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Market entry plan

WHICH LOCAL MARKETS AND WITH WHICH SERVICES COULD
INTERCRUISES ENTER THE GERMAN OCEAN CRUISE MARKET
INITIALLY?

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INTERCRUISES | Amsterdam

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of Applied
Sciences



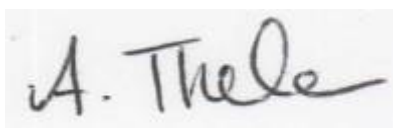
I hereby declare that:

- I am fully informed about the Thesis C assessment criteria
- All the work I have conducted to fulfil these criteria is entirely my own;
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A handwritten signature in black ink, appearing to read "A. Thelen", written on a light-colored rectangular background.

Changes for Quick Retake:

All changes are marked in red in the subsequent report. The following will enlist the parts that were adjusted.

- Signature Declaration of own work statement
- New chapter on new page
- Management Summary
- 9.3. Implementation
- Afterword

Thesis
QUICK RETAKE

Market entry plan

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Which local market and with which services could Intercruises enter the German ocean cruise market initially?



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Preface

The present thesis is the final project of my tourism and leisure management studies in Deventer, the Netherlands. It has been initiated in collaboration with my client Intercruises, who is a tour operator for ocean and river cruise ships. I did two internships with the company and last year in September I received a full time contract. Being in the company for almost two years now, I am familiar with all internal processes at Intercruises, but also with the cruise industry in general. The topic of this thesis has been carefully selected and supervised by my company supervisor, client and manager, Kim Donkers. He was a great help and supported me specifically with his network and finding the right interviewees for the field research. For the company the topic has been chosen to follow their vision of striving to be the leading provider of shoreside and port services. However, personally it has a great value for me as well due to the fact that I am German myself and only know the specific Dutch cruise market in-depth. Therefore, my interest to implement this thesis project was straight away very high, when it got offered to be my client. The project itself turned out to be much more challenging than I initially expected it to be. However, I got good support additionally from my first examiner Marion Holtkamp and my second examiner Jan Pieter van Haaps. Especially in the beginning when I struggled to find the right way for building up my thesis, they gave me good insights and other angles to look at the topic.

At this point I would like to express my appreciation and thanks to everyone that was involved making this project possible. Besides my client, my examiners and all the respondents for the field research, my family and friends were a great support along the whole way. Without them, their emotional and practical support by proof reading and brainstorming with me, this project would not have been possible and manageable the way it was.

Annika Thelen, 07-05-2018
Deventer, the Netherlands

Management Summary

The thesis at hand was written for the client “Intercruises Shoreside and Port Services”, more specifically their office in Amsterdam, the Netherlands. Intercruises is a tour operator specialized in services for the ocean and river cruise industry. The company already established offices over the whole globe, however their vision is to be the leading provider of shoreside and port services. Some destinations are not yet covered by the services of Intercruises **though** and one of **those locations** is Germany. Due to the fact, that Germany is currently the greatest source market in the ocean cruise industry when it comes to outbound tourism, but also experiences a tremendous increase in their inbound cruise tourism, the following management question was established: “Which local market and with which services could Intercruises enter the German ocean cruise market initially?”. During the approach towards the advice it was of paramount importance to consider different angles in order to ensure a thorough analysis and consequent planning. Therefore, the first angle being considered was theory on the topic of market entry to a foreign market, summed up in three different concepts. Looking at the topic at hand, those three concepts can be considered interdependent, as they substantiate and complement each other. **The first concept was the five forces model of Michael E. Porter, which gives a framework with aspects that need to be considered when entering a new market. This model was extended by the second concept, containing the practical usage of the five forces model with the help of Grundy’s theory. Lastly, several market entry modes were outlined based on the framework of Ekeledo and Sivakumar. This framework additionally gave an internal view on market entrance and thus complemented the latter concepts. All similarities and differences between the three concepts were elaborated in a discussion of the relationships between the concepts. Here, it was established, that there are only similarities in the external factors of all three concepts, as the focus of the Porter and Grundy model is set on the external environment. Similarities were drawn between all five forces of Grundy and Porter and the trade barriers of Ekeledo & Sivakumar, between the resistance of local business of the latter model and the competitive rivalry of Grundy and Porter, the economic factor of Grundy and Porter and the economic infrastructure of Ekeledo and Sivakumar and lastly the market size within the framework of Ekeledo and Sivakumar and the number of players in the five forces models of Grundy and Porter. The differences between the three concepts were identified with the additions of the Ekeledo & Sivakumar framework to the rather externally focussed model of Grundy and Porter. This was done by adding an internal view, a classification of products and the choice of location of production and the level of involvement. Next, a qualitative research was conducted in the frame of a field research and the client’s input was added in order to substantiate the latter further. The field research was based on a case study, concerning the expertise and experiences of experts in the German ocean cruise market and in entering the German tourism market in general. Insights from this field research were building up the answer to the first central research question: “What are the most important opportunities and threats to establish the most attractive services and locations within the German ocean cruise market, according to Porter?”. This question derived from the initially determined theory **and contained five sub questions built up from the five forces model of Porter and Grundy.** The in-depth interviews with the experts were conducted, transcribed and partially translated. After this, they were thoroughly analysed and summed up in an axial and open coding process. **Lastly the outcomes were elaborated and discussed with the help of the respondent’s statements for the several sub questions. Overall, the respondents stated consistently, that the German ocean cruise market is very lucrative at the moment, but they also mentioned several threats that have to be take into account when planning to enter the market. The local resistance, for example,****

was a topic stressed by almost all of the respondents. Another tool that substantiated the research even more, was the competitor analysis, which was conducted in the desk research part of this thesis. The competitor analysis was split in two parts, the inter- and intra-industry competitor analysis. This was to complete the bigger picture and add other angles to the research. Moreover, it provided more insight for the second established research question: "How are the competitors positioned in the German ocean cruise market?". It showed, that the current tour operators already operating in the German ocean cruise market are very well positioned in the market already and that they offer all services at all locations. All results were discussed and compared and resulted in conclusions drawn for the first and second central research question. For the first central research question it was concluded, that there are some threats, like for example the high resistance by the locals or the general lucrativeness of the market, that influence the entrance of potential new entrants into the German ocean cruise market. However, they are outweighed by the opportunities, as for instance the low resistance of the local businesses, the simplicity to enter due to no specific licenses required or the profitability and feasibility of the services within the market. Concerning the second central research question it has been stated, that currently four tour operators can be identified in the German ocean cruise market, who already provide all services at all the main ocean cruise ports in Germany. Nevertheless, the competition is considered rather high and in addition to that services are put out to bid regularly, which offers a chance for new entrants to generate market share and gain recognition. Furthermore, the validity, reliability and usability of the research part of the present thesis were thoroughly discussed and elaborated. Regarding the validity of the research it has been concluded, that even though systematic errors threatened the research at hand, immediate actions have been taken and thus the validity can be considered as adequate. The similar applies to the reliability. Albeit the fact, that random errors occurred, also here actions have been taken straight away which in the end assured the reliability to be acceptable. Lastly, the usability of the research has been considered high, despite the occurring random and systematic errors, due to the extensive inclusion of the client. The subsequent conclusions served as an initial input for the advice to be given to the client, Inter cruises. The advice was split in several parts. First of all, a SWOT analysis was conducted to support the latter findings internally and externally. The SWOT in this case established that Inter cruises is very well positioned in the worldwide ocean cruise industry. One of the strongest points identified herein, was the fact that Inter cruises is part of a holding and is therefore already well-positioned for a successful entrance into a new market. On the other hand, though, a weakness was established, that Inter cruises does not have the expertise in the specific German ocean cruise market yet. Besides this, the main threat to be considered by Inter cruises, when it comes to entering the German ocean cruise market, are the competitors already operating in the market. However, the main opportunity in view of this, is the profitability and feasibility of the services combined with the current lucrativeness of the German ocean cruise market. Then, the several alternatives were weighed up against each other and assessed. In the specific case at hand the alternatives were the several cruise port locations in Germany to open a new office and the level of involvement in form of the scope of services offered initially. Resulting from this assessment, a best possible solution was determined, which was advised to the client. This best possible solution was to enter the German ocean cruise market with only turnaround services in Hamburg, initially. In order to assure a smooth and successful implementation of the best possible solution, all steps that have to be undertaken along the way were listed and applicable people and resources were construed. Moreover, the financial implications that can be expected with the implementation were thoroughly described and discussed. Those included a calculation of the employee's salaries, office rental, several investments and the applicable tax to be expected.

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Glossary

Bid	A bid is when a cruise line opens up their shore excursion or turnaround services to all tour operators. The tour operators put a proposal together and the cruise line decides based on these, which tour operator won the bid and will carry out the services.
Call date	A day when a ship is mooring at a port and services are carried out.
Shore excursion	Shore excursions are shore programs organized for cruise ship guests, for when they call a port in a particular country.
Turnaround	Turnarounds are services for when cruise ship guests de- and embark a ship. For example: check in/out, luggage handling, meet & greet and transfers.

1. Introduction

“The annals of business history report that for every successful market entry, about four fail.” (McKinsey, 2005)

Therefore, it is crucial, when intending to enter a new market, to establish a proper, complete and comprehensive approach and planning. This thesis project analyses the German ocean cruise market with a specific focus on the right local market and services to enter with initially.

1.1. The client

“Intercruises Shoreside and Port Services”, hereinafter referred to as Intercruises, is an international organization with offices spread all over the world. Intercruises operates in four regions, in over sixty different countries and at more than four hundred ports. The company has been founded in 2003 in Barcelona and is now a registered trademark of Hotelbeds Group, S.L.U, hereinafter referred to as Hotelbeds. Hotelbeds is a legally constituted Spanish company which operates as a wholesale–retail travel agency and is based in Palma de Mallorca (Intercruises, 2018).

Intercruises operates as a provider for shoreside and port services. This entails, for example, turnaround and shore excursion services. Both services are aimed at the ocean and river cruise industry. In most of the offices of Intercruises certain services are outsourced to specialized interconnected intermediaries in order to contribute to the realisation of the company’s mission, vision and values.

The company’s vision is to be the world’s leading provider of shoreside and port services. This is only realistic and achievable if everyone involved in the development of the company is acting according to their set mission. Intercruises’ mission implies that they strive to deliver extraordinary value and grow sales in multiple channels by leveraging their global resources, applying their local expertise and embracing market leading technology (Intercruises, 2018). All together contributes to the provision of high quality and innovative products and services for cruise guests, ships and crew. Next to their mission, Intercruises has also set three different values that support the latter:

- Passion
- Reliability
- Integrity

The first value, passion, indicates that the cruise guest and crew satisfaction is at the heart of what Intercruises does. The second value, reliability, implies that the company wants to deliver a consistent service, regardless of location, scope or circumstances. Lastly, Intercruises strives to assure integrity through a full commitment to ethical and sustainable work practices (Intercruises, 2018).

One of Intercruises’ offices is located in Amsterdam, the Netherlands, hereinafter also referred to Intercruises AMS. The team operating at Intercruises AMS is rather small with only five full time employees (FTE’s) managing three different subordinated brands, namely Intercruises, Destination Services and Pacific World. The focus of this thesis will be set on the brand Intercruises as it is the most developed brand currently at Intercruises AMS.

For the brand Intercruises the office in Amsterdam is responsible for operations in the Benelux (Belgium, the Netherlands and Luxembourg) countries. Therefore, if Intercruises AMS wins a bid for shore excursion or turnaround services in one of these countries, the planning for the resulting call dates is

executed in the office in Amsterdam and the implementation of services is supervised by one of the employees on-site. In the season of 2016/2017, for example, Intercoaches AMS landed the shore excursion services for one of the ships of Thomson Cruises in Zeebrugge for two call dates. The planning of the call dates, with making reservations with several suppliers and the bus and guide company, was fully executed in the office in Amsterdam. However, on the days the ship called Zeebrugge, one of the employees travelled from Amsterdam to Zeebrugge to supervise the call on-site.

Moreover, also within the Netherlands, Intercoaches AMS is operating in several different ports, such as Rotterdam, IJmuiden and Texel. With most of the ports the same processes apply, but for some calls the company is working together with a third party who is taking over the supervision on-site on behalf of Intercoaches AMS. One example for this are the shore excursion services for one of the ships of Hapag Lloyd, which was calling the port of Texel. Wherefore, all services were planned in the office in Amsterdam, but implemented and supervised by a third party situated closer to Texel.

1.2. Management problem and questions

Generally, it can be stated that Germany gained a lot of attention the past few years in the cruise tourism industry. Looking at the outbound cruise tourism, Germany became very important as a source market for ocean cruising. Within Europe, Germany is currently the largest source market for cruises with 28% demand for cruises (CBI, 2016). Over a period of ten years, 2006 until 2016, the German cruise market grew twice as fast as the global cruise market (CLIA, 2018). In 2016, about 2.02 million cruises were sold to the German source market, which is an increase of 11.3% compared to the year before. But not only the amount of Germans taking a cruise increased, also their willingness to spend money for and during a cruise. On average, German ocean cruise passengers spent 6% more for the purchase of a cruise and 2.8% on a daily average during the cruise (Seatrade, 2017).

Moreover, the inbound cruise tourism in Germany has experienced a tremendous increase, as well. Looking at the figures of the cruise port in Hamburg, for example, the amount of passengers debarking in Hamburg from a cruise ship amounted to 51,147 only in the month of June 2017. This is an increase of 24.7% compared to the year before. This can be, amongst others, explained with the fact that the amount of ocean cruise ship movements has increased by 69.2% simultaneously (Statistisches Bundesamt, 2017). Generally speaking, Europe has found to be the most popular cruise destination among European residents. Only 25% of European cruise travellers cruised outside of Europe (CBI, 2016). Furthermore, the economic impact plays an important role to a cruise tourism destination. Looking at the global picture of ocean cruising the cruise industry represented around €119.9 billion in economic impact, €39.3 billion in wages and 939,000 jobs in 2014 (CBI, 2016). In Germany alone the economic contribution by the cruise tourism industry amounted to approximately €3.3 billion directly in 2014, which represents a 6.3% increase in comparison to the year before. In addition to that the cruise industry employed more than 49,500 people, which makes Germany the third largest facilitator in ocean cruise related jobs (Spring, 2015).

The ocean cruise calls in Germany are split across four different main cruise ports, Rostock-Warnemünde, Hamburg, Kiel and Bremerhaven. In 2017 Rostock-Warnemünde was the leading port, when looking at the passenger numbers. With 892,000 passengers spread over 190 cruise calls, the port of Rostock-Warnemünde ranked before the port of Hamburg with 810,000 passengers and 197 cruise calls. However, Hamburg is predicted to reach a new record for the destination in 2018 with 880,00

passengers. The cruise port of Kiel can be considered the third largest port for ocean cruise ships in Germany with 500,000 passengers in 2017. Lastly, the port of Bremerhaven reached 160,00 passengers with 84 cruise calls (Kreuzfahrtberatung, 2017).

As mentioned already in the previous chapter, Intercruises has multiple offices spread all over the globe and some of them are already situated in Europe, for instance in Amsterdam, Barcelona or London. Those offices manage operations for several different ports within their area of responsibility, as elaborated in the prior. Germany is a very lucrative market for the ocean cruise industry, yet Intercruises has not set foot in the German ocean cruise market. If Intercruises aims to be the world leader in the ocean cruise market, expansion to other lucrative countries and especially developing markets is indispensable. However, such an expansion is always accompanied by several risks. One risk that certainly is paramount are the already existing competitors in the industry, but also potential new competitors that aim for the same opportunities within the German ocean cruise market. Thus, they have to be thoroughly analysed in order to assure a greater chance of a successful entry in the market.

Amsterdam has been chosen as the executive entity for this project due to the fact, that the office is carrying out services for multiple German clients already and are therefore already somewhat familiar with the market. Moreover, Germany is commonly considered to have a similar structured culture as the Netherlands.

The objective of the advice is to advise Intercruises on the most appropriate local market and services to enter the German ocean cruise market in order to strive at becoming the leading provider of shoreside and port services worldwide. Within the choice of location, the most important ocean cruise ports, Hamburg, Kiel and Warnemünde, are available for selection. Regarding the services, the choices can vary from one to multiple services within the scope of shore excursion and turnaround. All together this creates a market entry plan for Intercruises on how to enter the German ocean cruise market initially.

Therefore, the management question for the present thesis is as follows: “Which **local market** and with which **services** could Intercruises enter the German ocean cruise market initially?”.

The objective of the research is to gain a better understanding of the German ocean cruise market and which location and services are most advisable to enter the market with. Moreover, it is crucial to collect input regarding the entry in the German tourism industry in general in order to be aware of all possible entry barriers. In order to acquire as much knowledge and insight about the latter as possible, information is gathered through a theoretical framework, field and desk research. The theoretical framework consists of a thorough literature review elaborating on the core concepts established for the present research. The concepts that are considered have their focus on the entry into a foreign market and provide different angles and perspectives towards the realisation of this project.

The focus of the field research is on experts within the German ocean cruise market and experts on entering a new market with a focus on the German tourism market. The German ocean cruise market experts' input is intended to contribute towards in-depth knowledge about the German ocean cruise market in general and the different ocean cruise locations and services in particular. Through the interviews with the experts on entering a new market in German tourism markets, a better picture is aimed to be drawn of what a new player has to expect when entering the German tourism industry. The research part of this thesis is finalized with a desk research providing more insight into the current state

of competition in the German ocean cruise market. This is done by looking at the competitors from two different angles, the intra- and the inter industry angle.

