helsingborg in Sweden. The return ferry fee between Sweden and another western country averages at around EUR 200 for one standard medium-sized car (Scandlines Tider & Priser 2007).

The continental driving journey is as follows (Appendix 4),

- The route from west coastline: from Gothenburg follow Route 40 via Boras to Jönköping
- The route from south coastline: from Helsingborg follow E4 to Jönköping; from Trelleborg or Malmo follow E6 first then turn northeast following E4 to Jönköping

Jönköping is a medium town completed with all the utilities services the guests may seek, gas station, café, restaurant, supermarket, bank and so on. After a long haul drive, this nice town becomes one good stopover before guests drive towards the countryside.

- From Jönköping, guests follow Route 132 to Aneby, then drive east for 15 kilometers passing the north corner of Lake Västra Lägern. Reach the resort land immediately
- From Jönköping, guests drive to Eksjö via Nassjö, follow Route 134 in the direction of Österbymo for 17 kilometers then turn left heading for Tranås for 6 kilometers. Reach the resort land immediately.

If it is a family group, driving would be an economical transport choice, however, it usually costs almost one day to reach the resort land. If guests head for the resort land directly without the any else visits on the midway, the journey appears some lengthy and boring. The consuming time and energy could lessen the resort attractiveness to customers. They also undertake the risks of the accidental car break-down. Nevertheless, supposing they arrange the resort holiday combined with other tourism purposes in several places in Sweden, the possibility seems quite slim that they would spend one whole week in Resort Västra Lägern. This situation looks like sort of paradox.

The guests from Denmark most probably drive their own cars from Copenhagen and go cross the Oresund Bridge that links to Malmo, Sweden. This fleet road transport gives the advantage for Danish traveling to Sweden more and more often now. for the guests from
Norway, the highway is extremely convenient to stretch most towns and counties both in Norway and Sweden.

Apparently, most guests would rather take a flight first then rent one car in Sweden afterwards. There are regular flights to get to Sweden by Scandinavia Airline (SAS). People from the western Europe need transfer the flight in Copenhagen and enter Sweden at the airports of Stockholm or Gothenburg. Although the sequential flights are available till Linköping, Jönköping and Vaxjö that are towns close to reach the resort, the flight fees are excessively high hence people by and large would stop at Stockholm or Gothenburg. For the Netherlands guests, they might take KLM Royal Dutch Airline flying from Amsterdam to Stockholm, also could book cheaper tickets from Ryan Air where the normal journey is flying from Dusseldorf (Weeze) in Germany to Stockholm. Besides, there are scheduled flights from Brussels, Charleroi, Frankfurt to Stockholm as alternatives for the nearby dwellers.

Once the plane lands on the airport, the guests could immediately hire a car or pick up the car they booked in advance. They can find the international car rental agencies, such as Hertz, Avis, at the Landvetter Airport in Gothenburg, Arlanda Airport and Bromma Airport in Stockholm. The car rental information in Sweden along with the reservation can be processed at the websites of Europcar.se, Scandinaviancarrental.com, Tigercarrental.com, Hertz.se and so on. Also the car rental offices could be found in many main towns, such as Helsingborg, Norrköping, Linköping, Jönköping, etc. They are practical when these guests have multi-purpose visits in Sweden.

Regarding the transport means of flight plus car rental, it is more comfortable than driving own cars all along the way. It saves time and reduces risks in some degree. However, customers would hesitate on the expenses that covers the whole itinerary. Above all, when customers think up the right time of the bungalow booking, they would check whether the economy flights might be available for one group at the right time go and back. Compared to many holiday packages including the transport fares offered by travel agencies, the resort is shown less competitive for foreign customers. Secondly, on condition that customers book one-week in the resort, it means they need hire a car at least for seven days. It at least costs SEK 2500 to hire a mini / economy car for one week according to the current market price. It is an additional sum of money they undertake in their budget. In addition, they may think the hired car are utilized at low efficiency while staying in the resort land. These considerations probably can discourage customers in decision-making.

The resort firm could not control or exert any effort on this distribution channel as an external factor, but the matter should be paid the adequate attention that transport influences considerably on this resort business given its place and target foreign customers. One possibility is to put the resort products into some travel agencies’ holiday package in the win-win treaty. Because the agencies normally have the flight ticket privilege or great discounts from airline companies and car rental companies. At the same time of handle the transport matter, the resort firm gets known easily and widely by cooperating with the agencies. Although as stated in the business plan, the owner / manager currently would not like correlate to the third party in commercials, the cooperation alignment could be for future considerations.
2.3.2.2 Internet marketing

Mathiesen (1995) argues that the Web is the most powerful Internet marketing tool. Marketers are increasing their focus on the Internet nowadays. The first reason is that more and more customers and firms are doing the business on the Internet. Secondly, the market prefers the decentralized, many-to-many electronic commerce on the Web to the centralized, closed-access, proprietary network environment previously offered by the proprietary online service providers. Thirdly, there are some indications that the Internet may be even more effective than traditional media (Hoffman and Novak, 1996). For the client, direct booking through Internet holds out the prospect of lower prices because there is no travel agency commission and / or better service is offered.

The Internet penetration rate is very high in the countries of the resort’s all target customers. People get used to use Internet to search information and do the trade or business in these countries. Planning the holiday via the Internet is quite commonplace in their daily life. From the data published by Internet World Stats (11-01-2007), Sweden has the Internet penetration rate of population at 74.7% as the 3rd in the world, Denmark at 69.2% as 8th, Norway at 67.4% as 13th, Netherlands at 65.7% at 19th, UK and Finland both at 62.3% as 21st and Germany at 61.3% as 22nd (Top 35 Countries with the highest Internet penetration rate, 01-11-2007). The data helps confirm that it is a fast-breaking method to practice the Internet marketing, especially in the tourism and recreation industries that rooted in the information spread.

However, Lynch and Beck (2001) argue that despite the increased frequency of electronic interactions, people still need to feel engaged (culturally or contextually) with vendors, even when they are online. They further state that if a firm wants to reach customers outside its own country or culture, the firm’s Web site must convey a clear message. A successful Web communication gives a customer the feel of a local, face-to-face, culturally-relevant interaction, while at the same time maintaining a global reach and presence online.

Above all, the website of Resort Västra Lägern is done very well on the language options (www.resortvastralagern.com). It is readable in English, Swedish, Dutch and German four languages that covers the main large language groups of target customers. For example, the majority customers are from the Netherlands who could access to the resort information easily because besides Dutch, 85% of the total population have basic knowledge of English, 55-60% of German. Many people who visit the websites of Scandinavian countries usually complain that the language is a severe obstacle for them to fetch information. The multilingual website designed by Resort Västra Lägern would definitely facilitate the marketing activities online.

With regard to designing a user-friendly web, Resort Västra Lägern could do more efforts to develop the present web site in more attractive and also pertinent way. Suggested by Learn2succeed.com Incorporated (2004), there are some tips for small firms as follows.

Remember the adage “customer loyalty on the Web is only one mouse click away”. It points out that visitors to the company site want to get critical information at the shortest sight. To avoid the instances that visitors get bogged down with ‘click here’ 'click there’, it should incorporate good navigation features in the site and make sure that visitors only have to click three times to obtain the detailed information they seek. This is widely accepted as the ‘3-Click Rule’. While visitors come to Resort Västra Lägern website either on purpose or by chance, they would like know the 1) geographic location and nature surroundings, 2) the bungalow conditions and the available recreations, and 3) the seasonal
prices. These three parameters are the primary facts to be investigated. Hence, these headings should be labeled at the manifest points, or ticked off in highlights on the homepage. The resort website has been built up still at a premature step. It has contained plenty of information related to the business project but appears to be in disorder from the searchers’ or customers’ viewpoints. For example, the ‘Price’ and ‘Reservation’ would better accompany with the bungalow description at the same directory. The ‘Culture’ and ‘Tourism’ items may be integrated into ‘Activity’. However, the tourism office links needed be combined with the geography orientation rather than outlined in one simply list, shown in the landscape map for example. Besides, ‘Disclaimer’ and ‘Private Statement’ issues would better enclosed in the ‘Reservation’ place as the secondary information that unnecessary in the navigation framework.

It facilitates customers with a systematic site map to hunt for essential information in brief. They could suppose the clear-cut management in the resort from a well-designed website and the information in point. It is recommendable to take a look at SiteExpert (www.xtreeme.com) for building an appropriate site map.

The ‘Home’ page is the page which first presents on the visitor’ browser when they access through the address. It is a good idea to appear in simple with less text but with impressive slogan or bright message to convey the business principle. Meanwhile, the pictures of the splendid bungalows and the picturesque nature would beautify the ‘Home’. Make sure that visitors can easily navigate and never get lost annoyingly in the sub sectors provided that there are many links or information about the external activity possibilities and support service suppliers, etc. in this case.

