

UNIVERSITY OF LJUBLJANA  
FACULTY OF ECONOMICS

MASTER'S THESIS

**CONGRESS TOURISM AS A NEW PRODUCT  
BENEFITS FOR SKOPJE FAIR AND ITS CUSTOMERS**

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### **AUTHORSHIP STATEMENT**

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## INTRODUCTION

In the current time of crisis, Skopje fair records lower income, and clients ask more and more for the service price. Skopje fair has to move ahead with more products and services in order to achieve additional income and satisfy present and prospective clients' needs by offering new, innovative core products.

This thesis should give answer to main research question: Should Skopje fair include Congress tourism in the existing offer? Master thesis will look into positive effects and benefits for the company and customers due to the implementation of the product Congress tourism.

In this master thesis one of the research goals is positioning a Congress center as a new product by using Skopje fair infrastructure and Skopje fair market capabilities. The positioning of the new product should present a new perspective and opportunities to Skopje fair product portfolio in order to strengthen Skopje fair market position and brand image, to offer our old and new clients additional services and to increase value and profit. Another goal of the research is to estimate what benefits and costs will be perceived by clients using Congress tourism services and what benefits and costs will be gained by Skopje fair company. From this point the research goals include estimation of specific effects from implementation of Congress tourism which are mainly derived from offering additional services that congress client's needs, positive effect to our old clients by introducing congress tourism, gaining new clients. As a benefits to the company also can be considered company that offers full package of unique service, increasing value and profit of Skopje fair, additional benefits for clients, Skopje fair and partnership companies, synergy of congress tourism with other Skopje fair products and services and the additional effect on the brand image.

It's very important for the implementation of Congress tourism to build the necessary relation to Skopje fair core services in order to create synergy and benefits through the statement of its possible success. In this manner, I will present the Skopje fair products and services using Skopje fair infrastructure, capabilities and management, focusing on Congress center in order to develop a relation between the existing business assortment and position new product. Congress center as a new-product must be in relation with Skopje fair core products and client needs, because Skopje fair clients use many different services while they are presenting at Skopje fair premises. Additional new services will represent one more reason for client to use package of Skopje fair services.

Using theoretical background, this thesis will follow the steps of new product development process such as: idea generation, idea screening, concept development and testing, marketing strategy development, business analysis, product development, market testing

and commercialization. In addition, thesis will help evaluate positive effects and benefits by implementing Congress tourism as additional services to Congress center.

Four categories were very important for opportunity identification. These categories are considered to be the underutilized resource, new resource, external mandate and an internal mandate, the Congress tourism can identify with the underutilized resource, a new resource and external mandate. Congress center has the opportunity to use their own facilities and services of Skopje fair potential partners and to offer these services to Congress center customers. For example, by offering to the Congress center clients to organize the team building or cocktail party in one of the Skopje fair halls, Wine Cellar or other facilities, this is an underutilized resource. By using the Skopje fair partner's services like Hotels, Transport, Travel and more, and offer to Skopje fair clients, this is an opportunity to implement new resource. In addition, by offering the Congress tourism service which the clients demand to be offered with other services, because this satisfies the customer needs, it can be defined a respond to external mandate.

In general, this thesis and the assessment of implementation of Congress tourism by Skopje fair, benefits for company and customers have three main building blocks:

- Theoretical background of the marketing process of implementation of new products, including theoretical base of the selection of ideas, general course of the process, and the evaluation of the new products;
- Analysis of the several aspects of the new products, description of the process from idea to realization, expected problems etc.
- Conclusions and implementation of the empirical results from various simulations and analysis, including questionnaire which will be used in the phase of idea generation, and in launch phase of the new service development.

The elaboration of the thesis with the subject of Congress tourism as a new product with the benefit for the clients and company will include:

- Evaluation of the effects from implementation of the new product for the potential customers- research based on the results on survey for the potential consumers of Skopje fair new products,
- Evaluation of the effects of the financial outcomes- simulating the possible financial effects on integration of the new products in existing Skopje fair offer and its financial costs and benefits.

For the simulation of the effects for the company the scenario of outcomes for the financial indicators method will be used, which should determine the effects for the company from the new products.

All research methodology which will be used in this master paper has several practical goals and perspectives. One such is evaluation of needs of the customers for the new service, within the current market establishment and environment related the business of Skopje fair, and also determining the purchase intentions of the target customers for the Congress tourism.