The following central research questions (CRQ) and sub questions (SQ) are established for this research:

CRQ1: "What are the most important opportunities and threats to establish the most attractive services and locations within the German ocean cruise market, according to Porter?"

SQ1.1: "What role does **buying power** play when it comes to services/locations within the German ocean cruise market?"

SQ1.2: "What role does **supplier power** play when it comes to services/locations within the German ocean cruise market?"

SQ1.3: "What role does **threat of new entrants** play when it comes to services/locations within the German ocean cruise market?"

SQ1.4: "What role do **substitute products or services** play when it comes to services/locations within the German ocean cruise market?"

SQ1.5: "What role does **competitive rivalry** play when it comes to services/locations within the German ocean cruise market?"

CRQ2: "How are the competitors positioned in the German ocean cruise market?"

SQ2.1: "**Who** are the tour operators already operating in the German ocean cruise market?"

SQ2.2: "**At which locations** are the tour operators already operating in the German ocean cruise market situated?"

SQ2.3: "**What services** do the tour operators already operating in the German ocean cruise market offer?"

1.3. Reading Guide

The following outlines the content of the remainder of the present thesis and its sequence of appearance. First of all, the most important concepts to build up the basis for answering the previously mentioned research questions are discussed within a theoretical framework. The theory discussed is resulting in applicable operationalisations, that visualize the different concepts for a better and quicker understanding of the contents and connections within the concepts. Next, the grounds for the field research are set, by indicating the used research method, strategy and method of data analysis. Subsequently, the outcomes of the field research are discussed in the results. Conclusions are drawn from the results chapter, that answer the earlier elaborated central research questions. In addition to this the client's input is described and a desk research containing an intra- and inter-industry competitor analysis is conducted. Following on this, the validity, reliability and usability of the present thesis project are thoroughly discussed and elaborated. Lastly, an advice is given, containing alternatives that can be considered, a plan of action and the financial implications to be expected. The advice is summed up in the final conclusions and recommendation of further research.

2. Theoretical Framework

The theoretical framework is intended to give the thesis a proper basis and grounds to work with. It is split up in the concepts that are most important for the thesis project topic, the search methods that are used, the literature review that is elaborating on the outcomes of the literature research und lastly resulting in an operationalisation of the core concepts.

2.1. Concepts

For this thesis project three different concepts are drawn up. First of all, the five forces of Michael E. Porter is outlined. The five forces model of Porter is a framework focussing on aspects that have to be considered, when entering a new market or analysing the current position within an industry (Porter, 1998). Namely those five forces are threat of new entry, buyer power, threat of substitution, supplier power and competitive rivalry. Next, the practical usage of the five forces model is discussed and underlined by relevant theory. This is outlined with the help of Grundy's theory (2006) in order to build up on the rather generally held model of Porter and add up on the lack of thoroughness. Lastly, several market entry modes are introduced with the help of Ekeledo and Sivakumar's (1998) model, whereby the focus is set on how they can be applied in the service industry. Moreover, it broadens the models of Porter and Grundy with an internal view on the market entry and thus complements a total theoretical view on market entry.

2.2. Search methods

In order to find useful literature for the core concepts, various search engines are used as well as the snowball method. The search engines mostly used are Google Scholar and Saxion library. Within Saxion library the most common database used are JStor and Taylor & Francis. Terms utilized in these search engines are, amongst others, "Porter five forces", "Porter five forces in practice", "Market entry", "Market entry theories", "Market entry models", "Market entry service industry", "Market entry strategy" and "Market entry modes". To make sure, that the sources used are reliable, different methods can be used. For this project, the AAOCC method is applied, which serves as a checklist for the aspects of authority, accuracy, objectivity, currency and coverage (Hjørland, 2012). When applying this method on the present literature review, it can be concluded that all sources used are usable for this thesis project. First of all, in all used literature authority is given, as the authors have an academic background. Secondly, the articles used for the literature review are accurate, as they all make use of a reference list and are thus based on other literature. Thirdly, objectivity is given as the authors use facts and figures and no opinions for their statements and theories. Fourthly, currency is given in most cases, as always the most recent literature is included for the different topics. Lastly, the aspect of coverage is fulfilled, due to the fact, that all source used entail elements of the core concepts of the theoretical framework.

2.3. Literature Review

The following presents the outcome of the literature research for Porter's five forces model (1979) and Porter's five forces in practice by Grundy (2006) and market entry modes by Ekeledo and Sivakumar (1998) in the frame of a literature review. Literature research serves as a data source and can be drawn from individuals or written documents (Verhoeven, 2012).

Porter's five forces model

The Porter five forces model was designed in 1979, by Michael E. Porter of the Harvard business school, to determine the profitability level and competition intensity in an existing market area. Within any

business and/or organization, this analysis tool can be used to assess and evaluate its competitive strength and position (Porter, 1998).

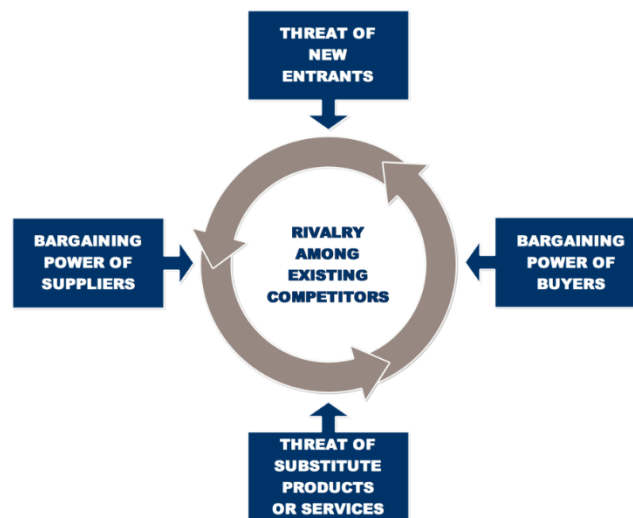


Figure 2.1. Five Forces Model Michael Porter (1979)

The identified five forces are listed and outlined below:

Threat of new entry

The level of difficulty to enter a certain market area determines how heavy the competition will be. If an existing market area shows potential for high profitability, then it is likely to attract new entrants. When the entrance barriers to this market area are very low, then the market area will soon be flooded with new competitors, reducing the profitability. There are many factors that contribute to a market area having a high level of threat of new entry. Examples would include that very little capital is required to enter the existing market. Moreover, difficulties in obtaining trademarks and/or patents by existing firms can raise the threat. Other factors, such as little established brand reputation, nearly identical products being offered, low level of customer loyalty and no government regulation can also have a contributing role in raising the threat.

Bargaining power of buyers

If the bargaining power of buyers is high, they can demand products for lower prices and/or higher quality. Higher quality products will usually raise the production costs for the producers, whereas a lower price will mean a lower revenue. In both cases, the eventual profit for the company decreases. If few buyers exist on the market, then their bargaining power becomes stronger. Furthermore, if there exist many substituting products on the market, buyers might more easily switch to a different product.

Threat of substitute products/services

With the existence of many substituting products on the market, the chance that customers find substitute products of lower price, or of a higher quality, increases. Thus, the power of suppliers also decreases, resulting in a less attractive market.

Bargaining power of suppliers

When there is little to no competition amongst the suppliers, their position for negotiating the price of the offered products becomes stronger. The relative size of the supplier, cost of switching to another supplier and its strength, all play a role in decreasing the competitive strength and position of the existing firm on the market. Forward integration of suppliers and the control of scarce resources can also play a role in the suppliers gaining a stronger bargaining power.

Competitive Rivalry

The competitiveness and profitability of an existing market is mainly driven by the amount of competitors on the market. The more competitive the market area, the more aggressively each company must compete over market shares. This results in lower profits. Other factors that increase competitive rivalry include: negative and/or slow market growth, too many similar products on the market and high market exit barriers (Porter, 1998).

Over the time, in addition to the upper mentioned five forces, scholars suggested to include a sixth force, namely “complementors”. Especially with the increasing use of technology, this force becomes more and more important to be considered, when analysing a market area. Complementors are products or services that are typically consumed together, like for example games consoles and video games, iPods and iPhones and iTunes or outside the technology sector just a simple hot dog with mustard (Clough, 2014).

Porter's five forces in practice

Looking at the theory on how to put the five forces model of Porter into practice, it can be determined that many theorists are doubting the practical use of the framework, the way it has been introduced initially by Porter in 1979. One of them is Tony Grundy (2006), who stated that the framework is outdated and not practically useful in the current ever-changing industries. Therefore, he suggested an extension of the framework with more context-specific defined micro forces. According to Grundy, the five forces of Porter have been formulated in such a way, that is not understood and consequently not used by the management. Grundy's micro forces are aimed at formulating more clear management actions for the common use within various industries. According to Grundy, the Porter's five forces model is built around clear boundaries between the industries, which can be considered as a restriction for the practical use of the model. This is when considering that the industry boundaries appear to become far more fluid (Grundy, 2006).

In his suggestion for extension, Grundy (2006) kept the main framework of Porter with his five forces and added in his suggested extension subordinated micro forces or, as he also refers to them, ingredients. The following elaborates on these suggested extension force by force.

Threat of new entry

The force of threat of new entry or the entry barriers, Tony Grundy split into four micro forces, namely information, economic, physical and psychological. Whereby, information is defined as to what extend it is possible to acquire the necessary knowledge, not only about the ‘what’ of the industry but also about the ‘how’. Economic refers to the actual costs when entering the market. The physical micro force Grundy connects to the accessibility to customers or resources. The final subordinated micro force, psychological, is a mostly forgotten aspect. It refers to the comfortability of being in the particular

market. In order to make this clearer, Grundy uses the example of the funeral market, which is very lucrative when implementing the five forces model, however, looking at the psychological aspect, some people might not be comfortable working in this market due to emotional reasons.

Bargaining power of buyers

For the second force Grundy also identified four subordinated micro forces: importance, emotion, urgency and discretion. Importance and urgency are additionally subordinated to prioritization. Whereby, urgency can be measured by taking the lead time until the actual consumption. The micro force of discretion can be described as the extent to which customers have to fulfil a need. Just as elaborated in the prior force of threat of new entry, also within the bargaining power of buyers, emotions have to be considered. Emotions influence buyer's actions to a significant amount and can therefore not be neglected.

Threat of substitute products/services

Concerning the next force, the threat of substitute products and/or services, Tony Grundy came up with the following four micro forces: "Do it yourself", other technologies, emotional and bundling/unbundling. The first micro force indicates, that specific activities are insourced and consequently costs are saved. Other technologies contain the possibility of achieving the same value as other players through different, for example technological, ways. Another influencing factor within this main force are, again, emotions. Here, the emotional attachment towards a purchase is implied. Lastly, bundling or unbundling indicates to what extent the customer is able to use something as either part of something else or take a package instead.

Bargaining power of suppliers

Unique knowledge, size and number, resource scarcity and forward integration are the identified ingredients by Grundy of Porter's bargaining power of supplier's main force. The more unique capability and knowledge a supplier has, the more power he has within the market. The size and number of suppliers for a service or product in a market also influence the power of individual suppliers operating in that particular market. The more suppliers are offering a service or product, the less of power each of them has. The resource scarcity influences the supplier power, as well. Where there are scarce resources, the suppliers offering these scarce resources, have consequently more power. The capacity of the supplier to integrate forward in the industry chain plays a role in improving their competitive power.

Competitive Rivalry

The final force of competitive rivalry defined by Porter initially, has been added with four micro forces by Tony Grundy, as well. The first one is commitment to the market. The more committed the players within a market are, the greater the rivalry. Next, Grundy points out the ingredient of number of players in the market, whereby he refers to the sheer quantity of players within the market. The mind-set of the players is summarized by Tony Grundy as their strategy and disposition. Lastly, the similarity to or difference from one another is a significant factor when it comes to competitive rivalry. The more similar they are to each other, the more the rivalry is confrontational.

All the above additions of Tony Grundy towards the framework of Porter's five forces are interdependent. Taking one of the many examples: supplier power can be multiplied where there are only a few suppliers

and a high resource scarcity (Grundy, 2006). For a better visualisation of the previously mentioned, all forces and their applicable subordinated micro forces can be found in the appendices I, II, III, IV, V.

Market entry strategies/modes

In order to enter a new market successfully it is crucial to follow a specific structure or strategy. Within the literature on market entry strategies, the term of market entry modes is widely used, as well. Even though there is sufficient research and thus literature already on market entry modes, the literature on service specific entry modes is scarce. Next to a study of Vandermerwe and Chadwick from 1989, there are only a few other studies that have their focus solely set on service providers, one of them was published by Ekeledo and Sivakumar in 1998.

Both upper mentioned studies built up on and complement each other. Vandermerwe and Chadwick (1998) came up with a classification system in order to create a typology of services. They set two factors that establish the type of service, on the one hand the degree of tangibility and on the other hand the degree of face-to-face contact with the client in the service industry. Those two aspects are split up again in two different aspects. For the degree of tangibility Vandermerwe and Chadwick divided it in pure services and services bundled with goods and for the degree of face-to-face contact, they split it in low and high (see Figure 2.2.). With the help of this model one is able to identify the type of service that is used (Vandermerwe & Chadwick, 1998).

Degree of tangibility	Degree of face-to-face contact with client in service delivery		
	Low		High
	Pure services	Location-free professional services	Location-bound customized projects
	Services bundled with goods	Standardized service packages	Value-added customized services

Figure 2.2. Classification model by Vandermerwe and Chadwick (1989)

Ekelido and Sivakumar (1998) used this classification model as a basis and extended it more specifically on the requirements within a service industry. One striking factor they added was the product classification as a key element, that divides products into goods and hard and soft services (see figure 2.3.). According to Ekiledo and Sivakumar (1998) a hard service can be separated from its production and consumption, examples mentioned regarding these services are life insurances, music, architectural design or education. On the other hand, with soft services there has to be an approximate distance from its production to its consumption. Examples for soft services are food, health or lodge services.

Next to this Ekiledo and Sivakumar (1998) added two influencing aspects, the internal and external environment to their model. The external perspective widens the view for new market entrance. Organizations do not have any influence on the external aspect whatsoever, nevertheless it is of paramount importance to consider this aspect, as it is an important moderating influence on a firm's entry mode selection. The external environment is split up in five sub-aspects, host country market factors, political and sociocultural factors, economic infrastructure, trade barriers and home country factors. The first sub-aspect, host country market, can again be split up into four sub-sub-aspects, market potential, market structure, resistance by local business and marketing infrastructure. The

market potential refers to the size of the foreign market and determines the form of entering. Amongst others, the choice is influenced by the level of demand uncertainty.

Political and sociocultural factors is split up into two sub-sub-aspects, namely political stability and cultural distance. The next two sub-aspects, economic infrastructure and trade barriers are stand alone and not split up into any sub-sub-aspects (Ekeledo & Sivakumar, 1998). Economic infrastructure has been defined as capital goods, that provide public services, by Johan Fourie (2006). According to Fourie it can be split up into the many aspects that build the infrastructure of a country, namely roads, highways, railroads, airports, sea ports, electricity, telecommunications, water supply and sanitation (Fourie, 2006). Lastly, home country factors are divided into market size and oligopolistic reaction.

Internal environment is initially split into three subordinate aspects, product factors, corporate goals and objectives and corporate strengths and weaknesses. The last two of these three sub-aspects are also split into several sub-sub-aspects. Corporate goals and objectives is divided into motives for foreign entry and degree of control and corporate strengths and weaknesses into size and international experience.

Normally, there are two steps to be followed in order to select a fitting entry mode. The first step is the determination of a location of production facilities and the second step is then the decision of the firm's level of involvement in or control of operations. However, as for soft services the option of exporting ceases already, the focus of soft service products is consequently set on the second step. Within the second step, the company has to determine whether they would like to have full-control over their products and a high involvement or rather shared-control and low involvement (Ekeledo & Sivakumar, 1998).

