

PLUTOS SERVICES:
LEAD GENERATION SYSTEM FOR THE HOTEL ADVERTISING INDUSTRY

by

Farhad Ebrahimi
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Approval

Name: Farhad Ebrahimi

Degree: Master of Business Administration

Title of Project: Plutos Services: Lead Generation System for the Hotel
Advertising Industry

Supervisory Committee:

Dr. Neil Abramson
Senior Supervisor
Associate Professor of Strategy
Faculty of Business Administration

Dr. David Thomas
Second Reader
Professor of International Management
Faculty of Business Administration

Date Approved: _____

Abstract

This paper presents a business model of Plutos Services and the implementation of a digital concierge service within the hotel advertising industry.

The model contains a basic company overview, external analysis, internal analysis and a final recommendation of the business strategy it should use to succeed. I researched the business environment in Canada to determine its position in the current market. I evaluated different strategic alternatives and sub-recommendations for implementing its services within 4-star hotels. I conducted an external analysis to evaluate its most important key success factors through the use of Porters' 5 Forces. Furthermore, in a competitive analysis I compared the main competitors and Plutos Services to determine its opportunities and threats as well as internal and external risk factors.

The internal analysis describes management preferences and presents a human resources plan as well as financial predictions. Based on the external and internal analysis I point out a final strategic recommendation.

Keywords: digital service; hotel industry; interactive advertising; online advertising and business strategy; competitive advantage; business model

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1 Overview

In this chapter I introduce an introduction of the chosen topic for the thesis. I begin with the purpose of this paper followed by a general industry overview, information of the executive company and their business strategy.

1.1 Purpose and Scope

The purpose of this paper is to describe a new business model of Goal Holdings' new daughter company Plutos Services, within the hotel advertising industry and whether they should use a low cost or differentiation strategy for implementation. Plutos Services focuses on the hotel segment of the advertising industry as well as interactive advertising.

This paper outlines a business concept that deals with the implementation of high quality, interactive, self-service, digital concierge service units for the hotel advertising industry. Instead of personal concierge services, digital customer service will be provided to create higher customer satisfaction. Furthermore, it will use Porter's Five Forces Model to identify the industry Plutos Services is planning to operate in and as well as analyze the key success factors. The competitor analysis and competitor array will present the opportunities and threats of implementing this business model.

1.2 Advertising Industry

I will give a brief overview of Goal Holdings Corporation, Plutos Services and the industry it will operate in.

The advertising industry has changed a lot in the last few years. Strong competitors are in the market and it became more and more challenging to survive and make profit. Different types of media can be used to deliver promotional messages. The more innovative and modern these types of media are the more attractive are they for the customers.

For this paper especially the situation of the Canadian advertising industry is important due to the fact that Plutos Services is planning to start their business with a test market in Vancouver.

The Canadian advertising industry recovers

The Canadian advertising industry had to face many changes recently and they are still struggling with recovering and making profit again. That's among other things what the Statistics Canada's Annual Survey of Advertising and Related Services 2004 (CanadaOne, 2004) is saying:

“Profits are up and revenues are higher, but growth in Canada's advertising industry has been limited by challenges such as the impact of global advertising campaigns and increasing media costs”.

The industry challenges

Even with the improvement, the advertising industry still faces many challenges. In 2004 the top five challenges for the industry were as follows (Statistics Canada, 2004):

- Demand for Canadian creative content has decreased as multinational companies use global advertising campaigns.
- The rising value of the Canadian dollar has reduced price competitiveness internationally.
- A portion of corporate advertising budgets are being diverted to marketing outside of the traditional advertising industry, with increased spending on things like the company webpage and advertising on search engines.
- Increasing media costs have also pushed down revenues.
- Finally, the federal sponsorship scandal has put a cloud over the reputation of Canada's advertising industry.

These top challenges are essential for the implementation of a new advertising strategy such as Plutos Services. Therefore Plutos Services has to keep in mind what is going on within this industry and how profits can be still made.

1.2.1 Recent Developments within the Advertising industry

In an effort to attract and maintain clients, advertising agencies diversify their services. Interactive Media, Online Advertising and Mobile Advertising are becoming

more and more prevalent. As a result, new media such as digital signage is growing as a major new mass media. Advertising service firms have found that highly creative work is particularly suitable for their services, resulting in a better product or service and increasing their client's profitability. Organisations frequently spend large sums of money on advertising. (Global Entertainment and Media Outlook, 2006–2010)

A recent advertising innovation is "guerrilla marketing". Guerrilla Marketing involves unusual approaches such as staged encounters in public places, giveaways of products such as cars that are covered with brand messages, and interactive advertising where the customer can respond and become part of the advertising message. This reflects an increasing trend of interactive ads, such as via product placement, having consumers vote through text messages, and various innovations utilizing social network services such as Facebook, My Space, Twitter or others. (McMains, 2009)

Plutos Services will use sort of Guerrilla Marketing by attracting and catching their customers attention through interactive advertising touch displays in the hotel sector. Their goal is to provide necessary and essential information as well as to create a viral marketing effect (positive word of mouth propaganda) and to stay longer in the customers minds.

1.2.2 Interactive and Online Advertising

Interactive Advertising can be a form of Guerrilla Marketing and improves advertising effectiveness.

The interactive advertising industry uses either online or offline interactive media to communicate with consumers and to promote products, brands or services. Interactive advertising stays longer in the customer's minds due to their innovative and remarkable form of promoting services and products. Interactive means that the customers get automatically involved and interfere with the advertisement (e.g. touch displays). This type of advertising is two-way and capable of being influenced.

The face of the advertising industry has changed dramatically over the last few years. The Internet has become increasingly strong and has shouldered its way into the mainstream media (Hairong; Leckenby, 2004).

One major benefit of online advertising is the immediate publishing of information and content that is not limited by geography or time. Another benefit is that the actual advertisement stays in the consumers mind much longer than for example a billboard since they have interacted with the product. We can see that businesses should now start to keep abreast of developments in new technologies that will help them to understand their audience. Brands, products, services and messages can be delivered successfully by having the audience participate; consumers will always be primarily

attracted to messages that are highly relevant and interactively intriguing. (Glaser, 2007)

For such interactive advertising, interactive touch displays can be used. Touch displays enable one to interact with what is displayed directly on the screen, where it is displayed, rather than indirectly with a mouse or keyboard for example. This is on the one hand more comfortable and on the other hand more attractive for customers. Nowadays, interactive touch displays can be found in many public areas such as shopping malls, airplanes, train stations etc. The acceptance of this technology is continuously growing (TNT Integration, 2008).

Interactive Advertising Screens are shown using 3D graphics to display dynamic interactive multi-media content. It can be displayed on any LCD screen, plasma screen or glass storefront window. Figure 1 shows an example of 3D Graphics for a touchable Interactive Advertising campaign. Camera based body tracking and gesture recognition technology are systems which look out at the surrounding area and react directly to the movement of people nearby. Dynamic multimedia imagery can be integrated with any brand message or corporate logo, creating a powerful advertising medium (GestureTek, 2009).

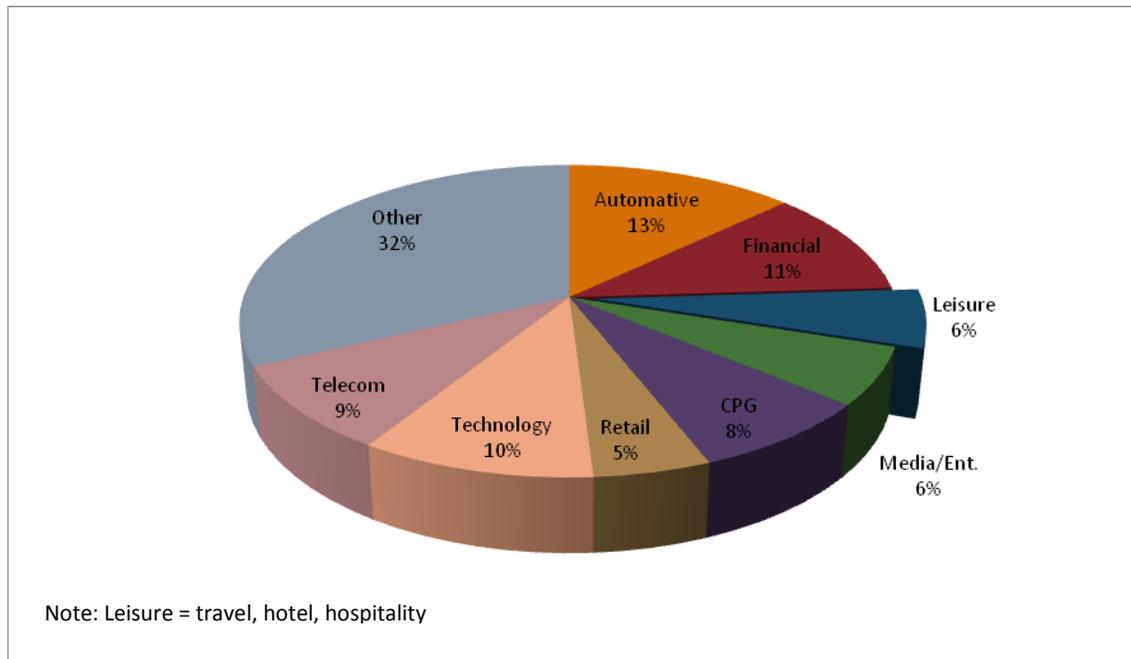
Figure 1, 3D Graphics used for interactive advertising on Touch displays



(Source: Josh Spear, 2009: <http://joshsphear.com/wp-content/uploads/2008/10/multitouch1.jpg>)

Figure 2 shows for which product categories Online Advertising in Canada are mainly generated. Automotive, financial and technology products are still outriders but closely followed by telecom, leisure and consumer packaged goods. Leisure services and products such as travel information, spare time tips and hotel guides are more and more frequently requested through internet services and interactive media tools.

Figure 2, Distribution of Canadian Online Ad Revenue by Major Product Category: 2008



(Source: IAB Canada, 2009)

Revenue Trends - (Interactive Advertising Bureau Canada, 2008-2009)

Online advertising revenues in Canada have more than quadrupled over the last five years, and grew to \$1.6 billion (net) in 2008, up 29% from the \$1.241 billion reported in 2007.

Online's \$1.6 billion in advertising revenue for 2008 has passed by Radio with \$1.55 billion; which is 64% of Daily Newspaper ad revenue and over 47% of television ad revenues.

Respondents to IAB Canada's 2008 Survey have forecast that Online advertising revenue in Canada will grow to \$1.75 billion in 2009 – which is an estimated 9.2% increase over 2008 actual.

According to the Interactive Advertising Bureau Canada the revenue projections for the digital signage segment of hotels is also growing and has great potential. Whether business travelers, vacationing consumers, or a combination of both, kiosks and digital signs make hotel guests happier and increase profits. These tools help people find information quickly and simultaneously they spend more money on the hotel site facilities.