The first chapter literature review as integral part of this thesis presents the results and insights from the conducted research regarding the relevant literature about various segments of new product development. One part of the literature exploration and the ideas and its concepts were the foundation of the new product development concept and terms within the creation of Congress tourism as a new service. Therefore, many case studies presented in many articles, alongside with huge database of empirical studies provided significant contribution and foundation for many developed directions related to almost all segment of the Congress tourism as new service within the Skopje fair service portfolio.

Literature review and the elaboration of the new product development concept and terms are divided in four segments that elaborate the subject and their relevant literature. First segment of elaborated literature review is the part which refers to the papers and studies with theoretical and practical significance for the subject of the introduction of new product development. Another part of this chapter elaborates the relevant literature which refers to the phase of new product development process. Different part of this chapter elaborates significant aspects of the literature related to the factors of the new product developments, core principles and product platform. Separate part of literature review is dedicated to elaboration of the methodology of this thesis.

Second chapter introduces Skopje fair company, their core business, facilities, strategy and goals. By that, we can understand later on the capabilities, possibilities and opportunities for this company to create Congress tourism as a new product, especially because this new product is an upgrade of already well positioned Skopje fair congress services.

Product development of Congress tourism by Skopje fair is shown in third chapter. Here, Congress tourism as new product is analyzed throw PIC – Product Innovation Charter, new product development process is described in detail with focus on concept/project evaluation that arrive from questionnaire research results from twelve potential companies which are well known Skopje fair clients. Questionnaire form is conducted from 18 questions needed to receive important information from companies about Congress tourism services that maybe in the future will be offered by Skopje fair Congress center.

The fourth chapter and maybe the most important one, is business analysis. This chapter provides the necessary data for Congress tourism to be or not to be. Congress tourism cost evaluation and revenue evaluation is based on data provided from the questionnaire results

and prices from Congress tourism services that other companies provide. This final data is used to create financial projections and scenario analysis and by that this thesis answers the most important question for Skopje fair: yes, or no for implementation of Congress tourism by Skopje fair and why? This answer is given in chapter five, presenting recommendations to Skopje fair.

## **1 LITERATURE REVIEW**

### **1.1 Introduction to the New Product Development**

The new product development is the source of company's competitive advantage within the global market environment. The importance and the source of the competitive advantage of the new products are in the product or the service differentiation (Homburg, Schwemmler & Kuehn, 2015). Therefore, the amount of new products which are introduced to the market is numbered in thousands. Hence the number of people who are involved in the new product development and new product marketing is measured in hundreds of thousands (Strauss, 2016).

One of the definitions of the new product development defines the activities of product development as the possibility of materialization of the marketing opportunities in the developed product or service (Krishnan & Ulrich, 2001).

The general definition of product development involves activities connected to conceptualizing, defining, designing and creation of the new product. New product development process includes all other activities needed to the new product introduction to the existing or the new market. Another perspective is that the process of new product development integrates all activities in order to create tangible value to the customers (Homburg et al., 2015). The tangible values of the products are publicly recognized by the customers, and our common examples are Lasko beer, Gorenje brands, I Phone products and applications etc., which make our life easier. The activity of the new product development requires the allocation of almost all companies' assets and resources. Some of these activities include serious involvement in sales, marketing, finance, design and manufacturing (Ulrich, 2003).

Product innovation is frequently the forefront of all business activities (Afuah, 2003). The primary business orientation of the companies like Google, Microsoft, Intel, Sony, Samsung, Apple etc. is product innovation. In global and complex business environment, the continuous innovation of new products is necessary. The giant companies as Sony, 3M, Maytag Charles Schwab, Sun Microsystems, Dell Computer, Oracle, Southwest Airlines, Costco, and Microsoft often are in position of stock-price gainer in their industries (Tsakalerou, 2016). These companies implemented the high level standards and positive attitude toward



innovation and risk in order to routinize the innovation process (Afuah, 2003). They also recognized the importance of teamwork, and experiments even in the cases of fail. However, the companies that fail in new product development are exposed to different kind of risks. At the same time the company's product portfolio is often vulnerable to the customer needs and changed tastes, new technologies improvements, shortened product life cycles, and severe domestic and foreign competition (Homburg et al., 2015).

The main reason companies invest in the new product is that the new products can provide answers for many companies' business challenges and problems (Homburg et al., 2015). Also the importance of product differentiation is imperative in modern markets, and is recognized as a strong competitive advantage. In competitive markets every goods and services compete for the customers trust with their constant quality improvements (Homburg et al., 2015).