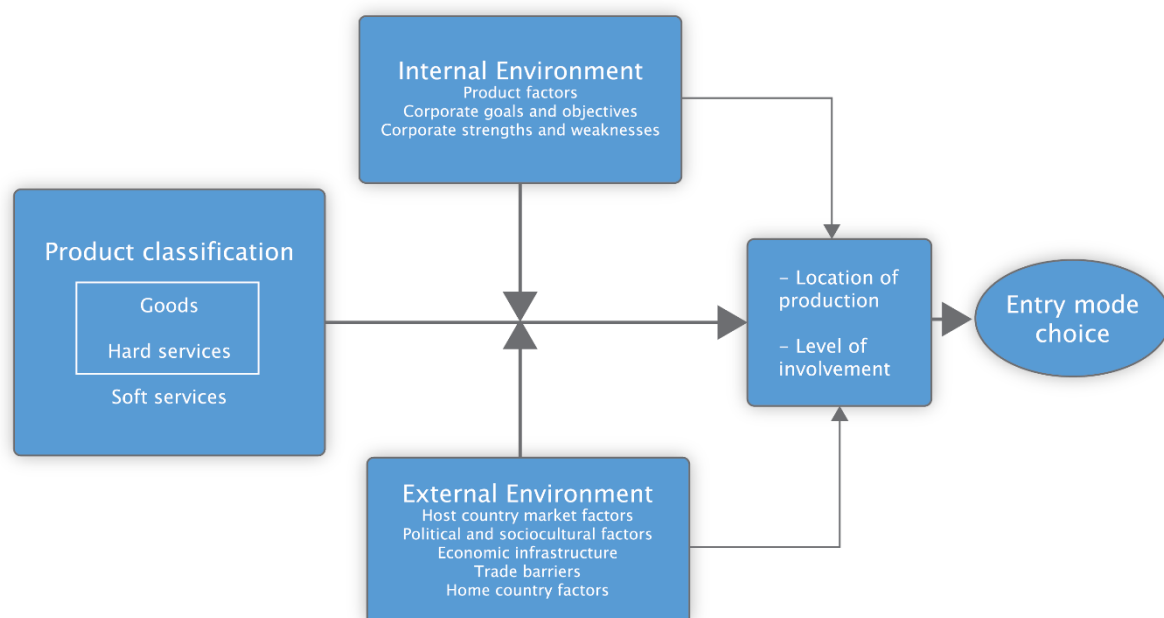


Figure 2.3. – A Model of Foreign Market Entry Mode Strategies for Service Firms by Ekeledo and Sivakumar (1998)

The services used for the thesis project at hand can be classified, according to the Ekeledo and Sivakumar model (1998), as hard services. This is due to the fact that the production of turnaround as well as shore excursion services can take place at another location than their implementation. Thus, it can be

concluded that for both of the hard services considered for this thesis, a choice of location and the determination of the level of involvement have to be identified. The level of involvement in this particular case is defined as the scope of services offered initially. Here, a choice of one service for the start of the new office equates a low level of involvement, whereas the choice of two services for the start implies a high level of involvement.

2.4. Relationship between the concepts

Both previously elaborated concepts overlap in some aspects and therefore similarities between the two concepts can be established. Due to the fact, that the five forces model of Porter (1979) and the extension of Grundy (2006) are solely focused on an external analysis, the similarities can consequently only be established within the external environment part of the Ekeledo and Sivakumar model (1998). However, there are also striking differences and additions from the Porter and Grundy models to the Ekeledo and Sivakumar model. Those can be considered as aspects that complete a full theoretical framework for the entrance into a foreign market.

A general overlap that can be stated between the two models is, that all five forces of Porter (1979) and Grundy (2006) can potentially turn into trade barriers for a new entrant into a foreign market. If the bargaining power of buyers in the market are high, for example, the trade barrier for the new entrant simultaneously rises. Besides this, the resistance by local businesses within the host country market factors of Ekeledo and Sivakumar (1998) can be connected to the competitive rivalry force of Porter (1979) and Grundy (2006). This is due to the fact that if the resistance by local businesses is high, the competitive rivalry consequently rises. Another similarity between the two models is the economic factor with Porter's (1979) and Grundy's (2006) force of threat of new entry and the economic infrastructure within the Ekeledo and Sivakumar (1998) model. As the name already indicates, both factors focus on the external economic situation the new entrant has to expect and consider. Lastly, the market size within the home country factors in the model of Ekeledo and Sivakumar (1998) can be connected to the number of players within the force of competitive rivalry of Porter (1979) and Grundy (2006).

The most striking aspect that is added by Ekeledo and Sivakumar (1998) in their model, is the internal view. It adds another angle to the analysis of the entry into a foreign market and therefore makes it more thorough and complete. Moreover, the model adds a classification of the product to the full picture. This is not considered by neither Porter (1979) with his original model nor by Grundy (2006) with his extension to the Porter model. This distinction or classification of products is crucial, as, according to Ekeledo and Sivakumar (1998), the approach towards entering a foreign market highly depends on it and is different for both. Lastly, the choice of location of production and level of involvement are extensions to the model of Porter (1979) and Grundy (2006) and the final step before the choice of entry mode. This final step is one of the examples for the importance to classify the products upfront, as it differs for hard and soft services.

2.5. Operationalisation

The concepts have been summed up in operationalisations in order to visualize the most important aspects and its connections with each other. Porter's five forces model (1979) and its use in practice of Grundy (2006) are summarized in one merged operationalization (see appendix VI), whereas the market entry modes of Ekeledo and Sivakumar (1998) are summed up in a separate operationalization (see appendix VII).

3. Field research

The following chapter elaborates on the field research part of this thesis. It outlines the research method and strategy used to collect the information from the field. Moreover, it sums up the data collection and sampling method and size. Finally, it outlines the data analysis method.

3.1. Research method and strategy

The research method chosen for this thesis project is the qualitative research approach. Qualitative research is aimed at learning about social and material circumstances, expertise, perspectives and histories of studied people. It can be conducted via various methods including: observation, in-depth individual interviews, focus groups, biographical methods such as life histories and narratives and analyses of documents and texts (Ritchie & Lewis, 2003). Where qualitative research focuses on the opinion and experiences of the interviewees, quantitative research on the other hand is rather finding proof to hypotheses. This is why, in this case, the qualitative approach is more suitable, as follow-up questions can be asked and a more in-depth analysis of the situation in the German ocean cruise market and the entrance in the German market, can be conducted. With regards to the research strategy, a case study is used. Within a case study, a project, phenomena or program is explored in-depth from various perspectives in a real situation and context. This entails that a case study analyses opinions of an individual or group of people regarding a phenomenon. Mostly, the phenomenon is considered to be complex and unique (Starman, 2013).

3.2. Data collection method

Within the qualitative research approach, there are various data collection methods, such as observational methods, in-depth interviewing, group discussions, narratives and the analysis of documentary evidence (Ritchie & Lewis, 2003). For this research, in-depth interviews are used for collecting the data. In-depth interviews enable the research to explore different topics to a very specific degree. This is due to the fact that it includes communication and room for follow-up. As Hammersley and Atkinson (1995) already determined, language entails the feature of having a very wide, almost infinite, capacity to present descriptions, explanations and evaluations. In this particular phenomenon studied, in-depth interviews enable the research to gain deeper insights into the German ocean cruise market and into entering the German tourism market.

All in-depth interviews are partly structured but flexible. The interviewer has an agenda, however he is given the freedom to adjust the order, wording and way in which the questions are followed up, between the interviews (Ritchie & Lewis, 2003). Through this, there is a certain flexibility given, which makes it possible to gain as much insight from the interviews as possible and to react to unexpected turns during the interview. This agenda is available in form of an interview guide and can be found in Appendix VIII.

The subjects within the interview guide simultaneously serve as a measurement tool in this particular research. Measurement tools are tools that are used to collect certain information (Verhoeven, 2015).

3.3. Sampling

In general, qualitative research approaches make use of non-probability sampling in most cases. This form of sampling implies, that there are set criteria based on which the interviewees are selected. In contrast to the mostly used sampling form within quantitative research, the probability sampling, non-probability leaves no room for random selection. Within this sampling method, there are again several different sampling strategies. The strategy used for this research is purposive sampling, which implies

that the sample units are selected based on known characteristics, like for example experience, behaviour, roles or the like (Ritchie & Lewis, 2003). This particular strategy is chosen, as the focus of the research is set on experience and expertise of the selected interviewees.

The interviewees for the in-depth interviews for the research at hand, are carefully selected according to set selection criteria. As mentioned earlier in this chapter, those criteria are experiences or expertise in the German ocean cruise market and in entering the German tourism market.

The sample size for a qualitative research approach is dependent on a variety of factors. One of the most important and most influencing factor herein is saturation. Saturation has been discussed amongst scholars widely and can be defined as the point at which the data collection process no longer offers any new or relevant data. In addition to that, the time frame given for the research plays an important role, as well (Dworkin, 2012). Dworkin (2012) suggests a sample size between 5 to 50 participants for a qualitative research approach. However, due to the fact that the given time frame for the project at hand is only six months, the sample size is expected to be rather low. Considering, in addition to that, the factor of saturation, the sample size is estimated to be around three to six interviews.

3.4. Method of data analysis

Analysing the gained data within the qualitative research approach is rather complex. It starts with transcribing all interviews conducted word by word. In order to get an overview of all the statements made and facts given, these transcripts have to be carefully read a few times. After this, the most important aspects are summed up in various open codes. The outcome of this open coding is summarised and compared. The goal of comparing the different codes is to put certain codes back together and find differences and similarities between them. In the end, main and sub categories are formulated based on the open codes. This process is referred to as axial coding (Pandit, 1996). This process is intended to lead to answers to the researches questions and build the basis for an advice to InterCruises. In the specific case at hand one aspect is added, as the interviews are partially translated for the coding.

4. Field Research Results

The following, outlines the results gathered through the field research conducted. A summary of the results can be found in a code tree in Appendix IX. The most important and striking aspects mentioned during the field research, are thoroughly discussed and analysed in the subsequent chapter. The focus of the analysis of the results is on the search questions of the two central research questions, that have been established in chapter 1.2 of this thesis report. In general, some results are crucial for the conclusions and some contribute additionally towards the advice of this thesis project.

The interviews were conducted with experts and persons with experiences in the German ocean cruise industry and in entering the German market. The first interview was conducted with the marketing and cruise director of the Port of Kiel, Nicole Claus. She has a lot of experiences in and with the German ocean cruise industry and can therefore be considered as an expert in this field. In the subsequent results chapter her input will be referred to with the acronym NC. The second interview was conducted with an expert in entering the German market. The interviewee was Christoph Breuer, the director of a German tour operator specialized on tour packages abroad, with a special focus on New Zealand. He took over the company two years ago and is thus familiar with all regulations, laws and restrictions that a new entrant into the German market might face. In the results chapter his input will be abbreviated with his initials CB. Next, an interview was conducted with the assistant to the board of one of the already existing tour operators for services to the German ocean cruise market, Jan Henze from Sartori & Berger. His expertise is mainly in the German ocean cruise market and additionally very specific with tour operator services in the ocean cruise industry, he is abbreviated with JH in the subsequent results section. Lastly, an interview was conducted with the leader of the crisis management within the German travel association "Deutscher Reiseverband", Olaf Collet. His expertise lies also in the German ocean cruise industry and in the further his insights are indicated with OC.

The first five sub-questions have been based up on the five forces model of Porter (1979) and the extension of Grundy (2006) and contribute towards elaborating on the first central research question, which is further elaborated within the conclusion chapter of this thesis report. The latter three sub-questions with the focus on the competitors already operating in the German ocean cruise market, gathered input for the second central research question and are discussed further in the additional desk research, the competitor analysis, conducted and in addition to that, the conclusion of this thesis. Additionally, input from the client has been gathered. This is crucial due to the fact that the advice should be tailored to the client and this consideration of his input makes sure that his expectations will be met. Moreover, the client, the office of Intercruises in Amsterdam, is chosen as the executive entity and thus plays a crucial role in the later elaborated implementation of the advice.

*SQ1.1: "What role does **buying power** play when it comes to services/locations within the German ocean cruise market?"*

The results gathered regarding this search question pointed mainly at the services within the German ocean cruise market. However, not specifically towards one service but rather in general. The location aspect did not come forward as an influencing factor with regards to the buyer power in the German ocean cruise market at all. The buyers in regards to the present thesis project can be defined as the cruise lines. It has become clear during the interviews, that they choose their tour operator more and more based on the offered prices for the different services. One of the respondents stated: "... es geht

in vielerlei Hinsicht nur noch um Preis." (JH, line 167). He said, that in many ways it is all about prices. Cruise lines are looking for high quality, but lower prices (JH, lines 175 – 176). Consequently, if a tour operator is offering lower prices for the same or even higher quality of services, cruise lines tend to switch to another tour operator (JH, lines 231 – 232). This can be supported by the statement of the same respondent, saying: "... man ist da relativ leicht austauschbar." (JH, line 166). He states that a tour operator is easily replaceable in the cruise tourism industry with regards to their services. Even though the price/quality ratio might seem contradictory, the buyers use their power with the fact, that the business they bring is very lucrative and thus push the prices down while still expecting the same quality (JH, 169 – 170). The lucrativeness of the industry is attracting the attention not only of tour operators within the ocean cruise industry in Germany but also of external parties. This can be supported by the statement of one of the respondents. He is the director of a tour operator specialized in tour programs in New Zealand, however recently he has looked into including stays on a cruise ship in his portfolio. However, as the cruise lines have such a great bargaining power due to the high lucrativeness of the market, small business collaborations like this are not interesting at all to the cruise lines. Thus, they use this bargaining power and can afford the luxury to decline those opportunities (CB, lines 182 – 186).

Thus, the bargaining power the cruise lines have towards the tour operators within and outside of the industry can be considered rather high. Even though a lot is dependent on the delivered quality, as soon as the price is lower, cruise lines tend to change their tour operator. Moreover, the extent of services they are bringing to a location widens the range of interest among tour operators also outside of the traditional industry. This is giving the cruise lines the freedom to choose from a greater pool of tour operators.

*SQ1.2: "What role does **supplier power** play when it comes to services/locations within the German ocean cruise market?"*

The results for this search question have been rather scarce. Just like with the buyer power the focus of the results has been with the services rather than with the locations in the German ocean cruise market.

Contradictory to the latter it can be said though, that the supplier power is estimated to be rather low by the respondents. The bargaining power lies within the cruise lines and thus the buyers. Nevertheless, one aspect that has been mentioned by one of the respondents seconds that by saying: "[...] Wechsel [...] haben auch eine gewisse Gefahr dabei, wenn man zu häufig wechselt, dann leidet irgendwann auch die Qualität darunter [...]" (JH, lines 188 – 189). With this comment the respondent indicates that too many changes in suppliers contains a certain risk of threatening the quality of services. Thus, cruise lines would rather stick with their tour operator than changing in order to avoid harming their service quality, despite their earlier determined bargaining power. This is certainly only the case if the price for the offered services is right. As elaborated in the previous, one of the respondents stated that it is in many ways all about the prices (JH, line 167).

Therefore, it can be said that the bargaining power of suppliers in the German ocean cruise market is rather low, but can be increased by offering a high level of service quality and simultaneously low prices.

*SQ1.3: "What role does **threat of new entrants** play when it comes to services/locations within the German ocean cruise market?"*

Looking at the threat of new entrants to the German ocean cruise market, two angles have to be considered. On the one hand, Germany is a very lucrative and growing market in the ocean cruise industry, as stated by all the respondents consistently. The lucrativeness and the potential continuously growth of the market raise the threat of new entrants to the German ocean cruise market. One respondent, for example, said: "Wir haben [...] seit 1995 ein Wachstum von fast 900% bei den Passagieren im Kreuzfahrtbereich. " (OC, lines 43 – 44). With this statement the respondent indicated, that since 1995 the German ocean cruise market experienced a growth of almost 900% when it comes to the amount of passengers. But not only its current and recent growth is making the market as lucrative as it is, according to several respondents the potential to still grow further in the next years can be considered significant. One of the respondents takes the view that the current "boom" in the cruise tourism industry will, at least, last over the next 10 years (CB, lines 213 – 214). Another respondent stated, with regards to this, that the potential is not yet fully utilized (OC, line 80) and moreover, he supports the statement of the latter respondent by saying that the cruise tourism industry will experience a strong growth in the next few years (OC, lines 84 – 85). Moreover, the level of resistance by the local businesses plays a significantly influencing role when it comes to the threat of new entrants. The respondents state various arguments that the resistance towards new entrants is rather low, by saying, for instance: "Also wir sind da offen für alle, wir würden nie jemanden ausschließen [...]" (NC, lines 195 – 196), which means that the cruise port of Kiel is open to everyone and would not exclude anyone, or "[...] ob der Busunternehmer von A, B oder C den Auftrag kriegt, das ist denen glaube ich relative egal." (JH, lines 251 – 252), translated into: "[...] whether bus company A, B or C gets the order does not really matter.". In addition to that, the cruise tourists bring a lot of money to the destination and consequently also to the local businesses, whereby they gain economic importance to them (OC, lines 128 – 129 & line 145; CB, lines 244 – 245). Furthermore, there are not many initial entry requirements to start up a tour operator in Germany. There is no need to provide any kind of licenses (CB, lines 78 – 79) or follow any laws or other kinds of entry requirements (OC, lines 221 – 222). Those factors all together, lower the level of market entry barriers to the German ocean cruise market and consequently increase the threat of new entrants.

On the other hand, there are market entry barriers that lower the potential threat of new entrants to the German ocean cruise market. According to one of the respondents those market entry barriers can be considered rather high (OC, line 212). At the same time, other respondents claim that the German tourism market is rather easy to enter as a new tour operator (CB, line 130). Factors that influence the level of market entry barriers have been indicated by the respondents, as well. One of these factors is the capital needed in order to enter the market. One of the respondents stated that the capital needed to start a new tour operator in the German ocean cruise market can be considered rather high (OC, lines 211 – 212), which simultaneously raises the level of market entry barriers. Moreover, the resistance of the residents towards the cruise tourism in general and consequently also towards tour operators operating in the German ocean cruise market is increasing. The development of "overtourism" (OC, line 134; CB, line 223) plays a significant role in this matter. As stated by one of the respondents: "[...] die Bevölkerung einfach Widerstand zeigt, wenn dann plötzlich 2, 3 Tausend Menschen eines Schiffes [...] die Innenstadt überfluten [...]" (CB, lines 202 – 204), which means that the residents start showing their resistance towards cruise ship guests, when suddenly two or three thousand people flood their city centre. Another respondent supports this statement by saying, that at a certain point the residents are

getting annoyed by the tourists flooding the city (OC, lines 141 – 142 & OC, lines 145 – 146). Therefore, opposite to the local businesses, the resistance of the locals can be considered rather high.

