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INDUSTRIALES**

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Business Plan for a travel agency and tour operator in Latvia

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TFG REALIZADO EN PROGRAMA DE INTERCAMBIO

TÍTULO: Business Plan for a travel agency and tour operator in Latvia

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RESUMEN

El proyecto se centra en la implementación de una agencia de viajes y tour operador en Letonia a través del desarrollo de un plan de negocios para definir las estrategias y pasos a seguir.

En primer lugar, se ha realizado un análisis externo de la situación en Letonia para determinar si existe un mercado rentable. Incluye un análisis del macro-entorno con la herramienta Pestle y micro-entorno con las cinco fuerzas de Porter.

Para determinar el producto, el precio, el lugar, la promoción, las personas involucradas, el proceso, la evidencia física y protección se ha elaborado el Marketing Mix.

El contenido anterior ha sido sintetizado por medio del análisis DAFO. Las estrategias en las que se ha basado el negocio, se han introducido en la estrategia empresarial.

Finalmente, se ha estimado la viabilidad del negocio a través del análisis financiero.

Palabras clave:

Agencia de Viajes, viabilidad, Letonia, Canarias, turismo.

ABSTRACT

This project is focused on the implementation of a travel agency and tour operator in Latvia through the development of a business plan to define the strategies and steps to follow.

First, it has been realized an external analysis of the situation in Latvia to determine if there is a profitable market. This includes an analysis of macro environment with Pestle tool and micro environment with the Porter's five forces. Before explaining the Porter's five forces, it has been studied the demand and the competitors to facilitate it.

In order to determine the product, price, place, promotion, involved people, process, physical evidence and protection it has been elaborated the Marketing Mix.

After that, the previous content has been classified by means of SWOT diagram.

With the business model it has been described the logic of the organization. Strategies on which it has been based the business, have been introduced in business strategy.

Finally, it has been estimated the feasibility of the business through financial analysis.

Keywords:

Travel Agency, feasibility, Latvia, Canary Islands, tourism.



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1 INTRODUCTION

The improvements throughout the time in society have led to a great number of changes. The purchasing power has increased in the late time, thanks to that, people can now access to many products and services, one of which is tourism. Tourism is a recreational, playful or festive manifestation. The customer wishes to enjoy a situation that is privileged for a short time period.

When it comes to getting the holiday destination, one of the most attractive places are The Canary Islands. The extroverted and cheerful personality of Canarian people, weather, gastronomy and the volcanic nature make up one of the most valuable ecosystems in the world and thus these features have made the Spanish region the highest number of cities in the top ten by European people.

In order to extend Canary Islands as a holiday destination in Latvia, it is conceived the travel agency “VOLCANOTOURS”, which works both as travel agency and tour operator since intermediaries are eliminated. The central office is situated in Riga (Latvia) where covers a portion of tourism market which is not exploited well enough, because there are not direct flights to Canary Islands frequently along the year, up to the point that this chance is not even offered in summer. Moreover the agency intends to get to the greatest amount of clients all kind as possible.

The strategies of the company are focused on an aggressively promotion of Canary Islands, provide unparalleled service to the customer, differentiate the service from the competitors, optimize the human resources, build good reputation and brand name, flexibility for the customization of the trips and up-to-date use of new technologies in service to the client. The differentiation from competitors is based particularly through service, staff behavior and price variety.

2 EXTERNAL ANALYSIS (MACRO ENVIRONMENT)

It is necessary to realize an initial analysis about the current situation in Latvia considering that this will help us to build the basis of the project. With the environmental study of the country it will be found out which circumstances could affect positively or negatively for implement the project. Pestle tool will be useful to carry out this analysis.

It will be started discussing about the population in Latvia and concentrated in the percentage of the people with possibilities to travel to Canary Islands. It will be emphasized in the Latvian economic situation and finally it will be carried out an exhaustive sociological analysis about the interests about the Latvian citizen.

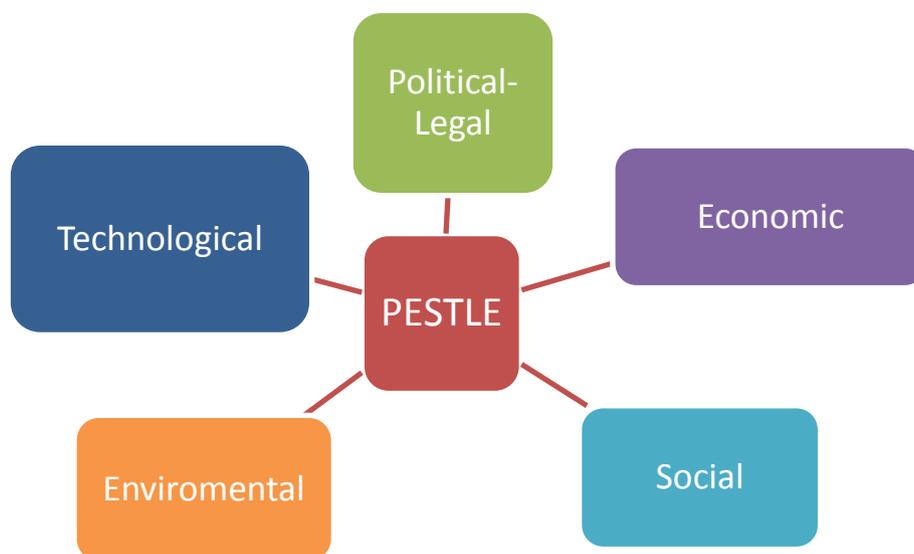


Figure 1: PESTLE diagram.



2.1 LATVIA

The Republic of Latvia is a country in the Baltic region of Northern Europe, one of the three Baltic States. It borders Estonia in the north, Lithuania in the south, the Baltic Sea with the Gulf of Riga in the west, Russia in the east and Belarus in the southeast. Latvia is largely fertile lowland with numerous lakes and hills to the east.

The capital city is Riga which was the European Capital of Culture 2014. Latvian is the official language which is an Indo-European language. It and Lithuanian are the only two surviving Baltic languages. The country is a unitary state, divided into 118 administrative divisions, of which 109 are municipalities and 9 are cities.

2.2 HISTORY

Around 3000 BCE, Baltic tribespeople settled along the Baltic Sea. They lacked a centralized government and were falling prey to more powerful peoples. In the 13th century, they were overcome by the Livonian Brothers of the Sword, a German order of knights whose mission was to conquer and Christianize the Baltic region. The land became part of the state of Livonia until 1561. Germans composed the ruling class of Livonia and Baltic tribes made up the peasantry.

Poland conquered the territory in 1562 and occupied it until Sweden took over the land in 1629, ruling until 1721. The land then passed to Russia. From 1721 until 1918, the Latvians remained Russian subjects, although they preserved their language, customs, and folklore.

The Russian Revolution of 1917 gave Latvia the opportunity for freedom, and the Latvian republic was proclaimed in 1918. The republic went on for little more than 20 years. Plagued by political instability, Latvia essentially became a dictatorship under President Karlis Ulmanis. The country was occupied by Russian troops in 1939 and incorporated into the Soviet Union in 1940. German armies occupied the nation from 1941 to 1944. Of the 70,000 Jews living in Latvia during World War II, 95% were massacred. In 1944, Russia again took control.

Latvia was one of the most economically well-off and industrialized parts of the Soviet Union. When a coup against Soviet president Mikhail Gorbachev failed in 1991, the Baltic nations saw an opportunity to free themselves from Soviet domination and following the actions of Lithuania and Estonia, Latvia declared its independence on 21 August 1991.

The Saeima, Latvia's parliament, was again elected in 1993. The major goals of Latvia in the 1990s, to join NATO and the European Union, were achieved in 2004. The NATO Summit 2006 was held in Riga.

2.3 POLITIC-LEGAL ANALYSIS

The politics of Latvia makes progress in a framework of a parliamentary democratic republic, where the Prime Minister is the head of government and the president has a primarily ceremonial role as Head of State. The president of Latvia is Raimonds Vejonis since 8th of July 2015 and the current Prime Minister is Māris



Kučinskis, who took the power in 11th of February 2016. Executive power is performed by the government. Legislative power is exercised in both government and parliament, the Saeima. Judiciary is independent of the executive and legislature.

2.3.1 Latvian legal framework

As for the tax system, The Ministry of Finance shall develop state tax and customs policy, as well as prepare recommendations for institutions responsible for tax and customs administration on implementation of tax and customs policy activities.

Taxes and fees system in Latvia consists of:

- State taxes, object and rate of which shall be set by the Saeima.
- State fees which shall be applicable according to Law "On Taxes and Fees" (LV) specific other laws and regulations of the Cabinet of Ministers.
- Local government fees which shall be applicable according to Law "On Taxes and Fees" (LV) and binding regulations issued by the council of local government.
- Directly applicable taxes and other obligatory payments set in the European Union regulatory enactments.

As far as business creation is concerned, Latvia is taking advantage the most of its newly acquired status as a member of the EU. Foreign investment is rising strongly and Latvian authority has taken measure to simplify the regulations which govern the constitution of foreign companies in Latvia. There are four main types of companies in Latvia for foreign investors.

- Limited liability company (SIA)
- Joint stock company (AS)
- Branch
- Representative office of foreign merchant

SIA will be explained in detail, since it is relevant for the development of this project. Limited Liability Company with registered capital of 2800 euro and more must pay the following fees for its foundation.

- State fee: 149.29 €.
- Fee for publication in the newspaper Latvijas Vēstnesis: 27,03 €
- Certification of one signature of founder or member of board of directors: 30 €.
- Legal services (including receiving, submission of documents and other actual activities) during process of registration: 200 €.

Additionally, a Limited liability company must pay:

- The company income tax (a tax on profit). The tax rate is 15%.
- The state mandatory social contributions payments. The basic rate is 34.09% of gross salary.
- The personal income tax. The tax rate is 23% of part of salary.
- The business risk duty (0.36 euro per month for each employee).



2.3.2 Regulations Regarding the Rights and Duties of Tourism Operators

Tourism agents and tourism operators shall be registered in the database of tourism agents and tourism operators (hereinafter – database). The database is a State information system supervised by the Ministry of Economics, which is developed and maintained and registration ensured by the Ministry of Economics (hereinafter – registry).

The registrar shall:

1. register tourism agents and tourism operators; and accumulate and update information regarding the tourism agents and tourism operators that are on the market, as well as regarding ensuring the security guarantee of money deposited by clients of tourism operators.

2. A tourism agent and a tourism operator shall, within a week after commencing commercial activity, submit an application (Annex) to the registrar in printed form or electronically.

3. The submitter of information shall be responsible for the completeness and veracity of the information submitted to the registrar.

4. The registrar shall, within 10 days after receipt of an application, ensure registration of a tourism agent or a tourism operator in the database, assigning a registration number.

5. A tourism operator shall, within 10 working days after registration in the database, on the basis of an application, submit information to the registrar regarding the security guarantee of money deposited by clients, indicating the issuer of the guarantee, the term of validity and the insured sum. The registrar shall ensure updating of the information within three working days after receipt thereof.

6. A tourism agent or a tourism operator shall, within 10 days after occurrence of the relevant changes, on the basis of an application, inform the registrar regarding any changes to be included in the database. In such cases the registrar shall ensure updating of the included information within five working days after receipt of the notification.

7. The registrar is entitled to update information included in the database on the basis of publicly available information received from other State information systems and shall, within three working days, also inform the particular tourism agent or tourist operator thereof in writing.

8. The following information shall be included in the database:

8.1. the firm name of the merchant or the firm name of the branch of the merchant, if it differs from the firm name of the merchant, trademark, registration number of the merchant, legal address, contact information, year of foundation, information regarding the sales points of the service; and



8.2. the issuer of the security guarantee of money deposited by the client, the date of issuance and term of validity, the sum of the guarantee.

2.4 ECONOMIC ANALYSIS

Latvia is a member state of the European Union since 2004. The average salary has increased twice since Latvia joined the EU. The country fulfilled the Maastricht criteria, joined the Eurozone and adopted the euro on 1st January 2014. The budget of Latvia in 2015 had a deficit of 1.3% of GDP, one of the smallest deficits in the EU. Also it should be pointed out that the current public debt of the country is the fifth lowest in The Union.

The strict fiscal discipline got Latvia out of global financial crisis of 2008. The government honoured all obligations of the international creditors and Latvia's economy got back on the track between 2011 and 2013. The national credit rating reached by 2014. Unemployment decreased to a single digit number by summer 2014. All banks in Latvia passed the stress tests by the European Central Bank later the same year. Both the World Bank and the European Central Bank predict 4% economic growth until 2018.

Latvia has recovered from the crisis (GDP)

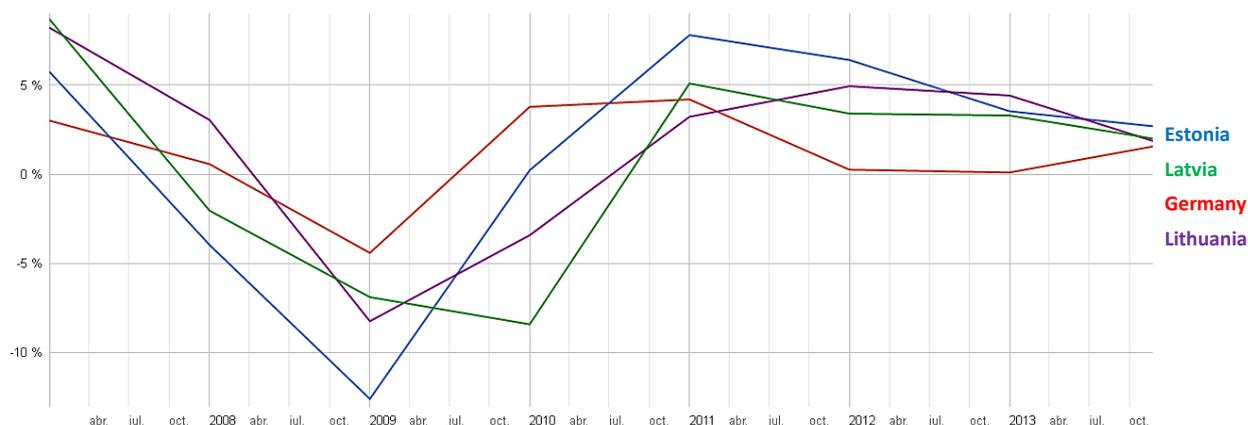


Figure 2: GDP growth. Source: <http://www.bancomundial.org/>

2.4.1 Trade

Latvia's main trading partners are Germany, Lithuania, Estonia, Russia, Poland, and the United Kingdom. Exports include wood and wood products, metals, products of chemical and allied industries, foodstuffs and textiles. Latvia imports machinery, oil, foodstuffs, and chemical products.



Exports and Imports of Latvia in January-April 2015

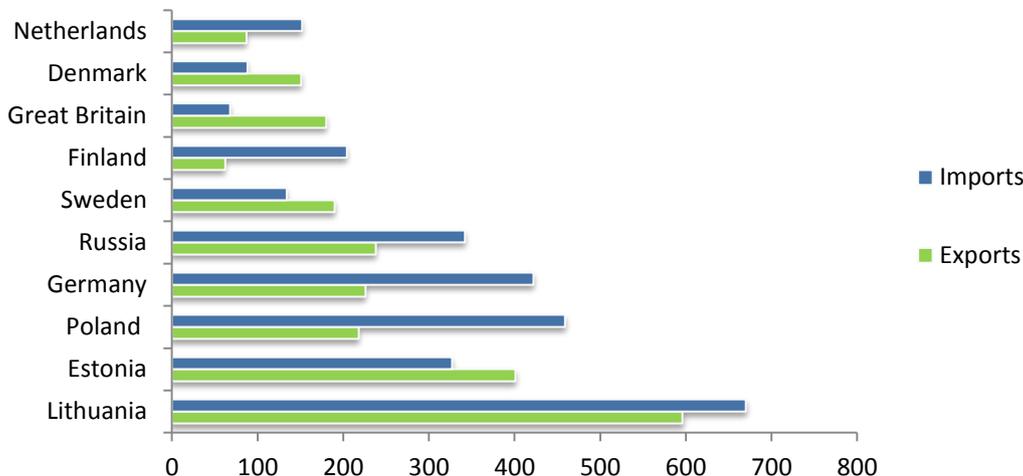


Figure 3: Exports/Imports of Latvia(Januarz-April 2015). Source: Ministry of Economics Republic of Latvia

As shown in the graphics, due to the fact that exports exceed imports.

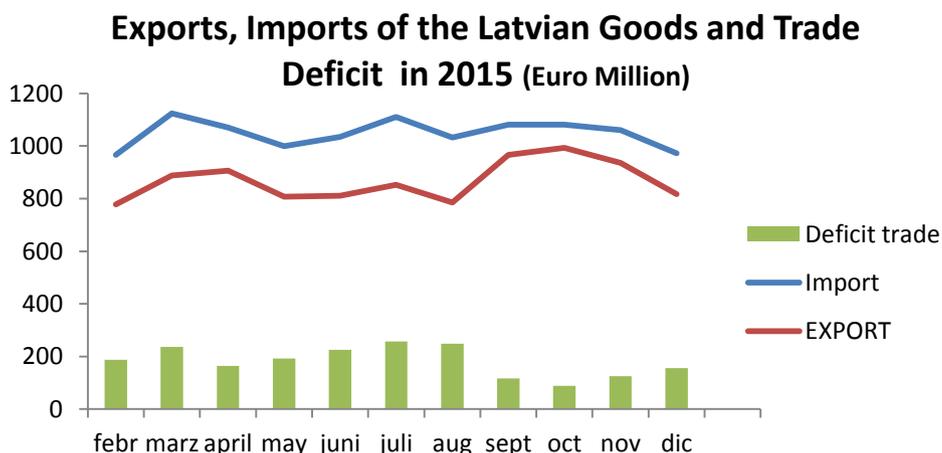


Figure 4: Exports/Imports of Latvian goods and trade deficit (2015).

Import of transport					
sea transport	air transport	rail transport	road transport	other transport	travel
6,9	12	5	8,8	0,6	21,9

Table 1: import of transport I.

Import of transport					
insurance and financial	construction	communication	Information and computer	Other commercial	Other
11	2,2	4,3	4,7	20,9	1,6

Table 2: import of transport II.

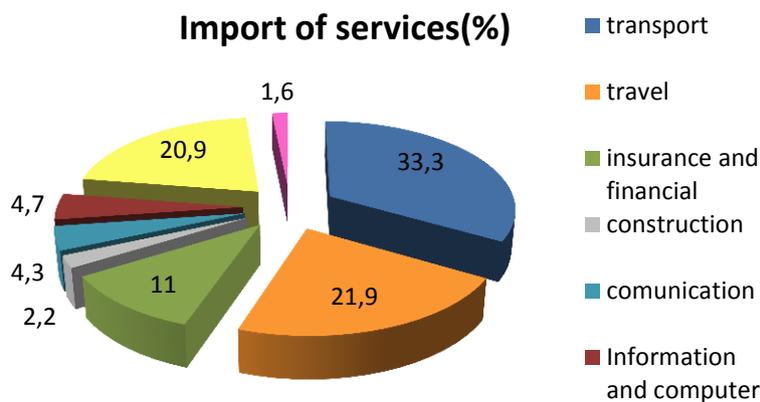


Figure 5: import of services (%). **Source:** Ministry of Economics Republic of Latvia

Regarding the import of service in 2015, transport has acquired more importance, of which air transport has the highest percentage, 8.8%. After transport, the second most important service is travel, with no fewer than 21.9%.

2.4.2 Sectors

Four cornerstones of the Latvian economy are agriculture, chemical industry, transportation and woodworking. Apart from those already appointed are textiles, food processing, machinery production and green technologies. The economy has been diversified, and by the early 21st century most industry in Latvia has been privatized.

GDP - composition by sector (2015)

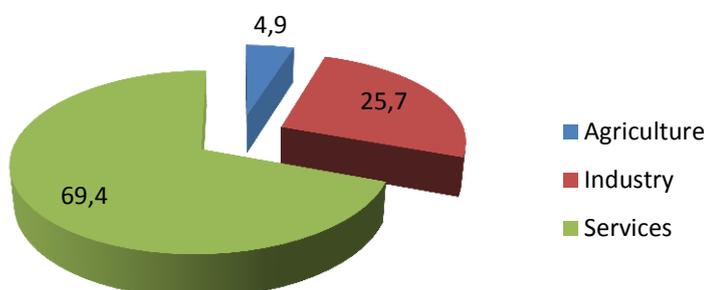


Figure 6: GDP composition y sector (2015). **Source:** CIA World Factbook.