Innovation represents a rather broad concept that many people have tried to define over time and in different conditions. Trott (2008, p. 15), has represented a definition which reads: management of all activities involved and resulting in the generation of ideas, technology development, production and sales of new (or improved) process or manufacturing or equipment.

It can make a great difference between incremental and radical (truly new) innovation. Incremental new products include adaptation, developing and improving existing products. Incremental innovation actually represents the sum of new features, benefits or improvements to existing technologies (Trott, 2008).

Radical innovation on the other hand apart from partial information has dramatically stronger influence on their environment and embodies a new technology or a new product to market, resulting in a new market infrastructure (Afuah, 2003). Also, radical innovation can also be introduced in terms of performance, design, function, and other features that are separate from everything else on the market.

According to Booz (Booz, 1980) there is classification of six different product types:

- New products for the world
- New products for the company (company starts with new product)
- Additions/upgrade to company existing product (additions to product line)
- Newer improvements/revision to existing product
- Repositioning (usually are based on marketing activities according to company strategy)
- Cost reductions.

Creativity is often considered as a significant source for suitable ideas, compared to innovations that focus more on the development and successful implementation of these

ideas within a company or the market (Trott 2008). Creativity is very often characterized as a multifaceted structure that can be recognized in many ways. For example, creativity can refer to the human power or ability, function, process, or as a final product (Chuang, Morgan & Robson, 2015).

In the past, this represents the first scientific view of creativity that originates from the 18th century, when people, actually researchers are interested in the ability for creativity and what is it that for certain individuals to allow them to reach high achievements. Since that time, discussions started regarding the dilemma whether creative behavior of man is some capability or some combination of traits. Another consideration is to look at creativity as an attribute that someone can own more unlike other who has quite a bit but cannot express it. As opposed to this thinking research is used to make human genetics and therefore creativity attributed to genetics of people who all have the potential to be creative but it all depends on multiple factors that influence if that creativity potential will be expressed or not (Chuang et al., 2015).

The process of creativity or "creative process" has become a topic of interest to a survey of more researchers. One of the researchers is Wallas (1926), who suggested four special stages of the creative process: preparation, incubation, illumination and verification. Another model of creativity, introduced by Schuler and Görlich (2007) extending the creative process to 8 phases:

- Finding the problem (identifying and defining the relevant issues)
- The search information (knowledge and search of relevant information)
- Concept combination (reorganization of categories, analogies and also finding links)
- Idea generation (ideas, characterized by flexibility, originality and fluency)
- Development of solutions (translation of the idea into a solution that is functional)
- Evaluation of the idea (finding cons and pros, different solutions comparison)
- Adaptation / adjustment (fitting the original idea and redesign) and
- Implementation (integration, persuasion and communication).

Although it represents a sequential model, all phases must be understood as independent of each other to some extent. According to the authors Schuler and Görlich (2007), in practice, sometimes it is necessary to go back to the previous level, to make certain changes in order to achieve adequate functional product. In this model there is a difference between the first 4 stages compared to the second 4 stages. While the first 4 stages represent stages of creativity (ideas, finding problems etc.), the second four phases relate to the innovativeness (innovation and commercialization of the product).

In order for products to be creative, better and different from others, they must be new, original and substantively useful where the usefulness is often attributed to creativity as a

social value. During the research on creativity, certain situational factors and adjectives were applied to creativity. Jackson and Messick (1958) for example, used certain assessment criteria of creativity: appropriateness, unusualness, transformation and condensation.

On one hand unusualness and also appropriateness of creative achievements can be used synonymously with originality and usefulness, on the other hand, transformation refers to the extent to overcome common barriers and constraints and complexity of the decision problem. The general opinion that some big successful products are the result of bright idea that comes like a bolt from the blue is actually a myth. Many inventors as Curie, Einstein, and Nikola Tesla worked very hard and they were much focused to give life to their ideas (Crawford & Di Benedetto, 2008).

The new product development process is the process which represents all important phases of the new product development, the process contains several phases which should be considered and analyzed carefully in order of correct product development implementation. As mayor phases of product development generally we generally refer to opportunity identification, concept generation, concept and project evaluation, development and launch (Crawford & Di Benedetto, 2008).

The essence of new products process actually represents a set of activities performed by the assigned team in charge of the process. Activities include tasks for evaluation and decisions between the phases. The assigned team must decide whether to continue with the next stage of the process or not depending on the expectations that the new product promises (Crawford & Di Benedetto, 2008).