To be mentioned, since the personal recommendation means a lot in the promotion tools, the function of ‘Tell-a-Friend’ button could conduce to the promotion practice. It would allow visitors in a handy way to invite their acquaintances who may have interests in reading the website. Further information about setting up ‘Referrals’ function could be found from www.bravenet.com.

2.3.3 Summary

The resort has a competitive location considering the surrounded region and towns. the region is growing remarkably in tourism industry recently and getting popular with foreign visitors. The nearby towns provide both physical and socio-cultural resource. So the nature treasure and community presence constitute an advantageous place background.

The distribution mix here comprises two subjects bringing the customers to the resort land ultimately, the transportation and the Internet. The main transport means in this case is the car drive thus the detailed route information are necessary to deliver considering the newly exploited place in nature. Meanwhile, the flights and car rentals as the external institutions are conveniently accessible for the guests to reach the resort. Second, the website for the small resort firm is the most effective way delivering business to impress the potential customers. Therefore it needs more efforts to perfect the website content and design.
2.4 Promotion

2.4.1 Promotion approaches

The promotion component of the marketing mix primarily serves to inform potential customers of a firm’s product or service offering. Communication with the customer is the key function of Promotion, in addition it works to persuade and increase brand awareness for a company, whilst improving sales figures (Millner and Lees, 2007). In the service industry, it is vital that the service firms communicate in an effective way with its target customers. Promotion is emphasized by organizations to affect the way how the consumers behave and it is thereby an essential motivator in the tourism or hospitality companies. Hornor and Swarbrooke (2007) summarized a variety of methods for marketing communications. For the situation in Resort Västra Lägern, each approach is discussed of its relevance and application.

2.4.1.1 Advertising

Kotler (1994) defined it as any paid form of non-personal communication and promotion of ideas about goods or services by an identified sponsor. Advertising is used in resort companies when they want to reach large audiences with strong visual images. This is quite efficient for mass-market high volume products. The repetition of messages also can impress consumers in an appealing manner which has a positive effect.

- As Resort Västra Lägern is one quite small firm targeting middle class and upscale class customers who pursue the quality, advertising is not too much useful here. One reason is that the capacity of the resort at the moment is 10 bungalows so advertising is unnecessary but costly for the firm. Second, the bungalows offer eminence to target high end customers in specific and thoughtful way instead of general advertising often by campsites or youth hostels. So the promotion channels would be kept in small scale effectively.

- Based on the survey (Figure 2), ‘magazine’ and ‘club’ account for 21.4% of information resource materials respectively when Netherlands people plan their holidays. It could attempt advertising periodically in the category magazines mainly in the Netherlands in that the owner can handle to control and withdraw the advertising fee in case. For example, the golf magazine, car magazine, interior design magazine and healthcare magazine are considered.

2.4.1.2 Brochures

It is a catalogue or video to show the images of the holiday destination or hotel. The brochure should be used to reassure consumers about the product offering and attributes, particularly important in a market featured by a high spend.

- Brochures are crucial for small resort firm’s promotion since they contain the fixed and detailed information. Customers would like to have some physical information materials reading repeatedly. Based on the survey (Figure 2), 35.7% of
correspondences, as second largest proportion, get known about holiday destination through the ‘traveling guides’ and ‘information booklets’. Meanwhile, 35.7% get known or referred by their friends or families. The brochure function is visible when passed around the acquaintances.

The brochures could divide into two kits.

The first one is sent to the mass target customers that should tell the concise and vivid information. First, the core product and product attributes are presented adequately to highlight the resort’s feature, including the nature landscape, bungalow conditions, various recreation activities, and cultural experiences and so on. The lively pictures attached would impress readers intensively. Second, the seasonal prices need to be listed clearly, both in Swedish Krona currency and Euro currency. The general geography background and transport information should be included to inform the customers. To produce an inviting brochure, the colorful appearance would catch the eyes and extremely helpful to introduce the bungalows. On top of the brief information, the language employed should be lively in a welcome stance.

Another brochure kit is designed for the consumers who have booked online and paid the premium already. This brochure package contains more specific instructions about the resort itself. It can enclose the maps of Ydre municipality and the Sommen district that could be picked up freely in the tourist offices. The advertisement flyer about the recreation information out of the resort could be collected from other organizations to deliver to customers. In addition, the booklets telling about the district history, culture, flora and fauna and even some anecdotes could be also collected. Particular the supporting services are necessary to mention, such as restaurants, gas stations, groceries and so on. It would be considerate to provide the route guides and attach the contact information of flight, ferry, car rental, etc. At last, instructions could be given to customers about how to stay comfortably and delightfully, for instance, regulations about fire alarms, parking lots, environmental issues and the extra service of food delivery.

The second brochure package aims to enhance the customer service from the very beginning. It is meaningful for the guests since most activities in the resort are self-catering in nature. As Resort Västra Lägern is a small firm with few staff currently, the comprehensive brochure package would function like one manual sharing the duty of the reception to ease the staff workload.

Generally speaking, the brochure promotion is effective and economical. The information is lasting due to the physical materials in hand, unlike commercials which are hardly estimated the reach to consumers. Moreover, it just takes time to design, or collect other existing booklets and then compile in a nice look. It does not involve much costing from the printing and delivery.

The Torpö Slingsan brochure in English version is a good example (www.torpon-projekten.se/torposlingan.htm). The product, place and price information about the campsite land are presented in an appropriate way. It marks the attraction sites in a detailed map and each vivid picture as well as brief introduction is on the side of the map. The various traits of its surroundings, e.g. Sommen countryside, are orderly described in word painting. Additionally, the route guide and contact information are included in right spaces.
2.4.1.3 Press or public relations

Kotler and Armstrong (2004) defined them as non-personal stimulation of demand for a product, service or business unit by planting commercially significant news about it in a published medium or obtaining favorable presentation of it on radio, television, or stage, that is not paid for by the sponsor.

This gives customers and stakeholders favorable impression of the organization and a high profile image for the service quality would be lodged in the customers’ minds.

- Resort Västra Lägern is located within Ydre municipality, Östergötland. When the business comes out of the blueprint, it is reported by the local newspaper of Tranäs and the open documents are put on the Ydre Kommun homepage. It is beneficial for the small firm to develop the relation with press or municipality so as to get better-known and lubricate the localization.

By far the local public is willing to boost the resort business. The commissioner of the King of the Province of Östergötland, Mr. Björn Ericson, will hold the opening ceremony. Hopefully more public relations could be attempted to build up and fuel the resort business. They welcome the foreign investment along with foreigner consumption. The unexploited land by Lake Västra Lägern now is taken by one Netherlands entrepreneur that would accelerate the economic development in the vicinity. If the firm kept mutual relationship with the local press and municipality, it definitely enhances the markets position. The related reports could be also released on the website and brochures, which may increase the customers’ confidence on the product.

2.4.1.4 Sales promotion

This is a short term incentive to encourage purchase or sale of a product or service (Kotler and Armstrong, 2004). The resort firms used to adopt sales promotion aiming at encouraging the potential consumers to make decisions and try their product for the first time.

- Resort Västra Lägern may seldom apply the discounts as incentives. Its business principle insists in the product and service quality and added value for the end-users, instead of mass customer groups. Second, the frequent price fluctuation for sales promotion might riskily incur the impression on customers that the product offers are vulnerable and in lack of quality assurance. Besides, unlike the hotel bigger capacity and faster flow, the striking discount promotion would harm this small firm’s profit directly. Therefore, sale promotion is less agreeable method in Resort Västra Lägern.

There is only exception that the customers deserve a 10% discount of the weekly bungalow rental if they continue to book another week. This sale promotion tries to motivate the customers who appreciate the product and value here. On that condition, likewise, the discounts could be given to the old customers who come back to the resort again.
2.4.1.5 Personal selling

Kotler and Armstrong (2004) described this approach as oral presentation in a conversation with one or more prospective purchases for the purpose of making sales.

It is very important in tourism and resort business because the services, by their very nature, involve a high degree of face-to-face selling activity. It could persuade or coerce potential consumers for the initial purchasing. Meanwhile it presents to customers with favorable impression linked to customer services.

- Few staff are employed in Resort Västra Lägern. Personal selling is costly due to the labor and time. At the same time, the online searching and booking is currently the most popular way in tourism. Thereby personal selling is less important to address unless the owner could set time to operate by himself presentations or by his acquaintance recommendations in opportunistic.

The ‘incremental personal selling’ could be applied in this resort given the closer relations with the existing customers. For example, the customers coming here could be the resort ‘speakers’. The firm may try the friendly communications with them in oral by person or in document on paper that suggest them introducing the resort to their friends after they leave the resort. As the stimulus, the firm can propose that the customers coming here by the previous customers’ recommendation deserve one hot dish dinner or some local cuisine specials on the first day of their arrival, or other offers, which subtly show the warm welcome to newcomers as well as the appreciation to the previous customers. The combined roles of ‘customers’ and ‘agencies’ not only contribute to the sales in sustainable but also gain more understanding about the customer views in the close communications.