The overall opinion and experience about threat of new entry within the German ocean cruise market was rather divided. There are some aspects, like for instance required insurances and the rising resistance of the locals, that need to be considered, when entering the German ocean cruise market as a tour operator, but on the other hand there is also the striking factor of the lucrativeness and the low level of resistance of local businesses. The respondents staid rather general in their answers and did not specify the threat of new entry to the services. However, the location plays a significant role, when looking at the resistance of locals and local businesses, as this might differ based on the specific location.

*SQ1.4: "What role do **substitute products or services** play when it comes to services/locations within the German ocean cruise market?"*

The research results did not put forth too much insight into the substitute products and services within the German ocean cruise market. However, the statement of one of the respondents makes clear, that the substitution of services is certainly given in the German ocean cruise market, by saying: "[...] das ist kein Hexenwerk da vorzulegen und man ist relativ leicht austauschbar." (JH, lines 165 – 166), which means that one does not have to provide a lot in order to operate in the market and one is easily replaceable as a tour operator.

The focus of this statement is solely set on the services in the German ocean cruise market. This is due to the fact that it implies that if services are too similar, those services offered by the competitors can be easily replaced.

*SQ1.5: "What role does **competitive rivalry** play when it comes to services/locations within the German ocean cruise market?"*

Regarding the competitive rivalry within the German ocean cruise market, the respondents were stating opposing arguments to some extent. On the one hand, some respondents stated that the market is clearly divided among the already existing tour operators (NC, line 230 & JH, lines 161 – 162) and therefore, the number of tour operators is rather steady (JH, line 141). However, despite the steadiness of the amount of tour operators already operating in the German ocean cruise market, one of the respondent argued that there is a steady competition given in the market (OC, lines 190 – 191 & lines 195 – 196). This is supported by the statement of another respondent, who said: "Die Dienstleistungen werden in einer gewissen Regelmäßigkeit ausgeschrieben und dann wird sich drum beworben, das heißt nicht, wenn der eine das heute macht, dass er das morgen auch noch macht." (JH, lines 227 – 229). Herewith, he indicates that the services are put out for bid per location to a certain degree of regularity and that this means that it is thus not certain that one will keep the services already won with the last bid. This consequently keeps up a level of competition among the tour operators within the German ocean cruise market.

Besides the competition within the industry itself, one of the respondents mentioned also the influence of the German ocean cruise market and therefore the competition for and with tour operators operating outside of this particular industry (CB, lines 174 – 175). He stressed the factor that the increase of the industry is taking away the clients of other tour operators, that might offer more exclusive and thus more expensive tour programs (CB, lines 155 – 157).

It can be said that the services and the location play an influencing role, when it comes to the competitive rivalry in the German ocean cruise market. This is mainly put forward through the statement that the services are put out for bid on a regular basis, per location.

SQ2.1: “Who are the tour operators already operating in the German ocean cruise market?”

Throughout the field research it became clear that there are four main tour operators already operating in the German ocean cruise market. Those are namely Sartori & Berger (NC, line 214), Conference & Touring (JH, line 212), ELS (NC, line 218) and VIP Hanse Touring (JH, line 213). Those field research findings serve as further input for the subsequent additional desk research.

SQ2.2: “At which locations are the tour operators already operating in the German ocean cruise market situated?”

The conducted interviews gave some insights about where the main tour operators already operating in the German ocean cruise market are situated. One of the tour operators, Sartori & Berger is situated in Hamburg and Kiel, for example (NC, line 219). The second tour operator is situated in Berlin with its head office. ELS, the third already existing tour operator within the industry has its offices in Hamburg, as well (JH, line 218). Lastly, VIP Hanse Touring is based in Rostock (JH, lines 218 – 219). However, one of the respondents indicated that even though they have their offices spread over the northern region of Germany, their operations do not necessarily always stay close to their offices or main offices. She confirmed that if the services are, for example, implemented in Kiel, staff from the offices in Hamburg or Berlin is coming to the location itself to supervise (NC, lines 221 – 223).

SQ2.3: “What services do the tour operators already operating in the German ocean cruise market offer?”

Throughout the interviews it became clear, that all services needed within the German ocean cruise market are already covered by the tour operators operating in the market (JH, lines 10 – 12). Sartori & Berger, for instance, covers all of the services needed by cruise lines. Besides the services of turnaround and shore excursions, they offer port agency and commercial services to the cruise lines, as well (JH, lines 11 – 12). Moreover, the respondents implied that the main cruise ports in Germany, Hamburg, Rostock–Warnemünde, Kiel and Bremerhaven, have all their focus or rather to say main service operated (NC, lines 93 – 94). Hamburg and Kiel are, for example, defined as home ports and thus their main services operated are turnarounds (JH, lines 82 – 83). At Rostock–Warnemünde and the port of Kiel, both services balance each other more or less out (NC, lines 94 – 97 & 110 – 111). Whereby Rostock–Warnemünde markets itself with excursions to Berlin (JH, line 92).

4.1. Client input

The office in Amsterdam serves as the client and simultaneously the executive entity of the present thesis project. Therefore, it is crucial to consider the client’s input concerning their expertise with the entrance to a new market within the company and the current state of the company. A keyword summary of the client’s input can be found in the client memo, in the Appendix X. The input was provided by the manager of the office in Amsterdam, Kim Donkers.

First of all, the client elaborated how the office of Intercruises in Amsterdam has been commenced. The company entered via one of the main suppliers for the services, a bus company based close to Amsterdam, to use their network in order to build up their own network. Besides this, the client

mentioned that the office in Amsterdam had the great benefit of being part of a holding and thus insurances and funding was all provided by them. However, not only the documents needed to start a new office were provided by the holding, a proper guiding, support and reporting system was already implemented in offices at other destinations and thus Intercruises Amsterdam could benefit from this. Intercruises Amsterdam started with just one employee in an office in the passenger terminal of Amsterdam. The employee planned and implemented only turnaround services for the Dutch ocean cruise market at the beginning. The shore excursion services were only added after the third year of existence of the Intercruises office in Amsterdam. According to the client this was due to the fact that turnarounds mainly consist of transfers and hostess services. Those, services are easier to build up than complete tour packages, especially considering the fact that the company entered via a bus company that could already provide all the needed transfer services. In general, he stated though that also in cases of not entering via a bus company the turnaround services are more feasible to enter with, as not as much local expertise and network is needed initially. Another factor was the expected revenue to be gained through the different services. The revenue of turnaround services is considered higher than the revenue generated by shore excursions for a tour operator. The client stated that the average revenue for a turnaround revolves around €30,000 to €35,000 per call date whereas the revenue generated with a shore excursion call is estimated way lower with €15,000 to €20,000 on average. Furthermore, the margin that is calculated with differs for turnarounds with about 20% to 25% and for shore excursions with 10% to 14%. This shows that the turnaround services are in general a more profitable business for a tour operator than the shore excursions.

Regarding the current situation of the office in Amsterdam it can be said from the client's input that the company developed very well in the past years. The office consists meanwhile of three full time employees and a manager for the services offered by Intercruises and two additional brands for destination services and the events and MICE market with another two full time employees. Services are not only carried out for Amsterdam or even the Netherlands, they go as far as Antwerp in Belgium. All services are planned in the office in Amsterdam and carried out in the several ports. This, he explained is very common for tour operators in the cruise industry. Nevertheless, he added that it is still crucial to look at some aspects like centrality and services needed at the several ports, when selecting a location for the planning office. He supports this by stating that, seeing it from a practical and efficient point of view it is helpful to be central to the main ports in order to be more flexible. Moreover, the service aspect, the client backs up by saying that it is easier to start with a homeport, where one ship is regularly calling for its turnarounds, than at a port where you have to win several bids for shore excursions and/or turnaround services immediately at the beginning to make it worthwhile and thus profitable.

5. Desk Research

As an addition to the theoretical framework, conducted field research and client's input the following elaborates on information gathered for a competitor analysis within the frame of a desk research. Even though the conducted field research and the theoretical framework painted an extensive picture of the German ocean cruise market, this competitor analysis was initiated to further substantiate the latter. A specific focus was set on the several locations and services within the German ocean cruise market.

The competitor analysis is split in two different angles, the intra-industry angle on the one hand and the inter-industry angle on the other hand. Both analysis angles are part of competitive dynamics, which in turn is part of strategic management. Especially nowadays, where more and more markets converge and thus some services are offered and implemented across markets, it is of paramount importance to widen the view of competitors from the company's industry, to markets and companies closely related and merging with the own industry. The importance to consider the convergence of markets has already been established in the former literature review by Grundy (2006).

5.1. Intra-industry competitor analysis

The intra-industry angle focuses on the direct competitors for a company, the companies operating in the same industry. They are traditionally considered as the closest competitors for a company, as they mostly entail a high level of resource similarity (Albers & Heuermann, 2012).

The client for the present research, Intercruises, operates as a tour operator in the cruise tourism industry. Moreover, the focus of this research is on entering the German market. Consequently, the subsequent competitor analysis, analyses and compares the already existing and operating tour operators in the German ocean cruise market.

Looking at the German ocean cruise market, four main tour operators can be identified. Namely those are Sartori & Berger, Conference & Touring, VIP Hanse Touring and European Land Excursion Services, also referred to as ELS. In the following analysis these tour operators are analysed based on several aspects that influence the state of the company within the industry. The main focus, however, is set on the location of the head office, the ports operated in and the services offered by the several competitors. Table 5.1. gives a brief summary of the several companies that can be considered as direct competitors for Intercruises in case of entering the German ocean cruise market.

Competitor	Offices	Head-quarter	Estimated scope	Ports	Services	Founded	Employees
Sartori & Berger	13	Kiel	High	Kiel Bremerhaven Brunsbuttel Cuxhaven Hamburg Lübeck Rendsburg Rostock Sassnitz Stade Wilhelmshaven	Shore excursions Turnaround Port agency Staff outsourcing Events	1858	250
Conference & Touring	8	Berlin	Medium to high	Rostock Warnemünde Kiel Hamburg Zurich Berlin Cologne	Shore excursion Turnaround Events	1989	85
VIP Hanse Touring	1	Rostock	Low	Wismar Rostock Warnemünde Stralsund Rügen Greifswald Usedom Flensburg Kiel	Shore Excursion Turnaround	~1998	5
ELS	1	Hamburg	Low	Warnemünde Lübeck Hamburg Kiel Bremerhaven Sassnitz Usedom Flensburg Wismar Sylt	Shore excursion Turnaround	2005	5

Table 5.1. – Intra-industry competitor analysis (own design, 2018)

As can be seen in the summary of direct competitors, all of them provide at least shore excursion and turnaround services to the German ocean cruise market. The experience of implementing these services of the different companies varies from 13 to 160 years. Some of the more experienced competitors even

offer additional services as, for example, events, port agency and staff outsourcing. Moreover, the size of the companies, when looking at the number of employees ranges from 5 up to 250, equally increasing with the applicable years of experience. Therefore, it can be concluded that the more experienced a company is, the more varied the services offered are and consequently the more employees are needed.

The location of the head offices differs for all competitors analysed. However, looking at the ports provided with services, most of them correspond among the different tour operators. Moreover, considering the fact that the competitors do not have offices in all ports they are implementing their services, one can say that the location of the head office or other offices does not influence the implementation of services elsewhere.

The estimated scope that is indicated in table 5.1 is resulting from the size and the years of existence as a tour operator. It gives an estimation of their position within the German ocean cruise market and the scope of their services provided towards this particular industry. Here, it can be seen that two out of the four competitors are estimated to have a medium to high scope of services. They can thus be considered as the industry leaders in the German ocean cruise market. Therefore, the main competitors for Intercruises to be considered are the competitors that scored low on their estimated scope. This is when taking into account that Intercruises enters the market with no years of experience in this particular market and no employees yet.

5.2. Inter-industry competitor analysis

A rather novel but very interesting focus within the competitor analysis is the consideration of the inter-industry angle. This angle implies the consideration of companies from different industries than the industry the analysed company is in. Especially when considering the fact that nowadays more and more markets merge and the borders between the different industries are getting very thin, it becomes crucial to pay particular attention to the inter-industry angle as an addition to the intra-industry angle (Albers & Heuermann, 2012). Those inter-industry competitors are also referred to as peripheral competitors among theorists (Chen et al., 2007). In contrast to the intra-industry focus, the level of resource similarity can be considered rather low when it comes to the inter-industry focusses. Consequently, the degree of awareness of actions of peripherals is simultaneously low (Albers & Heuermann, 2012).

When looking at the thesis project at hand, it is crucial to analyse the potential competition of German tour operators outside of the specific ocean cruise tourism market. One of the main players that is interesting to look at in that regards, are the tour operators focused on the river cruise tourism market. In many aspects this market is closely related to the ocean cruise tourism market and are both in the same industry. One might say that, traditionally, the ocean cruise market has a rather younger target group. However, looking at the recently published cruise industry outlook 2018, the Cruise Lines International Association, also commonly referred to as CLIA (2017), predicted a continuous growth of millennials taking a river cruise for the upcoming years. Moreover, the higher value received during a river cruise, due to the fact, that you have less people and more space adds up to the fact that the river cruise tourism market is turning into a great competitor for the ocean cruise tourism market (McCarthy, 2017). As the markets are still closely related mostly the same competitors can be considered. Sartori & Berger and Conference & Touring, for example, offer their services to both the ocean and river cruise market. This supports the earlier mentioned statement that markets and industries converge more and more. The fact that those competitors offer services for both markets makes them an even greater competitor for a potential new entrant, due to the fact that it indicates a greater network within the cruise

industry and a lot of expertise. For an overview of the services and implementation ports of these competitors, one can refer to table 5.1.

Widening the view on external competitors outside of the cruise industry, all tour operators offering shore excursion or turnaround service in the German tourism industry can be considered as a potential competitor. This consequently widens the pool of competitors for a new entrant significantly. However, due to the earlier elaborated lucrativeness of the German ocean cruise market, the tour operators operating in this industry are rather a competitor to the tour operators outside of the industry than the other way around.

6. Comparison of results

Looking back at the results gathered through the different tools of field and desk research, it can be said that similarities were found that support or complement each other. However, the desk research was initiated in order to further substantiate the field research results with supplementary background information. Thus, some information collected through this additional tool emerged only at this later point of the research.

Overall, one aspect that was discussed in all parts of the research was the independency of the production location for the services to their final implementation. During the interviews within the field research it has become clear that employees from a tour operator office travel to the several ports in order to implement the services. This was supported by the client's input, who backed this statement by elaborating on the production and implementation in the office of Amsterdam. Services are planned and produced in the office in Amsterdam and implemented as far as Belgium. This is done personally by one of the staff members. Lastly, the intra-industry analysis showed that the competitors already operating in the German ocean cruise market as a tour operator, do not have offices at all locations they implement their services. Therefore, it can be concluded that the service implementation does not necessarily have to take place at the same place where the production location is situated.

Moreover, the importance of the consideration of both the intra- and inter-industry competitor analysis has already been stressed by one of the respondents during the interviews. He stated that the growth of the German ocean cruise market influences not only direct competitors but also tour operators outside of the cruise industry. This has been picked up then in the competitor analysis by considering both, direct and indirect competitors in the German tourism industry.

Additional information that was gathered through the desk research, was the in-depth information about the competitors. The competitors already existing in the market were mentioned by the respondents, however their services and size was not elaborated upon. Thus, the desk research substantiated the respondent's statements with supplementary background information.

7. Discussion of usability, validity and reliability

Every research entails a certain risk of errors. In order to determine the type and the influence of these errors to the outcomes, it is crucial to analyse the research's reliability, validity and ultimately the usability within the specific industry.

7.1. Reliability

The reliability of a research indicates the extent to which a research is free of so called random errors. Examples for these random errors can be respondents not knowing an answer to a question, distraction during the implementation of the research or the tape used to measure is slightly elastic (Verhoeven, 2015). The assessment of random errors shows to what extent the research is replicable and can be considered as part of the external reliability of a research. However, within qualitative research in particular the replicability of the research is also commonly referred to as confirmability, consistency or dependability of the research. This is due to the fact, that phenomena within a qualitative research are mostly too complex to be replicable to another time, by another researcher or using other subjects (Ritchie & Lewis, 2003).

The research at hand faced some of the latter mentioned random errors that influenced its reliability. First of all, some of the respondents did not know the answer to questions, since they either did not have the expertise in the specific part of the industry or they refused to answer it, because they would give away too valuable internal process information. For instance, one of the respondents was a tour operator for ocean cruise ships in Germany and did not want to give away the information of knowledge needed to enter the market, as this might be information a potential competitor could use to enter the market. This lowered the level of reliability of the research, as important and expected information was missed out on. Moreover, the tool to conduct all four interviews was the mobile phone or landline. This is insofar influential to the reliability of the research, that there were some disruptions in the phone reception, which influenced the flow of the interview. In addition to that, this tool did not provide the researcher with the chance of conducting the interviews face-to-face. This could have increased the accuracy, as it adds a more appropriate reaction to the non-verbal communication from both sides.