2.4.3 Services

At the beginning of the 21st century the service sector accounted for the largest percentage of Latvia’s GDP and employed about one-fifth of the country’s workforce. Tourism is a high profile business in Latvia, though still nascent in the country. The historic centre of Riga was designated a UNESCO World Heritage site in 1997. The International Tourism Organization predicts strong growth in the Baltic countries. The flow



of tourists in recent years has been growing about 24% annually, although Latvian tourists spend more abroad than the amount spent by tourists from other countries visiting Latvia.

TUG30. INDICATORS CHARACTERIZING SIGNIFICANCE OF TOURISM INDUSTRIES (%)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Share of tourism in total gross value added	2.6	2.8	3.5	4.1	4.2	3.1	3.1	3.4	4.4	4.2
Share of tourism characteristic industries in total gross value added	5.9	10.3	7.8	8.3	7.9	5.0	5.3	5.8	6.3	6.3
Share of tourism characteristic industry in total output	5.3	8.1	7.2	7.5	7.8	5.4	6.0	6.3	6.4	6.5
Share of travel and passenger transport in import of goods and services	5.7	6.0	7.1	7.4	8.0	9.0	7.6	6.7	6.2	6.5

Footnotes

Transport share of trips and passengers in exports and imports of goods and services is calculated from balance of payments' items of the Bank of Latvia

Figure 7: indicators characterizing significance of tourism industries.

2.5 SOCIAL ANALYSIS

On 1st January 2016, the population of Latvia was 1.986.173 people. This is a decrease of -0.60 % (-11 929 people) compared to population of 1998102 the year before. In 2015 the natural increase was negative too, as the number of deaths exceeded the number of live births by 7273.

An indicator characterizing generation replacement is the total fertility rate (the number of live births per woman). In Latvia this indicator grew to 1.67 in 2015 (in 2000 it was 1.25). A major dare for Latvia in the early 1990s was to offset the aging of its population, a serious problem that had existed even before the country's independence and that was the result largely of birth rates that were not high enough to ensure population replacement. To promote the increase in the percentage of the population made up of ethnic Latvians, government is performing stronger immigration controls and encouraged them to have larger families. Due to external migration, the population reduced by 4 656.

Population of Latvia (2016 and historical)

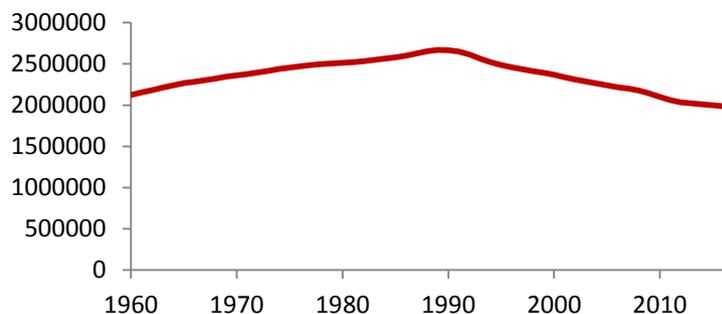


Figure 8: GDP composition y sector (2015).

Making a study of the population pyramid it can be seen that this has a contracting type. Usually countries with this kind of population age distribution feature long life expectancy, high level of education and good health care.



The sex ratio of the total population is 0.852 (852 men per 1 000 women) which is lower than global sex ratio of the total population. The global sex ratio in the world was approximately 1016 men to 1000 women as of 2015.

Latvia has a moderate population density of 30.8 per square kilometer.

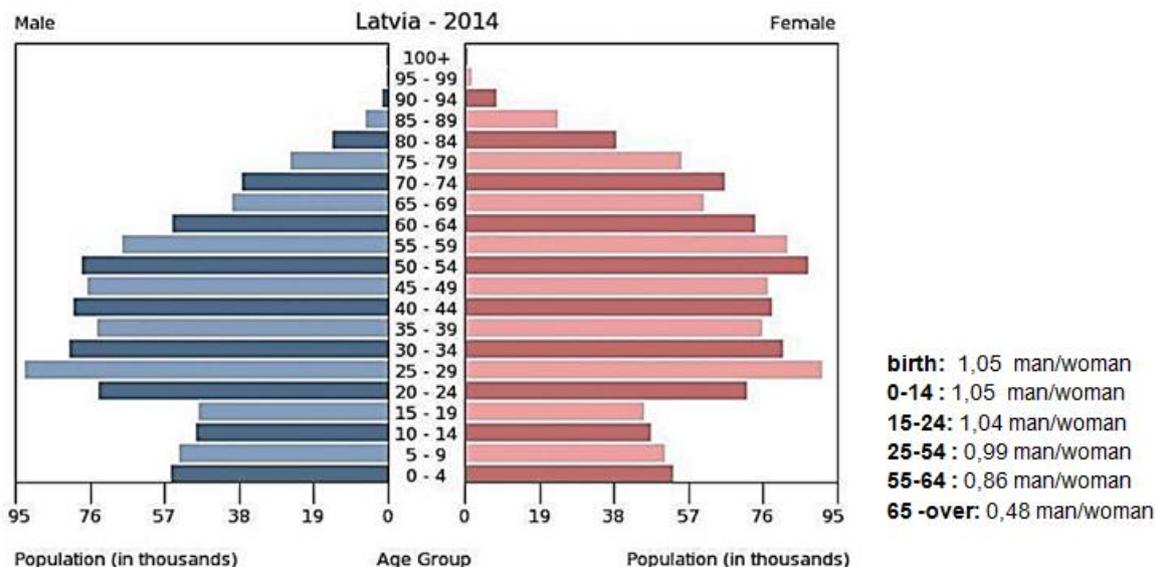


Figure 9: latvian population distriution by age and gender. Source: CIA World Factbook

On other hand Latvia's population has been multiethnic for centuries. Latvia becomes more and more attractive to foreign citizens, both from the European Union and other countries. Latvian majority coexists with Russian minority (26% of population), so this sometimes causes conflicts. Besides, the increase is observed in almost all groups of immigrants for reasons such as family, study, employment, etc.

Ethnic groups	% Population
Latvians	62,1
Russians	26,9
Belarusians	3,3
Ukrainians	2,2
Poles	2,2
Lithuanians	1,2
Others	2,1

Table 3: ethnic groups in Latvia.

Residents in Latvia by ethnicity

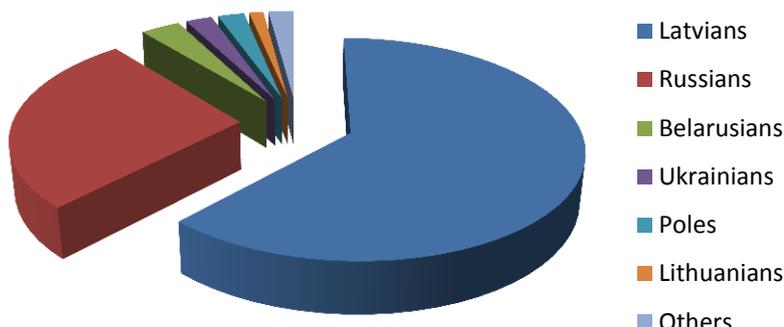


Figure 10: residents in Latvia y ethnicity. **Source:** Centralas statistikas parvades datubazes.

Due to ethnic mixture, diversity of religions can be found. The majority religion in Latvia is Evangelical Lutheran Church owing to strong historical connexion with Nordic countries and Northern Germany, followed by Roman Catholicism which is most prevalent in Eastern Latvia because of Polish influence. The Latvian Orthodox Church is the third largest Christian church in Latvia which is mainly practiced by Russian speaking people.

Religion diversity

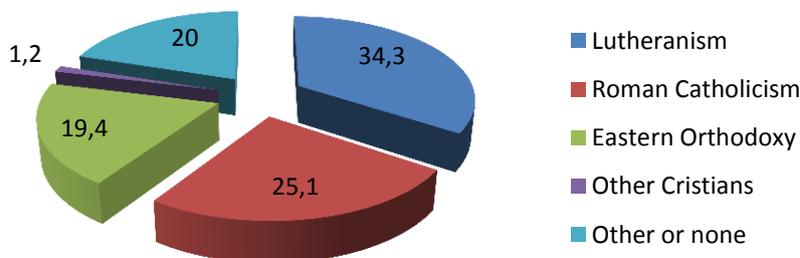


Figure 11: religion diversity. **Source:** Centralas statistikas parvades datubazes.

The official language of Latvia has been language of Latvian. Latvian is spoken by the ethnic population. Russian is spoken by over 34% of the population, mainly Russian immigrants who live in the urban areas of the country. Others languages include Belarusian, Ukrainian, Polish and Lithuanian spoken by a smaller population. While it is now required that all school students learn Latvian, most schools also include English and either German or Russian in their curricula. English is widely accepted in Latvia, especially in business and tourism.

Languages spoken in Latvia (2011)

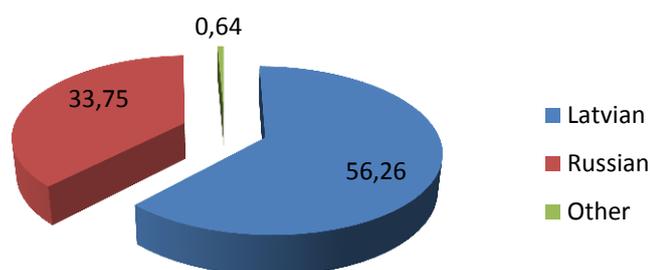


Figure 12: GDP composition y sector (2015). Source: Centralas statistikas parvades datubazes.

2.5.1 Employment and unemployment

Thanks to the improvement of the economic situation unemployment is decreasing and employment is increasing.

As shown in the graphic, the unemployment rate has decreased by almost a half over 4 years and since the middle of 2010 the number of employed people has been increasing gradually.

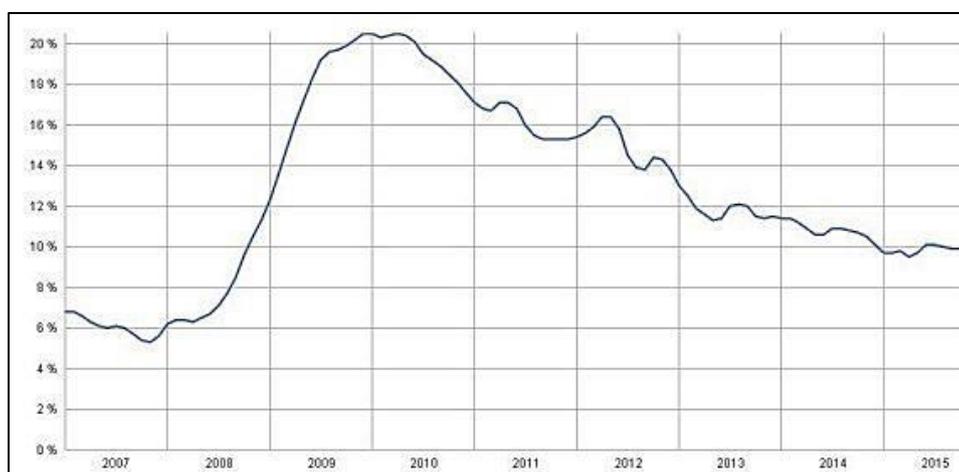


Figure 13: unemployment rate Source: Centralas statistikas parvades datubazes.

In 2014, the situation in the labour market kept improving, though slower than in previous periods. This situation was caused by the greater influence of demographic trends on the labour market and slower growth rate and increased productivity. Currently Latvia has around 9.8% unemployment, over the EU percentage (9,6%).



Figure 14: average monthly gross wages and salaries and annual changes.

The average gross wage in 2015 was 818€. If this is compared with the average gross wage in 2014, it is noticed an increased by 19.3 %. In 2014, as compared to 2013, the average gross wage has risen in all sectors of the national economy. The sectors that are growing up more are agriculture, trade, construction and manufacturing. The wages keep rising in all sectors of the national economy in 2016.

Regarding quality of life, the following table indicates the amount of people who declared a low satisfaction with their financial situation in with the share of people facing the risk of poverty, severe material deprivation and the share of households making ends meet with difficulty. According Eurostat data, Latvian people are less satisfied than the average of the EU. Nonetheless this feel is reducing every year.

Poverty and material conditions indicators versus low financial satisfaction, 2013 (%):

	Low satisfaction with financial situation	At-risk-of-poverty rate (1)	Severely materially deprived people	Making ends meet with difficulty or great difficulty
EU	37,6	16,6	9,6	28,9
LATVIA	58,5	19,3	24	54,4

Table 4: poverty indicators vs low financial satisfaction (2013). **Source:** Eurostat (EU-SILC).

The following graphic shows expense on recreational and cultural activities compared to total household expenditure in 2012 and 2015. Latvia spends around 4% of total consumption expenditure, which is one of the countries in the EU with with the highest rate. Latvian people like to spend money in winter sports, music festivals, holidays, theatre, books, photographic and other cultural services.

Expenditure on recreational and cultural activities, in total household expenditure, 2005 versus 2012 (% of total consumption expenditure).

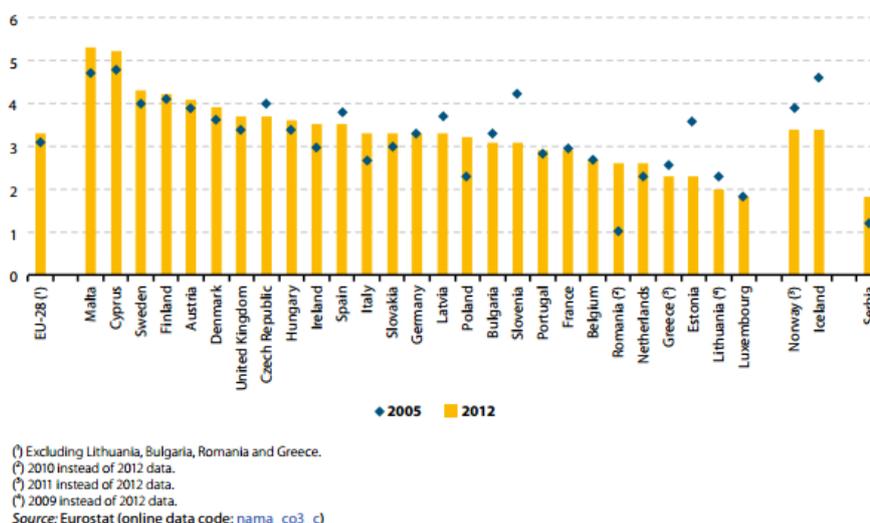


Figure 15: expenditure on recreational and cultural activities.

2.6 ENVIROMENTAL ANALYSIS

If the analysis is focus in environmental terms, the Supreme Council of the Republic of Latvia has adopted a Law on Environmental Protection. The purpose of this Law is to promote sustainable development in the field of environmental protection, to create and ensure an effective environmental protection system.

2.6.1 Principles of Environmental Protection

Principles in which State environmental policy is based on are:

1^o the sustainable development principle – the State and the public shall establish such a system of social and economic conditions, which provides for the sustainable utilisation of natural resources, ensures improvement in the quality of life and the satisfaction of current needs without creating a threat to the satisfaction of the needs of future generations, and ensures the conservation of biological diversity for an unlimited time period.

2^o the “polluter pays” principle – natural persons and legal persons shall cover all the costs, which are related to the assessment, reduction or rectification of the pollution caused as a result of their activities;

3^o the precautionary principle – a natural or legal person has a duty to reduce to the extent possible the anthropogenic load, which occurs or may occur as a result of their activities. The initiator of an activity has a duty to ensure that the activity conforms to regulatory enactments regarding environmental protection and the State environmental policy.

4^o the assessment principle – any activity or measure, which may impact on the quality of the environment, shall be allowed only in such case, if the positive result achieved by the relevant performer of the activity and the public as a whole exceeds the adverse result caused by the activity to the quality of the environment or the harm done as a result of



such an activity or measure to the environment and the public. [22 May 1997; 20 June 2000]

Source: <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN018393.pdf>

2.7 TECHNOLOGICAL ANALYSIS

Latvia has one of the fastest Internet connections in the world and more than 4,000 access points for wireless Internet and it is growing up. A highly developed logistics and communications infrastructure supports the development of Latvia's IT sector. High investment in tangible assets contributes further to the competitiveness of the IT sector in Latvia.

In early 2014 75.83% of the country's inhabitants used the Internet, a great evolution since 2000.

Internet users (% of population)

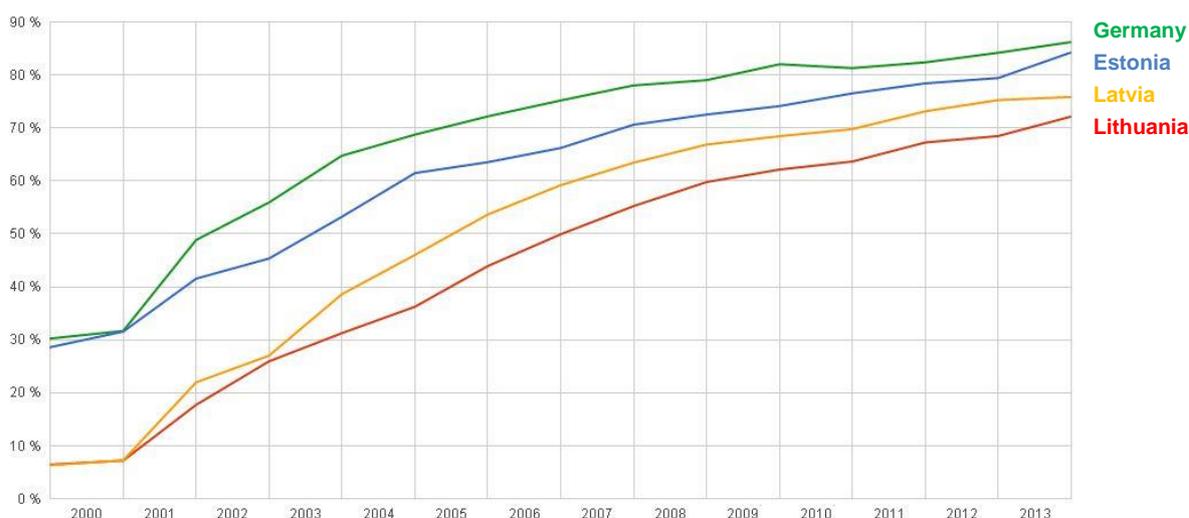


Figure 16: internet users. Source: <http://www.bancomundial.org/>

Government policies promote the use of IT solutions by businesses and the general public and are aimed at utilising IT solutions to improve efficiency. Currently all (100%) businesses must have access to computers as exchange of information with State Revenue Service (submission of annual reports) must be done electronically.

According Internet censorship and surveillance in Latvia, the constitution and law provide for freedom of speech and of the press. There are no government restrictions on access to the Internet or reports that the government monitors e-mail or Internet chat rooms. Individuals and groups engage in the peaceful expression of views via the Internet, including by e-mail.



2.8 PESTLE SUMMARY

FACTORS	TRAVEL AGENCY PESTLE
POLITICAL-LEGAL ANALYSIS	<ul style="list-style-type: none"> - SIA foundation fees: <ul style="list-style-type: none"> • State fee: 149.29 €. • Fee for publication in the newspaper Latvijas Vēstnesis: 27,03 € • Certification of one signature of founder or member of board of directors: 30 €. • Legal services (including receiving, submission of documents and other actual activities) during process of registration: 200 €. - SIA taxes are: <ul style="list-style-type: none"> • The company income tax (a tax on profit). The tax rate is 15%. • The state mandatory social contributions payments. The basic rate is - 34.09% of gross salary. • The personal income tax. The tax rate is 23% of part of salary. • The business risk duty (0.36 euro per month for each employee). - Tourism agents and tourism operators shall be registered in the database since 2010. - Submit information regarding the security guarantee of money deposited by clients.
ECONOMIC ANALYSIS	<ul style="list-style-type: none"> - The budget of Latvia in 2015 had a deficit of 1.3% of GDP, one of the smallest deficits in the EU. - Latvia has recovered from the crisis. - Exports exceed imports. -The country import 21.9% in travel and a 33.3% in transport of all import in 2014. - Share of tourism in total gross value added was 4.2% in 2013. - Share of travel and passenger transport in import of good and services was 6.5% of the total in 2013.