2.4.1.6 Point of sale material

Dibb et al. (2001) defined it as a sales promotion method that uses items such as outside signs, window displays, and display rails to attract attention to inform customers. This is mainly for encouraging the consumer to purchase more within a particular setting, as well, to raise awareness in the consumers’ minds.

- The core products are bungalows and the recreation activity within the land so almost all the purchase is done before the customer come to the destinations. So the point of sale material is not applicable that inspires the customers to make decision and purchase more. Nevertheless, the effort on setting up the displays around is help in the promotion practice. According to the business concept, their customers most are middle classes and have the brand consciousness. The firm can put up the boards or bars of the firm name around the land and lake that impress the customers with the brand. The same are with the places where the guests go back and forth, such as the road junction to the town, the hiking trail, the cycling path, and in the tourist office in town, etc.

These signs would remind them of the firm recognition and brand. Meantime, these stresses could also help the new firm integrated into the local milieu.
2.4.1.7 Direct mail

Hornor and Swarbrooke (2005) gave the definition as communicating directly with customers without the aid of marketing intermediaries such as retailer or agents. This is the final technique which organization can use to communicate with consumers. This is being developed widely as the use of sophisticated database will allow the development of customized promotional offerings.

- Resort Västra Lägern could start this approach with the survey answerers on ‘Survey Monkey’. Considering their interest and potential, they would read through direct mails sent by the resort. As the business is running the customer database are collected and contact information are stored increasingly so that there are more possibilities to practice the direct mail promotion. This personal approach takes the least time regardless of the distance boundary.

- The firm carries out free-charge on the first opening week as business tryout for 10 chosen persons out of questionnaire answers on ‘Survey Monkey’. The customers are required to appraise the resort product and service and respond the firm’s further investigation about the product. Moreover, it could try earnestly requesting the customers to recommend to their friends and acquaintances then send direct mails to referral customers given the contact access. After the business runs normally, if there was possibility that each current customer recommended to his / her friends, it will largen the customer database for direct mail possibilities. Under the circumstances, to appeal to the potential customers, the firm shoots one exquisite photo for the current customers beside the bungalow where they stayed and post it to their recommended friends. Also, a couple of local postcards which portray the nature and culture are enclosed in this direct mail package. It would surprisingly interest these receivers and particularly please the current customers at the same time. The resort introduction and holiday information are certainly attached in the package for promotion purposes.

- Resort Västra Lägern also can try reaching the large clients. It starts the companies in the Netherlands which the owner had business contacts before. It is advantageous to contact the people who are in charge of human resource or social activity and who may know better about their employees’ holiday inclinations. The customer resource can be utilized as direct mail in batch if permissible. The quantity of direct mails varies according to the sale figures and seasonal fluctuation. Generally speaking, the approach of direct mail would be intensively cost-effective.

2.4.1.8 Sponsorship

Dibb et al. (2001) described that as financial or material support of an event activity person, organization, or product, by an unrelated organization or donor. Generally funds will be made available to the recipient of the sponsorship deal in return for the prominent exposure of the sponsor’s name or brand.

- It is quite expensive to involve the sponsorship activity for promotion, especially for a new project. However, the resort owner took an initiative that he would like to donate small toys to the local kindergarten, or stationery to the preliminary school. It is a good idea to provide small awards to school sports teams supporting the match and probably to put up one name board of Resort Västra Lägern in the
soccer field. By way of sponsorship it intends to get the firm known locally. Other possibilities are contacts with Veteran Motor Club in Ydre, Christian Youth Club at Lake Hestra, the Rydang Church in Rydsnas, and Hultgren’s Museum, Shoemaker’s Museum, Osterfors Smithy in Osterbymo, and School Museum in Asby, etc. It can even consider sponsoring some local recreation events, such as Ydre Country Festival in July, Dance at Rydsnas loge in summer, Ballad Evenings and so on. They are good opportunities to increase the publicity locally and further community relationship given the budget.

2.4.2 Customer behaviors

It could be said customers are vitals in the tourism and hospitality industry than any other service sectors so that increasing numbers of academics and practitioners are studying consumer behavior research in these industries. The company should try to understand the motivations, habits, attributes and values that shape consumers’ opinions, because the customers take an active role in the design of their holiday by declaring their vacation preferences and customizing their holiday packages accordingly (Buhalis and Costa, 2006).

Resort Västra Lägern may need to develop its consumer behavior study in the following categories suggested by Ryan (1995).

1. More sophisticated techniques for collecting qualitative data

a) Focus group – group of consumers who are similar in terms of age, sex and income, for example. These groups are then used to elicit common attitudes and perceptions. In Resort Västra Lägern, this group are described as mainly 35 plus aged double-income families, or wealthy colleagues. They have stable careers and pursue high-quality holiday, especially as to nature preference.

b) Observation – to overcome the problem where tourists prefer to do one thing but in reality do another. The observation helps to explain deeply the business incidents. For example, the firm could appropriately seek the reasons why customers cancel booking later. Within the resort land, the firm can observe to realize what recreation guests do most daily, what pleases guests most and what is incomplete yet.

c) User diaries – where consumers are asked to recount their activities and impressions as they go through their holiday. By way of the questionnaire form or customer registration, it can be known about guests what is the itinerary from their home to the resort, the transport means and time on the way, what are their certain purposes for the trip, such as choosing the time for the sake of the local festival or cultural event, etc.

d) Informal conversations with guests – a way to reveal the confines and ambiguities involved, and also a way to show friendliness. It seems hardly feasible to conduct the conversations with the guests adequately in Resort Västra Lägern considering the few staff. However, the owner need be aware of the probable feedback from other local operators where the customers visit, such as groceries, café, golf clubs, events and so on.

2. Secondary and individual sources

a) Wider dissemination of the report produced by state-owned tourist boards – such as the English Tourist Board Marketing Intelligence Journal. Now that every business is challenged by the constantly changing environment that leads to the customer percep-
tions and actions being changed, it is necessary for small resort firms to keep up with the updated information. Organizations often undertake more systematic scanning of their business environment in terms of those political, economic, social and technological factors which influence tourist behavior.

b) Feedback on consumer behaviors and views from intermediaries such as travel agents and tourist offices. Foreign guests are apt to consult to the local tourism office. That might be an outlet to obtain more extensive customer perceptions.

3. Satisfaction-related research

a) Identify where ‘critical incidents’ occur in tourism and consumer’s responses to them. It might include employers responding when the service delivery system fails, employee responses to complaints or special requests from customers, and spontaneous unsolicited employer actions.

b) Interviews with consumers before, during and after their consumption of the product. The two-way communication could contribute greatly to the product and service improvement. These interviews would explore whether the product and service indeed reach the customer expectation, and how their experience is likely to affect their future purchase behavior in the recreation industry.

2.4.3 Summary

Promotion in the recreation and service sector like Resort Västra Lägern is vitally concerned with the efficient communication with customers and study of customer behaviors. Among the promotion approaches, brochure is a most effective tool introducing the resort in an integrated way; direct mail is a useful channel to reach the end customers and enrich the customer base; public relations together with other approaches are meaningful to get better known on the market; sales promotion and personal selling are powerful to attract customers but need to practice properly in a strategic way. Meanwhile, it can never neglect the understanding of customer behavior. In the way of collecting data skillfully and related information source and research work, the firm can comprehend the knowledge about customers hence adjust the promotion tactics accordingly.
3 Competition Analysis

3.1 Summary

Resort Västra Lägern has direct competitors who offer the similar products or substitute products of lodging services. In Ydre Community, there are a number of accommodations in a range of hotels, youth hostels, campsites, cottages as well as the private summer houses. They are competing with Resort Västra Lägern when customers have decided holiday destinations and just choose the accommodation, they concern the expected service level, lodging preference, price sensitivity, and interaction with their recreational destination.

On the other hand, it has indirect competition respecting the attractions or enjoyments in other locations in Östergötland. The secondary competition lies in the sights of attractions and circumjacent offering which appeal to tourists when they search where to go in Sweden. For example, the Sommen Lake and Östra Lagern Lake districts are also well-developed and popular with holiday people. Besides, the foreign customers may well visit some historic or cultural monuments prior to self-catering recreation in nature resorts. These considerations are in relation to customers’ decision where they stay.

The competitors would foremost be explored in Ydre Kommun, including the municipality or county like Osterbymo, Asby, Torpa, Rydsnas, etc. As well, the discussion of key competitors could extend to other Kommun within the scope of 37 km from Resort Västra Lägern, mainly as to Tranäs, Aneby and Kinda. It is helpful to realize the competitors’ features and performances, which helps Resort Västra Lägern to position itself appropriately, provided with the competitive advantages in the markets.