Even though there were seemingly quite some random errors involved in the present research, a lot has been done in order to restrict the occurrence of some random errors throughout the research. As a basis all interviews were built up on the same basic structure, the same interview guide. Here it is crucial to mention though, that the questions were not always stated exactly the same in all interviews. They were adjusted towards the specific and unique situation of each and every interview. Moreover, notes were taken during and after the interviews, for the purpose of adjusting and improving the conduction of interviews in the subsequent research. The research at hand made use of triangulation in order to improve its reliability, as well. Triangulation in the sense of a variation of subjects and thus perspectives, but also in the sense of adding an additional desk research to the field research part. Both of these triangulation factors added more angles and perspectives to the research and therefore made it more reliable. The decision to add an additional desk research was made after having conducted the first two interviews. There, it has been established that an additional desk research would substantiate the results from the field research.

Overall, the reliability of the present research can be established as acceptable. Even though random errors occurred and threatened the reliability of the research, actions have been taken to, in turn, enhance the reliability again.

7.2. Validity

The validity determines the accuracy of the research results gathered. This is done by establishing the extent to which the research is free of systematic errors. Those errors can be mainly influenced by the measurement instruments and the research group. The respondents could, for example, deliberately give wrong answers or answers that they think are expected from them to be given. Validity can be split into internal, external and construct validity. The internal validity of a research determines to what extent the conclusions can be upheld and withstand the criticism of other researchers. It can be jeopardized by several factors. One of these factors is mortality and it indicates the extent of drop outs. For instance, if respondents already agreed to an interview, but halfway through they cannot or do not want to take part anymore. The external validity inquiries whether the sample chosen is a correct reflection of the population. A right selection of sample makes it possible to generalize the research results. However, it has to be mentioned that if the external validity of a research is rather low, it does not indicate that the results have no value. External validity is mainly applicable for quantitative research. Lastly, the construct validity examines whether the research measures, what was intended to be measured. This is, again, mainly influenced by the measurement instruments. If the questions posed are badly formulated, for example, it threatens the construct validity of the research (Verhoeven, 2015).

Throughout the present research, some systematic errors have been experienced that, in the end, influenced its validity. First of all, the internal validity has been jeopardized by mortality mainly. The amount of interviews conducted is rather low with four interviews in total. This is caused by drop outs in particular. Several potential interviewees have been contacted already early on in the project. They have been outlined the topic and the interview process. After agreeing on taking part, they have been sent several updates on the actual time of conducting the interviews. Between the initial contact and the interviews was a time frame of approximately three months and during that time, more than half of the interviewees dropped out due to several reasons. Some argued that after thinking about it more in depth, they do not think they can provide sufficient or useful information, others did not have the time anymore to participate as a respondent and others did not react anymore at all. Consequently, it has been decided to widen the initial criteria set for the interviewees and collect information from various perspectives. Thus, despite the threat of mortality in this research the internal validity has been partly retrieved through this act. Moreover, the external validity of this research is low or rather not existent, since the research results are not generalizable. This is due to the fact, that the results are aimed at and based on a specific client. However, as indicated earlier, this does not necessarily have to be the case in qualitative research and is rather applicable for quantitative research (Verhoeven, 2015). The construct validity of this research has also been threatened by some systematic errors. Some of these errors can be identified in the results for the field research, as not all intended results have been gathered. With the first search question, for instance, results that were gathered were focused solely on the service aspect and nothing was found on the locations in the German ocean cruise market. This can be justified with the fact that the buying power in the German ocean cruise market is not necessarily location bound and considered equally high throughout the whole industry.

Furthermore, even though the interviewer is originally from Germany and all interviews have been conducted in German, the language barrier played a significantly influencing role for the construct validity of this research. This is due to the fact that the researcher has been living in the Netherlands for five years and worked and studied in English for that time. Although the interview has been translated and tested various times, during the interview the lack of finding the right words can be determined a few times. This lead to questions that have been posed badly and thus caused misunderstandings. However, this has been counteracted by explaining the question in different ways and supported by the understanding of the respondents. In addition to this, the client's input and a desk research have been added to the research in order to make up for the lacking information gathered via the interviews.

All in all, one can say that the validity has been threatened by some systematic errors throughout the research, however actions have been taken straight away and thus the validity of this research can be considered adequate.

7.3. Usability

As the word indicates already, the usability of a research determines to what extent the research findings are useable. The usability of a research can be threatened by the sample not being representative enough or the tool used to conduct the interviews. On the other hand, it can be enhanced by including the client for the specific research along all steps of the way. This assures, that the information gathered is always tailored to the client's expectations and furthermore the client can provide experts, since he might have an extensive network in the required field. Even if the reliability and validity of the research are not high, the usability can still prove to be significant (Verhoeven, 2015).

The usability of this research can be considered as high. Despite the experienced random and systematic errors, the adjustments and additions along the way gave sufficient input to formulate a useful advice for the client. This is mainly caused by the extensive inclusion of the client. Throughout the project at hand, the client contributed a lot of input and expertise himself and provided his network for expert interviews.

Thus, the advice will give the client a clear and useful outline of the services with which InterCruises should enter the German ocean cruise market initially and also provides an advisable location to enter at.

8. Conclusions

The following elaborates on the conclusions to the initially stated central research questions, based on the insights gathered through the field and desk research. The input from the theory for the established central research questions are based on a combination of all three models elaborated, Porter (1979), Grundy (2006) and Ekeledo and Sivakumar (1998). Through this, a basis and further input for the final advice to the client is created.

8.1. What are the most important opportunities and threats to establish the most attractive services and locations within the German ocean cruise market, according to Porter?

The results gathered throughout the field and desk research regarding the threats and opportunities to establish the most attractive services and locations within the German ocean cruise market, were held rather general with no specific focus on the services and locations. Nevertheless, they can be partly applied to the services and locations within the German ocean cruise market in particular. Moreover, parts of the models from the theory can be used to substantiate the results gathered.

Unspecified to the services and locations in the German ocean cruise market it has been concluded by the respondents that the market is rather easy to enter when looking at the entry requirements. Despite own equity and insurances, there are no specific laws, licenses or regulations to be considered.

Besides this, one of the topics discussed widely among the respondents for the interviews was the resistance. Two angles were mentioned in this regards. On the one hand they discussed the resistance by the locals, which was considered high. Locals are getting more and more annoyed by the tourists flooding their cities, some cities even start implementing restrictions towards the incoming tourists in order to lower this impact. Thus, the resistance of the locals can currently be considered as a threat for a new entrant. The aspect of threat of new entrants has already been established by Porter (1979) and Grundy (2006) more in depth. On the other hand, the resistance of the local businesses was assessed rather low. This factor is part of the host country factors within the model of Ekeledo and Sivakumar (1998) and can be connected to the competitive rivalry of Porter (1979) and Grundy (2006). For the businesses it partly does not matter with whom they work together and they are open for new companies and players in the market and moreover, it is a very economically beneficial business for them. Consequently, the resistance of the local businesses can be considered as an opportunity for a new entrant to the market. Through this the competitive rivalry (Porter 1979; Grundy, 2006) is increasing, since it becomes easier to establish a new office in the German ocean cruise market.

Another opportunity for a new entrant as a tour operator in the cruise market in general is, that the services produced are independent of the location of implementation. This has not only been mentioned by the respondents but also by the client himself. Additionally, it emerged from the conducted competitor analysis, which supports the importance of this opportunity. This can be seen as an opportunity, as a new entrant can start with a low level of involvement by only opening an office at one location but implementing services at multiple locations. However, looking back at the client's input, he mentioned that it is crucial to look at the centrality of the office and the services offered at that particular location. Even though the services are independent of their production location, it can be concluded that it is more practical and efficient to be as central as possible to most other main ports. This becomes especially important when starting on a low level of involvement.

Regarding the services, a tour operator offers to the cruise lines in the German ocean cruise market, it can be seen as a threat but also opportunity, that they are very similar and thus have a high level of substitution. Even though it has been established as a threat by Porter (1979) and Grundy (2006), it could be seen as an opportunity for a new entrant into the market, as tour operators are thus considered to be easy replaceable. This has been stated by one of the respondents during the interviews conducted. Moreover, services are put out for bid on a regular basis, which again gives the entrant the opportunity to win services of competitors already existing in the market. On the other hand, the substitution of these services require the new entrant to contrast with the services offered in either quality or prices in order to keep up with the competition. This supports the theory of Porter (1979) and Grundy (2006) that the substitute products create a threat to a new entrant into a foreign market.

In addition to that, the profitability of the services can be considered as an opportunity. As outlined by the client for the client's input, the profit generated through the turnaround services is way higher than with shore excursions. However, it can still be considered profitable to provide shore excursion services. Thus, a conclusion can be drawn that the profitability of implementing turnaround services is more profitable than shore excursion. Moreover, the feasibility of implementing the services has been assessed disparate by the client. Hence, it can be concluded that turnaround services are more feasible to implement initially than shore excursion services.

In general, the elaborated lucrativeness of the German ocean cruise market at the moment, can be considered as a threat to a new entrant. This situation is drawing attention not only to other tour operators within the ocean cruise market worldwide, but also to operators outside of the specific market. It widens the already existing competitors with a new group of potential competitors.

All in all, it can be said that there are some threats that have to be considered when entering the German ocean cruise market. However, there are also quite some opportunities that in the end overweigh the threats.

8.2. How are the competitors positioned in the German ocean cruise market?"

The competitors in the German ocean cruise market have been discussed by some of the respondents during the field research and have been elaborated more up on in the additional competitor analysis within the frame of a desk research.

According to the respondents in the interviews four main tour operators can be defined within the market. Those tour operators can simultaneously be considered as a threat to a new entrant, as discussed in the latter. The already existing tour operators are covering all services needed for the German ocean cruise market already, as can be seen on the basis of the interviews but also on the desk research. Moreover, the earlier defined four main ocean cruise ports, Hamburg, Bremerhaven, Rostock–Warnemünde and Kiel, are all covered by the services of the main tour operators. Nevertheless, competition among those tour operators is considered to be rather high and services are never sure in the hands of one tour operator, as they are put out for bid for other tour operators on a regular basis. Thus, this can also be seen as an opportunity for new entrants, as they might be able to win services through this bidding process. Moreover, a factor that has been established within the competitor analysis that play a role when looking at the competitors, are the years of experiences within the market and the size of the competitor.

Generally, it can be said that the already existing competitors in the German ocean cruise market are very well-positioned and already cover all the services needed within the market. However, there are some opportunities for a new entrant to generate market share and gain recognition in the market.

9. Advice – Market Entry Plan

Based on the conclusions drawn, an advice can be given to the client, Intercruises. This advice proposes an answer to the initially stated management question: “Which **local market** and with which **services** could Intercruises enter the German ocean cruise market initially?”. The objective of the advice is to establish a market entry plan for the entrance in the German ocean cruise market in order to strive at becoming the leading provider of shoreside and port services worldwide. It is crucial to base the advice also on the current status the company is in, to make it more feasible and realistic. Therefore, a SWOT analysis has been conducted. Furthermore, the market entry plan consists of an advice concerning the location or the local market and the services with which the market should be entered. To provide a proper and substantiated advice to Intercruises, it is crucial to weigh up all possible alternatives. This assessment of alternatives results in a best possible solution, indicating which selections with regards to the location and services are recommended to be initially implemented. In order to measure the performance of the implementation of this best possible solution, Critical Success Factors, also referred to as CSF's, are indicated (Kanji & Tambi, 1999). The set CSF's are supported by Key Performance Indicators, KPI's, and set targets that are aimed to be reached. Moreover, for the chosen best possible solution a thorough plan of action is outlined in the frame of a PDCA cycle (Moen, 2006). Finally, the expected applicable costs are outlined and substantiated within the financial implications.

9.1. SWOT analysis

The SWOT analysis is commonly used by businesses to avoid the pitfall of under- or overestimating the current state or rather the reality of the company within the specific industry. SWOT is an acronym that stands for strengths, weaknesses, opportunities and threats. According to the article of Lawrence G. Fine (2009) strengths are defined that could overcome the weaknesses and opportunities that could overcome the threats consequently. The importance of considering the company's strengths and weaknesses has already been stressed in the model of Ekeledo and Sivakumar (1998) in their internal environment factors. The weaknesses and opportunities when it comes to entering the German ocean cruise market, were discussed in the latter conclusion already. However, they are more substantiated and supported in the subsequent.

The SWOT analysis for the present advice is based on the field and desk research conducted in the previous chapters. The different subjects within the SWOT analysis are aimed at Intercruises' entrance into the German ocean cruise market. Therefore, the insights already collected regarding the threats and opportunities, for example, are taken into account and implemented towards the client.

Strengths	Weaknesses
<ul style="list-style-type: none">- Part of a holding- Experiences in cruise markets worldwide- Expertise in opening up new offices	<ul style="list-style-type: none">- Network in Germany- Expertise in Germany specific services
Opportunities	Threats
<ul style="list-style-type: none">- Profitability- Resistance of local businesses- Independency of services from location- Lucrative market	<ul style="list-style-type: none">- Competitors in the market- Lucrative market- Resistance of locals

Table 9.1 – SWOT analysis (own design, 2018)

Strengths

Looking at the strengths that can be identified with Intercruises as a company, it becomes clear that a lot is already existent that is needed as a basis for starting a new office at a foreign destination. This is mainly because Intercruises is part of a holding that provides various services all over the globe. Thus, basic requirements like for example insurances and capital are provided by the holding, covering worldwide services. Moreover, Intercruises has collected experiences in several different cruise markets by implementing various offices globally focused on the shoreside and port services for ocean cruise ships. This has also yielded an extensive range of expertise to the company in implementing new offices in new destinations. These aspects are considered as a strength when looking at the market entry into the German ocean cruise market, as the company is already well equipped for a lot of potentially occurring risks along the way.

Weaknesses

In contrast to the strengths of Intercruises when it comes to entering the German ocean cruise market, some weaknesses can be identified, as well. Here, the lack of expertise in the specific destination of Germany plays a significant role. This is when looking at the missing network within Germany when it comes to suppliers and clients in particular. Even though Intercruises is already working with and for some German clients in other destinations, all parties have to be made aware of the relaunched operations of Intercruises in the German ocean cruise destination. Therefore, it can be concluded that the process of raising awareness for Intercruises' activity in the German ocean cruise market might be easier, as the contacts to German clients are already established. However, the lack of network still indicates that Intercruises has to build up a whole new network of suppliers in Germany from square one. This is particularly important with regards to location specific services. Those specific services are venues like, for instance, restaurants or attractions that are especially important with shore excursion services.

Opportunities

The most distinct opportunity is the steady profitability when it comes to the turnaround and shore excursion services. This has been established by the client from his experience in the ocean cruise market in general or more specific in the office of Amsterdam. Moreover, the current development of the industry supports the latter, as a tremendous growth was established. Furthermore, the resistance of the local businesses has been assessed low by the respondents in the field research part and thus can be considered as an opportunity for the client. This is because, even though Intercruises does not have a network in the German ocean cruise industry yet, they will certainly face less challenges building up a relationship with local businesses considering the low local resistance shown. In addition to that, the independence of the services from their production location eases the initial implementation of a new office and thus creates another opportunity for Intercruises. This is due to the fact that it creates more flexibility when building up a client circle and accepting bids from different locations. Lastly, the current lucrativeness of the German ocean cruise market holds a great opportunity and simultaneously was the original reason of Intercruises to initiate this particular project.

Threats

Threats that could potentially influence the entrance of Intercruises into the German ocean cruise market are closely related to the latter elaborated opportunities. The lucrativeness that has just been elaborated in the opportunities, for example, can also be seen as a threat, as it attracts the attention of more potential competitors that also plan on entering the German market. However, not only the potential competitors play a role when it comes to the threats. Intercruises has to consider the already established and existing competitors in the German ocean cruise industry, as well. They have already built up their network of suppliers and clients and additionally they have expertise and experiences with the German ocean cruise processes. Besides this, as opposed to the resistance of local business that was considered rather low in the opportunities, the resistance of the local residents can be considered rather high. Residents get displeased by the ever increasing amount of tourists coming from cruise ships and flooding their city centres. This might influence Intercruises as a threat when entering the German ocean cruise market, when new regulations are set up in order to protect the local residents. One example for this would be Amsterdam, where this situation already occurred. The city came up with new regulations that are supposed to free the city from the flood of tourists they are currently experiencing. The regulation forbids tour busses in the city centre and on top of that only guided groups up to twenty tourists maximum (Own experience, 2018).

Conclusion

Initially it was stated by Fine (2009), that strengths defined in the SWOT analysis should overcome the weaknesses and opportunities should overcome the threats. It can be concluded that in the case of Intercruises when looking at their entrance into the German ocean cruise market they succeed with overcoming both subjects. Even though there are some weaknesses and threats that Intercruises has to be aware of and certainly keep in mind, they are a very strong company facing some great opportunities when implementing it the right way.