1.2.3 E-Commerce

Another potential for generation revenue through digital signage is E-Commerce. E-Commerce consists of the buying and selling of products or services over electronic systems such as the Internet and/or other computer networks. This includes selling tickets (e.g. concert tickets), making restaurant reservations as well as entertainment services (e.g. downloading ringtones, videos). It also consists of the exchange of data to facilitate the financing and payment aspects of business transactions. The amount of trade conducted electronically has grown extraordinarily with widespread internet usage (Rosen, 2002).

1.2.4 Advertising Industry within Hotels

At present digital advertising within hotels is limited and the hotel industry tries to avoid an overflow of advertising. Indeed digital advertising systems such as LCD displays in the washrooms or Hotel TV channels or digital restaurant finder already exist. However, hotels still rely more on a personal concierge services as customer service. A concierge helps guests with several tasks like making restaurant reservations, arranging indoor hotel services, recommending nightclubs, booking transportation, procurement of tickets to special events and assisting with various travel arrangements and tours of local attractions. In upscale establishments, a concierge is often expected to achieve the impossible that means dealing with any request a guest may have, no matter how strange, relying upon an extensive list of contacts with local service providers. This expansive knowledge of a concierge is available to any guest and is absolutely free. Concierges assist hotel guests with many services including sightseeing tours, transportation tours, restaurant reservations, rental cars or any other needs.

1.2.5 Business model description – Digital Concierge Service

The global crisis hit the hotel market quite hard and therefore the hotel industry has to find new opportunities to supplement their lost revenues.

As already mentioned in the introduction the idea is to implement a digital concierge service which will also allow for advertising within the hotel industry. Digital concierge services will be realised in form of self service units, such as interactive touch displays with high quality interactive graphics. That would be a new chance to increase business and customer service as well as a general improvement of the hotels. The hotel industry would find a comfortable and easy way to sell indoor services and to increase their revenues. It would also be a commercial improvement to their property. Another advantage of these digital units is savings in terms of personnel costs. Concierges can concentrate on other duties without losing a very important customer service.

This new and innovative business concept is referred to a Lead Generation System for the hotel industry. Lead Generation means collecting, qualifying and filtering customer information. Self service units in form of touch displays will be implemented at top quality hotels with a 4 star rating and which have 400 rooms or more.

These self service units generate client information through an online registration process. Through this information clients would be able to receive personalized information related to the query they are searching. Another possibility to increase traffic is all kinds of transactions, known as E-Commerce.

Advertisers, such as restaurants, sightseeing attractions, nightclubs, bars etc. will pay a small amount for getting onto this Hotel Lead Generation System¹, to be listed, and interaction which is made between the customers and the advertised product. Plutos Services will be a daughter company of Goal Holdings Corporation and is responsible for the Hotel Lead Generation System project.

This business concept is an outsourced business and builds' up on shares of revenues. Several business partners will be involved and the concept is based on a network structure. The main parties are in the technology, advertising and management sector.

1.3 Company Overview - Goal Holdings Corporation

1.3.1 History

Goal Holdings Corporation is a family based business which was founded in the late 1970's. First, Hossein Ebrahimi started to get into the Persian carpet outlet business and became one of the leaders in North America. Later on he started real estate business and investment business and founded Goal Holdings' daughter companies (Palagon, Nexus Fund, Safa Rugs and VRG). Goal Holdings Corporation is involved in asset based, service based and distribution based businesses.

¹ Hotel Lead Generation System is an online platform with different kinds of city information that will be used by tourists and business travelers

1.3.2 Organisational Structure

Figure 3 shows the current organisation structure of Goal Holdings Corporation. Goal Holdings Corporation operates in 5 different business areas such as Corporate Services, Real Estate, Technology, Investment and Media.

Figure 3, Organisational Structure of Goal Holdings Corporation



*specialises in Hotel Advertising with digital signage realised through Goal Holdings mother company Plutos Services

The entire organisation is based on a network structure and is a family owned enterprise. On the top is the mother company Goal Holdings Corporation, which operates in several types of businesses. Goal Holdings' daughter companies are generally outsourced² and revenues are based on revenue sharing. Goal Holdings Corporation has many business partners internationally. The new sector Goal Holdings is planning to operate in is Hotel Advertising through its new daughter company Plutos Services.

² The general business functions of Goal Holdings Corporations daughter companies are generally out contracted to an external provider.

1.3.3 Management

The Management Head is the Ebrahimi family, who maintains control of all main functions such as managing, leading and finance.

Besides the management head, Goal Holdings Corporation has an internal management team who consists of project managers and department managers. They are well experienced and extremely flexible.

1.3.4 Products and Services

Goal Holdings current general products and services are within the Investment, Technology, Real Estate, and International Trade business. They invest in companies across different industries in order to generate current cash flow and longer term capital appreciation returns for their investors. By leveraging business knowledge and resources they try to generate superior returns and minimize risk for investors.

Goal Holdings seeks opportunities that allow using expertise in order to generate long term value for partner companies. They help companies grow to the next stage of their development and are interested in aligning themselves with companies that strive to become industry leaders.

1.3.5 Clients and Partners

On one side there are the general clients of this business model, which consists of any business that benefit from tourists. As for partners, the Goal Holdings group will be looking for strategic partners in the areas of hotel and resort development, new media technology and advertising sales.

1.3.6 Business Strategy – Low Cost vs. Differentiation

This business model uses a focus strategy which is a subset of the differentiation strategy (Open Learning World, 2007). Plutos Services uses a focus strategy because it operates in a niche business. Through pursuing a differentiation-focused strategy Plutos Services may be able to pass higher costs on to customers since close substitute products do not exist. The use of an ED Strategic Fit Grid can point that out more clearly (see figure 4). The ED Strategic Fit Grid is based on a self-assessment and shows if a business idea tends more to a cost based or differentiation strategy on the basis of various criteria.

Figure 4, ED Strategic Fit Grid³



³ Source: Simon Fraser University, MBA Guidelines

		←-----→										
	Low Cost, Quality	Adequate										High Quality, Adequate Cost
Source		1	2	3	4	5	6	7	8	9	10	
Product Strategy	Rapid Follower									X		Innovative
R&D Expenses	Low							X				High
Structure	Centralized									X		Decentralized
Decision Making	Less Autonomy									X		Autonomy
Production, Service	Economies of Scale		X									Economies of Scope, Flexible
Labour	Mass Production									X		Highly Skilled, Flexible
Marketing	Comparative, Push									X		Pioneering, Pull
Risk Profile	Low Risk				X							High Risk
Capital Structure	Leveraged (Debt)				X							Conservative (Equity)

Product Strategy – Innovative: Hotel Lead Generation System is a totally new product on the market. Digital concierge and tourist services are not yet within the hotel advertising industry. Until now there are only a few competitors in the market and their products are not offering the same kind of service as we do. Their services are more based on basic information and advertising.

R&D Expenses – Moderate high: Research and development expenses will be moderate high due to the use of innovativeness but already existing software and hardware components which can be purchased and integrated easily.

Structure – Decentralized: Centralization or decentralization refers to where in the organization decisions are made and which groups have the power to contribute to the decision-making process. It is decentralized because Plutos Services is hiring highly skilled people to get access to their specialized capabilities and knowledge. Decentralized means more flexibility and autonomy.

Decision Making – High autonomy: High autonomy because of a decentralized structure and highly skilled decisions from the labour. Less control and more flexibility within the decision making process.

Production, Service – Economies of scale: Plutos Services is planning to run an international business; therefore economies of scale are important and necessary. Economies of scale are a long run concept and are the cost advantages that a business obtains due to expansion. It refers to reductions in unit cost as the size of a facility, or scale, increases. Plutos Services are restricted to geographic areas and hardware and software tools are scalable internationally.

Labour – Highly skilled, flexible: In the beginning Plutos Services wants to work with a small labour force, but definitely high qualified and skilled. After expansion also work labour force will expand and spread out internationally.

Marketing – Pioneering, pull: Plutos Service is planning to implement a Pull Marketing Strategy. A “Pull” strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product.

If this strategy is successful, consumers will ask for the product.

Risk Profile – Lower risk: Plutos Services has a rather low risk profile due to strong business partners, click based revenues and manageable expenses. Business also starts on a test market to proof success and popularity.

Capital Structure – Leveraged: Plutos Services will use a leveraged capital structure through strategic lending agreements with partners and suppliers.

With the differentiation (focus) strategy Plutos Services concentrates on selected target markets. It is also called niche strategy. It is hoped that by focusing the marketing efforts on one or two market segments and tailoring the marketing mix to these specialized markets, Plutos Services can better meet the needs of its target market. Plutos Services looks to gain a competitive advantage through product innovation and/or brand marketing rather than efficiency. This focus strategy targets market segments that are less vulnerable to substitutes. Furthermore differentiation is a practical strategy for earning above average returns in a specific business because the resulting loyalty lowers customers' sensitivity to price.

1.4 New Business Revenue Concept

This business model of Plutos Services will meet the changing needs of customers as well as create new advertising possibilities for the tourism and hotel industry. The idea is to implement interactive touch displays with an interactive tourist guide menu within the international hotel sector to provide an innovative service for its clients.

This system, meant for installation in hotels in any large city, brings instantaneous information, advertising and entertainment right to the user's fingertips, giving them access to the following functionality and information:

- Making Restaurant Reservations
- Providing Sightseeing Tips
- Finding an Address or Point of Interest
- Providing Shopping Tips
- Purchasing Tickets for Movies, Theatre, Concerts,...
- Nightlife recommendations
- Receiving discount coupons for Hotel Services
- etc.

Such interactive units empower customers to get involved and informed about their environment.

There are several ways to benefit from this system, either as a consumer by taking advantage of its dynamic functionality or as an advertiser or strategic partner.

The context is perfect for advertising. Tourists are a receptive audience who are curious of what is going on in the city. Advertisers benefit greatly from the ability to target ads on the basis of passenger-indicated interest and current location. This is an opportunity for the hotel industry to lower personnel costs and to further promote its own indoor services. The Hotel Lead Generation System is innovative, user-friendly and is self-service based.

1.5 Chapter Summary

The Hotel industry was affected greatly by the financial crisis and as a result it is looking for ways to decrease costs, increase revenues, and improve their balance sheets overall. The proposed solution is in the line with the hotel industries immediate and long term strategic initiatives.

There are many advantages for the hotel, such as lower personnel costs (not as many concierges as before are necessary), no implementation costs (hotels are not paying for implementing the system in their hotel) and concierge can focus on other duties (such as room bookings, personal contact person for special inquiries etc). At the same

time it will be also very beneficial for the advertisers. As the target group can be reached directly through this new and innovative advertising platform.

The main business areas of this business model will be outsourced. Through outsourcing, markets will be generated quickly. Our general business strategy is on the one hand low cost and on the other hand highly focused.

This paper consists of 4 main chapters:

1 Introduction and Overview

2 External Analysis

3 Internal Analysis

4 Final Recommendations

The introduction in Chapter 1 provided an overview of the industry and the company.

The external analysis in Chapter 2 is using Porters 5 Forces to identify the industry we are planning to operate in and it leads to the identification of the Key Success Factors (KSFs). The internal Analysis in Chapter 3 is about Management Preferences, describing the Organisation's Structure and provides a Financial Plan.