SOCIETY	<ul style="list-style-type: none"> - The population of Latvia was 1.986.173 people in January of 2016, which is decreased if it is compared with previous years. - Aging population. -The sex ratio of the total population is 0.852 (man/woman). - Mixture of ethnic groups. Latvians with 62.1% of the population are the most numerous followed by Russians with 26.9%. - Diversity of religions. - Official language is Latvian. - Most schools also include English and either German or Russian in their curricula. - English is widely accepted in Latvia, especially in business and tourism. - The unemployment rate has decreased by almost a half over 4 years. - Since the middle of 2010 the number of employed people has been increasing gradually. - The average gross wage in 2015 was 818€. - Latvian people are less satisfied financially than the average of the EU. This feel is reducing every year. - Latvia spends around 4% of total consumption expenditure in recreational and cultural activities, which is one of the countries in the EU with most percentage.
EMVIROMENTAL ANALYSIS	<ul style="list-style-type: none"> - The Republic of Latvia has adopted a Law on Environmental Protection. <ul style="list-style-type: none"> - 1^o the sustainable development principle. - 2^o the “polluter pays” principle. - 3^o the precautionary principle. - 4^o the assessment principle.
TECHNOLOGICAL ANALYSIS	<ul style="list-style-type: none"> - Latvia has one of the fastest Internet connections in the world. - There are more than 4,000 public access points for wireless Internet and it is growing up. - In early 2014, 75.83% of the country's inhabitants used the Internet. - Government policies promote the use of IT solutions by businesses and the general public. - There are no government restrictions on access to the Internet.

Table 5: PESTLE summary

3 MARKET

3.1 DEMAND ANALYSIS

In This section statistical data are analysed which include results of a sample survey of persons crossing the country's border in 2014 and a survey about recreational made by the residents of Latvia. Also data on the activities of hotels, other tourist accommodation establishments and transport are included.

Data are presented in comparison with previous years. Data in this bulletin align with the requirements of the European Parliament and of the Council Regulation (EU) No. 692/2011 dated 6 July 2011 on the collection of statistical information in the field of tourism ensuring data comparability with other countries. At the stage of data processing, the information collected from the responding natural persons is extrapolated to the whole survey population using scientifically grounded and internationally approved mathematical methods.

3.1.1 Number of customers

1. Number of travellers in recreational and other private trips abroad by gender and age group:

Year	Travellers	Total
2012	46.455	46.455
2013	59.089	105.544
2014	55.396	160.940

Table 6: number of travellers in recreational and other private trips abroad between 2012 and 2014.

Sex (2014)	Travellers	Total
Male	19.234	19.234
Female	36.162	55.396

Table 7: number of travellers in recreational and other private trips abroad in 2014 by gender.

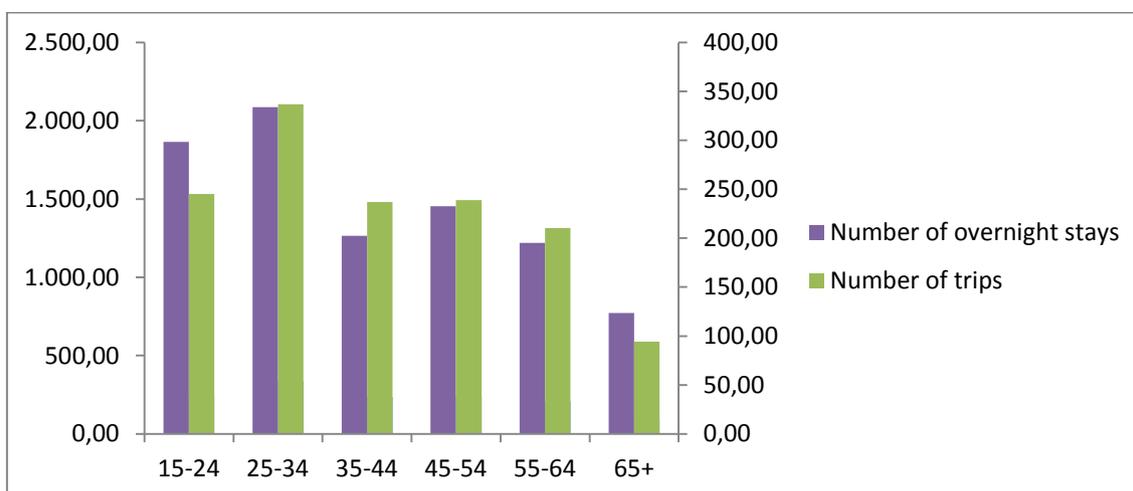


Figure 17: number of overnight stays and trips by age group.

In Latvia, travelers between 35-54 years are the most motivated to travel abroad with a total of 20.380 in 2014. Young people between 15-34 years look for culture destinations with amusement and entertainment at affordable prices. Travellers between 35-54 years are typical long-haul travellers, considering that younger people have less money to spend in this kind of holiday. In contrast, adults over 54 years opt for quiet destinations and relaxation.

In 2014 Latvian females travelled almost twice more than man abroad.

Number of recreational, other private trips abroad by gender:

	Recreational and other private trips	Of which	
		same day trips	overnight trips
2012	1.429,90	313	1.116,90
2013	1.405	439,2	965,8
2014	1.604,80	407,9	1.196,9
Males	695,9	202,6	493,3
Females	908,9	205,3	703,6

Table 8: number of recreational and other private trips abroad by gender. **Source:** <http://www.csb.gov.lv/en>

When it comes to travel abroad, Latvian travellers usually make overnight trips due to distance. The destinations in same day trips are neighbours countries, like Estonia or Lithuania. In 2014 there were 1.197 overnight trips versus 408 same day trips.

Number of recreational trips abroad with overnight stays by gender and age group:

Number of trips	Number of overnight stays	
1.397,50	8.233,20	2012
1.246,10	7.951,10	2013
1.362,10	8.661,10	2014
588,4	3.585,60	Males
773,7	5.075,50	Females

Table 9: number of recreational trips abroad with overnight stays by gender and age group.

If it is compared 2014 with 2012 and 2013, Latvian people spent more number of nights than in previous years. As shown previously, Latvian women travelled abroad more than men, considering that a 57% of the trips were taken by women.

3.1.2 Expenditure

1. Expenditure abroad by purpose of trip and kind of accommodation used (Euro):

Recreational and other private trips	Recreation	Visiting friends, relatives	Other Private purpose	
379	247,6	103,9	27,5	2012
360,7	238,8	93,5	28,4	2013
413,3	284,5	74,6	54,2	2014

Table 10: expenditure abroad by purpose of trip and kind of accommodation. **Source:** <http://www.csb.gov.lv/en>

As shown in the upper table, without a doubt, the main purpose by which Latvians travel abroad is recreation. They usually stay in hotels, motels or guest houses, except when they visit friends or relatives. In this case they normally stay in the house of the friends/ relatives.

Expenditure of overnight resident travellers abroad in 2014:

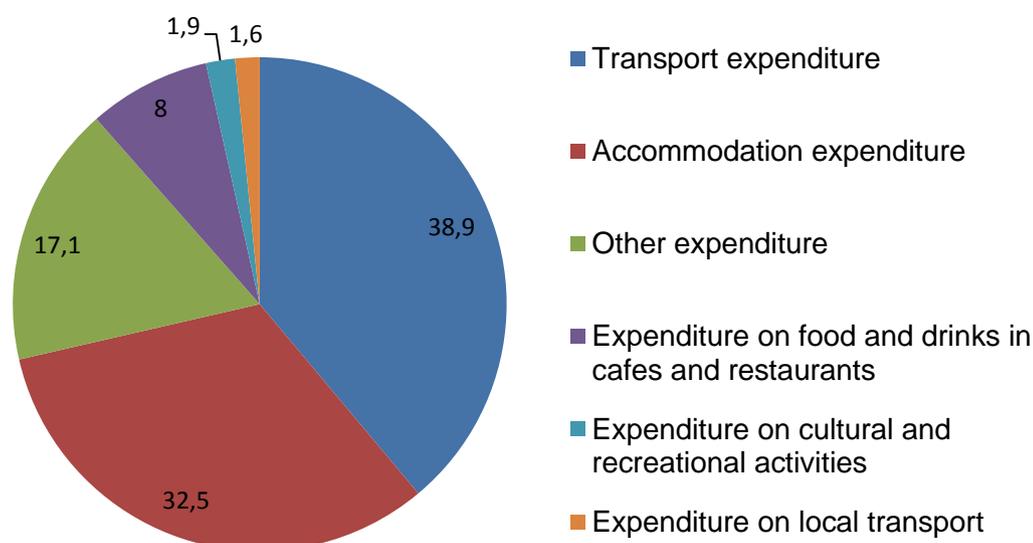


Figure 18: expenditure of overnight resident travellers abroad (2014) **Source:** <http://www.csb.gov.lv/en>

A 70% of expenditure of Latvian travellers spent in 2014 was on transport and accommodation. The remaining outlay was distributed between restaurants, cultural activities and local transport.

Average daily expenditure of overnight travellers per night spent by purpose of trip:

	2012	2013	2014
Recreation	78,4	78,6	64,2
Visiting friends/relatives	32,7	31,6	27,4
Other private purpose	46,7	66,2	63,4
Total	58,3	60,5	54,6

Table 11: average daily expenditure of overnight travellers per night spent by purpose of trip.

Travellers spent an average expenditure of 73.4 euro between 2012 and 2014 per night in recreational trips. This data is important, since it will be set the price of accommodation based on it.

3.1.3 Holiday trend

The most appreciated by Latvian travellers is to have a perfect service and maximum comfort at the lowest price. Additionally, they are glad to have English speaking guides because they generally have good English language skills. Travel demand is growing in recent years and, as shown in the graphic, 22.6% of the Latvian population which took trips of 4 nights or more in 2014.

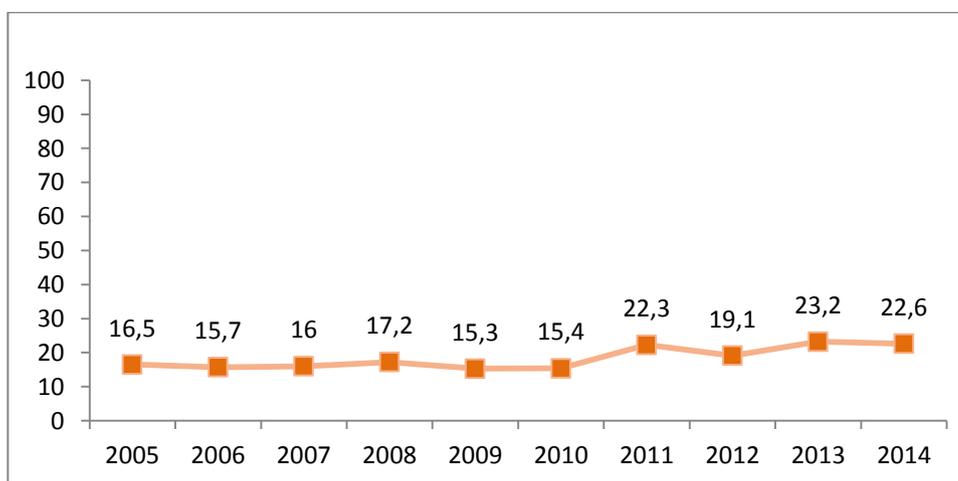


Figure 19: travel demand. **Source:** Eurostat.

Countries most often visited by resident travellers using the services of tourism companies in 2014:

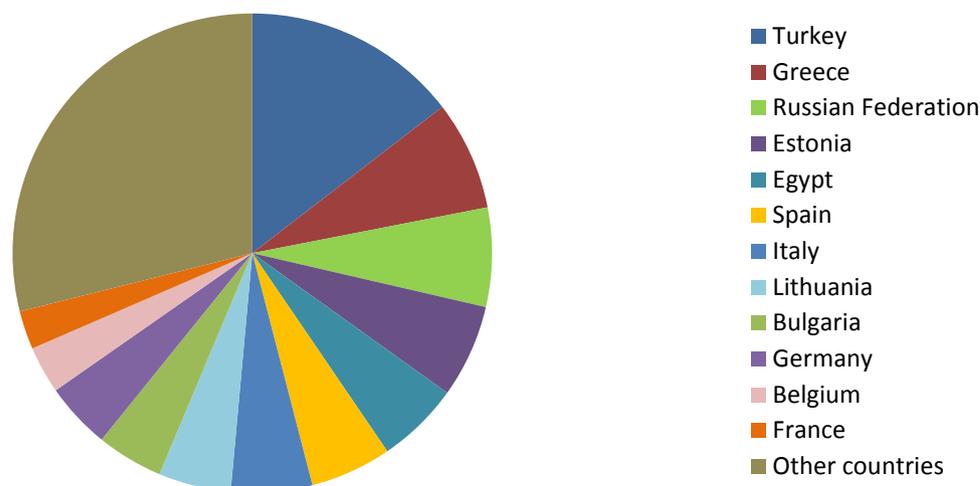


Figure 20: most often visited countries using tourism companies. **Source:** <http://www.csb.gov.lv/en>

Although sun and beach holidays are the most popular tourism segment, the number of Latvian travellers which want mixed tailor-made trips is increasing. When it concerns sunny and warm destinations, many agencies in the Baltic reported that their clients prefer package holidays which are about combining sun and beach with sightseeing and cultural activities. Also, it should be noted that outbound business travel are getting stronger and people tend to combine a business trip with an extension for sightseeing or even a beach holiday.

When speaking about summer destinations, Turkey is by far the most popular destination, because of distance, direct flights and price. Other interesting destinations are Greece, Bulgaria, Italy and Spain.

Also more conference and incentive trips are being organised to long-haul destinations, especially to Asia. Latvian people are really interested in Israel, Thailand, United Arab Emirates, Egypt and there are charter flights from Riga to Bangkok. Such exotic destinations are especially popular in winter. Additionally Central and South America is becoming more and more attractive for tourist.

Latvian employees are entitled to four calendar weeks, 20 business days. They tend to take their vacation in the summer months of June, July and August and also around Christmas time.

Characteristics of overnight Latvian travellers in trips in Spain and in total in 2014:

	Number of trips (thsd)	Expenditure, total, mln euro	Average daily expenditure per night, euro	Average length of trips, nights
Spain	61,8	32,2	62,4	8,6
Total	1362,1	472,9	54,6	6,4

Table 12: characteristics of overnight Latvian travellers in trips (2014). **Source:** <http://www.csb.gov.lv/en>



Travellers in Latvia stayed an average of 8.6 nights on their trips in Spain. This data will be used to calculate the average price of accommodation offered in the travel agency.

Main destinations of Baltic States in Spain (2014):

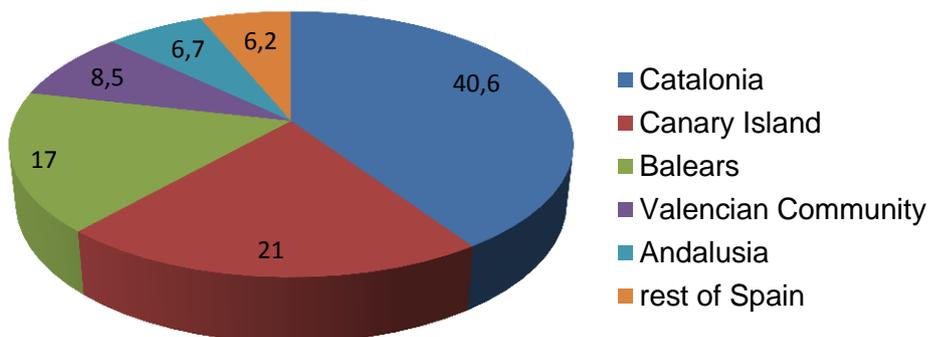


Figure 21: main destinations of Baltic states in Spain (2014). **Source:** Turespaña. Frontur.

According Frontur, Lithuania is responsible of 42% of the Baltic tourist in 2014 in Spain, followed by Latvia with a 37% and Estonia emits 21%.

The three countries are making positive progress since 2013, with growths in 2014 of 35% (Latvia), 23% (Estonia) and 18% (Lithuania). The main destination of Baltic tourist is Catalonia (41%), followed by Canary Islands (21%) and the Balearic Islands (17%). In 4th and 5th place are located Valencia and Andalusia with similar percentages of 8% and 7%. Lithuanians choose Balearic and Catalonia, while for Latvians and Estonians prefer Catalonia and the Canary Islands.

3.1.4Transport

Trips of overnight travellers by mode of transport used to travel abroad in 2013:

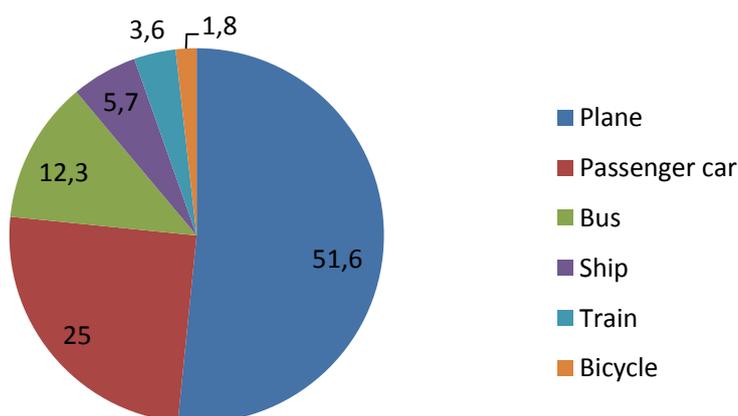


Figure 22: means of transport used in overnight trips abroad (2013). **Source:** <http://www.csb.gov.lv/en>

The main form of transportation used to travel abroad is by plane, with 51.6%, due to the fact that it is the cheapest, fastest and most comfortable. People also travel by car with a 25% and by bus with 12.3%.

Since the travel agency will specialize in providing direct flights to Canary Islands, it is necessary to realize an analysis of the availability in Riga Airport. It is currently the largest airport in the Baltic States and it is connected directly to 79 destinations in 30 countries.



Figure 23: direct flights from Riga Airport.

The following airlines provide services of flights from Riga International Airport:



Figure 24: operating airlines in Riga International Airport.

The only company that provides direct flights to Canary Island is SmartLynx Airlines. This is a privately owned charter and ACMI operator of Airbus aircraft. Company is headquartered in Riga and holds Latvian and Estonian Air Operator Certificates. As a European Union's airline, SmartLynx Airlines upholds quality standards of IOSA and EASA, and has access to Open Skies.



SmartLynx Airlines provides full charter operation for its home markets of Latvia and Estonia, predominantly in the leisure market. This airline cooperates with Latvian tour operators Novatours and Tez Tour to offer direct flights to Tenerife.

3.2 COMPETITIVE ANALYSIS

3.2.1 Number of tourism companies and their territorial distribution

Information on the activity of tourism merchants is compiled once a year. This section is focused on obtaining detailed information of Latvian and foreign tourists that used services of tour operators and travel agents. Merchants are selected from Travel Agent and Tour Operator Database of the Ministry of Economics.

Operation of tourism companies:

The indicator includes incoming and outgoing travellers, as well as Latvian residents which travelled across Latvia. Since 2014 the indicator also includes non-residents which purchased trip to another country. Starting with 2014, data are collected only from tourism companies which provide tour operator services.

Year	Number of travellers	Of which	
		Incoming travellers	Outgoing travellers
2005	462962	157461	272914
2006	719621	269645	388453
2007	785894	237573	487620
2008	772416	236620	478298
2009	417803	150142	247200
2010	512180	191601	298645
2011	500915	175402	302845
2012	531398	175046	35567
2013	690931	212261	417965
2014	683609	144985	433549

Table 13: number of incoming and outgoing travellers in Latvia.

Since 2014 the number of outgoing travellers has increase a 37%. In 2014, Number of visitor in tourism companies was 683.609 which a 64% was looking for travelling abroad. To reply to such demand, the number of travel agencies has also grown.