3.2 Competitors

3.2.1 Hotels

Ydre Wardshus

www.ydrewardshus.com

This fancy hotel is located inside the town of Osterbymo with 19 beds in 10 rooms serving in high quality. The suite rooms are priced from SEK 675 per room per night in summer and the double room from SEK 820 per room per night, with hostel standard in their annexes from SEK 300 per person.
The catering is completed thoughtfully, such as a la carte or bus lunch in varying prices. It is close to shopping and swimming facilities. Particularly, they mainly aim at holding group customers for conferences, private parties, festival arrangements and so on.

Badhotellet

www.badhotellet.com

This prestigious hotel with 100 years history aims at high society with luxury offers. They design the extravagance weekend package under the name of spa, golf, gourmet, luxury gourmet and gold weekend, pricing from SEK1490 to SEK3720 per night in free use of all visual facilities and with fancy meals. They are also experienced in the reception of the conference groups.

Stjarneborg Castle

www.stjarneborgslott.se

The castle, located by Lake Ralangen, offers conferences, parties and accommodations in a secluded, peaceful and exclusive setting. The customer’s wishes are first priority when planning all events, so the negotiating prices are set up individually. The notable burial pyramid and Stjarneborgs Museum is within walking distance.

Lugnalandet Hotell

www.lugnalandet.se

It is located by Sommen Lake, Sweden’s biggest clear waters, hence could take all advantages over the recreation facilities or availabilities.

3.2.2 Hostels

Pensionat Kongsbacken

www.kongsbacken.se

It is situated north of Tranäs. This transformed Bed & Breakfast pension now hire out holiday homes and flats with high quality in reasonable price, with double room in SEK695 per night and single room in SEK450 per night and SEK100 extra with one more person, including wireless internet access and breakfast. One holiday cottage with 3 bedrooms, 3 bathrooms and the terrace is available all the year varying seasonally from EUR 295 to EUR 695 per week. Lake Sommen is just a 300-meter walk.

Gransnas Ungdomsgard

www.gransnas.nu
It is located in Aneby municipality by Lake Assjön. This is a course & camp farm run by Church of Sweden, thus in attractive pricing offer. The weekend cottages could be booked for such as wedding dinners and camp bonfires. The course and conference premises are the majority in this natural beauty. 150 beds distributed in 40 rooms are priced at SEK 210 per person including breakfast. Bathing place, sauna, canoe, fishing, and soccer field and grill area, etc. can be found in this peaceful grass zone.

**Nobynas Sateri**

www.nobynas.se

This middle-age style manor lies at the northern end of Lake Ralangen, centrally between town Tranäs and Eksjö. The characteristics are presented in its Frisian horse riding, art exhibitions, an antique carriage collection, and decorative items collections and so on. In this nice old park they have 11 Bed & Breakfast accommodations on the top floor of the manor house with a scenic view, and they charge SEK 300 per person with free entry to all exhibitions.

**Ralingsas Youth Hostel**

www.kssb.org/ralingsas

It is located in the slope down against Lake Ralangen, 3 km north of Aneby. This 50 years garden can hold 100 guests now with delicate conference premises and good cuisine fame, one big summer church next door. It is completed with dining rooms at varying levels and activities wards. Youth hostel prices start from SEK 140 per bed and SEK 240 per single room. People can find out the camping requirements and also 3 household cottages plus other 6 guest rooms as accommodations. Cottage prices are SEK 2800 or SEK 3600.

### 3.2.3 Campsites

**Ydregarden**

www.ydregarden.net

This historic garden enjoys fame that customers could stay in a romantic 18th century atmosphere. Here provides camping, youth hostel, beach volleyball, bouclè, minigolf, football golf (good fame) and a café in quite attractive prices.

It opens from May to September. The prices are released as SEK85 per day for caravan camping and SEK150 per night for youth hostel.

**Torpons Camping**

www.torpon-projekten.se/torposlingan.htm
This big organization is situated in the Torpon Island of the Lake Sommen, a 26km linear distance from Resort Västra Lägern. This archipelago environment prepares people with abundant summer recreations, such as the rope ferry ‘Victoria’. The museum ‘Sjon Sommen Naturum’ here presents the uniqueness and culture about whole Lake Sommen. Especially, every year Torpon Camping runs one summer program in the theme related to music, poetry, boat shows, etc.

They have 48 campsites with approximately 30 leased out on season and 3 cottages. The weekly price for camping is SEK960 while monthly prices are SEK1400, SEK2000, and SEK3750 respectively in the beginning, mid, end of summer. The 4-bed cottage is rented out at SEK2000/2700 while the 6-bed cottage at SEK2700/4000 according to the season time. All above prices include electricity fees.

**Sommens Camping**

www.sommenscamping.se

It is situated north of Tranås by Lake Sommen. 99 campsites are placed there along with a wonderful bathing place and nice seafront promenades.

**Hattebadens Campingsites**

www.hattebadenscamping.se

This four star camping site by Lake Sommen prices camping including electricity SEK190 per night aside with monthly special. They also offer 14 small cottages, for 1-2 persons at SEK1680 in off season and SEK2040 in high season, and for 3-4 persons at SEK 2390 and SEK 3070 respectively.

### 3.2.4 Garden / Farm Cottages

**Aggarps Gard**

www.aggarp.se

It is near to Lake Östra Lagern in the highland around Rydsnsa community. It serves mainly for groups with own household or catering as well as the entertainments in their own region, such as sauna, soccer court, volleyball, tennis, table tennis, etc. The highlight is the facility for courses and conferences holding, such as community kitchen and big activity rooms. Besides, people could do fishing, rowing boats, forest striding and so on.

They are primarily pricing at groups; EU 3,300 for max 52 persons, EU 2,850 for max 43 persons, EU 2,300 for max 33 persons, EU 2,000 for max 26 persons, including electricity, 4 canoes, 2 rowing boats, 4 bicycles, firewood and all the facility use in this garden.

**Jularps Gard**
It is 1 km from Aneby central. Here the visitors can stay on a real Smålandish farm that raises cattle and pigs. Two 6-bed apartments are available at SEK 300 per person and SEK 150 per child. 3 cottages are rented at SEK 2900, SEK 3900 and SEK 4900 per week.

Malesanna Farm

It is near Lake Anebys where the countryside nature is their foremost recreation resource affluent in plants and friendly animals. 6 cottages equipped with each sizable garden respectively are booked mainly from SEK 3000 to SEK 3500 per week according to the cottage capacity and season. The largest one in double-floor is up to SEK 7000. The farm leases out bicycles, boats, canoes and fishing licenses. Canoe trips, crayfish catching and cooking are arranged for groups thoughtfully. Swedish massage and aromatherapy massage are elaborately designed for customers in good price.

3.2.5 Private cottages

These are private cottages and summer houses to be rented where the recreation and entertainment are planned and catered by the tenants themselves.

The followings are quite near to the domain of Resort Västra Lägern.

In Hult by the lake Västra Lägern, one cottage equipped with 8 to 10 beds is available by Olle Ek (Tel:0381-503 76) and Anita Wigelius (Tel:0381-155 20).

In Olstorps gard, one cottage equipped with 6 beds is available by Nils Karlsson (Tel:0381-530 06).

In some distances, there are some cottages advertised which are witnessed popularly and at the similar level as Resort Västra Lägern.

Osterby garden (www.osterby.se), in the outskirt of Osterbymo, rents cottage with 7 beds in price of SEK5500 per week or SEK900 per night. The specialty there is an amazing pasture featured by the lamb production nearby. In fact, the booking from week 23-35 in 2007 is done within 2006.

4 SWOT Analysis

The SWOT consists of internal organizational analysis of Strengths and Weaknesses, and external environmental analysis of Opportunities and Threats. It has a qualitative nature that discovers information about values and resources one firm or one business has, and at
the same time, it illustrates the disadvantages impeding the business and risks challenging the firm.

4.1 Strengths

4.1.1 Niching approach

Small firms often find a gap in the market that would be difficult or costly for larger businesses to target (Morrison, 1996b). The focus strategies are adopted usually by small businesses because they often have the provision of better service in more limited segment. Many small firms occupy niches where they may be able to maintain higher prices and profits than the industry norm (Storey, 1994).

The mass markets are occupied mainly by the campsite companies and hotels by far in the district of Östergötland. Resort Västra Lägern offers the high-class accommodation and active recreational possibilities, which is a niching approach to the tourism businesses. Because it explores the dynamics of campsite business as well as maintains the standards of hotel business. It aims to make an impact intensively on one of the resort segments that values high levels of specialization and customization.

The fundamental strategic philosophy for small firms is to avoid confrontations with large companies and the strength held confirmedly is to compete by offering a differentiated product. Hence success as a small service provider often occurs because a small firm identifies an unfulfilled need and occupies this niche ahead of competition (Chaston and Mangles, 2002).