The final recommendation is based on these analysis and states out the best alternative as well as sub-recommendations to achieve the goals.

2 External Analysis

The purpose of this chapter is to determine the sources of competitive advantage analyze the industry due to Porters 5 Forces, identify the Key Success Factors (KSF), as well as to find opportunities and threats for our business strategy.

At the end of this chapter the strategic alternatives or options that allow Plutos Services and its affiliates to have a more effective strategy for their business concept will be presented.

2.1 Industry Analysis

2.1.1 5 Forces of Porter Analysis

Porter's (1980) 5 Forces analyzing tool is a simple but powerful tool for understanding where power lies in business. This is useful, because it helps to understand both the strength of the current competitive position, and the strength of a position to which you will probably move.

With a clear understanding of where power lies, advantage of the strength can be taken as well as to improve weaknesses and avoid taking wrong steps. This is an important part of a planning toolkit.

This tool is used to identify whether new products, services or businesses have the potential to be profitable. It is for a better understanding of the balance of power.

According to Dagmar Recklies (2008), Porter's model of 5 Competitive Forces has been the subject of much critique. Porter's 5 Forces Model has some major limitations in today's market environment. It is not able to take into account new business models and the dynamics of markets. Porter's ideas became more and more subject of critique under the impression of the developing Internet economy during the last decade. Critics point out that economic conditions have changed fundamentally since that time. The rise of the Internet and of various e-business applications has strongly influenced nearly all industries.

In spite of everything an industry is always influenced by 5 Competitive Forces (see figure 5). These forces are suppliers' power, threat of substitute products, competitive rivalry, buyers' power and barriers to entry the market. The use of this model in this paper is now to better understand the industry context in which Plutos will operate:

Figure 5, The 5 Competitive Forces of Porter



(Source: <http://www.mba4you.net/wp-content/uploads/2008/08/porter-5-force.jpg>, 2008)

2.1.1.1 Customer/Buyers Power

The power of buyers is the impact that customers have on a producing industry. In general, when buyers' power is strong, the relationship to the producing industry is near to a market in which there are many suppliers and one buyer. Under such market conditions, the buyer sets the price. The following tables outline some factors that determine buyers' power. The ability of customers to put the company under pressure and it also affects the customer's sensitivity to price changes.

- In the first instance Plutos Services customers are the local advertisers and the hotel industry. Local advertisers are going to be very interested to be in Plutos Services system. They are generation another source of income and therefore will be willing to pay on a pay per click based model. Regardless to that, sensitivity on price changes will be moderate to high; therefore the local advertisers are having a rather high buyer's power. The hotel industry is not setting the price of Plutos Services; they pose as access channel to the tourists and don't have to pay anything. As a result no buyers' power occurs in that case.
- Secondly, the customer base is the total number of tourists within a region. Tourists are not paying for using Plutos Services.
- Price elasticity for the local advertisers is moderate to high because they are going to respond in their buying decisions to a change in prices.
- The costs for the local advertiser to switch from Plutos Services system to those of another competitor are low because they are not depending on only one provider.

Summarizing, Plutos Services has a high Buyers' Power in respect of sensitivity to price changes, high price elasticity and low switching costs to competitors.

The following items can also be outlined as Key Success Factors⁴:

⁴ Key Success Factors: Describe factors that are a necessary condition for success in a given market.

- Willingness of the local advertisers to pay the adequate prices and to be in Plutos Services system. Without local advertisers Plutos Services won't exist.
- Willingness of the hotel industry to install Plutos Services Touch screen stations and to retrain their concierges on other duties.
- Willingness of tourists to use Plutos Services Touch screen stations
- Setup business network and partnership agreements to achieve a strong brand identity. Tourists and hotel industry are only willing to use Plutos Services system if their attention and interest has been caught.
- Strong Unique Selling Proposition⁵ to convince customers to use Plutos Services instead of other products.

2.1.1.2 Barriers to Entry

Barriers to entry are unique industry characteristics that define the industry. Barriers reduce the rate of entry of new firms, thus maintaining a level of profits for those already in the industry. From a strategic perspective, barriers can be created or exploited to enhance a firm's competitive advantage. Barriers to entry arise from several sources such as:

- Government can create barriers
- Patents and proprietary knowledge serve to restrict entry into an industry

⁵ USP = the proposition must be one that the competition either cannot, or does not, offer. It must be unique—either a uniqueness of the brand or a claim not otherwise made in that particular field of advertising

- Asset specificity inhibits entry into an industry
- Organizational (Internal) economies of scale

Barriers to exit are similar to barriers to entry. Exit barriers limit the ability of a firm to leave the market and can exacerbate rivalry – unable to leave the industry, a firm must compete. Some of an industry’s entry and exit barriers can be summarized as follows:

Easy to enter if there are the following Key Success Factors:

Common technology

Plutos Services is planning to use already existing standard software and hardware components. Only some adaptations have to be made to create a Plutos Services program. Common technology and low cost as strong KSFs in regards to business success and manageable expenses.

Existing business network

It will be much easier to enter the market if there is already an existing business network to tie up to. Therefore Plutos Services is trying to set up partnership agreements with leading companies in that field.

Access to distribution channels

If there exists an easy access to various distribution channels (such as Internet, Newspaper etc.) the customers attention can be caught quickly. Viral Marketing

effect⁶ can also be seen as distribution channel. Plutos Services will also use social networking platforms to indicate the speciality of their product and services.

No or only few competitors

It is easier to enter the market if there are no or only few competitors on the market. That means no brand switching, no customer loss and the ability of building up a strong brand identity. Possibility to reach monopoly position is given.

Difficult to Enter (Barriers of Entry, Threats) if there is:

No interest, no willingness of participation

Hotels may not be interested because they don't want advertising at all within their industry or they prefer to stick to their traditions with personal concierge services. They may not want us to interfere in their business, because of the threat of pushing their customers out the door.

Internet/Network

Plutos Services is using an Interactive and Online Advertising system. Therefore threat of security problems can occur such as server breakdowns, software information losses, transmission of information to a third party etc.

Costs

⁶ Viral Marketing: refers to marketing techniques that use pre-existing social networks to produce increases in brand awareness.

If Plutos Services decides to install high quality products instead of low cost components, it is going to be more expensive and financial problems can occur such as delay in payment, calculation errors etc.

Customer Behaviour

Guests of premium hotels may prefer concierge service because of its tradition; young people who are open for new innovations are usually not staying in high quality hotels. Customers may not want to use the units because they prefer personal contact to concierge and like to talk to locals about what is going on in the city. Guests could also use their own notebooks for research.

Difficulty in brand switching

If there are already strong competitors on the market it is going to be difficult to make them switch brands. Unique Selling Proposition of Plutos Services has to catch customers' attention and willingness to switch provider.

Restricted distribution channels

If access to distribution channel is limited it will be much harder to reach the target market. Plutos Services has to use as many distribution channels as possible to get a wide and positive effect on the target group.

Easy to Exit the market if there are the following KSFs:

Saleable assets

If Plutos Services had success and their services are having a good reputation in the market, their assets are valuable and saleable.

Independent businesses

Plutos Services should not be dependent on other businesses or franchise/partner agreements as well as business contracts. Otherwise it will be much harder to exit the market.

Difficult to Exit if there are:

Specialized assets

Specialized assets are more difficult to sell or to adapt for other businesses.

Interrelated businesses

An interrelated business means dependency and makes it more difficult to exit the market.

2.1.1.3 Suppliers Power (high-technology supplier)

Suppliers of technology can be a source of power over the company. Suppliers may refuse to work with the company, or e.g. charge excessively high prices for unique resources. Suppliers, if powerful, can exert an influence on the producing industry, such as selling raw materials at a high price to capture some of the industry's profits. The following outline some factors that determine supplier power:

Suppliers are powerful if:

- Credible forward integration threat by suppliers
- Suppliers concentrated
- Significant cost to switch suppliers
- Customers Powerful

Suppliers are Weak if:

- Many competitive suppliers – product is standardized
- Purchase commodity products
- Credible backward integration threat by purchasers
- Concentrated purchasers
- Customers Weak

High Supplier Power factors and KSFs for Plutos Services:

- At the moment there is a low number of suppliers in that niche market (IBM, TouchSystemCorporation etc.), will be probably more in the future.
- IBM for example is a strong supplier because they have a strong position and positive reputation.
- Plutos Services has only a few indoor capabilities available, therefore dependency on the suppliers exists.
- Switching costs to other supplier after installation of the system would be high because of complete system and software exchange.

- The fewer the supplier choices, and the more suppliers' help is needed, the more powerful are the suppliers in that niche market.

2.1.1.4 Substitute products

In Porter's (1980) model, substitute products refer to products in other industries. To the economist, a threat of substitutes exists when a product's demand is affected by the price change of a substitute product. A product's price elasticity is affected by substitute products – as more substitutes become available, the demand becomes more elastic since customers have more alternatives. A close substitute product constrains the ability of firms in an industry to raise prices.

Plutos Services threats include the following substitute products:

- High - Threat of using traditional concierge service within their hotels
- Moderate - Threat of using traditional tourist guide books or research with their own notebooks
- Low -Backlight system (paper based system) – but no interactivity and ecommerce possible

The Force of substitute products is rather low because the only threats for Plutos Services are that customers are tending to use a traditional concierge service or their own notebooks instead of the innovative Hotel Lead Generation System.

2.1.1.5 Competitive Rivalry

This is the major determinant of the competitiveness in most of the industries. Sometimes rivals compete aggressively and sometimes rivals compete in non-price dimensions such as innovation, marketing, etc. With only a few firms holding a large market share, the competitive landscape is less competitive (closer to a monopoly). In pursuing an advantage over its rivals, a firm can choose from several competitive moves:

- Changing prices
- Improving product differentiation
- Creatively using channels of distribution
- Exploiting relationships with suppliers

Plutos services rivalry is low because of the following Key Success Factors:

- Only a few competitors in the market yet (see chapter 2.2)– that means there is tremendous strength in this value proposition
- Indirect competitor can be Crissy Field Media (either partner or competitor, see chapter 2.2.1 main competitors)
- Totally new business concept, access to distribution channels is given and Plutos Services is trying to set up relationships with suppliers and partners.

2.1.2 Industry Attractiveness

Considering the overall effect of the powers of the 5 forces analysis the industry seems attractive for the business model. Currently, there are only a few competitors on the market and Plutos Services tries to set up partnership agreements. Furthermore there are no strong competitive substitute products on the market and access to distribution channel is given. In addition, the hotel industry is ready to recoup recent losses and as a result it is more open to new value propositions.

Resources and strategic partners are available and our aim is to build up a very strong business network as well as to create a monopoly position for digital signage and advertisement within the hotel vertical. To reach this aim innovation and high quality value proposition is required.

2.1.3 Summary of Key Success Factors

3-Key (most important factors for Plutos Services to succeed in business):

- **Consumer and Hotel Participation as well as Loyalty** (came out at 3 Forces – Buyers Power, Barriers to Entry and Competitive Rivalry) Encouraging a high level of hotel and customer participation in the information request process is best achieved by implementing all in one units with self-service.