Evolution of tourism merchants (2010-2016):

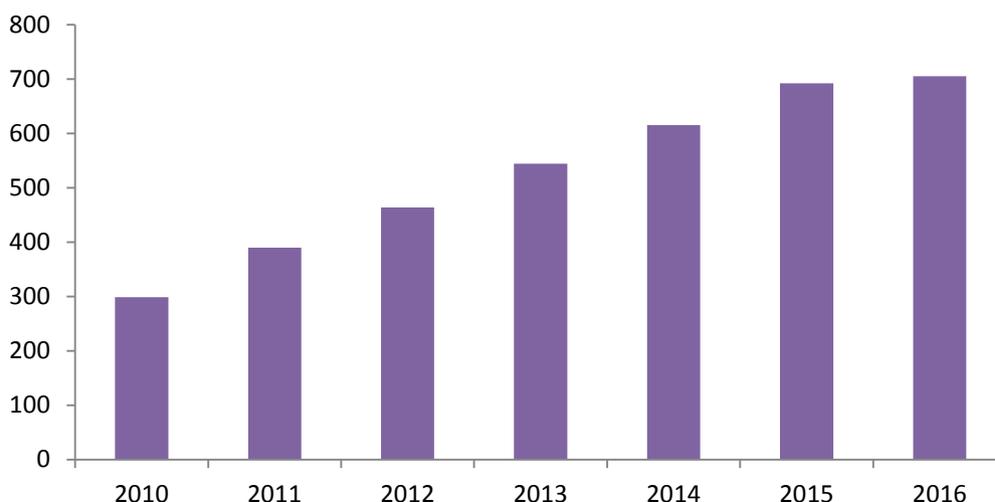


Figure 25: direct flights from Riga Airport. Source: <http://tato.em.gov.lv>

Below it is shown the regional distribution of visitors:

Number of tourism company visitors by statistical region of Latvia:

REGION	2010	2011	2012	2013	2014
Riga region	456.912	442.276	485.709	622.811	628.098
Pieriga region	33.213	38.402	12.783	22.327	39.879
Vidzeme region	1.796	1.591	1.922	4.620	11.426
Kurzeme region	9.984	9.631	14.140	17.486	-
Zemgale region	5.596	3.603	6.009	5.787	3680
Latgale region	4.679	5.412	10.835	17.900	526
Total	512.180	500.398	531.398	690.931	683.609

Table 14: Number of tourism company visitors by statistical region of Latvia. Source: <http://www.csb.gov.lv/en>

Riga region is the one that gets more visits per year due to the fact that it is the region where the largest number of population is concentrated. Since 2010 it has increased by 27% the number of visitors in travel agencies located in such region. The office will be located in the centre of the capital so that a greater percentage of population can have access to the services that the agency offers.

3.2.2 Categories

Since June 13, 2010 all entrepreneurs who offer tourism agent or tourism operator services in Latvia must register in Database of Tourism agents and tourism operators - <http://tato.em.gov.lv>. Responsible institution for the database is Ministry of Economics of the Republic of Latvia. The following table shows the legal forms taken by the agencies:

KIND	Agents	Operators	Agents and operators
Individual	11	-	1
Legal entity	444	58	191



Table 15: number of individual and legal entities as travel agencies. **Source:** <http://tato.em.gov.lv>

The most common kind of company is agent with a 62% .The second modality most used in this sector are Agents and operators at the same time with 27% and finally operators being a 8% of the merchants. Most are legal entity, there are only 1.7% of individual.

Direct competitors

If focusing on the service which will be provided, there are two direct competitors that stand out significantly, "NOVATOOURS" and "TEZ TOUR". These travel agencies offer direct travels to the Canary Islands.



NOVATOOURS was founded in Lithuania in 1999; it is the largest tour operator and travel agency in the Baltic countries and the most popular in Latvia with 10 years of experience in the market. They organizes recreational trips and ski tours with charter flights, as well as exotic trips. This travel agency guarantees quality, reliable and safe to travel to the outermost destinations solutions. Currently the NOVATOOURS group of Vilnius, Riga and Tallinn organizes trips to 23 destinations.

working principles	values
<ul style="list-style-type: none"> - Focus on strategic business objectives. - Innovation. - Focus in Clients and their desires. - Team work. - Professionalism and perfection. - The company's quality policy compliance. - Creativity and flexibility. - Openness. - Work execution speed. 	<ul style="list-style-type: none"> - Respect for yourself, your colleagues and clients. - Reliability - Sense of responsibility and honesty. - Efficiency and simplicity. - Promotion of team spirit. - The desire to win. - Freedom of expression. - Working environment harmony.
Staff	They offer
<p>All guides are trained in "Novatours Academy", which teaches:</p> <ul style="list-style-type: none"> - Fulfil with customer expectations and needs - Take care of every customer. - Honestly and keep promises- - Potential to meet customer expectations. - Take responsibility for their tasks. - Respect for customers, colleagues and partners. - Continuously acquire new knowledge. - Improve their skills. 	<ul style="list-style-type: none"> - Holiday trips - Exotic trips - Skiing trips - Charter flights - Excursions - Information of the cities - Additional services <ul style="list-style-type: none"> - Elastic trip - private transfer - flowers service - Water sports equipment transportation - Ski equipment and transport - Feedback - Gift Cards



Address	Sales
Bruninieku street 27 Riga LV-1001	<ul style="list-style-type: none"> - Special seasonal discounts for newlyweds, seniors and groups - Exclusive weekly deals - Discounts in travel packages
Working time	Social networks and webs
<ul style="list-style-type: none"> - Monday-Friday 9:00 to 18:00 - Saturday and Sunday holiday 	<ul style="list-style-type: none"> www.novatours.lv www.facebook.com/NovatoursLV/ www.twitter.com/novatours_lv www.instagram.com/novatours_lv/

Table 16: competitor description: Novatours.

Canary Island (Tenerife)

Average Price of accommodation
746€ per person 7 days

Quality of accommodation (stars)			
2	3	4	5
1	7	11	2

Excursions	
kind of excursion	Price(€)
La Gomera	information not found
Yatch cruises	
Teide and Mascaras village	
Lanzarote	
Teide National Park	
Medieval knight tournament in San Miguel Castle	

Table 17: Excursions of novatours in Canary Islands

Frequency of trips 2015-2016
Not Found



International tour operator TEZ TOUR is the largest Latvian tour operator that organizes trips to different tourist destinations of the world. The company TEZ TOUR has about 200 travel agencies in Riga, Liepaja, Ventspils, Daugavpils, Valmiera, Ogre,



Jurmala, Jelgava, Rezekne, in Utah, Tukums, Bauska and elsewhere. The office in Latvia was opening in 2002.

working principles	Values
<ul style="list-style-type: none"> - Used highly advanced technology all travel segments in the organization, the management and control. - Working only with reliable and trustworthy partners. - Smoothly and accurately serve even in the peak tourist season. - Professionalism and perfection. - Paying particular attention to monitoring the quality of services at all stages. - High quality and direct contract with the world's leading hotels. - Openness. - Telephonic availability 24h. 	<ul style="list-style-type: none"> - Respect. - High client safety. - Reliability. - Sense of responsibility and honesty. - Efficiency. - High quality - The desire to win. - High Technologies of Tourism.
Staff	They offer
<p>The company employs more than 5,000 employees. They have the following qualities:</p> <ul style="list-style-type: none"> - Performance. - Diligence. - Responsibility. - Grammatically correct speech. - Initiative. - Stress resistance. - Sociability. - Skill to work in team. Focus on results. 	<ul style="list-style-type: none"> - Holiday trips - Exotic trips - Tourism information of the cities - Ski trips - English courses in holidays - Charter flights - Travel extras - Excursions
Address	Sales
<p>Elizabetes Street 83/85, Riga LV-1050</p>	<ul style="list-style-type: none"> - Special prices on flights. - "Smart Park" parking service - close to airport "Riga", with a 15% discount Tez Tour customers.
Working time	Social networks and webs
<ul style="list-style-type: none"> - Monday-Friday 9:00 to 18:00 - Saturday and Sunday holiday 	<p>www.teztour.lv/ www.facebook.com/Teztour.lv/?fref=ts www.twitter.com/teztourworld https://www.instagram.com/explore/tags/teztour/</p>

Table 18: competitor description: TEZ tour.

Canary Island (Tenerife)

Average Price of accommodation
874€ per person 7 days

Quality of accommodation (stars)			
2	3	4	5
0	6	11	4

excursions		
kind of excursion	adults(€)	children(€)
La Gomera	78	40
La Laguna	60	40
Teide volcano	55	30
Loro Park	55	32

Frequency of trips 2015-2016	
October	16 23 30
November	06 13 20 27
December	04 11 18 25
January	01 08 15 22 29
February	05 12 19 26 28
March	04 06 11 13 18 20 25 27
April	01 03 08 10 15 17* 22 29*

* Only export flight.

Table 19: frequency of trips to Canary Island (Tenerife).

3.3 PORTER'S FIVE FORCES

To show the previous market analysis it has been used porter's five forces tool. The idea is to know where power lies in a business situation. It will help us to understand the strength of current competitive position and the strength of clients.

Besides, the tool is useful to identify whether the new service have the potential to be profitable. With a clear understanding of where power lies, it will be known better the weakness and improve the situation, avoid taking wrong measures and use advantages of a situation of strength.

We complement Pestle study with this analysis of microenvironment with the purpose of perform all the external environment analysis. The five forces are:



Figure 26: Porter's five forces diagram.

3.3.1 Buyer power

CUSTOMER

In general, the customers are Latvian people, but they also can be foreign people. When it comes to specifying the direct customers of travel agency, it can make a classification according to their nature.

- **Individuals:** these costumers are the main plaintiffs of tour packages since they usually hire a complete service to the travel agency with all the needs of travel, accommodation and complementary activities. Inside this group are families, couples or older people with upper-medium purchasing power.
- **Companies:** companies sometimes contract the services of travel agencies to organize their travel with leisure purposes, such as incentive trips.
- **Groups:** are joint people who decide to travel together. Within these customers, it can distinguish elderly people, schools, associations and others. In many cases, the purchasing power of customers is usually less, so the price is usually decisive to hire the travel.

The most valued by Latvian customers of a travel agency is:

- Professionalism, kindness and counselling by staff of customer service.



- Proper management of travel: transport, accommodation, meals and additional services.

Considering that the travel agency is specialized in the Canary Islands, it is important that staff will be formed by experts who know the destinations and activities that will be developed. They will act as support for connoisseur customers and as informant for those people who are unfamiliar with destinations or activities.

BARGAINING POWER OF BUYERS

Characteristics of the activities give the customer an important bargaining concerning these topics:

- Ease customer to change company
- Existence of substitute products
- Customer price sensitive

Buyers are fragmented and their diminishing brand loyalty gives them reasonable buying power.

The extension of certain destinations and search of alternatives to sun and beach holidays make travel agencies a good option for some tourists. In these cases, the price factor is not often very decisive. Usually these customers are more demanding and value more the quality of service offered.

Moreover, the excess supply in certain services gives us an advantage associated with specialization in Canary Island.

By these facts, it is considered that the bargaining power of customers has a medium intensity because they can force companies to competing in the market to lower prices, to offer higher quality or more services.

3.3.2Threat of substitution

Identification of substitutive services involves the search of other products which can achieve the same function, meaning they can meet the same needs as the service offered by travel agencies. It is considered that the bargaining of substitution has a medium intensity.

Substitutes affect competition, because if they have a lower and / or more attractive price than the product generated by travel agencies, part of the demand will move to the substitute service. In the case of travel agencies, "do it yourself" is the handiest when Latvian people has to organize travel and manage reservations. More and more travellers consult social networks to find destinations, offers, advices and opinions of other users to know where to go or what to do. The most famous webs which Latvian people use to find travel information are:



Flights	Acommodation
www.letilidot.lv	www.lv.hotels.com
www.sky24.lv/	www.Hotelium.com
www.avio.lv/	www.getaroom.com
www.letakais.lv/	www.agoda.com/
www.superbiletas.lv/	www.Booking.com
www.lidotletak.lv/	www.TripAdvisor.com
www.aviokases.lv/	
www.rezervet.lv/	

Table 20: most used webs classified by speciality.

3.3.3 Supplier power

Professionals and Companies needed to provide the variety of services could be classified into three groups:

- Suppliers of accommodation: hotels, hostels, cottages, etc.
- Transport suppliers: air, rail and maritime companies.
- Service supplier: car rental companies, tour guides, active tourism companies, etc.

The main factor that is kept in mind, when it is time to choosing the first two types of suppliers, is the order of services that will offer the company. The great multitude of kind of accommodation makes agencies that wish to cover any services has a large number of suppliers. Depending on the level of request and demand will enclose the number. The only problem is when choosing the supplier of air transportation, as only SmartLynx Airlines offers direct flights to the Canary Islands. This airline has great bargaining power.

In the case of service suppliers, the amount will also depend on what it wants to offer. Depending on whether it is specialised or not, have more or less suppliers. Travel agency will be specialised in Canary Island and provide all kind of tourism excursions. This fact makes that there will be a great range of service suppliers.

Suppliers can exert their bargaining power over participating companies in the activity: threatening to raise prices or reducing the quality of products and services; It can cause an impact on the profitability of the activity or quality which offers to the customers. In the case of travel agencies it has been considered to have a bargaining power high intensity, because normally require prepayment of services and they do not accept negotiation in commission.

3.3.4 Threat of new entry

The barriers to entry and exit affect the level of competition in a market because, according to their intensity, they can increase or decrease the appeal. For example, if barriers entries are low, there will be many entrepreneurs which will start in the activity. Add to this a large number of existing businesses and high barriers to exit, you will



encounter intense competition. As far as travel agency is concerned, the entry barriers are middle and end barriers low.

ENTRY BARRIERS

Economies of scale: They are the cost advantages that travel agencies obtain due to size. The greater the volume, the advantages are greater. It has a long-term positive impact on the entity, which adds to its value. This qualitative factor will lead to a decrease in costs and an increase in profits for this entity. For example, to create packages, agencies must take advantage of economies of scale and negotiate net prices with suppliers, since they do not get the same percentage if they only sell the trip and not organize it. The retail price is obtained by adding price negotiated with the supplier plus the percentage of price agencies.

Initial investment: A tourism operator, after registration in the database, shall submit information to the registrar regarding the security guarantee of money deposited by clients, indicating the issuer of the guarantee, the term of validity and the insured sum. The establishment cost of SIA is 500 €. Initial investment is low.

Lack of experience in industry: Specialization and experience are keys to success. Both flights and accommodation supplies and customers have to be convinced that the travel agency is committed and qualified. If people do not have proper preparation, it can lead to stop access.

Legal barriers: As explained in the Legal analysis, Tourism agents and tourism operators shall be registered in the database of tourism agents and tourism operators.

Access to suppliers and distribution: It is only found barriers when it is time to search suppliers of direct flights from Riga to Canary Island. Now, SmartLynx Airlines is the only airline which offers this service. It is not necessary specific distribution.

High differentiation of an existing product NOVATOUR and TEZTOUR are known in all Baltic States and they are very well positioned in the consumer's mind it is difficult to compete. It is important to focus in spending money and time in marketing.

END BARRIERS

Assets are easy to sell (electronic equipment, office rent, furniture...) so exit barriers are low.

3.3.5Competitive rivalry

The number of travel agencies and tour operators has increased in the last years and the market this market is growing up.

The direct competitors are big and specialized travel agencies. To compare direct competitors with the travel agency, it has been established a number of key indicators:

- Technologies.
- Client security.



- Accessibility.
- Professionalism.
- Friendliness.
- Openness.
- Economic prices.
- Quality of accommodation.
- Additional services.
- Sales.
- Variety of excursions.
- Frequency of trips.

A range from 1 to 5 has been determined to make a calcification of these indicators, where 1 is the worst and 5 is the best. “TEZTOURS” stand out in client security and professionalism, contrasting with “NOVATOOURS”, which is excellent at friendliness and openness.

Comparison between competitors and the company

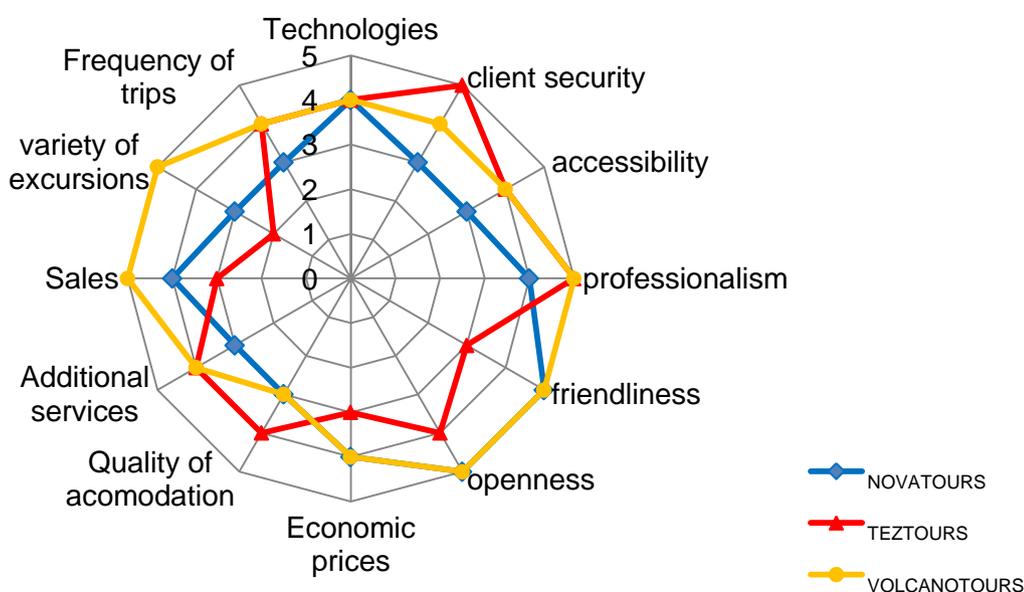


Figure 27: comparison between direct competitors and the company.

To differentiate us from competitors it is important to be more prominent in variety of services and excellent customer care.

It has been estimated that bargaining power of competitors has medium –high intensity, because there are a great number of travel agencies but none of them are specialized in Canary Islands.

4 MARKETING MIX

When the times come to marketing their products, companies need to create a successful mix of:

- The right product.
- Sold At the right price.
- In the right place.
- Using the most suitable promotion.
- People.
- Physical evidence.
- Process.
- Protection.



Figure 28: marketing mix concept diagram.

4.1 PRODUCT

Travel agency “VOLCANOTOURS” fulfil the role of intermediary in the sale to customers of tourist services in Canary Islands. This task will be carried out directly through the tourist producer and the agency does the work of retail.

The objective of travel agency is to provide its customers unforgettable experiences in which they can enjoy the great wonders of Canary Islands, showing the different destinations where they can stay. To make the trip, they will receive a



personalized and quality service form of Canarian people. There, the customer will enjoy beautiful and natural scenery; practice adventure sports and learn about the different cultures and ways of life that have the islands. Besides, it will be able to share with friends and/ or family with all the necessary facilities and the only priority of enjoy and relax.

4.1.1 About Canary Islands

Seven islands that offer an incredible and spectacular natural diversity and a warm climate perfect for intense experiences throughout the year.

1. The best climate in the world (24° average in August - 20° average in winter)

Canary Islands have a climate with an average temperature of 22°C with no extreme cold or excessive summer heat.

There are scientific proofs that climate and temperature have effects on the state of mind. Sensations like felling the sunshine on the skin, breathing in fresh air, walking barefoot on the sand or gazing at a sky full of stars, fill us with energy and refresh us from inside.

2. The energetic nature

The beautiful Atlantic archipelago is full of wild landscapes where it can be discovered the volcanic nature.

40% protected areas: Volcanoes, thousand-year forests, idyllic beaches, sand dunes, dramatic cliffs, natural swimming pools, waterfalls, oceans full of life and a clear, protected sky that make up one of the world's most valuable ecosystems. It's no wonder that 40% of the Canaries are environmentally protected in reserves.

There are Marine reserves with 3.000 endemic species of flora and fauna and natural swimming pools where it is possible to dive. Also Canary Islands have 4 National Parks and 7 Biosphere reserves.

Canary Islands have a wide range of places like, the laurel forests of Tenerife, La Gomera and La Palma which are among the few places on Earth where these stunning forests survive. Hiking through nature in the Canary Islands is an indescribable experience. Only on foot it can be possible to reach areas that feel pristine, appreciate the beautiful silence and feel the energy that envelops the zone.