4.1.2 High quality

Resort Västra Lägern would insist on pursuing the high quality of the product and service at any circumstance. The bungalow construction and furnishings are undertaken in high-class criteria and the timely maintenance would guarantee the operation in well-condition. The resort land is encompassed by nature with less exploitative footprints so that could secure one authentically peaceful holiday for the guests. The small scale, all the better, can reduce the operating distraction and keep the focus on product and service quality. In particular, the customization and flexibility are strong strengths in the firm when serving the guests given their inconstancy. All along the customer satisfaction is placed as the primary thing in business.

4.1.3 Cooperation

Value creation is often made through cooperation and alliances with external actors. For SMEs, the public relation in the local communities signifies in much degree. The same im-
Portance are attached to relationship with local operators in the recreation field, for instance, the catering operator and activity operator, e.g. golf club and horse riding school. Fortunately, Resort Västra Lägern has attained the wide acknowledgement in the local. The openness and friendliness provide the foreign invested entity with a cooperative background.

Resort Västra Lägern and Ydre Kommum both reckon on that cooperation would produce reciprocal outcomes between the company and the communities. Because tourism SMEs have a catalytic potential to provide an essential force in helping to transform local resources into tourist products and service, and meantime, entrepreneurs can contribute to the economic and social well-being of the local communities (Roberts and Hall, 2001).

4.1.4 Entrepreneurship

Tourism comprises mostly small enterprises and particularly, entrepreneurship is a major driving force behind countryside and nature-based tourism. Entrepreneurial thinking and spirit in SMEs should be endeavored since they are often challenged by new venture tryout. It mainly lies in the entrepreneur’s competency, initiative and passion devoted into the business.

The owner / manager of Resort Västra Lägern has the comprehensive knowledge of facility management and activity management, as well as the broad experience of business and commercial, which prepare him to start as a qualified entrepreneur. Before founding the firm, he has been observing the industry tendency and collecting the market information for some time. He realizes that the expert knowledge is essential at the business start-up so he refers to the respective specialists suited to meet the specific skill needed, such as to develop the marketing plan, the accounting plan (Peter Lindahl, the accountant in Tranås) and knowledge of industry sector (Bo Anderssom, the architect in Tranås), etc. Besides, he conducts one survey online to support studying the customer base. These entrepreneurial behaviours conduce to marshalling the prerequisite to launch one business.

4.2 Weaknesses

Peterson et al. (1983) identified that the primary causes of entrepreneurial business failure were the lack of management expertise and finance-related factors. Entrepreneurs in the hospitality, tourism and leisure industries are particularly vulnerable.

4.2.1 Management limitation

In an entrepreneurial organization, where the entrepreneur is the only or primary decision-maker, the responsibility for the managing competencies and skills may fall to a single person. This is exactly true in Resort Västra Lägern. It can result in a very hands-on management style. Certainly despite the tight control over operating standards, it will find itself getting hindered to handle the firm’s growth through the organizational life-style.

The entrepreneurs always lack the depth of managerial skills necessary since the common view held by entrepreneurs is that they have managed to get by far without specialties and
just are wary particularly of the bankers and accountants. This can be called “seat of the pants approach” to management or “entrepreneurial immaturity” as termed by Oslen and Schmelzer (1988). The owner / manager of Resort Västra Lägern has extraordinary passion to devote him to the resort business, and has aspired to the business realization with much preparation for long time. However, it seems to take time to integrate the entrepreneurial spirit with the rational management that involves a number of sophisticated obstacles in reality. Although the owner / manager gets lots of constructive consultancy and support from external parties and institutions, it hardly constitute all aspects of management to run one real business. The marketing management, finance management, organization management and social relation management all demand respectively thorough understanding and investigation that each aspect should contain its own managing policy. The hands-on management is in a tactic approach less of proactive perspectives.

Furthermore, Welsh and White (1981) assert that the owner / manager needs to have broad thinking of a generalist and be able to tolerate ambiguity, put up with switching between roles, and stick to fundamental issues.

4.2.2 Expert shortage

Given the limited resources generally available to entrepreneurs, they have no choice but to define their operation in terms of skills needed, as opposed to the specialists available. It is safe to assume that the entrepreneur will rarely have the resources available to afford a full-time accountant or a full-time market research expert. The nature of weaknesses in small businesses results in the required skills skipped in that the owner / manager presumes on self-solutions on hands. As Siropolis (1986) suggests a list of typical skills required in setting-up and running a hospitality, tourism or leisure operation (Figure 3), many aspects of skills might be missing yet in Resort Västra Lägern. For example, as to the forecast sales revenues, it needs refer to the market researchers by comprehensive investigation, but the owner / manager estimated on his own empirical knowledge and initiative analysis. The operation planners, technical experts, IT specialists, equipment specialists are all fundamental foundations of business running. For example, it demands specific efforts on the work of website developing and online promotion, the bungalow placement and adjustment, etc. Besides, among the tasks shown on the table, to ‘develop organizational plan’ and ‘develop legal plan’ can never be neglected, because the professional knowledge about human resources and law from the consultants, accountants and / or solicitors carries weight, especially as the firm is growing gradually.

To conquer the weakness of specialist shortage, referring to industry professional organizations is a good choice, such as the Hotel and Catering International Management Association (HCIMA). Other sources for consultation include Business Link, Training and Enterprise Council, the Small Business Bureau, etc.

To mention that, the nearest professional institution for Resort Västra Lägern recommended is ‘Science Park’ (www.sciencepark.se), located in Jönköping town. It is a meeting point for knowledge-intensive companies and dynamic business innovators with the mission of exploring new business in the Jönköping area. They offer qualified business development services with the academic support expansive from Jönköping University. Every company could access to a coach and a variety of external expertise on the early stages of the business venture, as well as the service about seed capital and legal advice if needed. Especially those ‘incubator’ firms to be established now offer extraordinarily worthy consultancy at low prices. For instance, as to the website promotion work, Resort Västra
Lägern may acquire great advices and technique supports from one qualified firm there named ‘Litium’ (www.litium.se).

### 4.2.3 Employee shortage

The employee shortage may hamper the business running. The recreation business belongs to the service sector where confronting with customer is an indispensable task. No doubt employee base should become an important component in the organization feasibility of the business plan. Unfortunately, at the moment the resort firm takes on one-man business entity and the owner / manager is responsible for all operational work. It is assumed the employee shortage problem would emerge in future as threats on good business performance and customer satisfaction. Because most of these criteria have to be accomplished by personnel who serve them to fulfill the satisfaction through their stay in the resort.

### 4.2.4 Finance issues

There is the misconception by many entrepreneurs that financial control is a function carried out by larger organizations. Many small businesses fail to see that control is the way that they can assure themselves to conform to their plan and strategy. Other issues, such as mis-management of working capital and failure to use efficient accounting practices, also lead to difficulties for entrepreneurs (Morrison *et al.*, 1999). The owner / manager of Resort Västra Lägern recognizes the matter substantially from the beginning thereby insists that each sum of expenditure is constricted within the budgets. Prudence on the financial issues comes from the liabilities to the banks, and considering that the business fiscal report is under the bank’s scrutiny meanwhile. Supposing that the resort firm gets trouble in the finance deficit, it has no backup but has to exit the business. Therefore, the finance shortage and pressure would limit the capital allocation and more or less impede the business performance as expected. Even if the tight control is over the budget at business start-up, it can hardly justify the owner / manager as one full-time accountant role to fulfill all specific tasks in that field. Which is the prior fund, which sum of money can be repaid soon, and which expense sum can be postponed? It often happens to the one-man business once the poor management is conducted on cost control and costing data.

Monitoring key indicators, such as the product mix, credit and stock control and profit percentage, need the lasting supervision and timely responsive action.

### 4.2.5 Rely on external actors

To some extent, the business performance in Resort Västra Lägern relies on the external actors. The primary issue, especially for foreign guests, is the transportation. It is likely that, despite great interests customers may give up taking the resort holiday on condition that the transport means appears inconvenient, or no suited timetable is available as planned. At the same time, the additional expenses on multi-transport means may well incur the expensive image about the holiday as whole in customer mind.
Secondly, although there are several activity possibilities within the resort land, the customers may probably desire to visit the attractions or take certain activity in the neighboring areas, which are described in the promotion information. These external actors’ performances constitute some parts of the whole holiday offer as perceived by customers when making decisions. It could enhance or spoil the customer satisfaction and image-building.

Certainly the resort firm cannot handle the external actors but relies on them in some degree since they could ascribe to the extended supporting actors.

### 4.3 Opportunities

An opportunity is a favorable set of circumstances that creates a need for new product, service, or business. The ‘window of opportunity’ is open for entrepreneurs to enter the market at the right time and at the right place.

Resort Västra Lägern is established in the situation of the opportunity well-recognition because the economic and social forces of the country are very instrumental for a small firm to enter the recreation industry field.

#### 4.3.1 Opportunity in Sweden

Sweden is often seen as a frontrunner in adopting new technologies and setting new consumer trends more broadly. Thus, in Sweden products and services can be tested where there are already demanding customers and high levels of technical sophistication. Nowhere else is average market take off so rapid. The geographical position, proximity to customers, widespread use of advanced technologies, a qualified workforce and a strong trading tradition within the Baltic Sea region are important factors (SACC-USA, 2006).