- **Local Advertisers** (came out at 3 Forces, Buyers Power, Barriers to Entry and Competitive Rivalry) Persuade as many local advertisers as possible to be in Plutos Services system and convince them of the benefits and revenues.
- **Partnerships, Business Network** (came out at 3 Forces, Buyers Power, Barriers to Entry and Competitive Rivalry): Plutos can get a monopoly position on the market because there are only a few competitors, it is a totally new business concept and Plutos will have strategic partners (on technology and hotel side) as well as a relevant business network.
- **Differentiation, Unique Selling Proposition** (came out at 3 Forces, Buyers Power, Substitute Products and Competitive Rivalry): Differentiation to other competitors as well as strong unique selling proposition and outline customer benefits.
- **Knowledge and Resources** (came out at 3 Forces, Barriers to Entry, Substitute Products and Competitive Rivalry): Plutos is able to provide the required resources and has an over 30 years experience and knowledge.

2-Key (important factors for Plutos Services to succeed in business):

- **High Quality Technology** (came out at 2 Forces, Barriers to Entry and Suppliers Power): Plutos will use the latest technology and high quality partners within this industry
- **Costs** (came out at 2 Forces, Barriers to Entry and Competitive Rivalry): Plutos uses a focus strategy. Many business activities will be outsourced and strong

business network and partnership model is going to be set up. Important is total cost of implementing self-service unit.

1-Key (less important factors for Plutos Services to succeed in business):

- **Suppliers** (came out at 1 Force, Suppliers Power): Can become very strong KSFs due to a close business partnership.
- **Business Independency** (came out at 1 Force, Barriers to Entry): Independency is important with regard to an easy market exit.
- **Distribution Channels** (came out at 1 Force, Barriers to Entry): Distribution channels catch the customers' attention and make them aware of Plutos Services.

2.2 Competitive Analysis

A competitive analysis compares Plutos Services against its key competitors based on their KSFs to determine what the opportunities and threats are.

This chapter will give a short introduction to the competitors of the Hotel Lead Generation System in regards to technology and business network:

2.2.1 Main Competitors

Benchmark⁷: GestureTek

GestureTek is our Benchmark because they are world-leader in camera-enabled gesture-recognition technology for presentation and entertainment systems and has a vast knowledge of the interactive and online industry. In the past 20 years, GestureTek has installed approximately 4,000 interactive multi-media displays, many with multi-touch interactivity.

Their technology is used in museums, science centers, amusement parks, trade shows, retail locations, bars & nightclubs, real estate presentation centers, corporate

⁷ Benchmark: A standard used for comparison and against which the performance of something can be measured.

showrooms, boardrooms, digital signage networks and other public spaces such as airports and stadiums.

GestureTek has seen tremendous growth since its inception. Since 2003, sales increases have averaged nearly 50% per year and employee growth has averaged over 30%. Their clients are well known such as Sony, Microsoft, Disney, FedEx and BMW.

GestureTek is using a differentiation strategy in regards to high quality products, differentiation to other competitors, premium prices and niche market.

Competitor 1: Crissy Field Media

Crissy Field Media specialises in new media for Interactive kiosks. Crissy Field Media business concept was conceived in 2004 when Mr. Joseph, Mr. Denny and Miss Xia Huang developed and researched the initial technology and structure for Crissy Field's main product, namely 'Live Interactive Advertising Pod'. These Advertising Pods display Digitally Animated Content such as Interactive Directories and Advertising which is fully interactive to the human touch. The effect is achieved with proprietary software that enables the content being displayed to respond and interact directly with the user hand inputs. The main objective for creating Crissy Field Media was to take advantage of the changing world of new media and access the \$100 Billion Dollar annual North American advertising market while simultaneously forging a World Class Interactive Advertising Company.

Crissy Field's management team is growing rapidly to include a managerial and supervisory team to handle the daily running of the animation production staff and supervise a staff working from the Vancouver production studios.

Their first implementation of these interactive kiosks called “Interactive Advertising Pod” at West Edmonton Mall was a success.

Crissy Field Media is a relatively small company who are using a focus strategy. They concentrate on a select few target markets and are trying to gain a competitive advantage through product innovation like their “Interactive Advertising Pod”.

Competitor 2: Pattison Outdoor

Pattison Outdoor Advertising is Canada's largest Out-of-Home advertising company, serving over 90 markets from coast to coast and is headquartered in Oakville, Ontario.

Pattison Outdoor Advertising is a division of The Jim Pattison Group. Pattison Outdoor Advertising's experienced team of executives are based throughout Canada.

Jim Pattison Group is Canada's third largest privately held company. Established in 1961 by Jim Pattison, the group is comprised of 431 worldwide locations including food retail and distribution, specialty packaging, advertising, magazine distribution, broadcasting, and automotive retailing. Annual sales have grown from \$2.2 million to

\$6.7 billion in 2008. In the same period, the group's number of employees has increased from 51 to 31,000.

Their products include large format posters, super boards, street level units, transit and specialty niche products from vinyl appliqués to digital advertising networks.

PATTISON Outdoor Advertising is using rather a low cost strategy in consideration of over 90 markets, wide range of products, centralized structure and mass production.

Competitor 3: Astral Media

Astral Media is a leading Canadian media company and country's largest broadcaster, reaching people through a combination of highly targeted media properties in television, radio, outdoor advertising, and interactive media. Astral Media's roots lie with Angreen Photo, a Canadian company founded in 1961

Astral Media is also Canada's largest radio broadcaster with radio stations in eight provinces, and is a major player in premium and specialty television in Canada, including the Movie Network, Super Écran, Family, Telethon, Canal D, Canal Vie, VRAK.TV, Séries+, Ztélé and more.

Astral Media Outdoor is one of Canada's most dynamic and innovative outdoor advertising companies with nearly 8000 faces located in the largest markets in Québec and Ontario.

The Company also operates over 100 websites with a high level of interactivity and a variety of different products and services online. Astral Media employs over 2,800 people at its facilities in Montréal, Toronto, and a number of cities throughout Canada.

Astral Media has a strong business network with many strategic partners within the advertising industry and they are using a low cost strategy in regards to their variety of different products and widely ranged markets.

Competitor 4: Clear Channel Communications

Clear Channel Communications is an American media conglomerate company headquartered in San Antonio, Texas. It was founded in 1972 by Lowry Mays and Red McCombs, and wields considerable influence in radio broadcasting, concert promotion and hosting, and fixed advertising in the United States through its subsidiaries. The present CEO of the company is Mark Mays.

Clear Channel is the largest owner of full-power AM, FM, and shortwave radio stations and twelve radio channels on XM Satellite Radio. Clear Channel is also the largest pure-play radio station owner and operator.

Clear Channel has purchased interest in, or outright acquired, companies in a number of media or advertising related industries such as Radio, Outdoor advertising, Television, Live events, News and Information

Clear Channel Radio and Clear Channel Outdoor are offering a variety of advertising packages to its customers. Therefore they are using a low cost strategy to emphasize efficiency by producing high volumes of standardized products. These products are available to a very large customer base.

2.2.2 Competitor Array

The Competitor Array allows you to rank your competitors with respect to industry success factors. It helps analyzing the competitive environment, including strengths and weaknesses. The following list describes how to realise a competitor array step by step:

1. Define the scope and nature of the industry you are planning to operate in
2. Determine who are your competitors
3. Determine your customers and what benefits they will expect
4. Determine the key success factors in your industry
5. Rank the key success factors by giving each one a weighting and the sum of all the weightings must add up to one

6. Rate each competitor on each of the key success factors
7. Multiply each cell in the matrix by the factor weighting
8. Sum columns for a weighted assessment of the overall strength of each competitor relative to each other

This can best be displayed on a two dimensional matrix - competitors along the top and key success factors down the side (see figure 6).

The basis for evaluation

The basis for evaluation has been basically research from the internet, annual reports, the authors' personal experience and opinion as well as opinions and arguments of experts in the industry

Figure 6, Competitor Array

Key Success Factors	Weighting	Own Company rating	Own Company weighted	Crissy Field Media rating	Crissy Field Media weighted	Pattison Outdoor rating	Pattison Outdoor weighted	Astral Media rating	Astral Media weighted	Clear Channel rating	Clear Channel weighted	GestureTek Benchmark rating	GestureTek Benchmark weighted	Opportunity or Threat
1 – Customer Participation and Loyalty	0.9	7	6.3	5	4.5	2	1.8	2	1.8	2	1.8	9	8.1	Opportunity
2 – Business Network and Partnerships	0.8	4	3.2	2	1.6	5	4.0	8	6.4	8	6.4	6	4.8	Threat
3 – USP	0.7	8	5.6	7	4.9	1	0.7	1	0.7	1	0.7	10	7.0	Opportunity
4 – Knowledge & Resources	0.6	5	3.0	3	1.8	8	4.8	8	4.8	8	4.8	9	5.4	Threat
5 - Technology	0.5	4	2.0	6	3.0	2	1.0	2	1.0	2	1.0	8	4.0	Threat
6 - Costs	0.4	6	2.4	4	1.6	8	3.2	8	3.2	8	3.2	8	3.2	Threat
7 - Suppliers	0.3	3	0.9	3	0.9	7	2.1	7	2.1	7	2.1	6	1.8	Threat
8 – Business Independency	0.2	7	1.4	7	1.4	4	0.8	3	0.6	3	0.6	8	1.6	Opportunity
9 – Distribution Channels	0.1	3	0.3	4	0.4	7	0.7	9	0.9	9	0.9	6	0.6	Threat
Totals	4.5	47	25.1	41	20.1	44	19.1	48	21.5	48	21.5	70	36.5	

Benchmarks = they are the ideal standards of comparisons on each of the factors. They reflect the workings of a company using all the industry's best practices.

2.2.3 Opportunities and Threats

SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project (John Stapleton, Michael J. Thomas, 1998):

- Strengths: attributes of the company those are helpful to achieving the objective.
- Weaknesses: attributes of the company those are harmful to achieving the objective.
- Opportunities: external conditions those are helpful to achieving the objective.
- Threats: external conditions which could do damage to the objective.

In this paper the focus lies more on Opportunities and Threats. Strengths and Weaknesses refer to internal capabilities and this chapter is dealing with external influences. Strengths and Weaknesses are going to be more important at Chapter 3. However, for the Opportunities and Threats of Plutos Services see figure 7.

Figure 7, Opportunities and Threats of Plutos Services

Opportunities
Customer Participation and Loyalty: If Plutos Services can convince their customers of their products and services, customer participation will be high and the chances of a high customer's satisfaction and loyalty will be also high.
Unique Selling Proposition: Plutos Services is using a focus strategy, which is a subset of differentiation strategy. Their goal is to outline and separate their services from the

competitors. Our strategy is to establish a competitive advantage through greater services for the same price of the competitors and to achieve a well established position within a well defined market niche.

Business Independency: Plutos Services will use an outsourced business strategy with partnership agreements. Therefore business independency is high and it will be easier to exit the market if necessary.