3. Volcanic power

The Canary Islands emerged from the sea due to powerful volcanic activity. Lava and ash fields meeting the sea, craters and calderas sheltering wild forests, unique species adapted to their surroundings, etc. It is a beautiful and surprising landscape that it never leaves visitors unsatisfied.

4. Sporting adventures

- Climbing.
- Mountain biking:
- Rope jumping.
- Trail running.



- Paragliding.
- Cycling.

5. Closer to the stars

The natural richness of the Canary Islands stretches high into the sky. Their skies, considered the clearest and brightest in Europe, are protected by law to guarantee optimal conditions for the international observatories on the islands. A wide range of astronomical activities are available in the Canary Islands for star-gazing beginners and fans.

6. Beaches and Atlantic Ocean

The beaches of the Canary Islands are famous above all for their clear waters with constant temperatures around 20°C. It is perfect for a refreshing dip. The Atlantic Ocean is a genuine paradise for water sports like surfing, windsurfing, kitesurfing and bodyboarding. This is why it can be possible to find surf schools at many of beaches where people can learn the basics or perfect the technique.

The year-round good climate, strong winds, quality of the waves and great facilities make the Canary Islands a focal point for the water sports competition circuit.

7. Cuisine

Cuisine of the Canary Islands is full of contrasts, tasty dishes made with fresh local ingredients full of the flavours of the volcanic soils and ripened by the warm climate.

Canarian kitchens are full of tasty produce such as maize and potatoes, with intense flavours born of rich volcanic soils, and local ingredients like parrot fish, grouper and rock cod. And of course, one of the healthiest and tastiest fruit in the world is the Canarian banana. What lifts Canarian cuisine into its own class are local Designation of Origin products such as the wines made on most of the islands. Every sip reminds you of the intense volcanic origins of the islands.

Traditional products	Traditional dishes
<ul style="list-style-type: none"> - Goat cheese. - Palm honey. - Malvasía wine. - Sea salt flakes. - Heirloom potatoes. - Quesadilla cheese cake. - Canarian rum. 	<ul style="list-style-type: none"> - Wrinkly potatoes with spicy mojo sauce. - Escaldon made from gofio flour and fish soup. - Ropa vieja. - Cazuelas. - Sancocho. - Carajacas.

Table 21: traditional products and dishes from canary cuisine.

8. Other activities

When the sun sets and starry night sky appears, the wide range of nightlife gets started. Magical nights are lived intensely and always in the open air thanks to the year-round mild climate. Sit at an outdoor terrace bar, dine under the stars, dance until dawn and share experiences with new people are some of the many activities that are possible to do at night.



People also can walk through market stalls, spend the evening in a shopping centre or find traditional Canarian products at local shops. Besides, thanks to unique Canarian tax rules, the islands have a low sales tax rate of just 7%. This is far lower than anywhere else in Europe and means better prices on almost anything it want to buy.

For people which are looking for relax and renew themselves inside, there is a wide range of wellness centres that offer four natural resources with healing powers that make them a genuine outdoor spa: water, air, sun and sand.

4.1.2 Accommodation

Canarias is the perfect place with a mild climate all year round and a range of hotels and apartments that have adapted to cater for all types of tourists. "VOLCANOTOURS" provides a wide variety of hotels and apartments for all tastes. All of them are shown in section APENDIX 1.1.

Whatever type of accommodation the customer chooses, they all offer excellent quality services and are situated in wonderful places.

4.1.3 Excursions

A romantic walk by a beach, a family holiday by the sea, an idyllic week in exceptional natural surroundings, days to disconnect and relax, do sport or sunbathe, all of these activities can be possible in Canary Islands and "VOLCANOTOURS" takes charge of offering them with effectiveness and detail.

1. Teide National Park by bus, with official guide

Declared a World Heritage Site by Unesco, unforgettable "Teide" is waiting for anyone who dares to climb its summit and contemplate its magic. Hike up to the 3,718 meters of this dormant volcano and on a clear day from its summit you can catch a glimpse of the seven islands which make up the Canarian archipelago. Price: 25€ adults, 12.50€ children.

2. Water activities

"Nautisport and Charter" The activity consists in giving the clients the opportunity to experiment the feeling of sailing. *Gran Canaria, Lanzarote, Tenerife and Fuerteventura*. Price: 35€.

"Catamaran Bonadea II" The goal is to show customers the wide variety of dolphins and whales in their natural habitat and satisfy them with a cruise of two hours on the Bonadea II catamaran through the south coast of Tenerife. Price: 25€ adults, 12.50€ children.

3. Siam Park

Siam Park is the largest themed water park in Europe, located at Adeje (South Tenerife). It is a unique place where the whole family has its exclusive place for fun, adventure and excitement. Price: 37€ adults, 25€ children.



4. Loro Park

Loro Park is one of the most beloved animal parks in the Canaries. Here, people can enjoy with the family or as a couple. This park of Tenerife is a natural paradise which highlights the careful reproduction of diverse natural habitats, transporting visitors directly to the animal kingdom. Price: 37€ adults, 25€ children.

5. Wineries and Cheese shops Routes

The customer will choose between two wineries and cheese shops and the excursion guided tour, two glasses of wine and three typical Canarian cheeses. Price: 15€.

“Tierra de Frontos winery” The 540,000 square metre rural estate is a combination of winery and restaurant and has its own vineyards, winery, restaurant and tasca. It offers visitors guided tours of the winery and vineyards as well as tastings and wine tasting courses. Location: Tenerife.

“Bodegas las Tirajanas” A guided tour of Bodegas Las Tirajanas teaches about Gran Canaria winemaking. They offer the tasting of three wines paired with local gourmet produce such as olive oil, traditional cheese, olives marinated in mojo and bread. Location: Gran Canaria.

“La Villa Dairy” La Villa farm dairy produces enough milk to allow the production of up to eight thousand kilos of cheese each season. The cheese shop and dairy are open daily to guide tours or to purchase its produce. Location: Fuerteventura.

“The Cortijo de Caideros Cheese shop” it is possible to buy this cheese directly from the cheese shop during weekly guided tours that show off its unique production method. Location: Gran Canaria.

6. Star gazing

“Centro Astronómico Roque Saucillo” It is the perfect place for passionate people of the Cosmos or the curiosity of knowing more about that and is located in Gran Canaria. Price: 30 € adults, 25 € children.

7. Night life

A Canarian will show the customer the night life with good music, a great atmosphere and the best views. After dinner, the first stop is to have a first drink at an outdoor terrace bar with the stars overhead. Whether it's a hotel roof bar, by a nightclub, on a seaside terrace or in a local square the objective is to enjoy the night air and have a great time. It includes 3 drinks. Price: 30€.

8. Trekking in the Anaga Massif, with traditional food tasting and customs show

Landscape, culture and tradition unite in this unique experience. Conquer with us the Anaga Massif and walk among the majestic laurel forests. Price: 45€ adults, 36€ children.



9. Tandem Skydive

Endless and incredible emotions, that are impossible to experience on the ground, are possible in Gran Canaria. If the customer is looking for strong emotions and new experiences, this is the perfect opportunity to fly over skies. Price: 250€.

10. Flyboard - Fly over the sea like Ironman

The FlyBoard is a board with water propulsion, attached to a Jet Ski that supplies the power needed to propel itself. It can be controlled with an optional remote control kit so the person can be on top of the board controlling the power or it can also be controlled from the Jet Ski by another person. Price: 80€.

11. Towns of the interior of Gran Canaria and Roque Nublo

It is a guided visit to show traditional markets, tasting of local products, ancient villages, colonial architecture, and majestic landscapes in a unique journey experiencing an authentic immersion in the Canarian culture and its people. Price: 30€ adults, 16€ children.

12. Themed hiking in El Hierro

Away from mass tourism, this is the perfect place to discover an almost virgin area which preserves its traditions, its ancestral charm. It was declared a Biosphere Reserve by UNESCO. It is a destination with pure nature that its occupants fight to preserve with sustainable projects that advocate for rural tourism and renewable energy. Price: 40€.

13. Timanfaya National Park, by bus with an official guide

The bus tour affords the customer to have a full day excursion in a landscape that seems from another world. This is a rich and desolate place and has been created by volcanic eruptions over generations. Price: 30€ adults, 20€ children.

14. Caldera de Taburiente National Park by bus

La Palma has a unique beauty. In This comfortable bus tour it will discover its most emblematic place: the Caldera de Taburiente National Park, with its Roque de los Muchachos. Price: 45€ adults, 25€ children.

15. Visit to La Gomera from Tenerife

The tour will begin picking the tourist up at the hotel or the nearest point, to bring him to the Los Cristianos port from and then go by ferry to San Sebastian de la Gomera, the island's capital. Price: 73 € adults, 35 € children.

16. Opportunity of visit and explore all cities

Agency makes available guides to visit all the cities in Canary Islands. Price: 10€.

Self-designed excursion



The travel agency offer customers the possibility to design a customized excursion.

- Does client want transportation and an official guide?
- Does client already have transportation and would like an own private official guide to discover the island?
- Is the client interested in other excursions not offered on the list?

The client only has to report to the agency and the stuff will give him a variety of options.

4.1.4 Courses

- **Golf course**

“Los palos golf centre” is the best places in the Islands to practice this kind of sport. Location: Gran canaria and Tenerife. Price:

High season	Low season
9 holes: 25€	9 holes: 21€
18 holes: 31€	18 holes: 25€

Table 22: prices of golf activity.

- **Freediving course**

The best and more professional academy in the world, founded by *“World Champion Umberto Pelizzari”* teaches people the best relaxation and breathing techniques so client can go deeper in the sea, all in a safe and fun environment. Customer will receive official certificate. Price:

2 days course	210 €
5 days course	360 €
10 days course	825 €

Table 23: prices of freediving course.

- **Windsurfing course in Gran Canaria**

Here, the people will learn how to windsurf at one of the best schools in Gran Canaria, which has instructors with great experience in the world of windsurfing. Price:

2-hours class	39 €
6-hours class	110 €
10-hours class	155 €

Table 24: prices of freediving course.

- **Kitesurfing in El Medano**

The sea and the wind come together to live an extraordinary experience in Tenerife. If clients want to experience the wind and fly over the waves at vertigo speeds, soaking them in a powerful sense of freedom, kite surfing is the best sport. Price: (full course, 9 hour).

1 student	460 €
2/3 students	330 €
4 students	275 €

Table 25: prices of kitesurfing course.

- **Surfing lessons in the north of Fuerteventura**

Few experiences can compare to the feeling of sliding over the waves. The north coast of Fuerteventura is the favourite destination for surfers from all over the world. With privileged orography and weather conditions, the Isla del Viento (Wind Island) is a paradise for that. Price:

1-day course (5 hours)	50 €
3-day course	135 €
Intensive course (6 days)	235 €

Table 26: prices of surfing course.

4.1.5 Tourism packages

“VOLCANOTOURS” provide attractive tourism packages with a variety of thematic:

1. **The great adventure in family**

Canary Islands are the perfect place to spend one week with children since they offer so many things to do together. The activities that “VOLCANOTOURS” for both parents and children to spend wonderful moments are: Excursions by camel, play with stars, water park, ride the waves, take a trip in a submarine, delve into nature, discover new species of animals, watch whales, dive and explore the ocean and a day on the sand Go along routes.

- People: 3-6 people.
- Duration: 6 nights.
- Hotel: Spa Villalba Hotel, Tenerife.
- Category: 4 stars.
- Accommodation type: Half board.
- Flight included.
- **Total price: 850 € for person.**
- Price of excursions is included.

2. **Relax tip**

Hotel Spa Villalba is located in a peaceful setting, high in the mountains of Tenerife. It offers a free spa, indoor and outdoor swimming pools and free Wi-Fi in public areas. The spa and fitness centre includes a Turkish bath, sauna and hot tub. Massage treatments are available. The hotel also has a relaxing sun terrace and garden.

- People: 2 adults.
- Duration: 6 nights.
- Hotel: Spa Villalba Hotel, Tenerife.



- Category: 4 stars.
- Accommodation type: Half board.
- Flight included
- **Total price: 1500 €.**

3. Dream Honeymoon

Gran Canaria offers many possibilities to experience a romantic and original holidays.

- People: 2 adults.
- Duration: 6 nights.
- Hotel: Bahia Pricipe San Felipe, Tenerife.
- Category: 4 stars.
- Accommodation type: Half board.
- Flight included
- **Total price: 1550 €.**
- Price of excursions is not included.

4. Elderly trip

With this package elderly people can enjoy the tranquillity and relaxation offered by the Canary Islands.

- People: 2 adults.
- Duration: 6 nights.
- Hotel: Parque Hotel
- Category: 3 stars.
- Accommodation type: Half board.
- Flight included.
- **Price: 1200 €.**

5. Carnival in the Canary Islands

Carnival in Canary archipelago is an explosion of fun, music and colour, with dance troupes and outdoor parties, which fill the air with the joyous atmosphere of a carnival with a long history.

- People: 2 adults.
- Duration: 6 nights.
- Hotel: Barceló Santa Cruz Contemporaneo.
- Category: 3 stars.
- Accommodation type: Half board.
- Flight included.
- **Price: 1250 €.**

6. Learn languages and spend summer at the same time!

“VOLCANOTOURS” offers in a unique experience the opportunity of learn Spanish and spend summer with all the possibilities that provide Canary Islands. All of classes are given by native teachers and then there is time to have fun with all kind of activities.



- People: people all of ages.
- Duration: from 1 to 3 weeks.
- School: Canarias cultural.
- Course: intensive course 20h per week. (165€/week).
- Max. 8 students per group
- Students will make a text to know the level.

Accommodation (1 week)	
Spanish family full board	237 €
Spanish family half board	198 €
Spanish family + breakfast	154 €
Shared apartment	110 €

Table 27: prices of surfing course.

- Prices remain intact all year.
- Flight included
- Certificate at the end of courses.

7. Grad trip for students

The travel agency gives the opportunity to have a great end-of-year trip with friends in these idyllic Islands.

- Duration: 6 nights.
- Hotel: Barceló Santa Cruz Contemporaneo.
- Category: 3 stars.
- Accommodation type: Half board.
- Flight included.
- **Price: 1100 €.**

4.1.6Transport

Travel agency offers all type of transportation which customer can need.

- **Transportation Riga-Tenerife.** To offer direct flight to Tenerife, it will cooperate with SmartLynx Airlines. Direct flights will be available all along the year, inclusive summer. In case that direct flights not be available in date chosen by the customer, new alternatives will be sought with scale and shortest possible time. Average Price: 300 €/ person go and back.
- **Transportation airport - hotel - airport.** The agency will make available a form of transportation to ease departure and arrival from airport. Average Price: 10 €/ person go and back.
- **Transportation between islands.** It offers many options for travelling to all the islands quickly and easily. Average price: 40 €/ person go and back.
 - **By plane:** All islands have airports. It will be fly with:
 - **Binter.**
 - **Canary Fly.**



- **By Boat:** The services are frequent There is also the possibility of going round the archipelago on board a cruise liner. The companies are:
 - Armas.
 - red Olsen.
 - Líneas Romero.
 - Biosfera Express.

4.1.7 Other services

Apart from everything detailed above, the travel agency has additional services of which customer can gain access in office, application and website.

- Tourist pamphlets.
- Guidebooks and audio guides of each island to get information of the main places.
- Flexible trips which make it possible to change the date of travel, hotel, room type and / or duration of the voyage.
- Gift cards from tourism packages to give relatives, friends and partners.
- Awesome Photos and videos of Canary Islands.
- Car, bicycle and Segway rentals.
- Last minute sales.
- Airport parking.
- Sport equipment rental.
- Feedback.

4.2 PRICE

4.2.1 Pricing policy

To calculate the price of services a margin is set additionally to the cost, it shall be 10%. The final price allows to obtain a certain percentage of return on invested capital.

SERVICE	% OF COMMISSION
Accommodation	10%
Excursions	10%
Courses	15%
Transportation Riga-Tenerife	10%
Transportation airport - hotel - airport	10%
Transportation between islands	10%
Tourism packages	10%
Other services	10%

Table 28: price margin according to the different services.

The only exception is Transportation Riga-Tenerife. It is set an average price of 300€ and the profit shall be fixed in agreement with the company **SmartLynx Airlines**. To estimate the income forecast, it is considered the profit of 15%.



4.2.2 Special offers and discounts

- There will be special offers when it will be appropriate and they will be applied up from deadlock to avoid losing money.
- For Picasso students, there will be a discount of 5% in Spanish courses.
- There will be discounts for being large family.
- In most of excursions, the price for children will be halved.

4.2.3 The prices set by competitors

The prices set by competitors are always a valid reference point when is time to stablish prices. "VOLCANOTOURS" compares their prices with their competitors, not being advisable to distract significantly from these levels. the prices are more varied, in order to reach the maximum number of customers.

4.3 PLACE

Placement or distribution is a very important issue, since it involves having a distribution of the product or service in a place that is accessible to potential buyers.

In this section it is explained the most efficient positioning and distribution channels that directly speak with the market.

4.3.1 Office

The office has a spacious showcase, which will provide the establishment of good lighting. The showcase will also serve for a promotional tool because it is the perfect place to put posters and photographs of the Canary Islands and some promotions without saturating. The inside of the establishment will be decorated to draw the attention of customers and move them before hand to Canary Islands. The office will have available:

- Sanitary facilities.
- Telephone.
- Computers.
- Furniture.
- Office supplies.
- WI-FI, e-mail and fax.

Location	Aleksandra Čaka street 68, Rīga, LV-1011, Latvia
Size	50m ²
Rooms	5 €
Floor	1 €
Price per month	750 €+ VAT (21%) + utilities

Table 29: office information.

It has 50 m², a perfect size to afford the personal staff to develop their function with sufficient space.

The location of travel agency is also important, since it can act like a seller factor. The office is situated in center of Riga, an area with commercial attractive.

It is showed images of the place the section Photos of “VOLCANOTOURS” office of APPENDIX.

Location comparing with competitors:

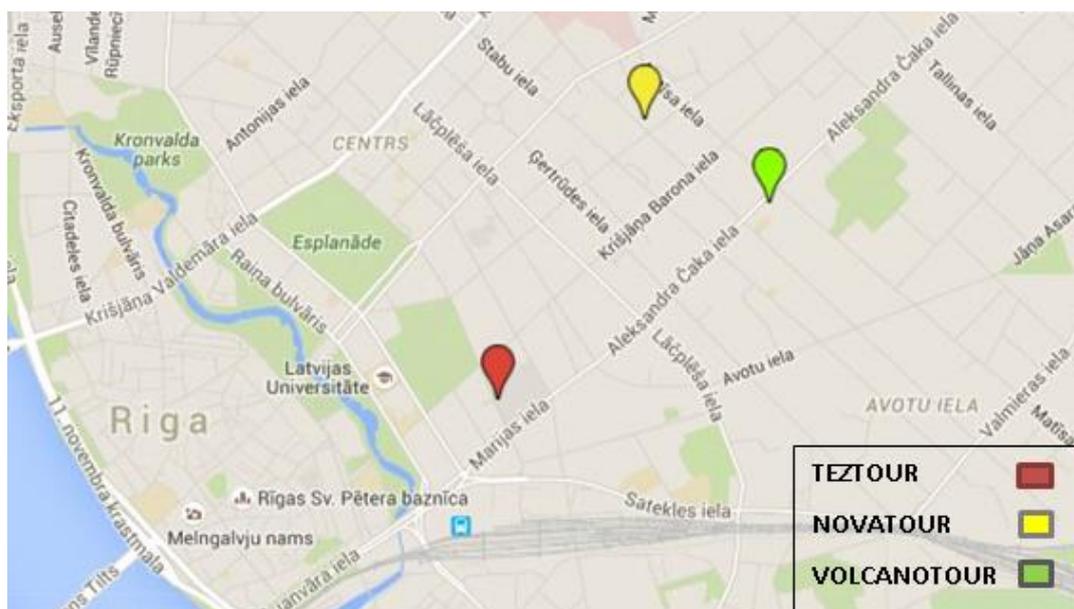


Figure 29: location of Volcanotours vs its competitors.