One of the most important objectives of the new products process is to allow the calculation of the degree of risk and uncertainty, especially when the process moves from stage generating an idea until the stage launch of the new product (Pons, 2008). Certainly, companies during the process use more businesses evaluations and assessments and it could happen that company has dozens of ideas but with analysis and evaluation of the same, weaker ideas are rejected while the stronger ideas get clearly defined and are transformed into concepts. From these concepts further, companies choose a small number of concepts which goes under development stage. During the development stage, the concept is evolving into a specific product which is more refined and if the results of testing show weak results, the product cannot be launched on the market. As the product moves from stage to stage, with each pass, the chances of the product to be successful are increasing (Trott, 2008).

Successful management of the level of uncertainty of the product is important, primarily because each transition from one phase to another means investment either is investment

from financial perspective or investment from using human resources (Wheelwright, 2010).

The companies that use the new product process, generally they achieve better results or greater degree of success, efficiency in teamwork, better detection of problems, up to 30% less time on the stages in the process and better product launch on the market (Wheelwright, 2010).

Regarding the phase of the new product management it is very important the members of the team in charge for the new product, effectively to coordinate and communicate between each other, with clearly defined deadlines and tasks. The process must be multifunctional, where cross functional team in charge work on all functions together in order to effectively fulfill the required task and deadlines (Crawford & Di Benedetto, 2008).

Regarding the product or service opportunity identification and selection in the terms of strategic planning of new products there are at least three major streams of activity (Crawford & Di Benedetto, 2008):

- Active marketing planning. For example: marketing plan for printers, stresses that it is necessary to continue the line of production due to the presence of a new competitor that sells for a good price
- Active corporate planning. For example: a strategy that is created from top managers to conquer the market that means the first and second position or not to enter the market
- Special analysis possibility. For example: In the company, a team is obliged to review the company's resources (facilities, products, services, people, etc.). Example: A company that works with production machines in the food industry has to revise its production. As a result, company can get that certain engineers have potential or skills that can serve as a basis for new production which company can use.

From the above streams of activity, the opportunities of companies can be divided into four categories (Crawford & Di Benedetto, 2008):

- An underutilized resource. For example: A packaging activity, foreign distributors, franchise
- A new resource. For example: new material, new technology, discovery of new compound
- An external mandate. For example: saturated market with many competitors that are fierce. This condition, can lead for company to find new opportunities

- An internal mandate. Example: company has already planned four year sales target for selling product and people want to decrease and fulfill the gap between that target and current sales. This can be defined as acquisition gap or product innovation.

The process that detects the above opportunities is called opportunity identification. Company detects opportunities, and they review and analyses new opportunities to verify whether there is a potential interest in selling the product. Of course, the company wants to take advantage of those most promising opportunities which can achieve great sales. But for some opportunities, the company may not have enough skills and resources some require large investments, some may jeopardize company reputation, some are containing excessive risk (Crawford & Di Benedetto, 2008).

For these reasons, companies use a cautious strategy that involves analyzing all possibilities. For example, Procter & Gamble, used a strategy that approves concept of a new product only if it is innovative and different from the competition (Dodgson, Gann & Salter, 2006). I can mention also Skopje fair and despite some market opportunities for new services on the market, Skopje fair decided to bail because risk of decreasing company image was too big.

There are examples where identification of opportunities says what the clients wants and requires. For example, the company is able to produce small toothpaste for people who travel frequently, but the process is not always that simple (Bryant, McAdams, Stone, Kurtoglu & Campbell, 2005).

Companies are trying to perceive the needs and problems of the people (clients, customers, businesses) and with the introduction of new product concepts it strives to offer solutions to their problems and needs. For example, if the company is focused on people who visit the fair events, the company is trying to track down all the problems that visitors may have during the visit.

Nowadays, the process of finding and solving problems is quite refined for a systematic approach to the problems, usually companies can get new ideas constantly via email, phone, from the clients, employees and other sources. Then they are reviewed by a team in charge for problem solving activities and selected product concepts in correlation with company strategy and policy (Ulrich, 2003).

One of the important phases besides the phase of opportunity identification is the phase of the concept generation. This phase should answer all the essential questions connected to the concept of development of new product. Generated concept should present all aspects about the product or service idea, resources needed, firm's capacity, market capacity, customer's perception, business viability etc. Essential in this process is finding the

winning combination of all the previously presented and managing the process to the new product or service success (Crawford & Di Benedetto, 2008).

The stage of development of product development actually represents stage where company gets final shape of product or intangible service attained from range of activities and resources. Also in this stage, comes the preparation and marketing plan which has to be gradually prepared for implementation (Feinberg, Kinnear & Taylor, 2012).