Marketing: Plutos Services labour staff is high skilled and have an excellent knowledge of marketing and presenting a company. Plutos Services as a brand name can lead to a monopoly position with superior reputation

Threats

Business network and partnerships: In comparison to Plutos Services competitors' nonexistent partnerships and business network can be a threat. Through an industry-wide business network more opportunities are given in regards to revenues, reputation, partnerships and brand identity.

Knowledge and Resources: Plutos Services competitors have a lead over us in respect of Knowledge and Resources. Some of these companies have been in this sector for years and gained a lot of experience and set up a well-thought-out resource plan for the future. It is normal to make some mistakes in the beginning but over the years companies learn from their mistakes and improve their plans and strategies.

Technology: The use of high quality technology is connected to knowledge and business experience. Technology is a process. It starts with the basis and over the year's ends with a customized premium software package.

Costs: In this case a cost is the value of money that has been used up to produce or set up something, and hence is not available for use anymore. Plutos Services costs are going to be pretty high in the beginning. First Plutos has to set up a business and everything that belongs to it. After some time of running the business expenses will be

converted to revenues.

Suppliers: The competitors of Plutos Services already have build up relationships to their suppliers. Some of them negotiated well conditions with reasonable prices. Our suppliers are concentrated and highly differentiated with few or even no substitute possibilities. The costs from switching to one to another supplier are also high for Plutos Services because once the system is installed, everything has to be adapted and exchanged. Plutos Services suppliers are able to charge premium prices for their services and products.

Distribution channels: The channel of distribution is important and often require the assistance of others in order for the marketer (in our case Plutos Services) to reach its target market. While on the surface it may seem to make sense for a company to operate its own distribution channel (i.e., handling all aspects of distribution) there are many factors preventing companies from doing so. While companies can do without the assistance of certain channel members, for many marketers some level of channel partnership is needed. Some of Plutos Services competitors are already active within the media branch.

Same business concept: There is a threat of copying or relaunching a similar business model by other companies before we go public. But it is important not to rush. The reality is that having the right background, being in the right place at the right time, and working hard to create a stable business network are likely to be just as important in coming up with business ideas. Another thing is that the incubation period for a new business can easily last several months or even years.

Business projection

Plutos Services will focus on their opportunities and try to be aware of their threats.

The most important step in the beginning is to convince local advertisers, hotels and

hotel guests to participate. Plutos Services has to state out their main benefits and advantages for the customers. A marketing campaign realized through our highly skilled labour staff shall help to catch the customers' attention and to achieve a positive reputation. Internet and local newspapers are as distribution channels available.

The advertising message states out the unique selling proposition of Plutos Services Hotel Lead Generation System and herewith the differentiation to substitute products of other providers.

Secondly, Plutos Services will try to build up a strong and steady business network in the early stages. Partnership agreements with hotel chains and close relationships to the suppliers will be advantageously.

Knowledge and resources are on principle existent, but professional experience in that field is still required. We will leverage the influx of new capital to grow our business so that we can compete with much larger companies such as Pattison Outdoor, Astral Media etc.

The fear of going public too late with Hotel Lead Generation system is rather little. But going public in the early stages also means that Plutos Services may even lose a significant amount of control over day to day operations. Therefore Plutos Service has to be aware that going public takes time and money. Research has to be done precisely to find out how much time and money we need. A benefit of going public is

that publicly-held companies seem to attract more media attention and are more well-known in general.

2.2.4 External Risk Factors

With an experienced management team and established base in a leading North American Market, Plutos will anticipate a fast and profitable growth in the interactive advertising market.

Certainly besides Key Success Factors, some additional risk factors have to be outlined:

- *Seasonal Contracts*

Advertising contracts can be seasonal and may run for a set period of time over a geo-demographical area, meaning that Plutos will need to have a client base extensive enough so that it can offset low markets.

- *Long Sales Cycle*

The advertising industry has a long sales cycle. It can last a long time to set up contracts and deals. Customer power can be high.

- *Customer participation*

Customers prefer the traditional concierge service instead of innovative and modern touch displays as information source. Personal concierge service cannot be fully replaced. Personal contact to concierge may be too important for customers. Hotel guests may prefer to talk to a local in personal.

- *Same business concept by other competitor*

During Plutos Services planning process another competitor can come up with the same business concept. In that branch it is important to enter the market first; otherwise you have a huge loss of customers and deficits in building up a business network as a result.

2.3 Strategic Alternatives

To succeed Plutos Services has to reconsider the following business strategies:

- *Outsourcing and partnership agreements:* business segments are outsourced and business (digital concierge service) runs through partnerships agreements between hotel, technology industry and sales partners.
- *License technology directly to hotelier:* Plutos Services is just responsible for the technology and the hotel industry will be in charge of implementation and running the business

- *Franchise all as package:* Plutos Services grants the independent operator the right to distribute the products, techniques, and trademarks for a royalty fee.

2.4 Summary of the Business Idea and Business Strategies

The main business idea is to provide tourists from all over the world (starting with a test market in Vancouver) city information and recommendations, such as for restaurants, nightclubs, sightseeing attractions etc. Tourists will be able to request the information through self-service, user friendly and high quality interactive touch display units.

This business concept is based on an outsourcing and partnership strategy. Goal Holdings Corporation will start up a new company called “Plutos Services”. Plutos Services is going to build up a business network through their strategic partners and contacts. Strategic partners are necessary on the hotel and sales side. The most important key factor is ‘Hotel Participation’, without that, implementation is not possible.

The business concept, called Hotel Lead Generation System, will start with a test market in Vancouver. The interactive units will be installed only in premium hotels with 400 rooms or more. The system can be used as an advertising tool for indoor services, for example giving discounts for hotel restaurant. Furthermore, local advertisers (Restaurants, Sightseeing Attractions, Nightclubs,...) will provide a new

possibility of advertising and reaching their target group directly. The revenues are based on a cost per click (more information in chapter 3.3.3). Another source of income could be generated via ecommerce, for example purchasing concert tickets.

2.5 Strategic Marketing Plan

In today's very competitive marketplace a strategy that insures a consistent approach to offering products or services in a way that will outsell the competition is critical. However, in concert with defining the marketing strategy a well defined methodology for the day to day process of implementing it is necessary. A marketing plan is a written document that details the necessary actions to achieve one or more marketing objectives. In the process of creating a marketing strategy many factors have to be considered.

2.5.1 Market Analysis

A Market Analysis always includes 3 important steps to enter in business successfully (see figure 8).

Figure 8, Market Analysis



Market Segmenting means breaking down markets into smaller groups that have similar needs. It also includes classifying customers by needs and wants.

2.5.2 Target Markets

It is very important to identify a specific target market to develop strategies for designing, pricing, distributing, promoting, positioning and improving products or services as well as ideas easier, more efficiently, and more cost-effectively.

The target market is the hotel industry – premium hotels with 400 rooms or more.

Target markets are divided by some more segmentation criteria's:

- Geographic segmentation – based on location – in our case we start with Vancouver as the test market
- Demographic segmentation – income as well as age is important, units will be set up in 4 star hotels
- Psychographic segmentation –lifestyle preferences, such as being good food lovers, sporty persons, active etc.

2.5.3 Customer Profile

Plutos Services has two kinds of customers. On the one hand side there is the hotel industry and on the other hand side is the hotel guests.

Further information about our target market or target customers such as:

Hotel Industry:

Size: 4 star hotels, high quality, 400 rooms or more

Hotel guests:

Age: male and female between 35 and 60

Income level: rather high because of e-commerce services

Occupation: business professionals, entrepreneurs, wealthy tourists

Lifestyle: traveller, interested in get to know, explore the city

Attitudes: curious, moderately, lavish and conservative

Geographic residence: tourists in North America

2.5.4 Brand Identity

Concept of creating a new brand for Goal Holdings and the Hotel Lead Generation

System:

Brand name/new company name: Plutos Services

Plutos is a Greek mythology name and means basically richness.

Slogan: Plutos Services – Concierge Information Systems

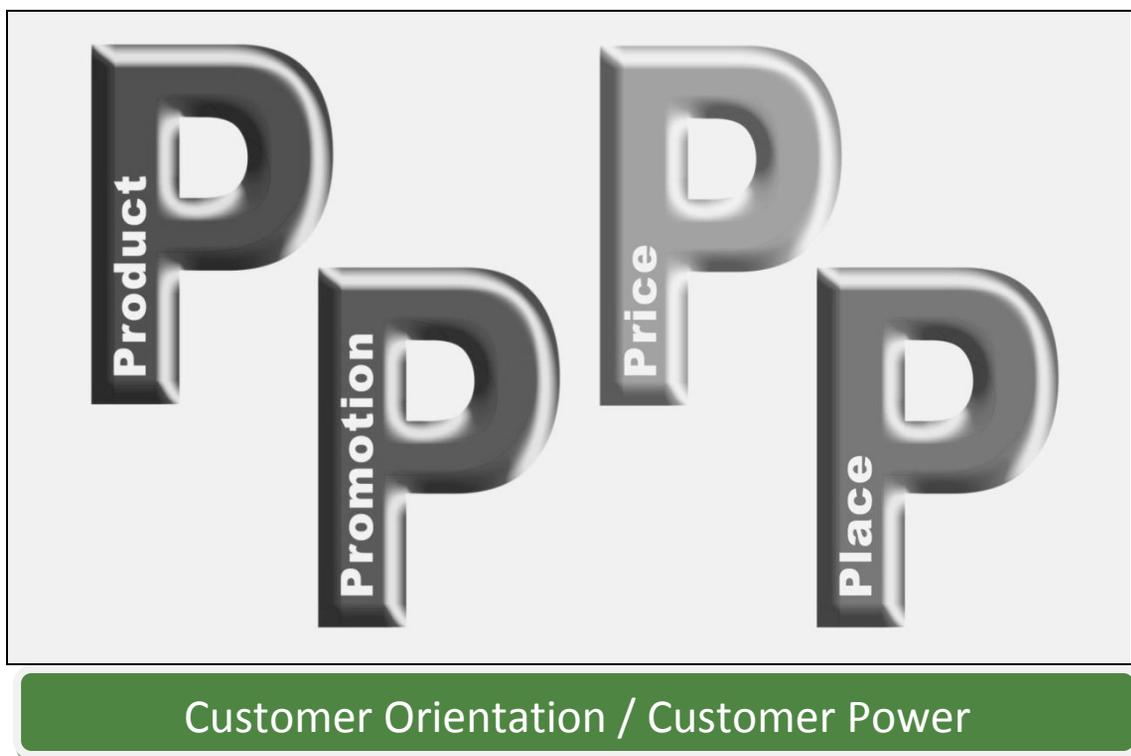
2.5.5 The 4P's - Marketing Mix

Marketing decisions generally fall into the following four categories (see figure 9):

- Product
- Promotion
- Price
- Place (distribution)

These four P's are the parameters that can be controlled and subjected to the internal and external constraints of the marketing environment. The goal is to make decisions that center the four P's on the customers in the target market in order to create perceived value and generate a positive response.