9.2. Assessment of alternatives and best possible solution

The choice of a location and the level of involvement in form of the scope of services offered initially, has been based on the theory of Ekeledo and Sivakumar (1998). This is due to the fact that the services of turnaround and shore excursions are considered hard services and thus both steps have to be taken when entering a foreign market. Concerning the location, the options range from Hamburg, Bremerhaven, Rostock–Warnemünde to Kiel. Regarding the services, it can be selected between shore excursion and turnaround services. Initially it was indicated that the choice might range from one to multiple services, however it has been concluded that it is advisable to start with only one service from the input of the client and the example case of the office in Amsterdam therein.

In order to assess the most suitable location and service for Intercruises to enter the German ocean cruise market with, the different options have been weighed up and scored based on several aspects. Those aspects are drawn from the results of the latter desk and field research. Concerning the choice of location, it has been concluded that the implementation of services is independent of its production location. However, there are aspects that can influence the decision for the right location to start a new office of Intercruises. One aspect that needs to be considered is the centrality of the location to other main ports. This is particularly important when looking at the practicality with regards to how to get to the implementation of a service, especially at the beginning of a new tour operator office. The other

aspect that needs to be considered is the service variety at the different locations. Regarding the advised service to enter the market with initially, it is crucial to look at their profitability and feasibility. All of these aspects are scored and contrasted in Table 9.2 and 9.3. The scoring ranges from 1 to 5, whereby 1 implies the lowest and 5 the highest score possible. Considering the fact that both alternatives are assessed based on two criteria, this results in a total score possible for both, locations and services, of 10 points.

PORTS	Hamburg	Bremerhaven	Rostock- Warnemünde	Kiel
Centrality	5	2	2	4
Service Variety	4	2	3	4
TOTAL	9	4	5	8

Table 9.2 – Scoring of port alternatives (own design, 2018)

As can be seen in the comparison of the several ports in Germany that were up for choice, the ports in Kiel and Hamburg scored rather high whereas the ports in Bremerhaven and Rostock-Warnemünde scored rather low. With a total of only 4 and 5 points out of 10, the latter two ports can be excluded from the selection process. The remaining two ports of Kiel and Hamburg only differentiate with one point in the centrality of the location. This is due to the fact that the port of Kiel is further away from the other main ports than Hamburg. Regarding the services, the two ports are very similar and both considered as home ports and thus mainly turnaround ports. Furthermore, they have both been described as ports that offer shore excursions services additionally.

SERVICES	Shore excursion	Turnaround
Profitability	3	4
Feasibility	3	5
TOTAL	6	9

Table 9.3 – Scoring of service alternatives (own design, 2018)

Looking at the two services in comparison, a fairly high gap can be determined in the total points scored. The profitability and feasibility of shore excursion services is scored equally average with a score of 3 points each. In contrast, turnaround services scored above average for both aspects examined. Regarding its feasibility, the service even scored the maximum points. Overall this leads to a total of 9 out of 10 possible points for turnaround services, compared to a total of 6 out of 10 points for shore excursion services.

Therefore, the best possible solution for InterCruises to enter the German ocean cruise market with initially is the provision of turnaround services with an office set up in Hamburg. Besides the planning of implementation that will be further elaborated in the subsequent chapter, it is crucial to set certain performance goals. Therefore, the tool of Critical Success Factors is applied. CSF's are a tool to measure the performance of a change implementation and can be built on several research tools, like for example environment scanning, industry structure analysis and opinions of experts (Leidecker & Bruno, 1984). The following determination of CSF's with regards to the project at hand, is built up on the preceding field and desk research. Table 9.4 sums up the set CSF's and indicates the applicable Key Performance Indicators, KPI's, and targets set. The time frame set to assess the successful implementation is one year.

Critical success factor	Key performance indicator	Target
Generation of turnaround clients	Number of clients won	1
Profit margin	% gross profit	20 %
Increase of brand awareness	% of increase	40 %

Table 9.4 – Critical Success Factors (own design, 2018)

The first Critical Success Factor indicates the number of turnaround clients won in the first year. Looking back at the strengths of Intercruises and their experiences and network already established with German clients in other locations, it appears to be realistic to win the bid for one turnaround client in the first year. Moreover, based on the input of the client it has been established that a profit margin for the turnaround services offered to this one generated client amount to 20%. This has been purposely kept with the minimum mentioned by the client, as it increases the chances of winning a client and it is still feasible for Intercruises. Lastly, the increase of the brand awareness of Intercruises in the destination of Germany is considered a CSF. Intercruises already has a network and relationship with several German clients in other destinations. However, in Germany they would need to build up their network and brand awareness almost from the beginning. Therefore, a realistic target to reach for Intercruises' increase of brand awareness in the first year is considered 40%.

9.3. Implementation

The implementation of the advice and simultaneously the plan towards realizing the previously elaborated CSF's of the present thesis is split up into several concrete actions. Those actions are oriented towards the PDCA cycle. It is crucial to plan the implementation of the best possible solution thoroughly and in-depth in order to avoid unexpected challenges along the way. The four steps of the PDCA cycle, plan, do, check and act, provide a framework wherein all actions to be considered, are elaborated. Moreover, people and resources needed for the several actions are determined.

Plan

The step of planning within the PDCA cycle concerns the thorough analysis of the current situation of the company. In case of the present market plan, it is additionally crucial to conduct a destination analysis of the destination to be entered. It has been concluded in the client's input and the company's SWOT analysis, that Intercruises is currently in a very strong place and shows a lot of expertise and experiences in the global ocean cruise industry but also in entering new markets. Moreover, the fact that the company is part of a holding, provides the market entrance with global arrangements for insurances and the like. Besides this, the ocean cruise destination Germany is currently experiencing an enormous growth and a consequently high level of lucrativeness and thus creates a great opportunity for Intercruises to grow. This potential growth would support the vision of Intercruises Shoreside & Port services of striving to be the leading provider of shoreside and port services.

Do

The next phase within the PDCA cycle includes the specific steps that have to be taken in order to successfully implement the entrance into the German ocean cruise market by Intercruises. They are

established in their order of appearance. However, there is some room for flexibility and it might be that some steps overlap, dependant on the process of implementation.

Time indication	Steps	People	Resources
4 weeks	Recruiting	Intercruises AMS	<ul style="list-style-type: none"> – Internally – Recruitment webpages
2 weeks	Request documents/insurances	Intercruises AMS Employee Germany	<ul style="list-style-type: none"> – Holding – Legal department
2 weeks	Rent an office in Hamburg	Employee Germany	<ul style="list-style-type: none"> – Rental Agency Hamburg – Legal department – Financial department
6 weeks	Connect with main suppliers	Employee Germany	<ul style="list-style-type: none"> – Agencies
2 weeks	Connect with ports	Employee Germany	<ul style="list-style-type: none"> – Main ports Germany
8 weeks	Build up services	Employee Germany	<ul style="list-style-type: none"> – Input already existing offices Intercruises
12 weeks	Connect with potential clients	Employee Germany	<ul style="list-style-type: none"> – Already existing network – Build up new network

Table 9.5 – Implementation steps (own design, 2018)

The starting point for the implementation of the market entry plan for Intercruises is to recruit an employee for the new office in Germany. This is planned to be done by the office of Intercruises in Amsterdam and is estimated to take four weeks in total. As elaborated in the previous, the office in Amsterdam serves as the executive entity for this project. Aspects that have to be considered here are, that the new employee has experiences and expertise in the ocean cruise industry and in best case scenario also experiences with the processes of Intercruises. In order to find a suitable candidate for this position, the resources of internal and external tender are used. Several recruitment webpages can be considered for this, like for example LinkedIn (LinkedIn Corporation, 2018). As soon as a suitable candidate has been recruited, the necessary documents, like for example insurances are requested by the new employee in close collaboration with the Intercruises Amsterdam office, which is predicted to take two weeks. This is important, since the office in Amsterdam already has the experience of whom to contact specifically within the holding. Within this step the resource is the holding and more specifically the legal department. After all legally required documents are requested for the entrance, the focus will be shifted towards the rent of an office in Hamburg, Germany. Here, it is of paramount importance to report back to the legal and financial department of the holding, to make sure that no legal terms are harmed and that the rental costs of the new office are within the given budget. Besides these two departments a well-chosen local rental agency has to be included to make sure that all steps in renting a new office are considered and properly implemented. The search for a new office is estimated to take

2 weeks. Alongside, the employee can start reaching out to the main suppliers for turnaround services. Those are bus, guide and hostess agencies. Negotiations can be started concerning the required services. **As this step is very crucial, six weeks are predicted at least to establish a good contact.** In regards to this, it is crucial to consider the financial implications, elaborated in the consequent paragraph, in order to ensure a profitable business for Intercruises. Moreover, one entity that has to be made aware of the new activities of Intercruises in the German ocean cruise market are the main ocean cruise ports, **which is reckoned to take about two weeks.** Based on the agreements with the acquired service providers, the employee can start on building up the services needed. This is, again, done in close collaboration with the office in Amsterdam in order to maintain Intercruises' standards and make use of their expertise and experiences. **As this step will decide whether Intercruises will succeed or fail in the German ocean cruise market, it is essential to take at least eight weeks for a proper and thorough planning.** After all services have been thoroughly planned they can go out for bids in the German ocean cruise market. For this it is essential to network with the already existing relationships with German clients from other destinations, but also with potential new clients. This can be done best at tourism trade fairs, like the ITB in Berlin, Germany or the Seatrade in Miami, America. **It takes time to build up new relationships, but also to build up on already existing relationships. Therefore, three months are considered to reach out to all potential clients.**

Check

During the phase of checking it has to be elaborated whether there are any gaps in the process of implementation. This is done with the help of the employees in the office of Amsterdam. Together with the employee in Germany, the services are analysed and examined whether they are all properly thought through and feasible for implementation. It is crucial to include the office of Amsterdam again in this step, as they serve as a guiding entity in order to follow the company's value of delivering consistent services, regardless of location, scope or circumstances. After this has been approved, the process can go in its final phase.

Act

The final phase of the PDCA cycle is the "act" phase. Herein, the services are implemented with the one client for turnaround services, that has been determined in the CSF's. In best case scenario everything is going well and there are no improvement points. However, it is always crucial to regularly go through all phases again and adjust the services towards the experiences made and react to possible improvement points. This assures a continuous improvement of services and allows the client to stay ahead of the competition.

9.4. Financial implications

A change or expansion of a company is always accompanied by a certain degree of costs. The final costs involved in the present project are dependent on the chosen advice option. In this case this is the entry of the German ocean cruise market by Intercruises with the initial service of turnarounds only, located in Hamburg as elaborated up on in the previous. In order to determine the feasibility for Intercruises with the chosen advice, the following will outline an extensive analysis of costs and revenue for the first year. Moreover, it will give a rough outlook to the subsequent two years of implementation. It is visualized in an overview that can be found in Appendix XI. The financial implications are mainly based on the facts

and experiences in the office in Amsterdam. However, some location dependant prices have been researched via a brief desk research.

The analysis starts with the revenue that can be expected. In general, it is split up in the revenue made with the turnaround services and the kickback. Due to the fact, that one is looking at the month by month finances for the first year the kickback for the first year amounts to 0 for all months. Kickback is a revenue that is only received, earliest, in the second year of operations. This is because kickback depends on the visitors brought to a venue over a year, for example. The turnaround revenue is based first of all, on the experiences in Amsterdam, but second of all it is based on the amount of calls of one specific ship selected that is calling the chosen location for the new office of Intercruises in this advice. The ocean cruise ship selected is a ship of AIDA Cruises, more specifically the AIDAperla. Intercruises is already implementing services for that particular ship in Southampton and Rotterdam. Therefore, they have the applicable expertise and experience to make this selection justified and realistic. In order to determine the expected turnaround revenues, it has been estimated with an average revenue of €30,000 (K. Donkers, personal communication, March 5, 2018). Moreover, all call dates in Hamburg have been added up to a total of 36 (Port of Hamburg, 2018). This adds up to the respective turnaround revenue amounts in Appendix XI. One can determine that the months 1, 2 and 12 are left empty. This is caused by the fact that AIDAperla is not calling Hamburg during those months and consequently no revenue can be expected in those months. This gives the revenue a certain unsteadiness which underlines the seasonality of the industry.

Next, the costs are listed, whereby the main and only cost factor that has to be taken into consideration are the costs for the several agencies needed in order to implement the turnaround services. Those agencies are guide-, hostess- and bus providers. The costs are based on the expected margin of around 20% per call date (K. Donkers, personal communication, March 5, 2018). Those agency costs are also based on the call dates and thus eliminate costs for the 1st, 2nd and 12th month. Subsequently the expenses are listed that Intercruises would have to expect when entering the German ocean cruise market with the turnaround services and an office in Hamburg. The first expense is the salary for the employee. It is based up on one employee for the start and on the local salary levels (AOK, 2018). A further outline of the salary can be found in an overview in table 9.6.

Details		
Your AOK	AOK Rheinland/Hamburg	
Month of calculation	March	
Tax class	IV	
Child allowance	0,0	
Church tax	Yes, Hamburg	
Place of employment	Hamburg	
Premium supplement to the nursing care insurance	Yes	
Employee		
	Month	Year
Gross salary	2.000,00 €	24.000,00 €
Income tax	183,00 €	2.196,00 €
Church tax	16,47 €	197,64 €

Solidarity surcharge	10,06 €	120,78 €
Tax total	209,53 €	2.514,42 €
Pension insurance	186,00 €	2.232,00 €
Unemployment insurance	30,00 €	360,00 €
Health insurance	146,00 €	1.752,00 €
Additional contribution	28,00 €	336,00 €
Nursing care insurance	30,50 €	366,00 €
Social security contributions	420,50 €	5.046,00 €
Net salary	1.369,97 €	16.439,58 €
Employer		
	Month	Year
Gross salary	2.000,00 €	24.000,00 €
Pension insurance	186,00 €	2.232,00 €
Unemployment insurance	30,00 €	360,00 €
Health insurance	146,00 €	1.752,00 €
Nursing care insurance	25,50 €	306,00 €
Social security contributions	387,50 €	4.650,00 €
Employer liability	2.387,50 €	28.650,00 €

Table 9.6 – Salary composition (AOK, 2018)

The rental fee for the new office is based on local rates, as well (Statista, 2017). For the office a size of 100 square meter is calculated for the start. The composition of the rental fee for the office in Hamburg can be found in table 9.7. For the interior of the office, office supplies and information technology such as telephone and internet have been considered and calculated based on the experiences in the office in Amsterdam (K. Donkers, personal communication, March 5, 2018). The car lease has been based on these experiences, as well.

city	Hamburg	
renal costs average	15,2	
square meters	100	
net rent	1.520 €	1.520 €
additional costs/square meter	4 €	
sum additional costs	400 €	400 €
monthly rental fee		1.920 €
annual rental fee		23.040 €

Table 9.7 – Office rental composition (own design, 2018)

The latter outlined expenses have all been spread among the months of the initial year of implementation equally, since they can be considered as monthly occurring expenses. The expenses of acquisition though are rather irregularly occurring. They have been spread over the months based on the dates of the most important tourism trade fairs that have been considered as a crucial networking step in the latter PDCA cycle. Moreover, some additional expenses have been estimated to visit clients and acquire new clients. Lastly, the joining of a tourism association in Germany has been considered as an expense. For the purpose of these financial implications the “DRV” served as an example (DRV, 2018).

The cash flow is finalized with the consideration of depreciation and taxes. The depreciation is applied to the furniture, telephone and computer system purchased for the office. A composition of these investments can be found in table 9.8. The numbers are an estimation based on the experience of the office in Amsterdam (K. Donkers, personal communication, March 5, 2018).

investments	Amount
office	
furniture	7.500,00 €
telephone system	1.000,00 €
computer system	5.000,00 €
Total	13.500,00 €

Table 9.8 – Investments (own design, 2018)

The taxes are calculated with the local amounts and give thus a realistic overview of what InterCruises would have to expect in paying (N-Heydorn, 2018). A composition of these taxes can be found in table 9.9.

		LTD	FY2018
Revenue		149.993,00	
Corporate tax	15,00%	-22.498,95	
Solidarity surcharge	5,50%	-1.237,44	
Trade tax			
Trade income		149.993,00	
Tax allowance for partnership	24.500,00	-	
Basic federal rate	3,50%	5.249,76	
Trade tax city of Hamburg	470,00%	-24.673,85	
Tax total		48.410,24	

Table 9.9 – Tax calculation (own design, 2018)

Lastly, the forecast to the subsequent two years has been calculated with a factor. For the first subsequent year this factor was set at 1.1 and for the second year at 1.2. This is due to the fact, that an increase in revenue and simultaneously in the costs and expenses is expected after a substantial network and basis has been built up in the German ocean cruise market. The applicable amounts can be found in Appendix XI.

9.5. Conclusion and further research

Entering a new market always entails certain elements of risks and threats that have to be considered. Therefore, this thesis provides the client Intercruises shoreside & port services with a thorough and substantiated advice and planning recommendations, presenting an answer to the initially proposed management question: “*Which local market and with which services could Intercruises enter the German ocean cruise market initially?*”. The initiative for this management question resulted from the company's vision of striving to be the leading provider in shoreside and port services. Moreover, as Germany, experiences a tremendous growth at the moment when it comes to the ocean cruise industry, the destination has been chosen as the market to be entered. The growth of the destination mainly implies a significant lucrativeness to all players involved in the market.