The preparation of resources is often neglected by managers responsible for new product. For certain preparations of resources that mean improving the product, small change or a known new line of production should not be a problem, because the responsible team is already experienced, activities are fairly routine and familiar, market information is trusted and the team is ready to respond to their duties and tasks. But problems arise when the company decides to create a brand new product to the world, where managers are not sufficiently prepared, may need additional training, recheck the evaluating product system, rewrite motivation and reward system, new set of team rules and permission. In fact, the company, depending on what kind of product wants to bring on the market, must prepare the ground better in order for development stage to go in the right way (Matthing, Sandén & Edvardsson, 2004).

A completely new product in the process of product development involves design and product manufacturing while for the service means service specification, system design, and pilot project creation. The result is getting a product or service that is manufactured, tested, completed, with disposed flaws and ambiguities, costs and other (Ulrich, 2003).

The second step involves marketing plan of the product / service where marketing managers scan the market, note market changes, upgrading marketing plan and perform strategic and tactical decisions. Marketing decisions are in correlation with the product / service because there must be decisions on the name of the product, the packaging, the required budget. There is a certain risk for company, in case managers define the name or packaging design of the product to early and later production managers have some technical problem, but it is a risk that the company must take (Ulrich, 2003).

Furthermore, companies quite studiously evaluate the concept, marketing and technical results in order to finally give permission for production. It is known practice that companies use prototype product checking whether the product will meet the company's expectations, the expectations of customers and their needs and requirements, product value. If first impression is good, if clients like the product, before the launch of the product, company can make business analysis in order to be sure that this product is profitable. Before the product goes to be launch, business analysis is finished and now company needs to make a decision, to launch the product or not (Ulrich, 2003).

The stage of launch of the product stage involves product commercialization and in detail explains situation when company has to decide whether to launch the product or not. This decision could mean major financial and other assets such as building plants, factories for producing, manufacturing the product or expensive advertising campaign. The duration of this phase is a few weeks before and after the market presentation of new product where product and marketing teams are working out pretty hard, cover many details and activities, feeling pressure not to make any mistakes and to do it right (Crawford & Di Benedetto, 2008). Depending on the product, most companies are opting for market test because by receiving feedback from testing the product, companies can find some product disadvantages and postpone the launch for the day when all the disadvantages will be resolved. Once product is presented and launched on the market, company performs activities that include advertising, training sales teams, meetings with suppliers and distributors, sales calls, product education for parties, and other activities. Of course all these activities need more time and company needs to understand that is very important for product to be carefully planned and managed before the launch of the product (Crawford & Di Benedetto, 2008).

## **1.2 Factor Influencing NPD in the 21 Century**

With increasing globalization, among other aspects of today's modern business, product development has become quite challenging. Companies around the world see new product development as a global process through which they can exploit new innovative opportunities and gain advantages in today's tight and fierce competition (Henard & Szymanski, 2001).

The prospect of the new ventures and its benefits can cause significant effect and can be important factor for the new products success. The possibility and the positive effect from larger resources can increase the possibility of the new product success (Bolumole, Calantone, Di Benedetto & Melnyk, 2015).

Regarding the company's investments in foreign markets, it is important to consider the important factors that generally lead them to achieve better performance than those companies that invest exclusively in domestic markets. There are big differences between markets around the world in terms of workforce, land, taxes and companies know that very well. They move to foreign markets to take down the costs of research and development which are far lower in developing countries and by that they gain competitive advantage. Despite cheap work force, companies that invest abroad have the opportunity to take highly qualified people from those markets that are specialized in certain industries. For example, China possesses specialized engineers for electronics and electronic devices while India possesses specialized engineers in the field of automotive industry. Also markets in these countries are huge with lot of potential that companies want to conquer

and it is logical choice that company's offices and production are moving in these countries. There are many companies in the global markets that moved all the company activity abroad like for example: production to Asia, suppliers in Europe, research and development facilities in America. Yet this way of functioning is not simple and easy, it is a challenge and all activities must be well managed among the countries. Usually, companies often set global teams that manage all subsidiaries across countries, bringing decisions how much authority a subsidiary may have, what motivational system should implement, implementation of corporate policy and others (Crawford & Di Benedetto, 2008).