4.3.2 Website

It should be noted that there is more use of internet as a channel for marketing trade products. There will be available a website called www.volcanotours.com. This tool will allow the company to extend its project field, attracting clients from neighbour countries, regions or cities and buy online the service. It will contain all update information about services provided and translated into Latvian, Russian and English.

4.3.3 Mobile application

Everyday millions of apps are downloaded, which represents an excellent opportunity for travel business to be discovered.

Additionally, thanks to the possibility to create offers dynamically it can be marketed promotions directly to customers, without intermediaries. The application will be called “VOLCANOTOURS”, which will make possible to send notifications to users, inform about the latest deals and boost their loyalty.



4.4 PROMOTION

Travel agency has three main ways to promote.

4.4.1 Baltic International Travel Trade Fair "Balttour"

To introduce the company and the service variety that it offers, it will participate in the next *Baltic International Travel Trade Fair "Balttour"*. It is the largest and most important travel market in the Baltic States and, annually, it marks the start of the new tourist season and offers a festive mood to both tourism professionals and travellers. It takes place at Kipsala International Exhibition Centre every year. It is about a three-day event where travel and tourism related give visitors an opportunity to get information on new travel routes and tourist destinations, enjoy cultural diversity and find the best travel deals.

Before going, staff has to be trained, working on handouts and presentation materials and thinking about activities and events to be carried out during the fair.

Pricelist for participating companies (Price of 2016):

- **Base price:** of non-equipped indoor exhibit space open to aisle on one side.

	Summer	Autumn	Winter
Space 6–12 m ²	45€/m ²	57€/m ²	60€/m ²
Space 13 m ² and more	41€/m ²	53€/m ²	55€/m ²

Table 30: base price of Balttour 2016.

- **Participation fee:**

Summer	Autumn	Winter
60 €	60 €	60 €

Table 31: participation fee of Balttour 2016.

- **Stand-building:** standard price / m² Octanorm shell module, lighting 75W*3m², lettering on a name board.

Summer	Autumn	Winter
15 €/m ²	15 €/m ²	15 €/m ²

Table 32: stand-building price of Balttour 2016.

Balttour 2010-2016:

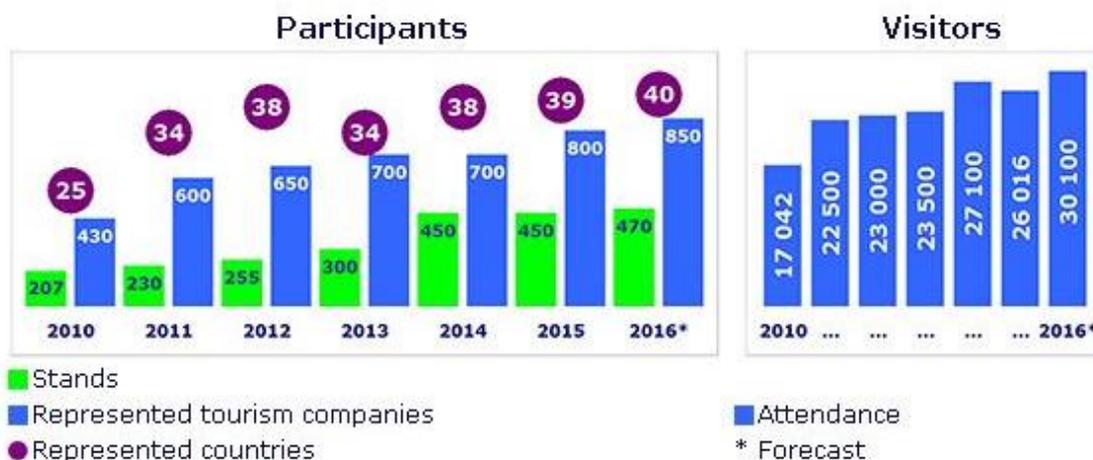


Figure 30: customer service and supplier selection processes diagram.

4.4.2 “El centro Picasso”

“VOLCANOTOURS” will be also publicised in “El centro Picasso”, which is a school specialised in teaching Spanish for foreigners in Estonia, Latvia, Lithuania, Belarus and Russia. Besides to promote learning and practicing of Spanish language, they also organize cultural activities such as movie evenings, reading afternoons, debates and different workshops related with Spanish culture. They will collaborate with us and advertise the Spanish courses in Canary Islands in their website. For Picasso students, there will be a discount of 5% in the courses. In addition, in this place it will be made a presentation with dinner in canary style which will be opened for all interested. It will cost 9€ and include Malvasía wine, Wrinkly potatoes with spicy mojo sauce, quesadilla cheese cake and Canarian rum cocktail.

4.4.3 Social networks

It has already been mentioned in point PLACE that using the Internet as a marketing tool is becoming habitual. It is necessary to indicate now that internet can also be used as a promotional tool, giving the agency an image of an innovative company. “VOLCANOTOURS” use the following social networks:

- Facebook.
- Instagram.
- Twitter.

4.5 PEOPLE

Normally, sale of the services in a travel agency is direct, which entails a commercial relationship between staff and consumer. It is very important to have staff which advises the purchase and knows very well the service that is selling.



4.5.1 Customer

In this case, clients are people who are interested in traveling to Canary Islands. It is estimated that every year 13.000 people go from Riga.

4.5.2 Staff

The most valued by clients of a travel agency is professionalism and counselling by staff of customer service as well as proper management of travel: transport, accommodation, meals and additional services. Since the agency is specialized in Canary Islands, it is considered important that people will be attended from an expert who will know the destinations and activities which will be developed, to serve as support for knowledgeable customers and as informant for those who are unfamiliar with these destinations or activities.

Courses

To improve staff competences, it will be given courses which provide thoroughly knowledge and skills of customer service. At the end of training all staff will receive a certificate.

Qualifications and Knowledge

Subjects covering travel, business and management modules are useful, in particular those which have involved a practical work placement. Staff has to know about the following subjects:

- Travel/tourism/leisure studies.
- Social/economic/business studies.
- Business/marketing /financial management.
- English, Russian and Latvian knowledge.
- Human geography.

Skills

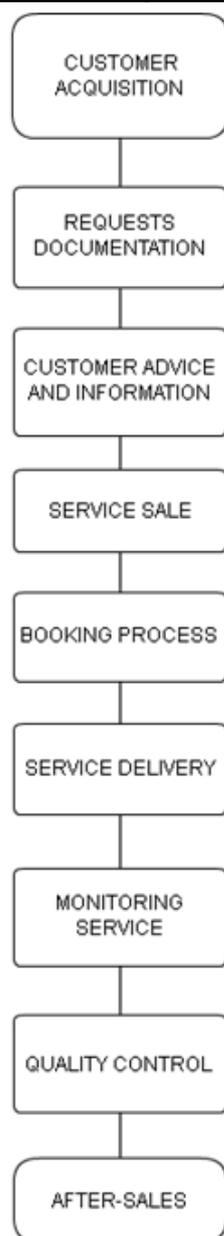
Staff will need to have:

- Excellent communication skills.
- Diplomacy and tact.
- Innovation and energy with a desire to drive others.
- Commitment to people management.
- Sound judgement with attention to detail.
- Competent IT skills.
- Strong organisational skills.
- Resilience to cope with long hours and pressure at peak times.
- A genuine interest in travel.

4.6 PROCESS

Process in tourism means to implement strategies to make the life of any business easier so that people can get what they want in easy manner. Main key elements in process are planning, documentation, quality control, feedback and reviews.

Customer service processes



Supplier selection processes

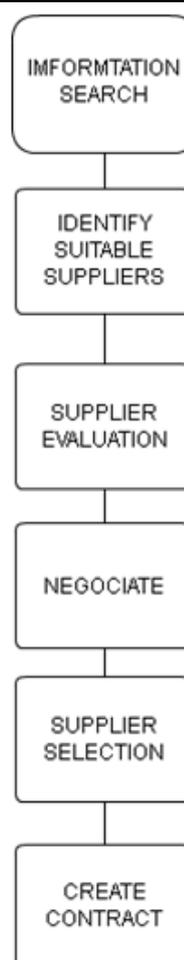


Figure 31: customer service and supplier selection processes diagram.

4.6.1 Customer service processes

Customer acquisition: it is about getting customers through the promotion and advertising (social networks, fairs, etc.)The customer contacts the Travel and Tourism Agency to request a service.

Request documentation: Travel Agent records the customer information in management system of the Agency (Software Management, Excel, etc.).



Customer advice and information: In this section, service is adjusted to customer needs:

- Expert advice from the travel agent.
- Variety of tourism products which the customer can choose.
- Just after that, it is recorded this communication in the customer history.
- It is had a permanent follow-up of the process until customer realizes the sale of the requested service.

Service sale: Travel Advisory Customer guides customer through alternatives that should be taken according to their expectations, explaining the benefits. He also has to report on the payment methods, policy cancellations of services and service warranty policy. Once the customer accepts the offer, the sale is approved in the management system Travel Agency for the respective billing of services, which will generate the payment obligation of the customer and the obligation to pay the supplier. Payment options that travel agency offers are:

- Immediate payment: by cash or credit card.
- Fractured payment.

Travel Advisory Customer agrees with customer the day and time when will he give the tickets.

Booking process and Service delivery: It is a communication between the Travel Agency and the various providers that participate in services offered to the customer, in order to obtain confirmation of places.

Monitoring service: It is important to stay connected with suppliers through phone calls, e-mail or other media, in order to monitor the services provided to them that are providing to passengers. In Canary Islands will be two representatives of the company for the direct supervision of services. They must be people with empathy and able to make quick decisions and solve problems.

After-sales: Agent records the information that the customer provides for monitoring his travel program. Once the customer completes its travel program, the Sales Consultant shall obtain a report on the degree of satisfaction of services, the same that will be given through a personal interview or a written survey. This interview includes three aspects: What liked the best, the failures they had and their suggestions for improvement together. Then all information of the interviews and surveys is registered in the management system.

Quality control: There will be regular Meeting of Sale Consultant (biweekly) with the Supervisor for the evaluation of information collected from customers and if there is any failure, the immediate correction of the internal processes of the Travel Agency. In those meetings it will be informed about the observations to providers of tourist services and will be a summary of ideas from the experiences and perceptions of each person.



4.6.2 Supplier selection

Supplier Selection Scorecard: The first step in the supplier selection process is to create a supplier selection scorecard. The supplier selection scorecard contains all the important elements it is required in a supplier.

- Quality levels.
- Warranty service through a customer compensation policy.
- Immediate responses for good customer attention.
- Set pricing policy.
- Forms of payment and deadlines.
- Conditions and cancellation costs.
- Time of grace to cancel reservations that do not carry out.

Identify Suitable Suppliers: it is must create the document from which it will be selected a supplier. During this part of the process it will be considered:

- Current suppliers.
- Past suppliers.
- Competitors.
- Industry groups.
- Recommendations and prior business relationships.
- Internet.

Supplier evaluation and selection: Next, it is moment to gather information from the identified suitable suppliers, tabulate the information it is collected and use the scorecard to rank the potential suppliers. If in all that work, it is not identified a clear winner, it shall be needed to review the criteria and/or expand the search.

Negotiate: After narrowing the list to a manageable number of best options, it is time of negotiations. A plan will be made to negotiate some points with each type of supplier. There will be suppliers with which shall be booked before talking with clients and others that shall be booked at moment of know if client will consume the service.

Book before talking:

- SmartLynx Airlines. Currently, this airline is the only airline that offers direct flights, so the ammount of seats on each flight and price will be negotiated with this company. it should be noted that a different number of tourists goes every month, so it is important to estimate how many seats will be booked. The number and date of monthly flights will be negotiated with the airline and other travel agencies who are interested in reserving seats.
- Hotels and Apartments: It will be negotiated about number of rooms and price. Also, the numbers of tourists that go every month is important to estimate how many rooms that shall be booked.



Book after talking:

- Excursions, course, rental and other transport suppliers. With these providers it only shall be reserved in case that it is known if customers want to hire the service after talking with them.
- Airlines RIGA-TENERIFE. In case that direct flights are not be available in the chosen daten by the customer, new alternatives will be sought with scale and shortest possible time.

Create Contract: Once an agreement has been reached, a contract is signed.

4.7 PHYSICAL EVIDENCE

Physical evidence makes the customers perceive what the services would be like and attract them. In order to retain customers, the company must know very clear who it is, and communicate clearly and repeatedly its personality to the consumer. In addition, a service cannot be experienced before it is delivered, which makes it intangible. This, therefore, means that potential customers could perceive greater risk when deciding whether to use a service or not. To reduce the feeling of risk, it is vital for potential customers to see what a service would be like. In "VOLCANOTOURS" this is done by providing the following physical evidences.

Name of the travel agency and Logo



Figure 32: Volcanotours logo.

The Canary Islands emerged from the sea due to powerful volcanic activity. This volcanic landscape is what most stands of the islands: Lava and ash fields meeting the sea, craters and calderas sheltering wild forests, unique species adapted to their surroundings, etc.

It has been decided to introduce in logo a volcano in brown and call the company "VOLCANOTOURS" as a means to attract attention of customers.

Photographs and pictures

As already explained in section "Place", the office will be decorated with stickers, posters and signs of the most striking places in the Canary Islands. The website and the app also provide videos and photos to encourage customers to travel to the Islands.

Public consultation

Before choosing a service, to avoid risks and ensure service quality, consumers often read testimonials from other tourists about their previous experience. To provide a



place where all consumers can give their opinion, it has been included the business in TripAdvisor.

Kindness, efficiency and staff uniforms

Staff will instil friendliness and efficiency at any time for the purpose of keeping clients satisfied and comfortable at the same time. They will wear blue suits to convey security, reliability and productivity.

4.8 PROTECTION

4.8.1 Customer security

To guarantee the security of money deposited by customer there is an eligible regulation in Latvia.

Tour operator who organizes package tourism services must have a security guarantee for the money deposited by consumers. It can be insurance or a bank guarantee.

If a tour operator until proclamation of his or her insolvency proceedings or in cases of his or her insolvency cannot or partially cannot fulfil contractual liabilities to the consumer, the security guarantee of money deposited by consumers shall ensure:

- compensation to the consumer of losses resulting from the non-fulfilment or partial fulfilment of obligations;
- the return of the tourist to the country from which the tour began, if the contract does not specify otherwise.

The security guarantee shall be ensured for a period of time which is not less than a year, and it shall be sufficient to fulfil above the requirements, but shall not be less than EUR 28457.44.

“VOLCANOTOURS” will deposit an amount of 50.000 € to give security to the customers. Nevertheless, to avoid issues and increase the tranquillity and security of customers, the agency must give the tourist customer information of the trip, professional advice, product variety, financing, guarantees and travel coverage, security that the trip will always be supervised and controlled, causing unexpected or unforeseen problems are resolved the best way, during or after the trip. It will be established a range of strategies:

- **Prices:** Trip fares must be exposed as total price and not with the explanation "plus taxes."
- **Paperwork and information:** It must give customers travel contracts, itineraries, vouchers and clear information on the conditions of employment. This includes reporting about arrival and departure airports and conditions of the hotel.
- **Contact:** due to the fact that several suppliers take part in package contracting and which services can suffer issues, it is essential to have a contact telephone 24 hours per day.
- **Avoid dubious offers:** All offers must be clearly explained to avoid misunderstandings with the customer.



4.8.2 Staff security

Job insurance: All the employees will get their health services covered by an insurance company fully paid by “VOLCANOTOURS”. Additionally, they will benefit from accident insurance.

Employment stability: the travel agency will follow the Latvian legislation for employment in matter of tourism activities.

4.8.3 Environment protection



“VOLCANOTOURS” will collaborate with **Sustainable Tourism Cluster of Latvia** who are travel agents and tour operators who deal with incoming and outgoing tourism clients, thus assuring technological capacity of Latvia for tourist flow direction and coordination. The aim of the cluster is to promote interdisciplinary collaboration between travel agents and operator, tourism service provider, research and educational institutions thus facilitating the growth of sustainable tourism of Latvia and related company competitiveness; innovating, exportable tourism product formation, at the same time provide optimum added value to clients and end consumer of sustainable tourism.

Additionally to ALTA “VOLCANOTOURS” will adopt a series of ecological measures shown below:

- Use of recycled paper.
- Utilization of digital documents.
- Employment of low-consume light bulbs.
- Arrangement of recycling containers.
- Installation of thermal insulated windows.

5 SWOT ANALYSIS

For small businesses, like a travel agency, it is important to analyze all situations carefully before taking any decision. In this way, there will be fewer chances of making mistakes and designing wrong strategies.

The particular power of SWOT is that it can help to uncover opportunities that are well-placed to exploit. And by understanding the weaknesses of the business, it can be manage and eliminate threats that would otherwise catch the businessman by surprise.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> -S1: The office is located in a strategic place, Website and mobile application. -S2: High technology. -S3: Qualified staff. -S4: Excellent customer service. -S5: High protection to customers, staff and environment. -S6: High customer loyalty and openness. -S7: Great variety of services and prices. -S8: Extensive advertising and marketing. 	<ul style="list-style-type: none"> -W1: New company. Lack of a reputation in comparison to the competitor. -W2: Much specialisation, reducing the market. -W3: Administrative requirements. -W4: Middle entry barriers. -W5: A limited financial base compared to the competitors in the industry. -W6: Lack of clear strategic allies.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> -O1: English is widely accepted in Latvia, especially in tourism. -O2: Latvia has recovered from the crisis and the unemployment rate has decreased. -O4: Latvia has one of the fastest Internet connections in the world and In early 2014 a 75.83% used the Internet. -O5: The main purpose by which Latvians travel abroad is recreation. -O6: One of the favourite destinations is Spain. -O7: A 21% of Latvian travellers that go to Spain, travel to Canary Islands. -O8: Untapped market in Latvia. 	<ul style="list-style-type: none"> -T1: Tend factor. -T2: Shortage of direct flights. -T3: Entry of new agencies in Latvia. -T4: Substitutive services. -T5: Possibility of new marketing strategies and tactics by established companies aimed at providing services of the intended nature.

Table 33: SWOT analysis.



6 BUSINESS STRATEGY

The strategy will emphasize focus. It is a new company on market; consequently it will be focused on a small part of the market specializing in Canary Islands. Therefore the initial aim will be to instil awareness and confidence in the services and a competitive advantage over competitors by offering consumers better value. In order to achieve its goal of becoming the premiere travel agency, "VOLCANOTOURS" intends to adopt the following strategies:

1. Aggressively promote Canary Islands as exciting and unforgettable places where people can realize all kind of activities with ideal weather.
2. Provide unparalleled service to the tourists in order to impress and retain clients for future trips and being recommended to other people. This will include providing superior service in all phases of the transaction, including timely follow-through. Developing long-term relationships will be the key to steady growth.
3. Differentiate the service from the competitors, particularly through service, staff behaviour and price variety. All criteria from customer satisfaction, service provision, price competitiveness to staff attitudes are to be looked at thoroughly in the initial stages as areas for improvement. Alliances and collaboration with suppliers are to be adopted as strategies for market penetration.
4. Flexibility for the customization of the trips.
5. Up-to-date use of new technologies in service to the client.
6. Optimize the human resource. It is needed the right people in the right place at the right time if it is to ensure optimum growth. It is intended to develop the team so that the people can grow as the company grows.
7. Build good reputation and brand name.



7 BUSINESS MODEL

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENTS
<ul style="list-style-type: none"> - Airlines. - Hotels. -Apartments. - Excursions suppliers. - Course suppliers. - Rental Suppliers. -Transport suppliers. 	<ul style="list-style-type: none"> - Sales. - Marketing. - Designing travel packages. - Customer relationship management. 	<ul style="list-style-type: none"> - All-inclusive travel packages. - Excursions and courses in Canary Islands. - Great range of prices. - Variety of accommodation. - Customization. - Other services. 	Personal assistance: <ul style="list-style-type: none"> - Expert advice. - Inform of variety products. - Permanent follow- up of all the process. 	<ul style="list-style-type: none"> - Travelers: families, couples, groups of young and elder people etc.
	KEY RESOURCES		CHANNELS	
	<ul style="list-style-type: none"> - Skilled employees. - Office. - Computer equipment and applications. 		Direct: <ul style="list-style-type: none"> - Office. - Website. - Mobile app. - Social networks. Indirect: <ul style="list-style-type: none"> - Centro Picasso. - Balttour fair. 	
COST ESTRUCTIONE		REVENUE STREAMS		
<ul style="list-style-type: none"> - Salaries of direct and subcontracted staff. - Office rental + Utilities. - Promotion. - Office supplies. - Communications. - Office maintenance. 		<ul style="list-style-type: none"> - Sales. - Commissions. 		