Figure 9, The 4P's of Marketing Mix



(Source: 2009, <http://www.soopertutorials.com/wp-content/uploads/2009/04/4ps.jpg>)

2.5.5.1 Product

Plutos, the new daughter company of Goal Holdings Corporation will implement high quality, touchable, user-friendly and self-service interactive displays (Hardware and Software) within the hotel industry. These interactive displays are:

- Capacitive Touch Screen LCD Monitor
- Great for indoor kiosk applications that have a lot of information or multiple viewers at the same time.

The software of Plutos includes local city information and works basically as an interactive tourist guide. Through these units tourists will have the ability to receive sightseeing information, restaurant recommendations, nightlife recommendations, are able to make reservations, purchase tickets (public transport, cinema, concerts,...), purchase discounts or special indoor offers etc.

Plutos units are a new chance of advertising within the hotel industry. Revenues are based on a cost per click strategy depending on the level of interaction.

2.5.5.2 Price

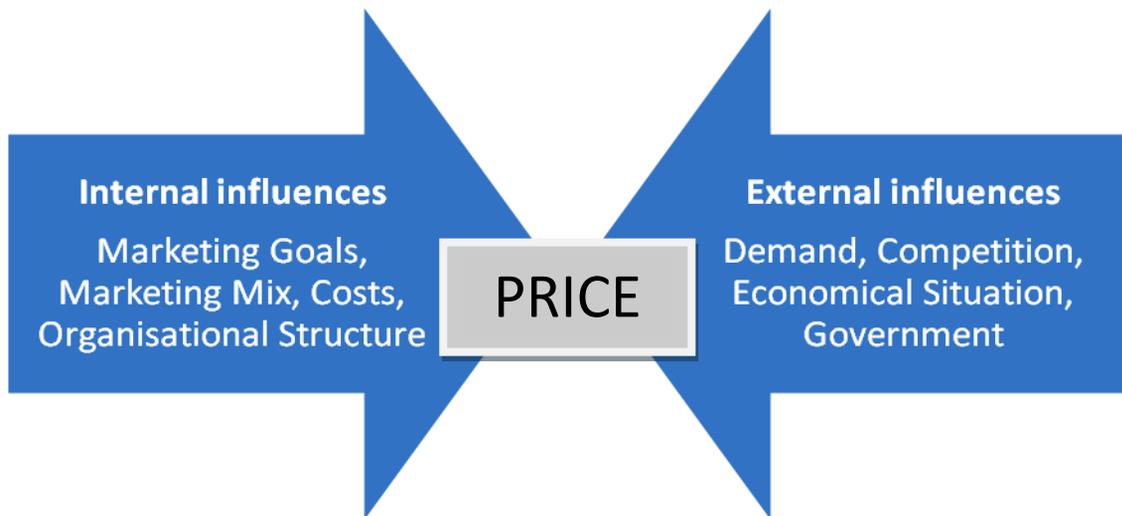
A well chosen price should follow three things:

- achieve financial goals of the company
- fit the realities of the marketplace (Do customer buy at that price?)

- support a product's positioning and be consistent with the other P's of the marketing mix

The price of a product or service is always influenced by internal and external factors (see figure 10).

Figure 10, Price Influences



The cost for advertisers to advertise on the system is based on a pay per click model.

Pay per click (PPC) is an Internet advertising model used online, in which advertisers pay their host only when their ad is clicked.

Cost per click (CPC) is the amount of money an advertiser pays for a single click on its advertisement that brings one visitor to its site.

Although many PPC providers exist, Google Ad Words, Yahoo! Search Marketing, and Microsoft adCenter are the three largest network operators, and all three operate

under a bid-based model. Cost per click (CPC) varies depending on the search engine and the level of competition for a particular keyword.

The costs per click are separated into “Costs for Listing,” “Costs for Viewing” and “Costs for interactivity”.

- Costs for Listing: Costs to be listed within in a certain menu (for example Restaurants, Sightseeing attractions, Nightclubs,...)
- Cost for Viewing: Costs of triggering one specific item to get more information about it (for example one specific club at nightclub menu)
- Cost for Interactivity: Costs for more Interaction and E-Commerce (for example print address of searched item, recommend to a friend, purchasing tickets, save item as preference,..)

The price elasticity of Plutos units and related software is high. Price elasticity in general is a measure of how consumers react to a change in price. When the price elasticity of demand for a good is elastic, the percentage change in quantity demanded is greater than that in price. Hence, when the price is raised, the total revenue of producers falls, and vice versa.

2.5.5.3 Promotion

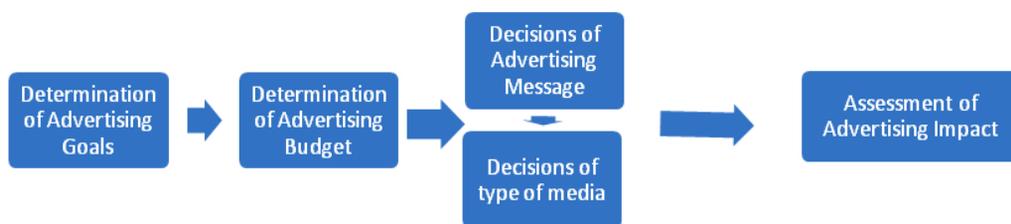
The best Advertising strategy for Plutos Services is a Cross Media Strategy. In regards to the last years the media utilization habits have been changed. People suffer of an information overload and they use more different types of media.

The benefits for Plutos are:

- Higher contacts
- More traffic
- Higher involvement
- Higher advertising impact

Figure 11 represents the steps of successful advertising management.

Figure 11, Advertising Management



Determination of Advertising Goals

Target Market: Interactive Advertising, Hotel Industry

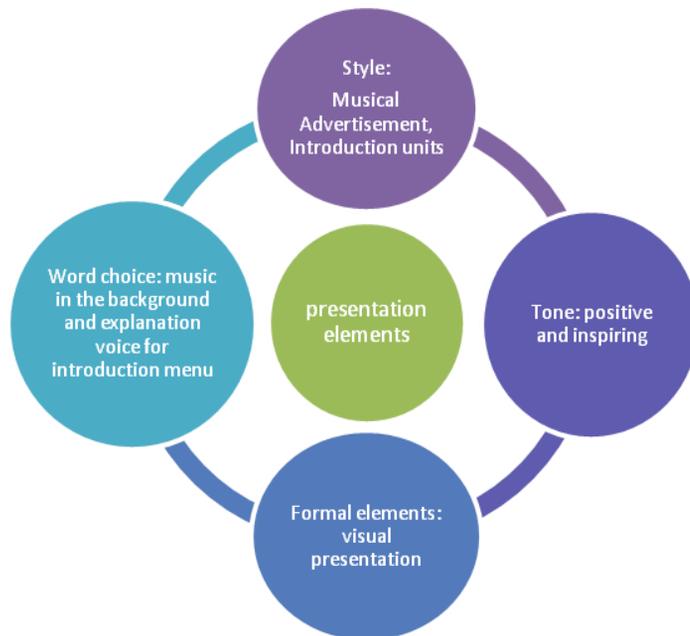
- Customers: Advertisers
- Partner: Hoteliers
- Customer traffic: Tourists

Communication Goal: Tourists from all over the world will have seen some type of interactive display/unit and will be willing to use them. They will feel comfortable using these units for getting information about the city they are visiting.

Decisions of Advertising Message

Advertising is a powerful marketing tool and enables us to launch new products and services, increase sales and awareness. Therefore some essential decisions of creating an advertising message have to be made (see figure 12). 4 components can influence the message: style of the message, tone and music, formal elements and the word choice to describe the advertising information.

Figure 12, Decisions of Advertising Message



Decisions of type of media

Reach (R): number of persons who have contact with this specific type of media (important for product implementation)

Frequency (F): Average number of contacts within the advertising plan period (differentiation to competition)

Quality (Q): Estimate of strength of the compliance of advertising in the medium

Cost per Thousand: When used in online advertising it relates to the cost per thousand page impressions. Cost per Thousand is usually referred to the number of clicks registered in a website by the readers.

Gross Rating Point (GRP): is used in advertising to measure the size of an audience reached by a specific media. It's the product of the percentage of the target audience reached by an advertisement; times the frequency they see in a given campaign.

Type of Media for Advertising Message

Plutos Cross Media Strategy includes Online Advertising (on Social Networking Pages, YouTube Videos, and Videos on Plutos Webpage etc.) and Direct Business Development through Plutos business contacts. When customers like the promotion videos they can email or recommend them to a friend. Viral Marketing is a modern way of mouth to mouth propaganda through social networking sites.

2.5.5.4 Place (Distribution)

Most of Plutos business processes are going to be outsourced, for example technology development. In the first phase the network unit will be implemented within hotels of North America. Upon stabilization of the North American phase, the network will be expanded to a worldwide scope.

The initial proof of concept for Plutos will be held in Vancouver, Canada. After positive monitoring several units will be installed worldwide.

2.5.5.5 People (represent business)

The main stakeholders who represent Plutos' business model are technology, sales and business partners who are in charge of implementing units and signing contracts with hoteliers and advertisers.

2.5.5.6 Physical Environment (The ambience, mood)

The ambience and mood of the physical environment should be open, curious about trying new advertising possibilities and information platforms, attracted to use innovative and high quality technology as well as interested in exploring the city.

2.5.5.7 Process (How do people obtain product)

People will consume Plutos information within quality hotels. Plutos customers acquire the services through self-service interactive displays who would feel attracted and willing to use them. A registration of customers is necessary to use the full functionality of the system as well as ecommerce functionality. The obtained customer information allows Plutos to engage customers with newsletters and email campaigns.

3 Internal Analysis

The internal environment consists of the inherent competencies of Plutos and the structure of its internal systems and processes. Furthermore it contains the internal resources and possesses internal capabilities and core competencies. It is imperative for the organization to conduct an internal analysis to obtain a clear picture regarding its strengths, weaknesses and financial position. Based on that, Plutos can devise a suitable strategy to leverage its strengths and overcome its weaknesses. This helps Plutos in strategic planning and implementing its business model.

3.1 Management Preferences

Management's preference and the best alternative for Plutos is to use outsourcing through strategic partnership agreements. This alternative includes experience of senior managers, participation of the hotel industry, and willingness of advertisers and tourists to use Plutos "Hotel Lead Generation System".

Strategic alternatives must be consistent with both the competitive bases of the industry environment and internal capabilities.