Multiple tools were used within the frame of a desk and field research in order to substantiate the decisions ultimately made. Here, different angles were considered such as entities within the German ocean cruise market and tourism market in general and the client's perspective and experiences. This resulted in the final advice of a market entry plan. Initially this plan was aimed at consisting of a choice of one location for the new office and one or multiple services to start the operations in the German ocean cruise market. However, during the client's input it became clear that it is advisable to start with only one service. Therefore, the final advice to Intercruises within the frame of a market entry plan consists of a choice of location for the new office and one service to be initially entered with. It was crucial to also consider the current situation of the company in order to align the choices towards its strengths and weaknesses. Taking all the latter mentioned angles into consideration a choice has been made to initiate to entrance to the German ocean cruise market with turnaround services with an office situated in Hamburg. For the implementation it was decided that the already existing office of Intercruises in Amsterdam will serve as a guiding entity for the start-up phase and later on as the office processes and progresses need to be reported to. This assures smooth and supervised operations throughout all phases. Moreover, the decision was made to start the office with one employee which is based on the experiences with the implementation of the office in Amsterdam. The employee that needs to be recruited has to fulfil certain criteria to encourage a successful start of the office in Hamburg. He needs to have expertise or experiences in the ocean cruise industry and preferably additional experiences with the German market and the Intercruises processes.

Throughout the research conducted, it has become clear that the resistance of local residents and businesses plays a significant role when it comes to threats and opportunities for a company entering the German ocean cruise market. Thus, it is recommended to conduct an additional research with the focus on resistance per location in order to determine any differences or similarities. Based on this the choice of location from the present thesis can be either further supported or amended towards the outcomes.

Afterword

The upcoming chapter reflects on the processes towards the advice of this thesis project. It exposes the challenges along the way, but also the strong points during the **whole** process. Moreover, it elaborates on the value of the current need for the present thesis **and especially the thesis outcomes** for the industry.

First of all, it has to be mentioned that the thesis at hand was already my second approach towards the final step within my tourism and leisure management studies. With my first attempt, where I had the same client but a different topic, I did not pass my thesis by far. However, the whole process taught me a lot and gave me quite some insights for the second attempt. One crucial factor was that I found out where my strengths and weaknesses lie, when it comes to writing a thesis. This helped me to approach my second attempt differently from the start and therefore avoid making the same mistakes, like giving up too quickly and seeking too less or none help, all over again. To be more specific, one of the weaknesses I discovered during my first attempt was that I gave up too quickly. Moreover, I experienced the weakness of seeking scarce to no advice from other people during those moments of frustration. My learning point for the second attempt out of this was, that there might be moments of frustration along the way, however it is crucial not to give up, take a step back and seek for help.

My experiences in the industry and the lucrativeness of the German ocean cruise market made the topic seem rather easy. At the start of writing the thesis the available experiences helped with defining and elaborating on the management problem and also with determining the needed literature. This was due to the fact, that all steps in the industry were very familiar to me. However, some rather unexpected challenges and moments of frustration arose further along the process. It became clear to me, for example, that the processes would turn into far more complicated than I expected upfront, despite my experiences and knowledge in the industry.

I was sure that I would be able to conduct more than enough interviews through my already built up network, **for instance**. At the beginning of acquiring interviewees this also turned out to be true, as I was able to get in **touch** with specific contact persons in the German ocean cruise market and win them as respondents for my field research. However, on the way towards the conduction of the interviews, more and more people cancelled on me due to lack of time suddenly. Therefore, I was forced to shift my initially set criteria and widen them **with the goal to** address more people. **Different than expected**, instead of weakening the present research the shifting of criteria rather enriched it by providing more angles to the topic. It added value by suggesting aspects, that I did not even consider in the beginning. This taught me that challenges like, for example, cancelling respondents, do not necessarily have to throw you back, they can enable you to take one step back and look at the topic from a different perspective. I am convinced that this was a **very important** learning point for **myself**. **This phase of the thesis brought me in a situation, where I struggled a lot and doubted the whole project.** Reacting to the previously experienced weaknesses in my first approach, I sought the advice of related parties, as for example my father and my boyfriend, but also of my client and my examiners. Regarding my related parties, it did not always lead to practical advice, but it just helped to talk about the challenges I am currently experiencing and receiving moral support. My client supported me with a lot of input and contacts from his side. But not only that, as he was simultaneously my manager at the time, he gave me all the freedom and time to do something for my thesis whenever needed. Last but certainly not least, my examiners were supporting me, especially in this phase, with a lot of sound advice and practical

support. In general, I have to say that whenever I experienced a challenge during the writing process of my thesis, I knew that I would have someone I could go to and get support in any kind of needed way.

Looking at the topic of entering the German ocean cruise market as a tour operator, it became clear that it is not only an important topic to look at for my client for the present thesis project, Inter cruises, but for the whole industry. The German ocean cruise market is a very lucrative market and therefore provides a lot of opportunities for a potential new entrant. One of the most striking opportunities for new entrants into the German ocean cruise market is certainly the profitability and feasibility of the turnaround and shore excursion services. Even though there are already some tour operators well established in the market, there is still the chance for new entrants to get a market share and benefit from this profitability, due to the regular bids. On the other hand, throughout the desk and field research it was established that there are also some threats that need to be kept in mind in order to assure a seamless entrance. Regarding the threats, it was established that new entrants have to have a close eye on the competition. As it is such a lucrative market, it draws the attention of various tour operators. Moreover, the local resistance is a striving factor that negatively influences the ocean cruise market currently and thus is to be considered when entering the German ocean cruise market.

Consequently, it is of paramount importance for a new entrant to thoroughly analyse the situation before tackling the process of entrance. The thesis at hand already gives an outline of several aspects that have to be considered when it comes to entering the German ocean cruise market, but as the situation of each and every company is different, it needs to be adjusted towards the specific needs and wants of the different companies.

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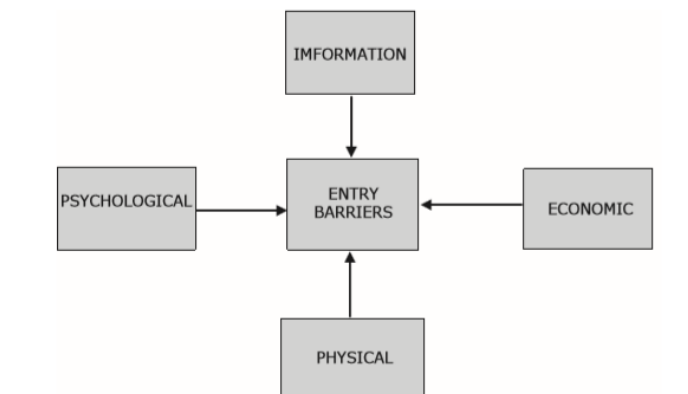
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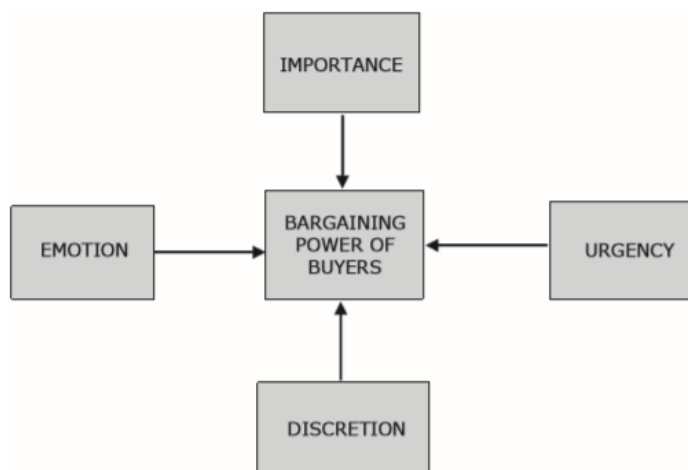
Appendix

- I. Threat of new entry: Porter's force + subordinated micro forces (Grundy, 2006)
- II. Bargaining power of buyers: Porter's force + subordinated micro forces (Grundy, 2006)
- III. Threat of substitute products/services: Porter's force + subordinated micro forces (Grundy, 2006)
- IV. Bargaining power of suppliers: Porter's force + subordinated micro forces (Grundy, 2006)
- V. Competitive rivalry: Porter's force + subordinated micro forces (Grundy, 2006)
- VI. Operationalization – Forces by Porter and Grundy
- VII. Operationalization – Market entry modes
- VIII. Interview Guide English & German
- IX. Code Tree
- X. Client Memo
- XI. Cash flow

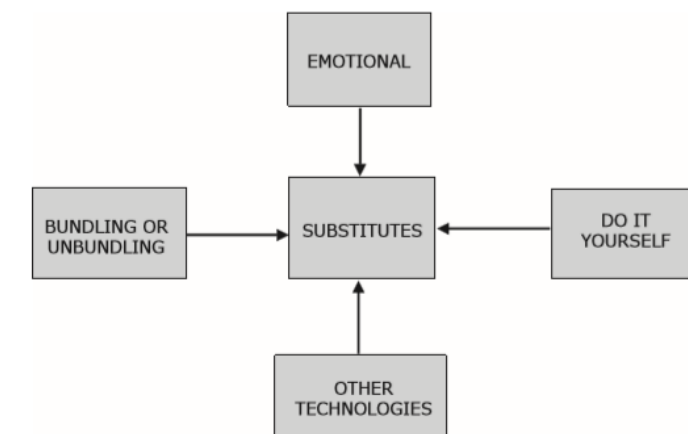
- I. Threat of new entry: Porter's force + subordinated micro forces (Grundy, 2006)



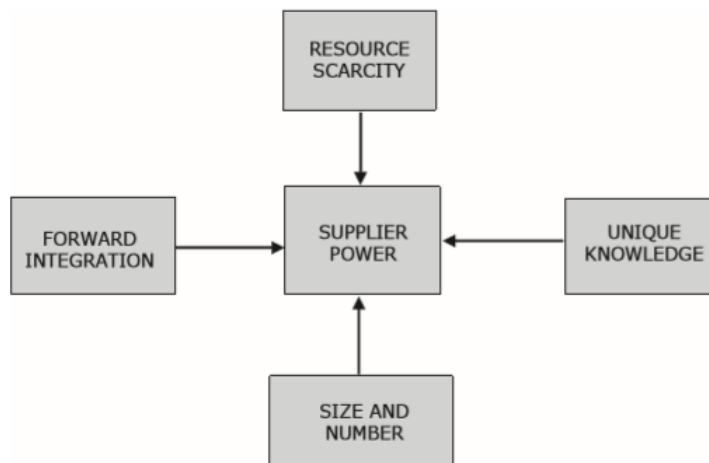
- II. Bargaining power of buyers: Porter's force + subordinated micro forces (Grundy, 2006)



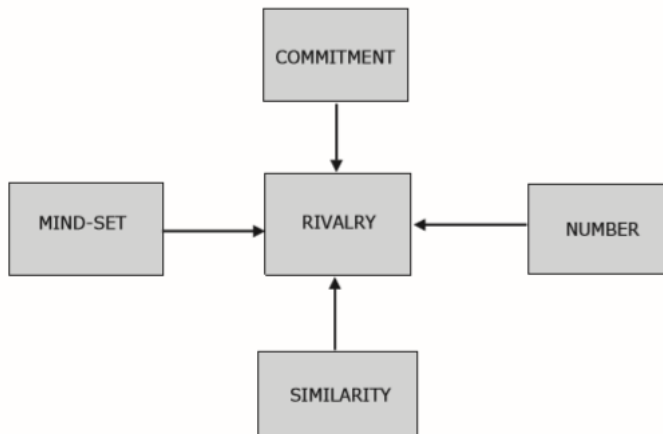
- III. Threat of substitute products/services: Porter's force + subordinated micro forces (Grundy, 2006)



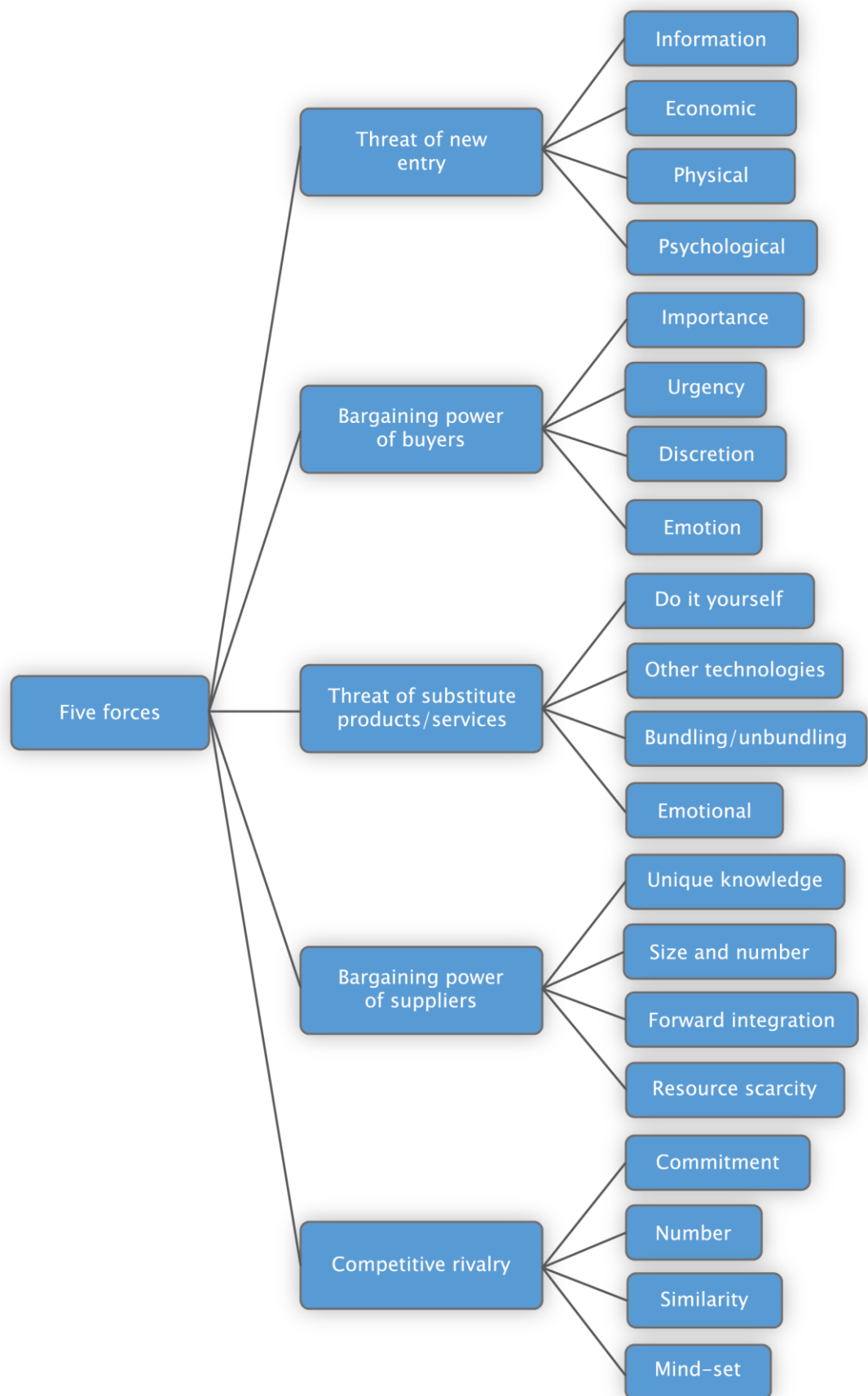
IV. Bargaining power of suppliers: Porter's force + subordinated micro forces (Grundy, 2006)



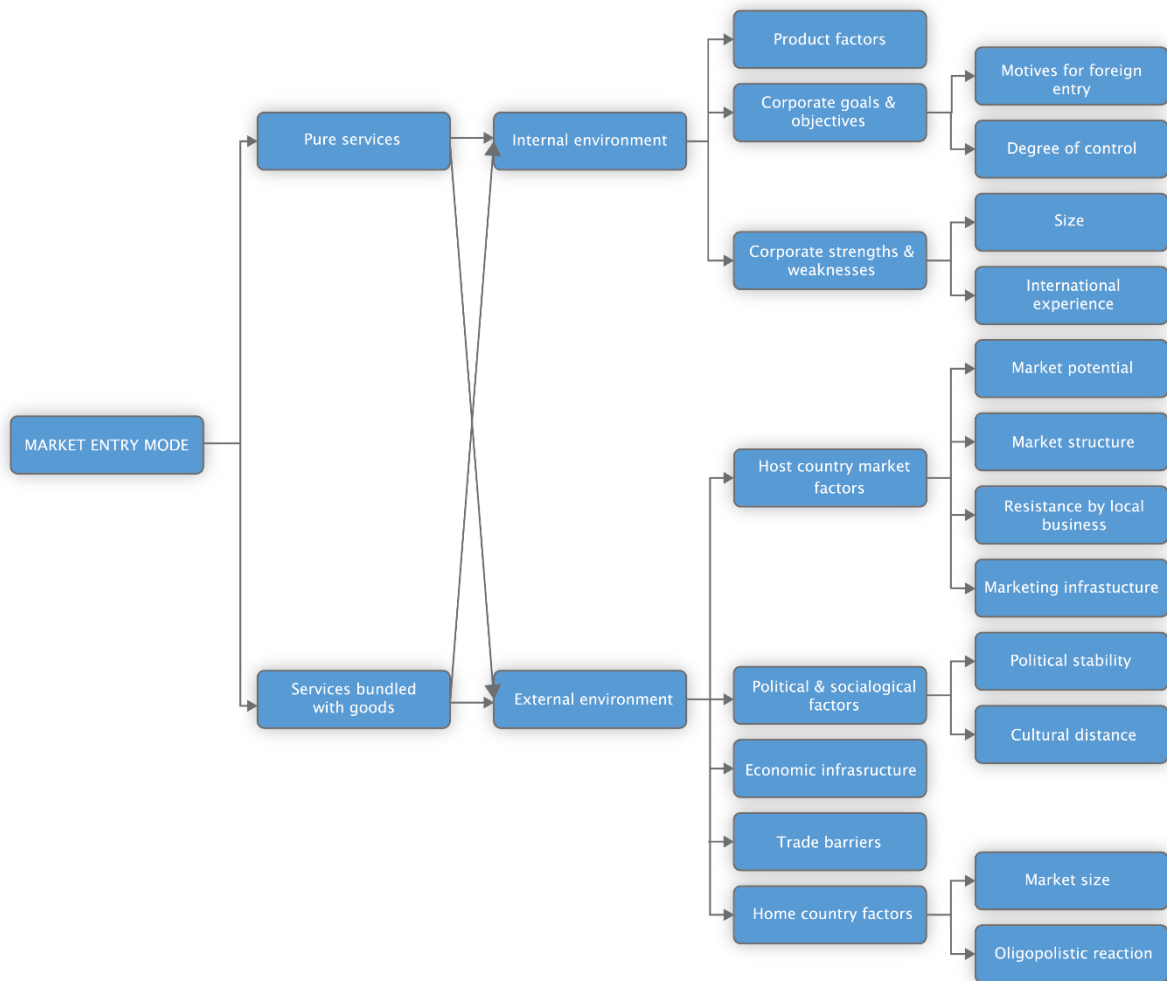
V. Competitive rivalry: Porter's force + subordinated micro forces (Grundy, 2006)



VI. Operationalization – Forces by Porter and Grundy



VII. Operationalization – Market entry modes



Interview Guide

Name of Interviewee:

Company:

Position:

Date:

Introduction of the topic

Research about the current state of the German ocean cruise market in Germany with a particular focus on the already existing tour operators.