Table 34: business model summary.

8 FINANCIAL ANALYSIS

With the financial analysis it will be evaluated the business, to determine suitability for investment. The detail analysis can be found in the “*APENDIX*”.

8.1 INITIAL INVESTMENTS

This section includes the initial investment necessary to start the activity of “VOLCANOTOURS”, which is not very high. The following table shows all items to start this activity.

CONCEPT	AMOUNT
Furniture	10.000,00 €
Bank guarantee	50.000,00 €
Remodelling	6.000,00 €
Computer equipment	2.000,00 €
Software applications	500,00 €
Establishment	400,00 €
Total	68.900,00 €

Table 35: initial investments.

Furniture means the acquisition of a shelf for placing brochures, a filing cabinet and furniture for three jobs (tables, cabinets, chairs ...) and some chairs for the waiting area.

“VOLCANOTOURS” will deposit an amount of 50.000 € to give security to the customers.

The item of remodelling, valued at 6,000 €, is usually quite important inasmuch as it gives the image of the establishment and is critical for customer acquisition.

Within computer equipment is included three computers, a printer and a photocopier. The software applications reflect the acquisition of the license to use Microsoft Office and software of management.

Our travel agency is a Limited Liability Company with registered capital of more than 2800 €, consequently, it must be paid a total of 400 € for its foundation as explained in the legal external analysis.

8.2 FINANCING

Opening Balance:

ASSETS		LIABILITIES AND OWNERS' EQUITY	
Non-current asset	6.000,00 €	Owners' equity	55.120,00 €
	2.000,00 €		
	10.000,00 €	Long-term liabilities	13.780,00 €
	400,00 €		
	500,00 €		
Current assets	50.000,00 €		
Total	68.900,00 €	Total	68.900,00 €

Table 36: opening balance.

Once determined the necessary investment for start-up business, the financial structure relies on the amounts contributed by the owner and external financing. Own and external funds suppose an 80% and 20% respectively.

- **Owners' equity:** 55.120,00 €
- **Bank loan:** 13.780,00 €

The loan is granted with the following conditions: an interest rate of 8% and a repayment period of 3 years.

8.3 EXPENSES

In this section it will be referred to the expenditure required which must be confronted for the period of the activity. Also, it will be differentiated variable expenses, those who depend directly on the volume of production, of fixed expenses, those that remain more or less constant.

8.3.1 Variable expenses

Variable expenses first year in "VOLCANOTOURS" correspond to:

- **Utilities** are considered spending on electricity, water and heating. The total is 4.750,00 €.
- **Promotion:** in January it is paid participation in "Balttour" and the rest are estimated to be about 1.666,67 € / month. The total is 20.500,00 €.

	January	Febr.	March	April	May	June
Utilities	500	500	413	413	350	350
Promotion	2.166,67 €	1.666,67 €	1.666,67 €	1.666,67 €	1.666,67 €	1.666,67 €

Table 37: first year variable expenses per month (January-June).

	July	August	Sept.	October	Nov.	Dec.
Utilities	250	250	350	374	500	500
Promotion	1.666,67 €	1.666,67 €	1.666,67 €	1.666,67 €	1.666,67 €	1.666,67 €

Table 38: first year variable expenses per month (July-December).

8.3.2 Fixed expenses

CONCEPT	AMOUNT
Direct staff expenditures (salary and social security)	56.532,96 €
Subcontracted staff	48.000,00 €
Office rental	10.890,00 €
Communications	3.600,00 €
Office supplies	270,00 €
Office maintenance	1.000,00 €
Others (photocopies, cleaning material)	6.000,00 €
Administrative expenses	12.000,00 €
Total	138.292,96 €

Table 39: first year fixed expenses.

Direct staff expenditures are the item of most importance. It is formed by an entrepreneur with a salary of 1000 euros gross per month and two employees with a salary of 900 euros gross per month, distributed in 12 payments. The amount remaining to reach the number of the table corresponds to:

- The state mandatory social contributions payments: The basic rate is 34.09% of gross salary.
- The personal income tax: The tax rate is 23% of part of salary.
- The business risk duty (0.36 euro per month for each employee).

Sub-contracted staff includes an expense of 2,000 € / month which is formed of two canaries representatives.

Company has a local of 50 m² on a rental basis, the amount of which is included in expenses. If it was chosen to buy local, its value would be considered in investments. The amount is 10.890 € (750 €+ VAT 21% per month). To keep the office clean it is necessary 1000 € annual.

The item of communications, 3.600 € per year, includes spending on phone, fax and internet. Administration will be managed by a processing agency and cost 12.000,00 € per year. And finally, in office supplies and others is included photocopying expenses, cleaning materials, paper, pencils etc.

8.3.3 Total Expenses

Expenses do not vary very much each year, only in:

Promotion: The first year, 20,500 € are spent on advertising since it is very important to be known at the beginning of the project. The following years this amount is reduced to 15,500 € per year.

Direct staff expenditures: The third year a new employee is hired, due to the fact that market is, which contributes to raising expenses to 177.387,28 €. The new employee will be paid the same as other direct employees.

FIRST YEAR	AMOUNT
Direct staff expenditures (salary and social security)	56.532,96 €
Subcontracted staff	48.000,00 €
Office rental	10.890,00 €
Utilities	4.750,00 €
Communications	3.600,00 €
Promotion	20.500,00 €
Office supplies	270,00 €
Office maintenance	1.000,00 €
Others (photocopies, cleaning material)	6.000,00 €
Administrative expenses	12.000,00 €
Total	163.542,96 €

SECOND YEAR	AMOUNT
Direct staff expenditures (salary and social security)	56.532,96 €
Subcontracted staff	48.000,00 €
Office rental	10.890,00 €
Utilities	4.750,00 €
Communications	3.600,00 €
Promotion	15.500,00 €
Office supplies	270,00 €
Office maintenance	1.000,00 €
Others (photocopies, cleaning material)	6.000,00 €
Administrative expenses	12.000,00 €
Total	158.542,96 €

THIRD YEAR	AMOUNT
Direct staff expenditures (salary and social security)	75.377,28 €
Subcontracted staff	48.000,00 €
Office rental	10.890,00 €
Utilities	4.750,00 €
Communications	3.600,00 €
Promotion	15.500,00 €
Office supplies	270,00 €
Office maintenance	1.000,00 €
Others (photocopies, cleaning material)	6.000,00 €
Administrative expenses	12.000,00 €
Total	177.387,28 €

Table 40: total expenses throughout the first three years.

8.4 INCOME

8.4.1 Sale forecast

The sale forecast has been made taking as data the Latvian travellers in trips in Spain and in total in 2014, as explained in the analysis of demand.

	Number of trips (thsd)	Expenditure, total, mln €	Average daily expenditure, per night€	Average length of trips,
Spain	61,8	32,2	62,4	8,6

Table 41: number of travellers and average data of their trips.

61.800 travellers go to Spain whom a 21% go to Canary Islands; consequently 12.978 choose as travel destination this place. "VOLCANOTOURS" will cover different market shares each year.

- First year: 16%.
- Second year: 20%.
- Third year: 28%.

The following table indicate the sale forecast of each service.

Service	Average price	Quantity	% of market	% of commission
Accommodation	62,40 €	8,6 nights	50%	10%
Excursions	44,97 €	2	30%	10%
Courses	312,80 €	1	20%	15%
Transportation Riga-Tenerife	300,00 €	1	100%	10%
Transportation airport / hotel	10,00 €	1	70%	10%
Transportation between islands.	40,00 €	1	15%	10%
Tourism packages	687,50 €	1	20%	10%
Other services	50,00 €	1	5%	10%

Table 42: average income per person and service.

It has been estimated the average price of each service and the estimated amount per trip per person. A percentage of "VOLCANOTOURS" market has been established for each service, taking into account that the market share is 100%. The percentage of commission is the one established above in section "price of marketing mix".

For accommodation it is used the average of 8.6 nights and 62.4 of expenditure made taking as data the Latvian travellers in trips in Spain and in total in 2014.

YEAR	AMOUNT
First year	176.946,51 €
Second year	221.183,77 €
Third year	309.654,04 €

Table 43: accommodation income throughout the first three years.

As shown in the following graphic, income are not the same in every month, Counteracting expenses, which do not vary much over time. To estimate incomes each month it is based on “*Instituto Canario de Estadística*” (ISTAC). In May, June and September incomes are less than expenses, due to the fact that there are less travelers.

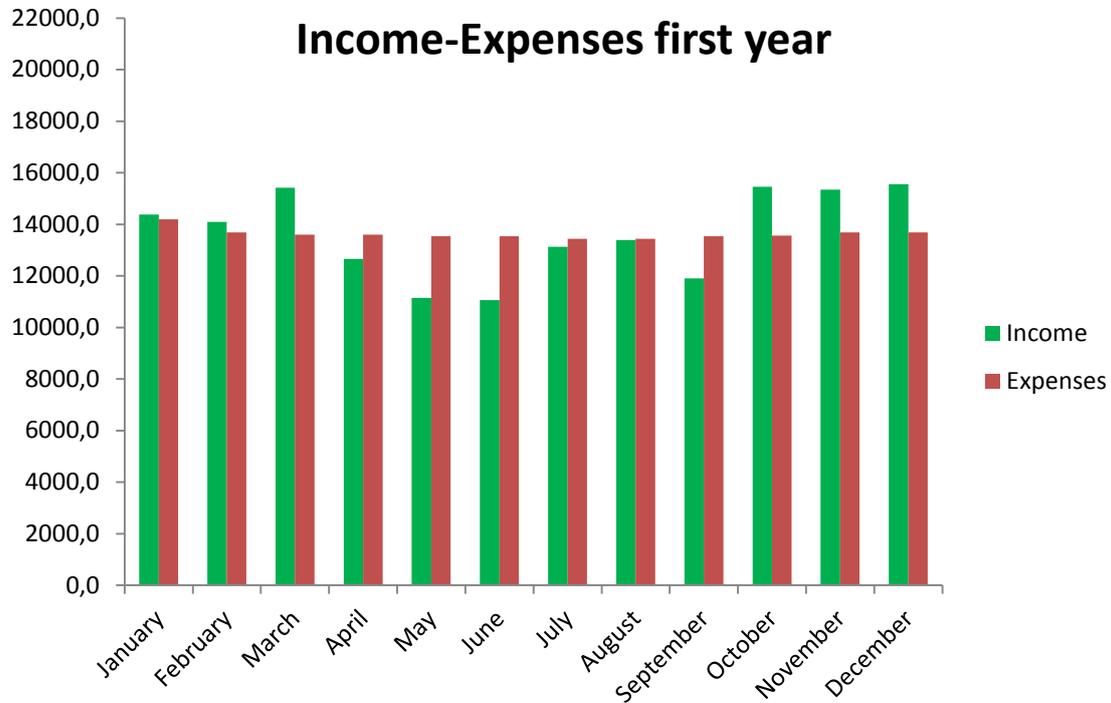


Figure 33: first year income-expenses.

8.5 DEADLOCK

The deadlock of first year is 14,788% of market share, which means that from this percentage it is obtained benefits.

8.6 DEPRECIATION PLAN

For the depreciation plan it will be followed a straight-line depreciation of the assets, giving them a life according to their nature:

CONCEPT	YEARS
Computer equipment	3
Software applications	3
Furniture	10
Remodelling	10

Table 44: depreciation of assets.

8.7 EXPECTED RESULTS

Once the Initial Balance and plan income-expenses have been defined, the results for the first 3 years of activity will be presented. It can be drawn several conclusions of the results:

- **Income:** in just three years it is obtained an increase of the sales by 64% over the first year, mainly due to the great effort in advertising and promotion that makes possible growth of 21% the second year.
- **Investment:** apart from the initial investment, in December of the second year another investment of 20.000 € is made.
- **Financial expenses:** as shown in the table, these expenses are reduced whenever the loan is paid. At the end of the third year the loan of the initial investment will have been paid.
- **Taxes:** The company income tax (a tax on profit) is 15%.
- **Net profit in third year is 5 times higher** compared with the first due to increased market as set out above.

	YEAR 0	YEAR 1	YEAR 2	YEAR 3
INITIAL INVESTMENT	-55.120,00 €			
Income		176.946,51 €	221.183,77 €	309.654,04 €
Expenses		163.542,96 €	159.042,96 €	177.887,28 €
Investments			-20.000,00 €	
EBITDA,		13.403,55 €	42.140,81 €	131.766,76 €
Depreciation		2.433,33 €	2.433,33 €	4.433,33 €
EBIT		10.970,21 €	39.707,48 €	127.333,43 €
Financial expenses		940,78 €	606,05 €	242,40 €
EBT		10.029,43 €	39.101,43 €	127.091,04 €
Taxes		1.504,42 €	5.865,21 €	19.063,66 €
Net profit for the year		8.525,02 €	33.236,21 €	108.027,38 €

EBITDA		13.403,55 €	42.140,81 €	131.766,76 €
DEBT SERVICE		5.181,84 €	5.181,84 €	5.181,84 €
DEPRECIATION		2.433,33 €	2.433,33 €	4.433,33 €
TAXES		1.504,42 €	5.865,21 €	19.063,66 €

FREE CASH FLOW	- 55.120,00 €	4.283,96 €	28.660,43 €	103.087,94 €
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Table 45: expenditures results.

Cash-Flow indicates the liquidity of the company. It progressively increases year by year, with expectative that the next few years continue to rise.

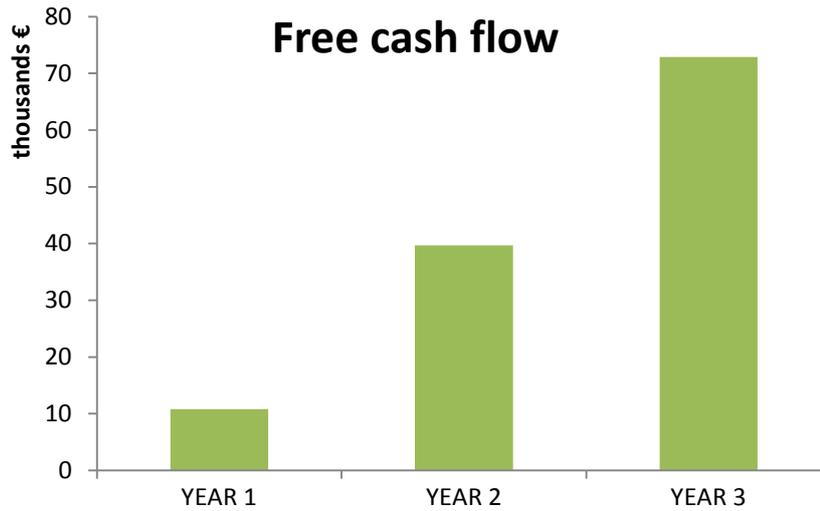


Figure 34: free cash flow.

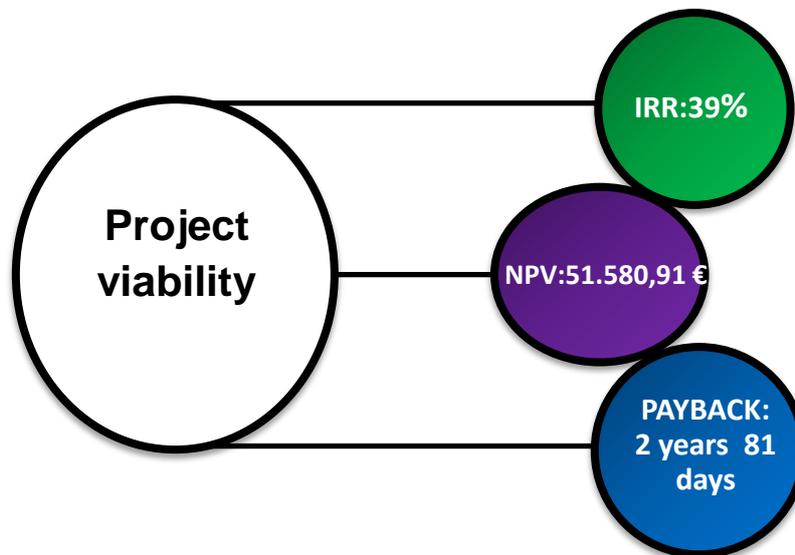


Figure 35: project viability

Finally, to estimate the project viability it has been calculated the NPV IRR and Payback of the business. In just 2 years and 81 days initial investment would be recovered. Also, it would had an internal rate of return of 39%, situating the Net Present Value of investment in a positive value of 51.580,91 € in 3 years with a WACC of 9,360%.



9 CONCLUSIONS

The tourism to Canary Islands has been an untapped market in Latvia. In this project it has been studied the viability of exploiting this market. For that purpose the following steps have been developed:

- **External analysis:** Latvia has recovered from the crisis and the unemployment rate has decreased along the last years. Latvia spends around 4% of total consumption expenditure in recreational and cultural activities, which is one of the countries in the EU with the highest rate. Latvia has one of the fastest Internet connections in the world and more than 4,000 access points for wireless Internet and it is growing up, which facilitates the access to information.
- **Demand and competitive analysis:** Spain is one of the favourite destinations for the Latvians for recreational trips. The 21% of Latvian travellers, who spend their holidays in Spain, choose Canary Islands. In the last years the number of travel agencies has increased considerably. There are only two direct competitors that offer direct flights to Canary Islands.
- **Porter's five forces:** it is considered that the bargaining power of customers has a medium intensity because they can force companies to competing in the market to lower prices, to offer higher quality or more services. Suppliers can exert their bargaining power over participating companies in the activity: threatening to raise prices or reducing the quality of products and services. It has been considered that they have a bargaining power of high intensity, because normally require prepayment of services and they do not accept negotiation in commission. As far as travel agency is concerned, the entry barriers are middle and end barriers low. In the case of travel agencies, "do it yourself" is the handiest when Latvian people has to organize travel and manage reservations. It has been estimated that bargaining power of competitors has medium-high intensity, because there are a great number of travel agencies but none of them are specialized in Canary Islands.
- **Marketing mix:** "VOLCANOTOURS" offers a great variety of services. It has been estimated that the company gets 10% as income in terms of commission from all the services with the exception of the flights between Riga and Tenerife from which 15% as commission is obtained. Customers can Access to the products through the office located in the centre of Riga, through the website and through the mobile application directly. It has been decided to introduce in logo a volcano in brown and call the company "VOLCANOTOURS" as a means to attract attention of customers. To provide a place where all consumers can give their opinion, it has been included the business in TripAdvisor. To aggressively promote, the company takes part in Balttour fair, collaborates with Centro Picasso and makes use of social networks. Protection measures are applied to customers as well as to staff. VOLCANOTOURS" will collaborate with Sustainable Tourism Cluster of Latvia.
- **SWOT:** it shows a classification according to strengths, weakness, opportunities and threats.



- **Business strategy:** The strategies of the company are focused on an aggressively promotion of Canary Islands, provide unparalleled service to the customer, differentiate the service from the competitors, optimize the human resources, build good reputation and brand name, flexibility for the customization of the trips and up-to-date use of new technologies in service to the client. The differentiation from competitors is based particularly through service, staff behavior and price variety.
- **Business model:** It has been described the logic of the organization.
- **Financial analysis:** the financial structure relies on the amounts contributed by the owner and external financing. Own and external funds suppose an 80% and 20% respectively. The deadlock of first year is 14,788% of market share, which means that from this percentage benefits are obtained. Finally, to estimate the project viability it has been calculated the NPV, IRR and Payback of the business. In just 2 years and 81 days initial investment would be recovered. Also, it would had an internal rate of return of 39%, situating the Net Present Value of investment in a positive value of 51.580,91 € in 3 years with a WACC of 9,360%.

Taking into account the points exposed above, it is viable and feasible to create the travel agency "VOLCANOTOURS" specialized in Canary Islands in Latvia.

10 APENDIX

10.1 WIDE VARIETY OF APARTMENTS AND HOTELS

Every price is estimated for 2 adults staying one night on the first week of October.