Foreign investors have discovered Sweden’s many business and investment opportunities. Sweden offers an attractive location, serving as a gateway to the Scandinavia markets (25 million consumers). Sweden already hosts one of the most internationally integrated economies in the world. The nation’s competitiveness is manifested by large flows of trade and foreign investment. In the last reported five-year period 2000-2004, Sweden was the 15th largest Foreign Direct Investment (FDI) recipient in the world with recorded inflows of $ 65 billion. Total FDI assets in Sweden amounted to 52% of GDP, which can be compared to an EU average of 32% (UNCTAD: United Nations Conference on Trade and Development, 10-2006).

Inflation has been low for the last decade, 0.7% in 2005, and is expected to remain low due to a combination of falling import prices, rapidly increasing productivity in the Swedish industry and a weak labor market with limited wage increases.

There is no exchange control in Sweden that free conversion of currencies is carried out as well as the right to transfer capital and profits.
In conclusion, Sweden is an ideal country for foreign investor to seek business opportunities.

4.3.2 Tourism industry opportunity

According to 2004 statistics, almost 80% of all enterprises in Sweden belong to the service sector, among which the most enterprises are in the branch of ‘Commerce, Hotel and Restaurant’. More than 99% of all private enterprises in Sweden are SMEs. As many as 71% of Swedish enterprises are one-man businesses (Country Report Sweden, 2006).

Nowadays, the numbers of visitors to Sweden are growing each year that exceed 3 million (World Tourism Organization, 11-2005). The trade in the tourism of imports in 2004 amounted up to $ 30.8 billion, almost twice amount as the tourism of exports (World Bank: World Development Indicators, 10-2006).

It is widely accepted that what attracts the foreign visitor mostly is Sweden’s spectacular nature and countryside. Countryside environment in non-urban areas is now getting popular for tourism and recreational activities throughout much of Europe. The reasoning is rooted in the evolvements of people internal demands as well as the social and economic development. The high speed lifestyle obsesses many urban citizens so the holiday consuming trends turns into going to nature where city dwellers could have short escapes. Especially the customers of Resort Västra Lägern mainly are targeted from the Netherlands, a quite crowded country with more than 16 million populations and a population density of 484 square meters, ranking in the 23rd in the world (United Nations World Populations Prospects Report, 07-2005). Sweden is impressed by its abundant nature resources in Europe and regarded as an ideal destination for holiday recreations combined the picturesque nature with cultural tradition.

Resort Västra Lägern catches the opportunity to exploit one nature resort in Ostergotaland. It is the latest developing zone in the tourism development in Sweden. The tourism in north mountainous Sweden and in main traditional cities, such as Stockholm and Gothenburg, has stepped into the business mature stage. Whereas, southeastern Sweden presents the increasing prospects in the tourism and leisure industries. At the same time, the energetic entrepreneurs mushroomed within the zone and contribute to the tourism booming at a new start.

At the same time, supporting institutions and services have been conditioned in a good network. The transportation in multiplied forms facilitates the connection between countries, towns, and even the remote areas. Especially, the impact of car ownership has led to a geographical dispersion of recreation lists and tourists beyond the destination limitation. As a result, people would rather arrange more independent and individual trips on their own. The trend is prevailing among the more affluent and higher social classes. All these tendencies are identified as Resort Västra Lägern is being founded.
4.3.3 B2B markets opportunity

Although Resort Västra Lägern is a small firm, there are opportunities to build up the relationship with the larger or regular clients.

It is well known that a great deal of international companies and branches of foreign large firms are stationed in Sweden. Different from Swedish company custom, many foreign companies bestow the holiday welfare for the senior employees as award to their credits, especially in the American companies. The contacts with these companies means opportunities for Resort Västra Lägern involved in business-to-business (B2B) markets. It implies the relatively long term relationships with regular customer groups in the relatively stable resource channels. Moreover, this may help in figuring out the occupancy balance to some extent. However, B2B markets for Resort Västra Lägern do not involve the business utilization such as conference locus, company activity, etc. It is supposed to accord with the business principles that create a holiday oasis for personal groups in nature tranquility.

To develop the relationship with business firms is an efficient access to capture the personal customer base. For employees in these firms, most might be foreigners who are keen on enjoying a typical Swedish holiday in countryside nature, and willing to spend money there. For the large firms, they are supposed to have finance capacity to treat their employees the welfare by this means, as a thoughtful expression of concern on the employees. Therefore, to set foot in B2B markets is a promising gateway that the firm should not neglect at right time.

As recorded by SACC-USA (2006), prominent investors in Sweden in the five-year period 2001-2005 originated from the US, Germany, the Netherlands and the other Nordic countries. Among them, the largest number comes from US companies and many of them have the holiday welfare customs granted to their employees, e.g. the successors and trainees from their home country.

4.4 Threats

What small firms must recognize is that in this day and age, changes external to the firm now occur much more rapidly than in the past. The rapidity is even greater in e-commerce markets than in traditional, non-electronic, terrestrial markets. Hence survival necessitates that the owners / managers of small firms must commit more time and resources to researching the sources of potential threats.

4.4.1 Competitor threats

Porter (1980) proposes five major types of competitive threats (Figure 4), which is an appropriate map to illustrate the competitor threats.
4.4.1.1 Existing rivalry

The industry of holiday accommodation in Sweden comprises thousands of organizations in both public and private ownership. Now that the holiday rental in nature gets more and more popular with city dwellers and foreign visitors, each business actor is jockeying for position in order to capture customers and achieve success. Resort Västra Lägern is quite near the Sommen Lake District where the recreation and leisure industry has been developed prominently in virtue of its geographic and natural merits. A number of local entrepreneurs are more familiar with the territories, customers and more flexible in pricing.

4.4.1.2 Buyer bargaining power

Once Resort Västra Lägern releases the prices online, customers can hardly bargain on the offer like in the travel agency. Different from the tangible goods, which can be examined the physical nature prior purchase, the customer evaluation on the resort product totally depends on their experience of consumption and the market reputation or credence of the service provider. As a small, new-established firm with skimming pricing, Resort Västra Lägern may have the threats from customers’ query on its product and suspicion on its standard.

4.4.1.3 Supplier bargaining power

The provisions of electricity and water are charged at the local prices by Tranäs Energy; the TV subscription, the cable settlement. The cleaning task and the bungalow maintenance together with the land repairs are remaining expenditure that involve the price agreements with ‘suppliers’. As to the linen, towel and tea towel packages, the firm takes outsourcing to rent from one local hotel (Badhotellet). The firm would pay the hotel for the linen package replacing and retrieval. Besides, the firm may bring customers for some external activity institutions, e.g. golf club and horse riding, and request the preferential price for guests from the resort land. They can also be seen as ‘suppliers’ but the incidental agreement failure will result in impediments in business running.

4.4.1.4 Substitutes

The threat of substitute mostly originates from customers’ desires. At present, the mainstream holiday destinations, such as Spain, Italy, Greece, still keep on going popular with the northern and western European people. The agreeable climates and the exotic sights make the destinations above as preferred for a long haul holiday planning. Second, handy trip around residential areas is another substitute. From ‘Survey monkey’ many Netherlands people may well choose plan the weekly holiday in domestic, or in the nearby countries like Belgium, Luxemburg, UK (Figure 2).
Now that Resort Västra Lägern is combination of hotel accommodations and self-catering recreations, the substitute threat could be that customers alternatively seek either one grand hotel or one private cottage without much sacrifice on the other side.

In ‘Survey monkey’, the option of Norway, Sweden or Finland possesses many votes for customers’ next holiday destination. But the survey limitation has to be observed. One is the small number of the survey answerers. Second, the sample is not in random in that the reached responders may be steered by the survey description and aim before. On the assumption that they interest in the Scandinavia countryside thus they answer the questionnaire.

4.4.1.5 New entrants

The resort companies would be constantly exposed to the threat of new competitors entering the markets. Because, not all new ventures in the recreation industry sectors are so capital intensive as setting up a large-scale all-year-round resort. Especially, Sweden is an agreeable candle of small and medium businesses that welcomes SMEs investment with policy and technique supporting. As many as 71% of Swedish enterprises are one-man businesses. However, there are a number of new venture SMEs launched in Swedish tourism and hospitality service while a number of operators exit every year (Country Report Sweden, 2006). Undoubtedly these small newcomers would occupy the market share with more and more characteristic recreation offers.

Resort Västra Lägern is the first mover within the District of Västra Lägern and Östra Lagern. It is likely the tourism in this zone booms at the same speed as high as in the Sommen Lake District and Kisa Canal District, etc. because the southeastern Sweden is now identified with business prospects in recreation industry.