The evaluative criteria's for decision making are:

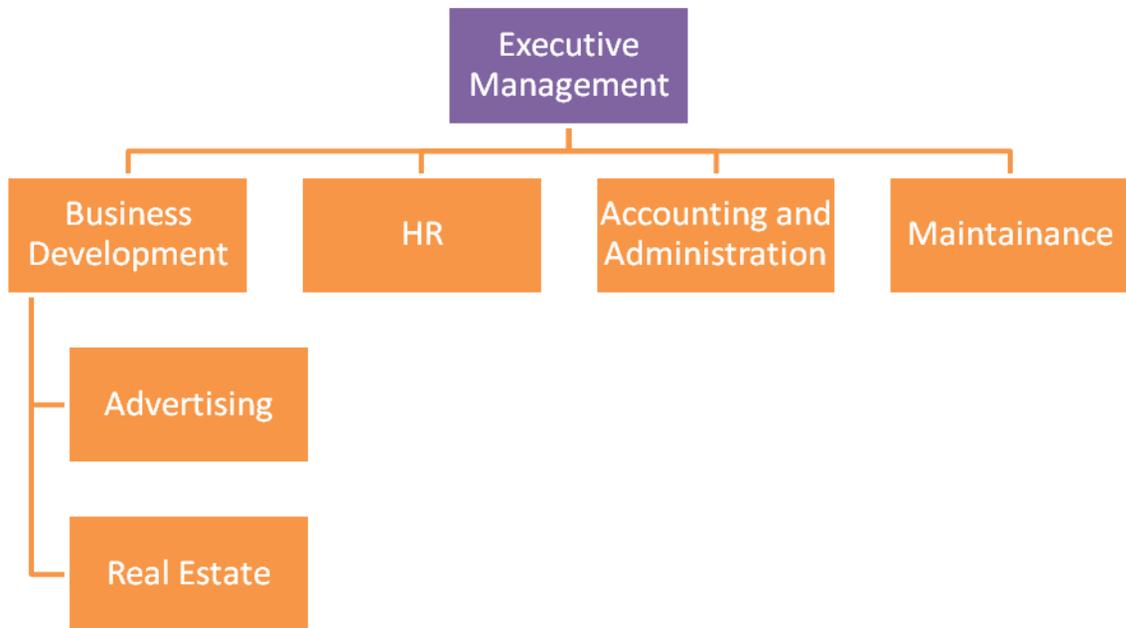
- Get into the market quickly

- Minimization of internal infrastructure
- Access to local professionals
- Highest possibility of success
- Bypass barriers of entry
- Small but high quality and focused Management Team
- Partnership agreements with well known and nameable companies and hotel chains

3.2 Plutos General Organisational Structure

Figure 13 represents the Organisational Structure of Plutos Services and their main departments.

Figure 13, Organisational Structure of Plutos Services



Plutos Services will use a pre-bureaucratic organisational structure. A pre-bureaucratic structure lacks in standardization of tasks. This structure is more common in smaller organisations and is best used to solve simple tasks. The structure is centralized, that means for Plutos Services that all key decisions are made by the executive management as a strategic leader and most communication is done by one to one conversations. This structure is particularly useful for new business as it enables the founder to control growth and development (GT WebMarque, 2008).

Plutos Services will start with 4 hierarchical departments such as Business Development, HR, Accounting and Administration and Maintainance. As the company Plutos Services is not founded yet the final organisational structure can still change,

but this sample shall help for better orientation, planning and implementation of the business concept.

3.3 Internal Resources and Resource Management

Internal Resources have four main characteristics: utility, quantity, quality (often in terms of availability), and use in producing or generating other resources.

Resource management is the efficient and effective deployment for an organization's resources when they are needed. Such resources may include financial resources, inventory, human skills, production resources, or information technology (IT). In the realm of project management, processes, techniques and philosophies as to the best approach for allocating resources have been developed.

Resource management is a key element to activity resource estimating and project human resource management. Both are essential components of a comprehensive project management plan to execute and monitor a project successfully.

3.3.1 Plutos Business Department Activities

Plutos' main business departments:

1. Business Development, Advertising: main duties are to generate advertisement agreements and manage the relationship with advertising agencies

1. Business Development, Real Estate: main duties are trying to secure placement deals with hotels. Once the contract and deals are secured, advertising promotion begins.

2. HR: HR is responsible for Human Resources. That means recruiting personnel.

3. Accounting and Administration: general Business Administration, this includes preparing documents, contracts, maintaining customers, billing, invoices etc.

4. Maintenance: main responsibility is to make routine system checks on the units

3.3.2 Human

HR (Human Resource) Management is also very important for having good internal capabilities.

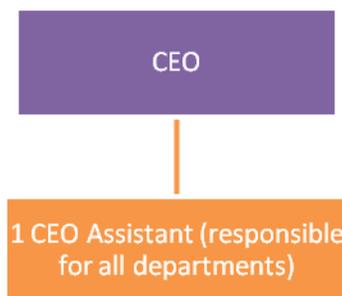
This is the science of allocating human resources among various projects or business units, maximizing the utilization of available personnel resources to achieve business goals; and performing the activities that are necessary in the maintenance of that

workforce through identification of staffing requirements, planning and oversight of payroll and benefits, education and professional development, and administering their work-life needs. The efficient and effective deployment of an organization's personnel resources where and when they are needed, and in possession of the tools, training and skills required by the work.

Human Resources Phase 1

Human Resources Phase 1 will be implemented at Plutos during the time of starting up the business concept Hotel Lead Generation System. See Figure 14 to understand the Human Resources Structure of Implementation Phase 1.

Figure 14, Human Resources Phase 1



There will be a CEO and CEO Assistant who are running the whole company. This includes setting up the contracts with hotels and local advertisers as well as Business Administration duties.

Human Resources Phase 2

Human Resources Phase 2 will be implemented at Plutos after positive proofing and monitoring of Vancouver as the Test market. See Figure 15 to understand the Human Resources Structure of Phase 2. At this stage we will start looking to outsource advertising.

Figure 15, Human Resources Phase 2



The CEO of Plutos will be in charge of Business Development, Advertising. He or She arranges and sets up all the local Advertising Agreements.

The Real Estate Manager will be responsible of setting up the deals with the premium hotels.

HR staff will be responsible for Human Resources duties and general Business Administration duties.

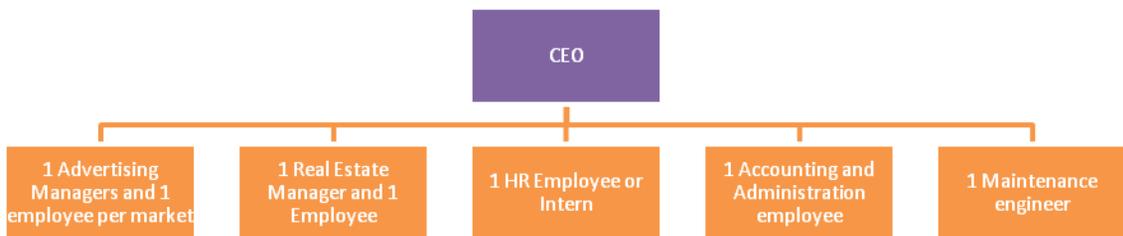
The Accounting and Administration employee will be in charge for finance enquiries and Administration work, such as billing customers and sending invoices.

The Maintenance engineer will be responsible for routine service checks on the units.

Human Resources Phase 3

Human Resources Phase 3 will be implemented at Plutos after positive proofing and monitoring of North America as a market. This phase Plutos is going to install units worldwide. Figure 16 shows the different departments and their labour staff in Phase 3.

Figure 16, Human Resources Phase 3



Executive Management consists of 1 CEO, who is the head of the company and represents the company.

Business Development, Advertising department can be outsourced and/or internal. If it is to be internal there would be an Advertising Manager and an employee per market.

Business Development, Real Estate department will consist of a Manager with business contacts to the hotel industry and an employee for business administration duties.

A HR Employee or Intern will be responsible for HR duties and general Business Administration duties.

The Accounting and Administration employee will be responsible for finance enquiries and Administration work, such as billing customers and drafting invoices.

The Maintenance engineer will be responsible for routine service checks on the units.

3.3.3 Financial Plan

In general a financial plan can be a budget that means a plan for spending and saving future income. This plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan can also be an investment plan, which allocates savings to various projects expected to produce future income, such as a new business concept, shares in an existing business etc.

In business, a financial plan can refer to the three primary financial statements (balance sheet, income statement, and cash flow statement) created within a business

plan. These financial statements are giving a detailed view of companies' financial resources.

A financial plan can also be an estimation of cash needs and a decision on how to raise the cash, such as through borrowing or issuing additional shares in a company.

A financial plan refers to future income, expenses and assets, different to a financing plan which usually refers to the issue by which cash will be acquired to cover future expenses, for instance through earning, borrowing or using saved cash.

Plutos' financial plan includes onetime payments, regular payments and forecasted of profit statement.

Cost of unit (interactive touch display):

Planar PT191MU-BK 19"

Capacitive Touch Screen LCD Monitor

Original Price: \$ 1,322.99



+ additional features

+ tax

Price per unit approx.: **\$ 1,500.00**

One time Business Infrastructure Set up Costs

10 units as start up package for \$ 1,500 each: **\$ 15,000**

10 LCD interactive touch displays

Software and Hardware: **\$ 50,000**

Software packages and additional Hardware equipment which is necessary to run
Hotel Lead Generation Systems

Installation costs are \$ 2,500 per unit: **\$ 25,000**

Costs to build up units and install Hotel Lead Generation Systems within the selected
Hotels

Business start up costs: **\$ 1,000**

Costs for company foundation such as registration, incorporation etc.

Office Furniture and Office Equipment: **\$ 20,000**

Start up costs for basic office furniture and general office equipment to run the
company Plutos Services

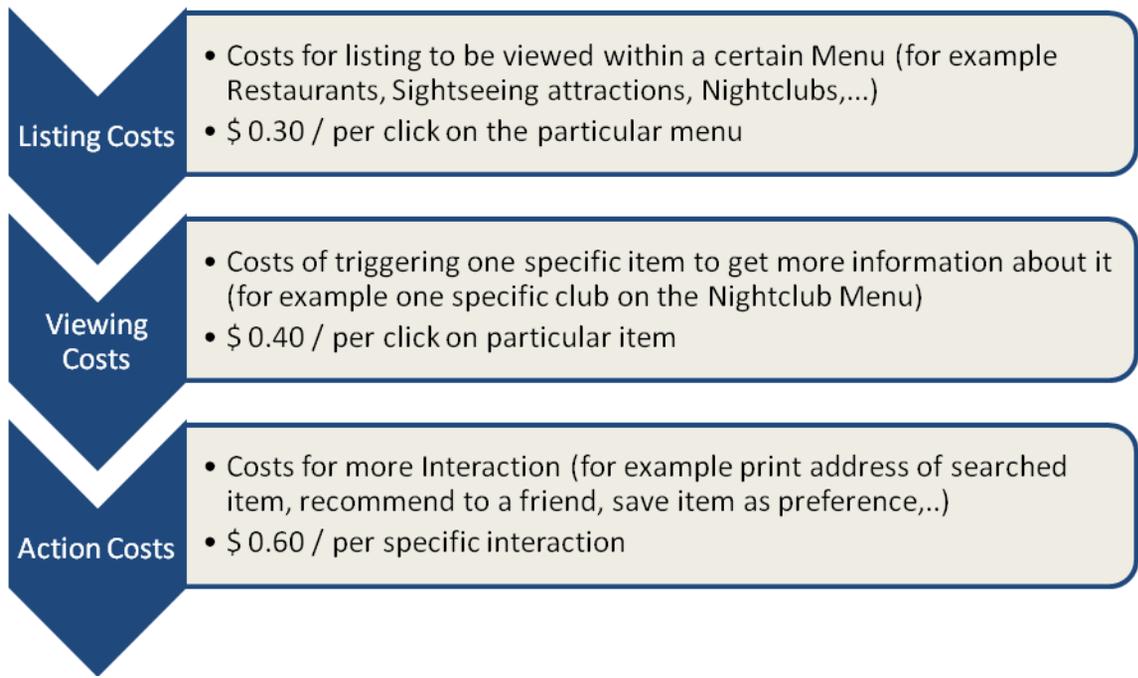
Website and Marketing collateral costs: **\$ 5,000**

Costs for creating the webpage of Plutos Services as well as promotional brochures
and other collateral

TOTAL	\$ 115,000
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See Figure 17, which represents Plutos Services different Types of Revenues. This model is based on click-per listing, viewing or action costs.