Untersuchung des aktuellen Standes des Deutschen Kreuzfahrtmarktes, mit einem spezifischen Fokus auf die schon existierenden Reiseveranstalter.

Open questions

Checkbox

1. What can you tell me about the current size of the German ocean cruise market... (***Threat of new entry***)

Was können Sie mir über die aktuelle Größe des Deutschen Kreuzfahrtmarktes erzählen...

- ...regarding the amount of passengers (inbound/outbound)?
...bezüglich der Anzahl Passagiere (eingehend/abgehend)? ☐
- ...regarding the amount of cruise ships docking at the different ports (Hamburg, Kiel, Rostock–Warnemünde, and Bremerhaven)?
...bezüglich der Anzahl an Kreuzfahrtschiffen die in den verschiedenen Kreuzfahrthäfen anlegen (Hamburg, Rostock–Warnemünde und Bremerhaven)? ☐
- ...regarding the ocean cruise related businesses in Germany (tour operators, suppliers etc.)?
...bezüglich der Organisationen in Verbindung mit Kreuzfahrten in Deutschland (Reiseveranstalter, Zulieferer etc.)? ☐

2. What can you tell me about the difference between the German ocean cruise ports Hamburg, Rostock–Warnemünde, Kiel and Bremerhaven? (***Threat of new entry/location***)

Was können Sie mir über den Unterschied zwischen den verschiedenen Kreuzfahrthäfen Hamburg, Rostock–Warnemünde, Kiel und Bremerhaven erzählen?

- Size
Größe ☐
- Growth
Wachstum ☐
- Cruise calls
Einläufe ☐

3. What can you tell me about the potential of the German ocean cruise market in general? (***Threat of new entry/Bargaining power of buyers***)

Was können Sie mir über das Potential des Deutschen Kreuzfahrtmarktes im Generellen erzählen?

- Growth
Wachstum

☐

4. What can you tell me about the tour operators currently already situated and operating in the German ocean cruise market? (**Competitive rivalry**)

Was können Sie mir über die Reiseveranstalter erzählen, die bereits im Deutschen Kreuzfahrtmarkt befindlich und aktiv sind?

- Amount
Anzahl
- Shore excursion
Landausflüge
- Turnaround

☐☐☐

5. What can you tell me about the size/ resource scarcity/ unique knowledge of the main suppliers for the Shore excursion and turnaround market within the German ocean cruise market? (**Bargaining power of suppliers/Threat of substitute products/services**)

Was können Sie mir über die Größe, Ressourcenknappheit und das einzigartige Wissen der Hauptzulieferer für den Landausflug- und Turnaroundmarkt im Deutschen Kreuzfahrtmarkt erzählen?

- Busses
Busse
- Guides
Reiseführer
- Venues
Örtlichkeiten

☐☐☐

6. What can you tell me about the risk of substitute products/services of tour operators within the German ocean cruise market? (**Threat of substitute products/services/Bargaining power of suppliers**)

Was können Sie mir über das Risiko von ähnlichen Produkten/Leistungen im Angebot der bereits agierenden Reiseveranstalter im Deutschen Kreuzfahrtmarkt erzählen?

- Outsourcing/insourcing
Auslagerung/Wiedereingliederung
- Similarities
Ähnlichkeiten

☐☐

7. What can you tell me about the current competition among tour operators for ocean cruise ships in Germany? (**Competitive rivalry**)

☐

Was können Sie mir über die aktuelle Konkurrenz im Deutschen Kreuzfahrtmarkt bezüglich Reiseveranstalter erzählen?

8. What do you consider to be the main challenges for an external tour operator to enter the German ocean cruise market? (**Trade barriers**)

Was sind Ihrer Meinung nach die Hauptherausforderungen für einen Reiseveranstalter der neu in den deutschen Kreuzfahrtmarkt eintreten möchte?

- Restrictions
Einschränkungen
- Laws
Gesetze
- Policies
Richtlinien
- Resistance of local businesses
Widerstand von lokalen Organisationen

9. Would you like to address any other business when it comes to the German ocean cruise market or a tour operator entering this market in particular?

Gibt es noch etwas, dass Sie dem bereits erwähnten ergänzend hinzufügen möchten?

Thank you very much for taking the time to answer my questions, I really appreciate it.

Vielen Dank, dass Sie sich die Zeit genommen haben mir ein paar Fragen für meine Bachelorarbeit zu beantworten.

IX. Code Tree

Abbreviations:

Interviewee	Abbreviation	Colour Tag
Nicole Claus	NC	Colour
Jan Henze	JH	Colour
Olaf Collet	OC	Colour
Christoph Breuer	CB	Colour

Axial Codes	Open Codes	Quote Lines
<i>What are the most important opportunities and threats to establish the most attractive services and locations, according to Porter?</i>		
Threats Entry Risks	<ul style="list-style-type: none"> - Highest risk considered as building up network - Risk of lacking local knowledge - Geopolitical situation influences industry 	<p>NC 159 NC 225 NC 225 JH 73 – 75 OC 48 – 49</p>

Entry requirements	<ul style="list-style-type: none"> - With the experience of cruise guests their expectations grow - Different target groups have different expectations - Seasonal business - Prices are very low in Germany = uninteresting for new entrant - Changes in suppliers have the risk of affecting the quality of services - Very capital intense market - Market entry barriers rather high 	<p>JH 125 JH 341</p> <p>JH 127 – 128 JH 312 – 316</p> <p>JH 142 – 146 JH 169 – 170</p> <p>JH 188 – 190</p> <p>OC 204 OC 211 OC 212</p>
	<ul style="list-style-type: none"> - Business license required - Certificate of good conduct required - Insolvency hedging required - Bank loan = prove qualifications - Travel insurance required - Business liability insurance required 	<p>OC 224 CB 96 – 97 OC 227 – 229</p> <p>OC 231 – 232 CB 113 CB 118 CB 124 – 127 CB 62 – 72</p> <p>OC 107 – 108</p> <p>CB 114</p>
Trends & Developments	<ul style="list-style-type: none"> - Adults only - Sustainable cruising - Overtourism - Resistance of locals 	<p>JH 328 – 329 JH 351 – 354 JH 388 – 389 JH 420 – 423</p> <p>OC 131 – 132 OC 134 CB 223 CB 240 – 241</p> <p>OC 145 – 146 CB 202 – 204</p>

<p>Opportunities</p> <p>German ocean cruise market</p>	<ul style="list-style-type: none"> - German cruise market continues to grow - Germany one of the most important cruise source market - Cruise build bigger ships - Growing number of cruise guests, first timer and repeater - Expedition cruise ships are growing - Not that interesting for many tour operators because of seasonality - Services not necessarily stay with the same tour operator - Still potential to grow 	<p>NC 41</p> <p>NC 44</p> <p>JH 32 – 34</p> <p>OC 41</p> <p>OC 43 – 44</p> <p>OC 48 – 49</p> <p>CB 155</p> <p>NC 45</p> <p>JH 119 – 120</p> <p>JH 300</p> <p>JH 306 – 307</p> <p>JH 310</p> <p>OC 85</p> <p>OC 78 – 88</p> <p>JH 120 – 121</p> <p>OC 81 – 82</p> <p>JH 131 – 133</p> <p>JH 305</p> <p>JH 142 – 146</p> <p>JH 231 – 232</p> <p>OC 80</p> <p>OC 84 – 85</p> <p>CB 208 – 209</p> <p>CB 213 – 214</p>
<p>Entry requirements</p>	<ul style="list-style-type: none"> - No licenses needed - No professional qualifications required - No laws to be considered - Easy start as a tour operator 	<p>CB 78 – 79</p> <p>OC 221 – 222</p> <p>OC 236 – 237</p> <p>CB 97</p> <p>CB 106</p> <p>OC 221 – 222</p> <p>CB 130</p>

Local Factors	<ul style="list-style-type: none"> - Port has no influence on the tour operator working in port - No resistance towards new operators - A lot about prices - Economically important for local businesses - Number of services is growing - Local travel agencies live off more than 50% of cruise industry - Europe has rather elderly generation 	<p>NC 193</p> <p>NC 195 – 196</p> <p>JH 251 – 252</p> <p>JH 167</p> <p>OC 128 – 129</p> <p>OC 145</p> <p>CB 244 – 245</p> <p>OC 176 – 178</p> <p>CB 167 – 169</p> <p>CB 206 – 207</p>
<i>How are the competitors positioned in the German ocean cruise market?</i>		
General	<ul style="list-style-type: none"> - Sartori & Berger - Conference & Touring - ELS - VIP Hanse Touring - Market is divided pretty clearly already - Services are opened for bid, tour operators propose their services - Steady number of tour operators - Easily replaceable - Looking for best quality and lowest price of suppliers - Steady competition within market - Cruise industry takes potential clients away from other tour operators 	<p>NC 214</p> <p>NC 216</p> <p>JH 212</p> <p>NC 218</p> <p>JH 216</p> <p>JH 218</p> <p>JH 213</p> <p>NC 230</p> <p>JH 161 – 162</p> <p>JH227 – 229</p> <p>JH 141</p> <p>JH 166</p> <p>JH 174 – 176</p> <p>OC 190 – 191</p> <p>OC 195 – 196</p> <p>CB 155 – 157</p> <p>CB 159 – 160</p> <p>CB 163 – 164</p> <p>CB 169</p> <p>CB 174</p> <p>CB 190 – 191</p>

	<ul style="list-style-type: none"> - No collaboration possible between cruise lines and local tour operators outside of the cruise industry 	
Sartori & Berger	<ul style="list-style-type: none"> - situated in Hamburg and Kiel - offer all services needed in cruise tourism - plus port agency services 	NC 219 JH 10 – 11 JH 11 – 12
Conference & Touring	<ul style="list-style-type: none"> - Situated in Berlin 	NC 218 JH 218
VIP Hanse Touring	<ul style="list-style-type: none"> - Situated in Rostock 	JH 218 – 219
ELS	<ul style="list-style-type: none"> - Situated in Hamburg - Operated by a married couple 	JH 218 JH 218
<i>Additional Information</i>		
Cruise port locations General	<ul style="list-style-type: none"> - Position of cruise ports in the market are different - Because of cruise ship sizes, cruise ports are aligning - Kiel significantly more cruise ships - Hamburg most important port - Warnemünde experienced growth in general and in importance - Capacities of cruise ports are extended 	NC 93 JH 112 – 114 JH 387 – 388 OC 75 OC 75 – 76 CB 196 – 197
Services	<ul style="list-style-type: none"> - Hamburg and Kiel are home ports with turnaround services mainly - Rostock–Warnemünde has a shore excursion 	NC 93 – 94 JH 82 – 83 JH 87 – 88 NC 94 –97 JH 90 – 91

	part next to turnaround as well <ul style="list-style-type: none"> – Rostock markets itself with shore excursions to Berlin – Port of Kiel has also both services turnaround and shore excursions 	NC 101 JH 92 NC 110 – 111
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X. Client Memo

- Built up of Amsterdam office
 - Via bus company initial entry for network
 - Selection of location based on homeport and centrality
 - Support by holding
 - Capital was given
 - No need for payback
 - Insurance handled
 - Initially with one person
 - Started with only one service, turnarounds, after 3 years, shore excursion services were added
- Current processes
 - General
 - All main services (bus, guides & hostesses) are outsourced
 - All planning happens in office in Amsterdam
 - Implementation goes as far as Belgium
 - 3 FTE's at the moment
 - Turnarounds
 - Revenue of approximately €30,000 to €35,000
 - Margin around 20% to 25%
 - Shore excursion
 - Revenue is way lower than with turnarounds, around €15,000 to €20,000
 - Margin is around 10% to 14%

XI. Cash Flow

	1	2	3	4	5	6	7	8	9	10	11	12	FY 2018	FY 2019	FY 2020
Revenues														1,1	1,2
turnaround	0 €	0 €	120.000 €	120.000 €	120.000 €	150.000 €	120.000 €	120.000 €	150.000 €	150.000 €	30.000 €	0 €	1.080.000 €	1.188.000 €	1.425.600 €
kick back	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	2.000 €	2.400 €
Sum Revenues	0 €	0 €	120.000 €	120.000 €	120.000 €	150.000 €	120.000 €	120.000 €	150.000 €	150.000 €	30.000 €	0 €	1.080.000 €	1.190.000 €	1.428.000 €
Costs															
Agencies	0 €	0 €	96.000 €	96.000 €	96.000 €	120.000 €	96.000 €	96.000 €	120.000 €	120.000 €	24.000 €	0 €	864.000 €	950.400 €	1.140.480 €
gross profit	0 €	0 €	24.000 €	24.000 €	24.000 €	30.000 €	24.000 €	24.000 €	30.000 €	30.000 €	6.000 €	0 €	216.000 €	239.600 €	287.520 €
%	0%	0%	20%	20%	20%	20%	20%	20%	20%	20%	20%	0%	20%	20%	20%
employee salary	2.388 €	2.388 €	2.388 €	2.388 €	2.388 €	2.388 €	2.388 €	2.388 €	2.388 €	2.388 €	2.388 €	2.388 €	28.650 €	29.223 €	29.807 €
rental fee office	1.920 €	1.920 €	1.920 €	1.920 €	1.920 €	1.920 €	1.920 €	1.920 €	1.920 €	1.920 €	1.920 €	1.920 €	23.040 €	23.040 €	23.040 €
office supplies	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	2.400 €	2.400 €	2.400 €
telephone, internet	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	2.400 €	2.400 €	2.400 €
car leasing	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	2.400 €	2.400 €	2.400 €
acquisition	0 €	500 €	2.000 €	500 €	0 €	0 €	0 €	0 €	750 €	2.000 €	500 €	0 €	6.250 €	3.000 €	3.000 €
Membership Association	72 €	72 €	72 €	72 €	72 €	72 €	72 €	72 €	72 €	72 €	72 €	72 €	867 €	867 €	867 €
others	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €
sum expenses	4.980 €	5.480 €	6.980 €	5.480 €	4.980 €	4.980 €	4.980 €	4.980 €	5.730 €	6.980 €	5.480 €	4.980 €	66.007 €	63.330 €	63.914 €
(Cash Flow)	-4.980 €	-5.480 €	17.020 €	18.520 €	19.020 €	25.020 €	19.020 €	19.020 €	24.270 €	23.020 €	520 €	-4.980 €	149.993 €	176.270 €	223.606 €
depreciation	281 €	281 €	281 €	281 €	281 €	281 €	281 €	281 €	281 €	281 €	281 €	281 €	3.375 €	3.375 €	3.375 €
taxes	4.034 €	4.034 €	4.034 €	4.034 €	4.034 €	4.034 €	4.034 €	4.034 €	4.034 €	4.034 €	4.034 €	4.034 €	48.410 €	56.891 €	72.169 €
annual income	-9.295 €	-9.795 €	12.705 €	14.205 €	14.705 €	20.705 €	14.705 €	14.705 €	19.955 €	18.705 €	-3.795 €	-9.295 €	98.208 €	116.004 €	148.062 €
%	0%	0%	11%	12%	12%	14%	12%	12%	13%	12%	-13%	0%	9%	10%	10%