4.4.2 Macro environmental threats

The macro environment, an outer shell surrounding the core market system, contains the generic variables which can have massive impact on the future performance of the small firm. It refers to mainly five aspects of economics, politics and legislation, technology, finance and culture.

4.4.2.1 Economics

In market systems, prevailing economic conditions determine whether customer demand will grow, stay static or decline. It can be often found in the leisure industry, where any economic downtown is often accompanied by many small hotels being forced to close their doors and cease trading (Chaston and Mangles, 2002).

The rising optimism among customers about economic conditions will be reflected in a willingness to pay a higher price. For example in 2000, while the New Zealand travel indus-
try was impacted by a falling currency of 30 percent decline in the value of their dollars, in the UK, the strength of the pound sterling resulted in small travel agents enjoying a business upswing. This was because more people opted for more expensive holidays and wished to travel to exotic overseas locations.

The GDP growth of Sweden in 2007 is estimated being slow down to 2.2% due to weaker global demand and rising interest (FITA: Federation of International Trade Associations, 01-2007).

4.4.2.2 Politics & Legislation

Politics and legislation are the basis on which government create statutes and guidelines that provide a framework for regulating the behavior of both consumers and businesses. The main problem confronting small firms is the costs in fulfilling all the associated legal obligations. Most legislation will involve all firms in massive administrative costs. In large companies the costs are spread across a large workforce thus the fulfillment cost per employee is relatively small; however, it can get huge in small size firms which have to undertake the same tasks as their large firm counterparts.

The corporate tax rate for resident companies in Sweden is 28%. The income tax rate is known as pretty high which consists of the state tax, varying from 0% to 25% and the local tax, varying from 26% to 34% (FITA: Federation of International Trade Association, 2006). Compared with the income tax rate in the Netherlands, the due tax rates are 42% for moderate income and 52% for high income. These figures are higher in Sweden respectively at 50% and 55%.

4.4.2.3 Technology

All firms live in a world where new technologies are emerging that can have a significant impact on future operations. Ongoing survival requires being a ‘market follower’ and purchasing the new technology. However, small firms often do not have the financial resources to adopt the new technology. Second, although acquisition of the new technology will reduce operating costs, the small firm will receive no benefit from its investment because any cost savings are lost through the need to adjust market prices (Chaston and Mangles, 2002).

For example, the heating energy costs were rising in Sweden and supposed to be continued which account for a big maintenance costs. The bungalow builders ever suggested the owner to adopt the solar converting energy system. It may be more expensive to settle down but save plenty of operating costs during the utilization. Moreover it appears to be an advanced attribute supposing that the estate property is sold in future.

As e-commerce is developing rapidly, customers lead the market trend instead of merchants owing to the information access in speed and in mass. This trend forces small firms to look for more intelligent and efficient technology when they try to establish an attractive website or introduce the effective online marketing. The advent of e-commerce allows po-
potential customers to compare price either by visiting different websites or by accessing online intermediaries who provide prices variations between service suppliers. Resort Västra Lägern is also under the burden of obtaining customer by Internet which grows as the most popular tool for holiday planning. By Internet they may easily gain immense information about a number of holiday accommodation substitutes in the region.

4.4.2.4 Finance

Financial trends are possibly one of the most critical variables in terms of their potential impacts on the day-to-day operations of the average small firm. This is because many small firms are excessively dependent upon overdraft and medium term loans from their banks to fund their operating and capital asset deficits.

The same is with the financial situation in Resort Västra Lägern due to its small scale. The budget of the whole resort project would be limited within SEK 19 million, among which the owner could appropriate SEK 3.5 million of his own savings. At the same time, the finance would refer to the bank loans since the business has been affirmed a 30-year mortgage sum of SEK 12 million from the Ydre Sparbanken in Osterbymo; the interest rate is due at around 4.5% in the first 4 years. Another ongoing resourcing is expected to get a sum of SEK 6 million from another bank, ALMI bank perhaps. The interest rate from the private bank would be regulated as high as above 6.5% for small businesses. Owing to the liabilities to banks, the business exit needs be kept in the owner’s mind by any chance that the project undergoes poor performance and results in the finance crisis.

Another point of financial threat is fluctuating currency rates. As Chaston and Mangles (2002) stated, for small firms which rely heavily on overseas markets as a major source of total revenues, the potential threat of fluctuating currency rates can often be more awful. Small firms usually quote the prices based upon the prevailing value in the domestic currency where the firms are located. If this currency begins to appreciate, the firm may suffer the sales down of the uncompetitive prices.

Resort Västra Lägern quotes the Swedish krona on bungalow booking for the foreign customers where the single Euro currency is adopted in most of them, such as the Netherlands, Germany, UK and Belgium. In the past year, the Swedish krona appreciated in some degree in Europe markets. The currency conversion of Euro to Swedish krona drops from 1: 9.42 in May of 2006 to 1: 9.14 in May of 2007, during which the lowest exchange rate happened to be around 1: 8.96 at the end of 2006 (Yahoo Finance, 05-2007).

4.4.2.5 Culture

While marketers first analyze market opportunity, it is always apparent that different social groups within countries and between populations in different countries will exhibit variation in buying behavior. Culture background becomes one key variable impacting customer behavior. There is clear evidence of the national differences in recreation expectations in relation to quality standards. For example, it is widely recognized that German tourists are more concerned with environmental quality of resorts than their British counterparts. Par-
particularly in the business to business markets, the culture factors need more attention concerning on the larger number and the relatively regular relationship.

Resort Västra Lägern targets customers from many countries thus the uncertainty increases on customers’ expectations. For example, the Scandinavian people probably would rather choose the plain condition than high-class for holiday accommodation in nature. Additionally, many families have their own holiday cottages in the countryside. As to the customers in the Netherlands, there is a saying 'kijken, kijken, niet kopen' (look around, look around, don’t buy) that Netherlands people may be very cautious about the prices when spending the money for leisure. More examples, some people in the rainy or cold regions, e.g. UK, may be more willing to go for warm climes for holiday because they maintain the impression of coldness in Sweden. These diversified culture backgrounds can influence notably on the tourism and hospitality firms.

### 4.5 Summary

In Resort Västra Lägern, its strengths owns to the very nature of SMEs:

1) enter the niche market with its product and service innovation  
2) insist in the high quality to target the focus groups of customers and maximize the customer satisfaction  
3) cooperation and relationship with local community and industry external actors  
4) adequate entrepreneurial thinking and executive

However, it is accompanied by the weaknesses observed in the small firm as one-man business:

1) the handy management in the relatively short run  
2) limits on the required specialist knowledge to support business  
3) shortage on the adequate staff to operate business  
4) finance scarcity as well as burden  
5) rely on the external actors provision in some great degree

The opportunities are identified:

1) advantageous background for entrepreneurship and foreign investment in Sweden  
2) the development of the tourism industry and region competitiveness  
3) opportunity to reach large clients on B2B markets

The threats and potential risks exist:

1) competition comes from the industry rivalry: existing companies, substitutes and new entrants  
2) the macro environment mix impacts the small recreation firm with underlying risks in the areas of economics, politics and legislation, technology, finance, and culture
5 Conclusion

From the analysis of the marketing mix, competitors and SWOT, Resort Västra Lägern’ situation accords with the very nature of SMEs both in its competency and limitation. At the same time, its position is associated with the industry characteristics of tourism and recreation in the service sector. At the business start-up, the most imperative matters the firm has to stress are entrepreneurship and marketing.

Definitions of both marketing and entrepreneurship vary considerably thus hard to define one single concept of entrepreneurial marketing. A contemporary definition that meets the present scope is made by Morris et al. (2002) as, “the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation”.

In spite of the acknowledge that many entrepreneurial marketing practices in Resort Västra Lägern are quite tactic since its achievement is grounded on the daily operation dealing with the diversified customers, the analyses and recommendations in this report may provide some tips for the current performance. The company core value is constantly concerned on the customer satisfaction. The future strategy in the long term depends on the owner’s thoughts about reinvestment or reconfiguration of the business.