10.1.1 Apartments

Two Stars

Name	Paradise Court Aparthotel
Location	Irlanda 5, San Eugenio Alto, 38660 Adeje, Tenerife, Spain.
Price	413€
Room information	The apartments are Studio and 1 bedroom units sleeping from 2 to 4 persons. Many of the apartments have sea views; all have terraces, ceiling fans, satellite television, fully equipped kitchens, microwaves, safe deposit boxes, telephones and hair dryers.
Site Facilities	Swimming pool and pool terrace and an on-site pool bar. Excursions, car hire, postcards and more are available in the reception. There is a courtesy bus service to the beach. Wi-Fi at reception area.

Name	Be Smart Florida
Location	Calafate, 3, 38400 Puerto de la Cruz, Tenerife, Spain.
Price	257€
Room information	48 apartments for 2 people. All of them have full bathroom, Kitchen, Telephone, TV, Safe, Fully equipped kitchen
Site Facilities	It is just 100 m from Playa Jardín Beach and has an outdoor swimming pool. This offers car and bicycle rental.

Name	RF Bambi Adults Only
Location	Enrique Talg, 15, 38400 Puerto de la Cruz, Tenerife, Spain.
Price	313€
Room information	There are 2 apartments and 2 studios from 2 to 4 persons. All of them have Balcony, TV, Telephone, Satellite Channels, Cable Channels, Safety Deposit Box, Shower, Toilet, Bathroom, Kitchenette, Refrigerator.

Site Facilities	Very good location, quiet, a huge terrace, swimming pool, full breakfast, daily cleaning and best of all the friendly staff. Parking extra cost.
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Name	Atlantic Holiday Centre
Location	Lava, 10, 38678 Callao Salvaje, Tenerife, Spain
Price	396€
Room information	70 rooms for 2 from 3 people. Balcony, View, Telephone, Radio, Satellite Channels, Flat-screen TV, Safety Deposit Box, Seating Area, Bath, Toilet, Bathroom, Tea/Coffee Maker, Kitchen, Refrigerator, Wake Up Service/Alarm Clock.
Site Facilities	BBQ facilities, Outdoor pool, Garden, Terrace, Restaurant, Bar, Fitness centre, Solarium, Massage, Games room, Library, Children's playground, Tennis court, Fishing, Billiards, Table tennis, Darts, Hiking, Diving, Snorkelling, free Wi-Fi and parking.

Table 46: two stars apartments.

Three stars

Name	Casablanca apartments
Location	Martianez Street, 4, 38400 Puerto de la Cruz, Tenerife, Spain.
Price	466€
Room information	287 apartments for 1 from 3 people. Balcony, Telephone, Satellite channels, TV, Wi-Fi, Safe, Iron, Sitting area, Fan, Tile/Marble floor, Wardrobe/Closet, Shower, Bath, Hairdryer, Toilet, Bathroom, Bidet, Tea/Coffee maker, Kitchen, Refrigerator, Microwave, Electric kettle, Kitchenware, Oven, Toaster, Wake up service/Alarm clock.
Site Facilities	Outdoor swimming pool and a separate children's pool. Guests receive special rates at Casablanca's Gym, which also offers various fitness classes and a sauna. The on-site café-bar serves breakfast and meals throughout the day and staff at the front desk can provide tourist information on the surrounding area and arrange car rental, tickets and excursions.

Name	Club del Carmen By Diamond Resorts
Location	Los Pocillos, Noruega Street, 2, 35510 Puerto del Carmen, Lanzarote, Spain.
Price	668€
Room information	66 apartments for 4 from 6 people. Terrace, telephone, radio, DVD player, satellite channels, shower, bath, hairdryer, free toiletries, toilet, bathroom, refrigerator, microwave, dishwasher, kitchen.

Site Facilities	The property has an on-site restaurant and poolside bar, playground, outdoor pool table and table tennis, and it is set amid gardens.
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Name	Playa Del Sol - Adults Only
Location	Tirajana street, 26, 35100 Playa del Ingles, Gran Canaria, Spain
Price	572€
Room information	140 apartments for 2 from 5 people. Garden view, pool view, terrace, pay-per-view channels, telephone, satellite channels, flat-screen TV, computer, safety deposit box, seating area, tile/marble floor, shower, hairdryer, free toiletries, toilet, bathroom, refrigerator, microwave, kitchen, dining area, kitchenware, coffee machine, wake-up service.
Site Facilities	Golf course (within 3 km), billiards, sauna, fitness centre, massage, games room, nightclub/DJ, outdoor pool, sun terrace, restaurant, bar and free WI-FI.

Table 47: three stars apartments.

Four stars

Name	Holiday Club Vista Amadores
Location	Street Montana Clara,12, 35130 Amadores, Las palmas de Gran Canaria, Spain
Price	1192€
Room information	36 apartments for 2 from 4 people. Balcony, View, Sea view, TV, Telephone, Satellite Channels, Flat-screen TV, Safety Deposit Box, Air Conditioning, Iron, Desk, Seating Area, Private entrance, Sofa, Wardrobe/Closet, Cleaning products, Clothes rack, Shower, Hairdryer, Free toiletries, Toilet, Bathroom, Bath or Shower, Bidet, Tea/Coffee Maker, Refrigerator, Microwave, Dishwasher, Kitchen, Dining area, Electric kettle, Kitchenware, Stovetop, Toaster, Coffee machine, Outdoor furniture, Outdoor dining area, Towels, Linen. Free Wi-Fi is available in all rooms.
Site Facilities	Outdoor pool, on-site restaurant and bar. Guest can play table tennis darts and golfing. The property offers a free shuttle service.

Name	Holiday Club Sol Amadores
Location	Avenida Tenerife 11, 35130 Puerto Rico, Las palmas de Gran Canaria, Spain.
Price	1192€
Room information	38 apartments for 2 from 4 people. Balcony, View, Sea view, TV, Telephone, Satellite Channels, Safety Deposit Box, Air Conditioning, Iron, Desk, Ironing Facilities, Seating Area, Washing Machine, Private entrance, Sofa, Tumble dryer, Wardrobe/Closet, Cleaning products, Clothes rack, Hairdryer, Free toiletries, Toilet, Bathroom, Bath or Shower, Refrigerator, Microwave, Dishwasher, Kitchen, Dining area, Electric kettle, Kitchenware, Oven, Stovetop, Toaster, Coffee machine, Outdoor furniture, Towels, Linen.
Site Facilities	Outdoor pool, sun terrace, free private parking, sauna, fitness centre, on-site restaurant, mini-market, table tennis and hire bikes.

Table 48: four stars apartments.

10.1.2 Hotels

Two Stars

Name	Parador de Las Cañadas del Teide
Location	Las Cañadas, s/n, 38300 La Orotava, Tenerife, Spain.
Price	470€
Room information	37 rooms for 1 from 3 people. Safety deposit box, air conditioning, desk, hardwood/parquet floors, bath, hairdryer, toilet, bathroom, bidet, TV, telephone, minibar.
Site Facilities	Hiking, sauna, fitness centre, solarium, indoor pool, restaurant, sun terrace, bar, free Wi-Fi and parking.

Name	Hotel Pujol
Location	Salvador Cuyas, 5, 35008 Las Palmas de Gran Canaria, Spain.
Price	380€
Room information	48 rooms for 1 from 3 people. Safety deposit box, desk, ironing facilities, fan, wardrobe/closet, bath, hairdryer, free toiletries, bathroom, bidet, telephone, satellite channels, laptop safe, flat-screen TV, wake-up service.
Site Facilities	Car hire, restaurant, sun terrace, bar, free Wi-Fi and bicycle rental.

Table 49: two stars hotels.

Three Stars

Name	Parque Hotel
Location	Muelle Las Palmas, 2, 35003 Las Palmas de Gran Canaria, Spain.
Price	685€
Room information	102 rooms for 1 from 3 people. Safety deposit box, air conditioning, desk, tile/marble floor, shower, bath, hairdryer, free toiletries, toilet, bathroom, TV, telephone, wake-up service.
Site Facilities	Fitness centre, restaurant, bar, free WI-FI, private parking and car hire.

Name	El Patio Rural Hotel
Location	Finca Malpais 11.El Guincho, 38450 Garachico, Tenerife, Spain.
Price	640€
Room information	26 rooms for 2 people. Safety Deposit Box, Heating, Shower, Hairdryer, Toilet, Bathroom.
Site Facilities	Tennis court, sauna, fishing, games room, massage, table tennis, library, hiking, cycling, diving, horse riding, restaurant, bar, garden, free WI-FI, sun terrace and outdoor pool.

Name	NH Tenerife
Location	Candelaria / Dr. Allart, 38003 Santa Cruz de Tenerife, Spain.
Price	595€
Room information	64 rooms for 1 from 2 people. Safety Deposit Box, Air Conditioning, Desk, Bath, Hairdryer, Toilet, Bathroom, TV, Telephone, Satellite Channels, Minibar.
Site Facilities	Solarium, terrace, sun terrace, restaurant, bar, private parking, car hire, free Wi-Fi and parking.

Name	IFA Buenaventura Hotel
Location	Gánigo 6, Ansite square, 35100 Playa del Inglés, Gran Canaria, Spain.
Price	607€
Room information	724 rooms for 2 from 4 people. Balcony, view, pay-per-view channels, telephone, radio, satellite channels, safety deposit box, desk, bath, hairdryer, toilet, bathroom.
Site Facilities	Tennis court, table tennis, darts, fitness centre, massage, entertainment staff, outdoor pool, garden, sun terrace, balcony, restaurant, bar, car hire, WI-FI cost 2€ per 24 hours and free parking.

Table 50: three stars hotels.

Four stars

Name	El Navío - Adults Only Rural Hotel
Location	Avenida Los Pescadores, s/n, 38686 Alcalá, Tenerife, Spain.
Price	750€
Room information	8 rooms for 1 from 2 people. Sea view, Terrace, Telephone, Satellite Channels, Flat-screen TV, Safety Deposit Box, Tile/Marble floor, Wardrobe/Closet, Shower, Hairdryer, Free toiletries, Toilet, Bathroom, Minibar, Towels, Linen
Site Facilities	Fishing, table tennis, canoeing, hiking, cycling, diving, snorkelling, solarium, bicycle rental, games room, library, BBQ facilities, outdoor pool (all year), Garden, Terrace, Sun terrace, restaurant, free WI-FI, bar, free parking and car hire.

Name	Iberostar Bouganville Playa
Location	Eugenio Domínguez, 23, 38660 Playa de las Americas, Tenerife Spain
Price	1100€
Room information	481 rooms for 1 from 4 people. Balcony, Telephone, Satellite Channels, Flat-screen TV, Safety Deposit Box, Air Conditioning, Tile/Marble floor, Wardrobe/Closet, Clothes rack, Shower, Hairdryer, Free toiletries, Toilet, Bathroom, Minibar, Wake-up service, Towels, Linen.
Site Facilities	Tennis court, fitness centre, games room, children's playground, billiards, table tennis, darts, bicycle rental, library, diving, entertainment staff, kids' club, beachfront, evening entertainment, garden, terrace, balcony, outdoor pool, restaurant, bar, free WI-FI, car hire and free parking.

Name	IFA Catarina Hotel
Location	Tirajana street, 1, 35100 Playa del Inglés, Gran Canaria, Spain
Price	774€
Room information	402 rooms for 1 from 4 people. Balcony, TV, telephone, radio, safety deposit box, air conditioning, desk, bath, hairdryer, free toiletries, toilet, bathroom, minibar.
Site Facilities	Tennis court, fitness centre, games room, children's playground, entertainment staff, outdoor pool, terrace, balcony, bar, restaurant and free WI-FI.

Table 51: four stars apartments.



Five stars

Name	Iberostar Grand Hotel El Mirador - Adults Only
Location	Bruselas street, s/n, 38660 Adeje, Tenerife, Spain.
Price	1500€
Room information	120 rooms for 2 from 3 people. Sea view, terrace, TV, telephone, radio, satellite channels, safety deposit Box, air conditioning, desk, seating area, dressing room, sofa, tile/Marble floor, shower, bath, hairdryer, bathrobe, free toiletries, slippers, bidet, minibar, wake-up service.
Site Facilities	Fitness centre, games room, solarium, spa and wellness centre, massage, bicycle rental, library, squash, beachfront Evening entertainment, restaurant, bar, free WI-FI, free parking, garden, sun terrace, terrace, outdoor pool and car hire.

Name	Best Semiramis Hotel
Location	Leopoldo Cologan Zulueta, 27 - Urbanización La Paz, 38400 Puerto de la Cruz, Tenerife, Spain.
Price	1300€
Room information	298 rooms for 1 from 3 people. Balcony, Sea view, TV, Telephone, Satellite Channels, Safety Deposit Box, Air Conditioning, Seating Area, Heating, Hardwood/Parquet floors, Bath, Hairdryer, Free toiletries, Toilet, Bathroom, Minibar.
Site Facilities	Tennis court, sauna, fitness centre, solarium, spa, wellness centre massage, billiards, table tennis, hot tub/Jacuzzi, indoor pool, garden, balcony, terrace, outdoor pool, bar, restaurant and car hire.

Table 52: three stars apartments.

1. Photos of “VOLCANOTOURS” office





10.2 Income

First year	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Amount of travellers	182,6	179,0	195,8	160,7	141,6	140,4	166,7	169,9	151,2	196,3	194,8	197,5	2076,5
Accommodation	4899,0	4802,4	5252,4	4311,9	3798,1	3767,5	4473,7	4559,3	4057,0	5267,7	5227,7	5299,9	55716,4
Excursions	492,6	482,9	528,2	433,6	381,9	378,9	449,9	458,5	408,0	529,7	525,7	533,0	5602,9
Courses	1713,3	1679,5	1836,9	1508,0	1328,3	1317,6	1564,6	1594,5	1418,9	1842,3	1828,3	1853,5	19485,8
Transportation Riga-Tenerife	5477,4	5369,4	5872,5	4821,0	4246,5	4212,3	5001,9	5097,6	4536,0	5889,6	5844,9	5925,6	62294,7
Transportation airport/hotel	127,8	125,3	137,0	112,5	99,1	98,3	116,7	118,9	105,8	137,4	136,4	138,3	1453,5
Transportation between islands.	109,5	107,4	117,5	96,4	84,9	84,2	100,0	102,0	90,7	117,8	116,9	118,5	1245,9
Tourism packages	2510,5	2461,0	2691,6	2209,6	1946,3	1930,6	2292,5	2336,4	2079,0	2699,4	2678,9	2715,9	28551,7
Other services	45,6	44,7	48,9	40,2	35,4	35,1	41,7	42,5	37,8	49,1	48,7	49,4	519,1
Total	15558,4	15251,6	16680,7	13693,9	12062,1	11964,9	14207,8	14479,6	12884,4	16729,3	16602,3	16831,5	176946,5

Second year	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Amount of travellers	228,2	223,7	244,7	200,9	176,9	175,5	208,4	212,4	189,0	245,4	243,5	246,9	2595,6
Accommodation	6123,6	6002,9	6565,5	5389,7	4747,7	4709,6	5592,3	5699,1	5071,2	6584,6	6534,7	6624,8	69645,7
Excursions	615,8	603,6	660,2	542,0	477,4	473,6	562,4	573,1	510,0	662,1	657,1	666,2	7003,6
Courses	2141,6	2099,4	2296,2	1885,0	1660,4	1647,1	1955,8	1993,2	1773,6	2302,8	2285,4	2316,9	24357,3
Transportation Riga-Tenerife	6846,6	6711,6	7340,7	6026,1	5308,2	5265,6	6252,6	6372,0	5670,0	7362,0	7306,2	7407,0	77868,6
Transportation airport/hotel	159,8	156,6	171,3	140,6	123,9	122,9	145,9	148,7	132,3	171,8	170,5	172,8	1816,9
Transportation between islands.	136,9	134,2	146,8	120,5	106,2	105,3	125,1	127,4	113,4	147,2	146,1	148,1	1557,4
Tourism packages	3138,0	3076,2	3364,5	2762,0	2432,9	2413,4	2865,8	2920,5	2598,8	3374,3	3348,7	3394,9	35689,8
Other services	57,1	55,9	61,2	50,2	44,2	43,9	52,1	53,1	47,3	61,4	60,9	61,7	648,9
Total	19447,6	19064,1	20851,1	17117,0	15077,8	14956,8	17760,4	18099,5	16105,5	20911,6	20753,1	21039,4	221183,8

Third year	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Amount of travellers	319,5	313,2	342,6	281,2	247,7	245,7	291,8	297,4	264,6	343,6	341,0	345,7	3633,8
Accommodation	8573,1	8404,1	9191,6	7545,7	6646,6	6593,2	7829,0	7978,8	7099,5	9218,4	9148,4	9274,7	97502,9
Excursions	862,1	845,1	924,3	758,8	668,4	663,0	787,3	802,3	713,9	927,0	920,0	932,7	9804,9
Courses	2998,3	2939,2	3214,6	2639,0	2324,5	2305,8	2738,1	2790,4	2482,9	3224,0	3199,5	3243,7	34099,9
Transportation Riga-Tenerife	9585,3	9396,3	10276,8	8436,6	7431,3	7371,6	8753,4	8920,8	7937,7	10306,8	10228,5	10369,8	109014,9
Transportation airport/hotel	223,7	219,2	239,8	196,9	173,4	172,0	204,2	208,2	185,2	240,5	238,7	242,0	2543,7
Transportation between islands.	191,7	187,9	205,5	168,7	148,6	147,4	175,1	178,4	158,8	206,1	204,6	207,4	2180,3
Tourism packages	4393,3	4306,6	4710,2	3866,8	3406,0	3378,7	4012,0	4088,7	3638,1	4724,0	4688,1	4752,8	49965,2
Other services	79,9	78,3	85,6	70,3	61,9	61,4	72,9	74,3	66,1	85,9	85,2	86,4	908,5
Total	27226,8	26690,0	29191,0	23963,9	21108,4	20938,8	24863,8	25339,3	22546,8	29276,2	29053,8	29455,2	309654,0



10.3 Expenses

First Year	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Direct staff expenditures	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	56533,0
Subcontracted staff	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	48000,0
Office rental	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	10890,0
Utilities	500,0	500,0	413,0	413,0	350,0	350,0	250,0	250,0	350,0	374,0	500,0	500,0	4750,0
Comunications	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	3600,0
Promotion	2166,7	1666,7	1666,7	1666,7	1666,7	1666,7	1666,7	1666,7	1666,7	1666,7	1666,7	1666,7	20500,0
Office supplies	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	270,0
Office maintenance	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	1000,0
Others (fotocopies, cleaning material)	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	6000,0
Administrative expenses	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	12000,0
Total	14191,1	13691,1	13604,1	13604,1	13541,1	13541,1	13441,1	13441,1	13541,1	13565,1	13691,1	13691,1	163543,0

Second Year	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Direct staff expenditures	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	4711,1	56533,0
Subcontracted staff	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	48000,0
Office rental	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	10890,0
Utilities	500,0	500,0	413,0	413,0	350,0	350,0	250,0	250,0	350,0	374,0	500,0	500,0	4750,0
Comunications	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	3600,0
Promotion	1791,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	16000,0
Office supplies	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	270,0
Office maintenance	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	1000,0
Others (fotocopies, cleaning material)	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	6000,0
Administrative expenses	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	12000,0
Total	13816,1	13316,1	13229,1	13229,1	13166,1	13166,1	13066,1	13066,1	13166,1	13190,1	13316,1	13316,1	159043,0

Third year	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Direct staff expenditures	6281,4	6281,4	6281,4	6281,4	6281,4	6281,4	6281,4	6281,4	6281,4	6281,4	6281,4	6281,4	75377,3
Subcontracted staff	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	4000,0	48000,0
Office rental	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	907,5	10890,0
Utilities	500,0	500,0	413,0	413,0	350,0	350,0	250,0	250,0	350,0	374,0	500,0	500,0	4750,0
Comunications	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	300,0	3600,0
Promotion	1791,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	1291,7	16000,0
Office supplies	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	22,5	270,0
Office maintenance	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	83,3	1000,0
Others (fotocopies, cleaning material)	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	500,0	6000,0
Administrative expenses	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	1000,0	12000,0
Total	15386,4	14886,4	14799,4	14799,4	14736,4	14736,4	14636,4	14636,4	14736,4	14760,4	14886,4	14886,4	177887,3



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