Figure 17, Types of Revenue



Expected revenues for one unit per day (test market Vancouver):

4 star Hotel with 400 rooms

General assumption of occupancy rate is 70% = 280 rooms

Average occupants per room is 1.5 people

420 guests are on average in the hotel (worst case: not factoring other hotel traffic)

25% of these 420 = 105 people will use "Hotel Lead Generation System" unit per day

105 people will have at least 5 listing clicks each per day = 525 listing clicks / day

105 people will have at least 3 viewing clicks each per day = 315 viewing clicks /

day 105 people will have at least 1 action click each per day = 105 action clicks / day

Expected revenues for one unit per year

191,625 listing clicks	\$ 57,488
114,975 viewing clicks	\$ 45,990
38,325 action clicks	\$ 22,995

Total Revenue per year per unit	\$ 126,473
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Expenses for one unit per year

25% revenue share for hotel	\$ 31,618
25% Marketing & Sales expenses (including advertising)	\$ 31,618
Maintenance (25% of costs of unit)	\$ 375
Depreciation	\$ 300

Total Expenses per year per unit	\$ 63,911
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Net Revenue for one unit per year

Total Revenue per year per unit	\$ 126,473
-Total Expenses per year per unit	\$ 63,911

Total Net Revenue per year per unit	\$ 62,562
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Fixed Costs per year

Phase 1

Office rent (\$ 1,500 per month)	\$ 18,000
Phone	\$ 1,200
Insurance	\$ 1,500
Accounting	\$ 6,000

Staff (Labour costs) for test market Vancouver

CEO (shareholder), Assistant CEO	\$ 48,000
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TOTAL	\$ 74,700
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Phase 2

Office rent (\$ 1,500 per month)	\$ 18,000
Phone	\$ 1,200
Insurance	\$ 1,500
Accounting	\$ 6,000

Staff (Labour costs) after proof of test market Vancouver

Real Estate Manager	\$ 60,000
Accounting and Administration Employee	\$ 42,000

TOTAL	\$ 128,700
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Phase 3

Office rent (\$ 1,500 per month)	\$ 18,000
Phone	\$ 1,200
Insurance	\$ 1,500
Accounting	\$ 6,000

Staff (Labour costs) International Businesses

Advertising Manager	\$ 60,000
Advertising employee (North America)	\$ 48,000
Advertising employee (South America)	\$ 48,000
Advertising employee (Europe)	\$ 48,000
Advertising employee (Asia/Australia)	\$ 48,000
Real Estate Manager	\$ 60,000

Real Estate Employee \$ 48,000

Accounting and Administration employee \$ 42,000

TOTAL	\$ 428,700
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Net Profit per year

Phase 1 – 10 units (Vancouver)

Revenue \$ 1,264,730

-Expenses \$ 639,110

-Fixed Costs \$ 74,700

TOTAL	\$ 550,920
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Phase 2 – 100 units (North America)

Revenue \$ 12,647,300

-Expenses \$ 6,391,100

-Fixed Costs \$ 128,700

TOTAL	\$ 6,127,500
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Phase 3 – 500 units (International)

Revenue	\$ 63,632,500
-Expenses	\$ 31,955,500
-Fixed Costs	\$ 428,700
TOTAL	\$ 31,248,300

4 Final Recommendation

This chapter presents the best alternative as well as its sub-recommendations.

Another issue are the reasons why it is the best alternative for Plutos.

4.1 Best Alternative

Based on the analysis the best strategy for Plutos Services and its Hotel Lead Generation System is “Outsourcing” and “Business Partnership Agreements”.

Proven through the internal and external analysis the reasons why “outsourcing and business partnership agreements” is the best alternative are:

- With outsourced businesses and partnership agreements you get into the market more quickly
- Minimization of internal infrastructure
- Access to local professionals
- Highest possibility of success
- Constantly growing network

- Small but high quality and focussed Management Team
- Partnership agreements with well known and nameable companies and hotel chains

4.2 Sub-recommendations

Here are several sub-recommendations to make the internal capabilities consistent with those required to implement the recommended alternative:

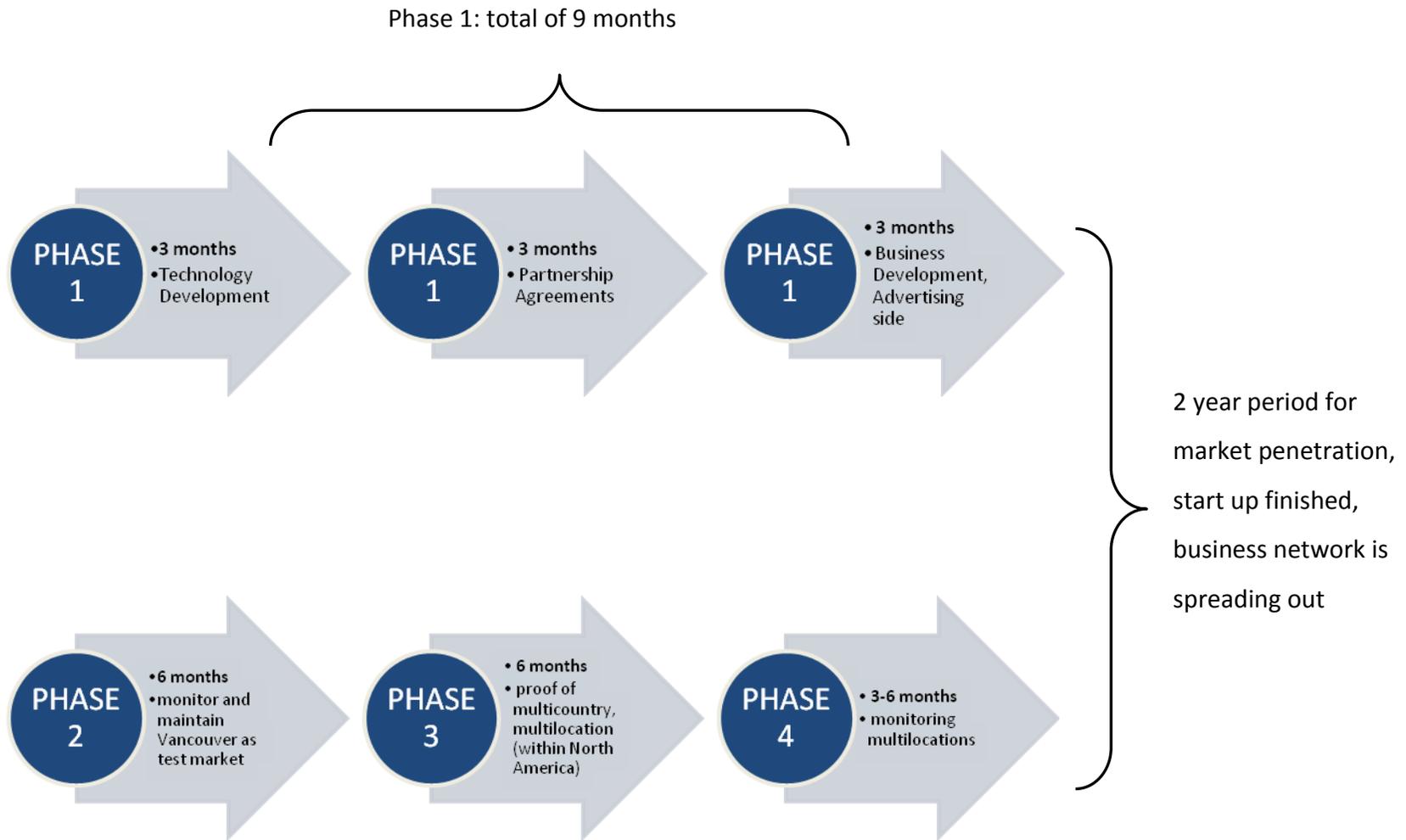
- Outsource server, technology and management
- Hardware to be leased on cloud computing system⁸
- In the beginning just one CEO, no employees until it is proven for the test market (Vancouver)
- Test market: Vancouver, afterwards more than one country, international business
- To begin no office, only virtual office without fixed costs

⁸ Cloud computing is Internet-based computing, whereby shared resources, software and information are provided to computers and other devices on-demand, like a public utility.

4.3 Action Plan

On the next page I present a timeline for implementing the business concept “Hotel Lead Generation System” of Plutos (see figure 18). The following steps have to be considered to obtain the most efficient and cost effect way of success:

Figure 18, Timeline for Implementing Hotel Lead Generation System



4.3.1 Phase 1- Start up Phase

Phase 1 is starting up business in the test market. That means setting up technology development, partnership agreements as well as general business development on the advertising side. In each case it will take approximately 3 months.

4.3.2 Phase 2 - Monitoring

Phase 2 is monitoring and proofing Vancouver as test market. After positive proof Plutos Services will be able to extend their business. This phase will take around 6 months.

4.3.3 Phase 3 – Multicountry proof

Phase 3 is monitoring and proofing Plutos Hotel Lead Generation System within North America. This phase will also take around 6 months.

4.3.4 Phase 4 – Monitoring

Last phase, phase 4 after positive monitoring the North America market, Plutos Services is going to extend their business concept worldwide.

2 years are necessary to set up the network and to penetrate the market. After 2 years, business is settled and able to spread out internationally.

5 Conclusion

This thesis gives an overview of Goal Holdings Corporations' new daughter company Plutos Services and their latest business concept.

This business model describes the implementation process of a digital concierge service within the hotel advertising industry. Therefore an external analysis demonstrates several aspects of the hotel advertising industry and their main competitors. The internal analysis highlights the internal resources such as work labour force and financial predictions. Plutos Services' Hotel Lead Generation System will be a new and innovative way to attract new customers, increase revenues and save internal costs. But the analyses are also showing that there are some risks. Hotels may not be interested in Plutos Services or only a few advertisers want to be in the system or many customers prefer the traditional personal concierge service instead of the digital one.

Summarized this thesis states out that, first of all Plutos Services has to arrange partner agreements on the hotel side and they should run some surveys and analysis concerning customer interests and willingness of participation. Best would be to start business with a test market (for example: Downtown Vancouver) to certify that people are generally interested and that this kind of technology will be accepted. Later on, if revenues can be made, a national or international expansion is possible.

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