Hill (1995) writes that it was widely assumed in academia that SMEs just required a simplified version of the more ‘sophisticated’ marketing practices used by the largest companies. Now it is becoming apparent that marketing in SMEs is fundamentally different and more successful in SMEs than in large firms. This is partly because marketing implementation can be more important to success than planning and strategy.
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World Bank: World Development Indicators, 10-2006, [http://www.fitacountries/sweden.html](http://www.fitacountries/sweden.html)


Figure

Figure 1 Financial Overview

<table>
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<tr>
<th>Fixed assets</th>
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<th>2,007</th>
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<td>Total investment</td>
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<td>Total floating assets</td>
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<td>Total</td>
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</table>

Total investment budget | 18,025,000 |

Capital

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<th>Surplus value</th>
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<th>2,007</th>
</tr>
</thead>
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<td>Loan from the company Resort Västra Lägen B.V.</td>
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<td>already invested in translations, traveling, meetings, architect,</td>
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<td>Montage free land (with building permit)</td>
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<td>Loans to Family and friends</td>
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<td>410,000</td>
<td>3,175,000</td>
</tr>
</tbody>
</table>

Strange capital long and medium capital

<table>
<thead>
<tr>
<th>Strange capital long and medium capital</th>
<th>2,006</th>
<th>2,007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage company bungalows (bank) 30 years</td>
<td>12,000,000</td>
<td></td>
</tr>
<tr>
<td>Medium bank credit (ALMI) 8 years</td>
<td>0</td>
<td>6,025,000</td>
</tr>
<tr>
<td>Loans (municipality and others)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Leasing (cars, machines, computers)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total long and medium strange capital</td>
<td>0</td>
<td>18,025,000</td>
</tr>
</tbody>
</table>

Short capital

<table>
<thead>
<tr>
<th>Short capital</th>
<th>2,006</th>
<th>2,007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current account bank credit</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Supplier credit</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Factor society</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Still to pay costs</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Still to pay taxes</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Remaining</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total short strange capital</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Opening balance sheet

<table>
<thead>
<tr>
<th>Opening balance sheet</th>
<th>Own capital</th>
<th>Strange capital (investment)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,585,000</td>
<td>18,025,000</td>
</tr>
</tbody>
</table>
1. Have you been on holiday in the last 12 months (meaning 5 or more days away from home)?
   Did not go on holidays
   Summer holiday (April till October)
   Winter holiday (November till March)
   Both a summer and a winter holiday

2. How often did you go on holiday during the last summer (April till October)? And how often in the last winter (November till March)?
   Summer          Winter
   One time
   More than once

3. Tick off the countries you have been on holiday to for more than 5 days during the last summer in the summer column. And the same again for the last winter in the winter column. Keep in mind only holidays of 5 days or more count.
   Summer          Winter
   The Netherlands
   Belgium, Luxemburg
   Germany
   France (incl. Corsica)
   United Kingdom or Ireland
   Denmark
   Norway, Sweden or Finland
   Switzerland
   Austria
   Spain (incl. Mallorca, Menorca, Ibiza)
   Portugal (incl. Madeira)
   Greece
   Eastern European Countries
Other countries in Europe
Turkey
Middle East, Israel, Tunisia, Morocco, Egypt
United States, Canada
Middle- and South-America
Dutch Antilles, Caribbean Area
South East Asia
Other countries outside of Europe

4. Did you go on a winter sport holiday?
   Yes
   No

5. Did you book one or more of your holidays (be it summer or winter) from a holiday catalogue? And if so could you tick off which one?
   No
   Arke
   Neckermann
   Stamos
   Oad reizen
   Thomas Cook
   Kormpas Holidays International
   Adventurous or cultural travel agency (Baobab, Djoser, e.d.)
   Other travel agency

6. Which mode of transportation did you use to get to the holiday destination?
   Car
   Train
   Airplane (regular)
   Airplane (charter)
   Bus, ski bus, bicycle bus, touring car
   Different Transportation mode
7. Did you book your own plane ticket for any of your holidays? If so with airline company did you fly?
No

British airways
Company which offers cheap international tickets (e.g. Easy jet, Ryan Air)
Different Company

8. How were most of the nights spent on your holidays?
Own tent
Own caravan / trailer
Rented Tent / Camper / caravan
Camper
Bed and Breakfast
Hotel
Bungalow (in a park)
Apartment / cottage
Sailing boat, yacht, cruise ship
Own holiday home
Staying over with family / friends
Different methods

9. Do you usually get holiday insurance before you start your holidays?
Yes
No
Continuous travel insurance

10. When planning your holiday which kind of materials would you determine your destination and mod of transportation?
Daily Newspaper
Free house to house magazines
Magazines
TV-programmes
Radio programmes
Internet
Travel agency brochures
Traveling Guides/Information booklets about destination
Holiday conventions
Travel agency
English touring club
Tourist office
Friends / family
Other way

11. What is your preference in types of holiday (multiple answers possible)?
   - In a group
   - Individual
   Sport / active holidays
   Cultural holidays
   Beach holidays
   Outdoor holidays
   Other way

12. In the past 12 months have you gone on any short holidays spent in a bungalow? More than one answer possible.
   - National
   - International
   N / A
   Once
   Two times
   Three or more times

13. Bungalow Size
   - 2-4 pers.
   - 4-6 pers.
   - > 6 pers.
14. How close by should the following activities be? 

<table>
<thead>
<tr>
<th>Activity</th>
<th>&lt; 10 km</th>
<th>&lt;20 km</th>
<th>&gt;20 km</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golf</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sailing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tennis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fishing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swimming</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bike Riding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canoeing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ski Resort</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Horse Riding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Museums</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shopping</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large cities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. How much money are you willing to spend on a 2-4 person bungalow during the high season on a weekly basis (100 sq m)?

<table>
<thead>
<tr>
<th>Range</th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,000 sek – 10,500 sek</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9,500 sek – 11,500 sek</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,500 sek – 12,500 sek</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16. How much money are you willing to spend on a 4-6 person bungalow during the high season on a weekly basis (129 sq m)?

<table>
<thead>
<tr>
<th>Range</th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,000 sek – 14,500 sek</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14,500 sek – 15,500 sek</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,500 sek – 16,500 sek</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. How much money are you willing to spend per person on activities on a weekly basis (excluding eating out)?

<table>
<thead>
<tr>
<th>Range</th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>500 – 750 sek</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>750 – 1,000 sek</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. Are you planning on spending a holiday in a bungalow in the next 12 months? If so would your preference be the winter season or during the summer?

Yes
No
Not sure yet
Summer
Winter

2. Where are you planning to spend your next holiday in the coming 12 months?

The Netherlands
Belgium, Luxemburg
Germany
France (incl. Corsica)
United Kingdom or Ireland
Denmark
Norway, Sweden or Finland
Switzerland
Austria
Spain (incl. Mallorca, Menorca, Ibiza)
Portugal (incl. Madeira)
Greece
Eastern European Countries
Other countries in Europe
Turkey
Middle East, Israel, Tunisia, Morocco, Egypt
United States, Canada
Middle- and South-America
Dutch Antilles, Caribbean Area
South east Asia
Other countries outside of Europe

20. Would you like to be kept up to date on new offers from Resort Västra Lägern?
No
Yes, my e-mail address is…
Figure 3 The skill list in operation of hospitality, tourism or leisure firms

Source Siropolis (1986)

<table>
<thead>
<tr>
<th>Step</th>
<th>Description of step</th>
<th>Skill need</th>
<th>People best suited to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Decide to go into business</td>
<td>Raising finance</td>
<td>Banker / accountant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Knowledge of self</td>
<td>Business advice agent</td>
</tr>
<tr>
<td>2</td>
<td>Analyze yourself</td>
<td>Knowledge of industry sector</td>
<td>Market researcher / other operators</td>
</tr>
<tr>
<td>3</td>
<td>Pick product or service</td>
<td>Knowledge of marketing research / hospitality, tourism or leisure industry</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Research the market</td>
<td>Knowledge of marketing research / finance</td>
<td>Market researcher / accountant</td>
</tr>
<tr>
<td>5</td>
<td>Forecast sales revenues</td>
<td>Knowledge of marketing research / finance</td>
<td>Business sales / estate agent</td>
</tr>
<tr>
<td>6</td>
<td>Select site</td>
<td>Knowledge of property markets</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Develop operations plan</td>
<td>Knowledge of hospitality, tourism or leisure operations</td>
<td>Technical experts / IT specialists / equipment specialist / consultants</td>
</tr>
<tr>
<td>8</td>
<td>Develop marketing plan</td>
<td>Knowledge of marketing</td>
<td>Marketing consultants / PR agencies / business advice</td>
</tr>
<tr>
<td>9</td>
<td>Develop organizational plan</td>
<td>Knowledge of skill needs and human resources</td>
<td>Human resource consultants</td>
</tr>
<tr>
<td>10</td>
<td>Develop legal plan</td>
<td>Knowledge of law</td>
<td>Accountant / solicitor</td>
</tr>
<tr>
<td>11</td>
<td>Develop accounting and financial plan</td>
<td>Knowledge of accounting and finance</td>
<td>Accountant</td>
</tr>
<tr>
<td>12</td>
<td>Hiring and training staff</td>
<td>Knowledge of human resources and relevant legal issues</td>
<td>Solicitor / training company</td>
</tr>
</tbody>
</table>
Figure 4  The map of Five competitive threats
Source: Porter (1980)
Appendix

Appendix 1  The resort location

Appendix 2  The resort ground plan

Source: Detaljplan för Ölstorp 1:2 Ydre Kommun, Östergötlands Län 2007-4-13
Appendix 3 The ferry route in Baltic area

Source: Scandlines Tider & Priser 2007
Appendix 4  The continental driving route in Sweden

Source: http://www.sverigeturism.se/smorgasbord/smorgasbord/service/sweden-map.html