In the global market environment some companies are using the possibility of outsourcing some required components and materials that are integral parts of the new products. Strategic agreements are made with global partners who represent a global network of distributors and suppliers who are important part for the success (Bolumole et al., 2015). Coordination with the global network is of great importance because it is directly related to performance, production of the product, placement and delivery. The choice of a global network partners is a serious problem regarding the differences in language, mentality, culture, religion and others between partners and this issue should be taken seriously by the company (BurgeSmani & Wheelwright, 2004). The phase of product launch within the product development must present evidence whether the new product will launch through global partner network or to do locally all needed launch activities (Chiu, Chen, Shyu & Tzeng, 2006). Companies differ among themselves in this regard. Some companies find answers through defined and structured process that held global innovation culture while some of the companies organize the new product process through informal approach which is adaptive to the targeted market (Berry, Shankar, Parish, Cadwallader & Dotzel, 2006).

In the case of new product development companies must know how to distinguish the demands and needs of customers in different areas, they are present in the global market, have built access for different habits, mentality, religion, among the countries (Chuang et al., 2015). Also using their global partner network, they manage research and development quite successful, taking advantage of global knowledge, recognizing certain skills and resources to assist in choosing which subsidiary should choose and generally have a greater advantage and better performance in the process of launching new products (Cravens & Piercy, 2006).

The outsourcings for the companies in today's globalization have completely presented another perspective in the new product development promotion. The significance of outsourcing relays in the possibility for the company to engage less resources in product development and production, and to focus on their strengths, research and development, design and product innovation, resulting the product to be more cost effective and company to gain competitive advantage (BurgeSmani & Wheelwright, 2004).



This also gives the company more time and energy to focus on the creation of new products, in comparison to the other companies of the global partner network, and take care of the production of the previously launched product. The costs of outsourcing or cost of development and production are calculated within the total amount of manufacturing and transaction costs. Thus generally five attributes of business exchange can be pointed out that are associated with the transaction costs (Crawford & Di Benedetto, 2008):

- necessity of investment in specific, durable assets
- complexity and uncertainty of task
- infrequency of transacting
- certain difficulty when measuring task performance
- Inter dependencies with other transactions.

Bianchi et al., (Bianchi, Frattini, Lejarraga & Di Minin, 2014) offered another evidence for the significant influence of the combination of technological resources in the terms of global environment as the success factor for the new product development. Therefore, the companies use another company's technology as outsource of and more convenient path to the new product promotion.

Product innovativeness is one of the most significant factors which generally contribute to the success of the new product development. Effectiveness of the process of the successful product development generally is correlated with the effectiveness of the product innovativeness (Chuang et al., 2015). However, the significance of the product creativeness input, its creativity and differential attributes provide bigger support for the new product success. Therefore, the customer perceptions and eventual competitor's reaction during the phase of the new product promotion can provide significant insight and data for the products improvements and further product success (Chuang et al., 2015).

Within the new product development, the most significant place is reserved for the project management for the new product development. The management process and personal management decision are often promoted as significant factor for the product success. Thus the right management team and its performance can significantly contribute to the product success (Pons, 2008).

According to Walker and Weber (in Crawford and Di Benedetto, 2008) it is suggested that decisions for outsourcing is more influenced from the cost of production rather than transaction costs. For example, Nike, like many companies in USA can enjoy the benefits of outsourcing due to large differences in labor at home (expensive labor) and abroad (cheap labor) and through outsourcing the production in China, Indonesia, Vietnam, they managed to decrease production costs. Another outsourcing benefit is that companies can

easily increase the workforce when is needed in the production process and therefore they don't have to invest in automation and assembling equipment.

### **1.3 New Product Development Core Principles**

The new product development core principles are one of the most important segments of the new product development process. Every company within the process of the new product development must devote serious attention and integrate the new product development core principles in order of risks minimization (Crawford & Di Benedetto, 2008).

One of the major core principals regarding the new project development and implementation is the selection of the right project. The selection of the right project or the project with the most prospects to success is essential for all stages of product development. However, this frequently is not enough and besides the selection of the right project, there is the question of the project management. It is from great importance the project to be managed in the high level in order to contribute to the product success. Mistakes in the project management activities can cause the products to fail and at some level, mistakes during the project management activities cannot be corrected. The evidence was offered that in the case of proper project selection there are still cases of product fails due to inadequate project management (Cooper, 2000).

Another study, proposes that certain attributes such as up-front market planning, product portfolio planning, operation through cross-functional teams, early definition of product concept, thinking client (voice of customer) are very common in companies that develop successful products (Cooper, 2000).

Goldenburg, et al. (Goldenberg, Horowitz, Mazursky & Solomon, 1997), however, explained that factors such as a combination of strategy, organizational, development, market and environmental process, affect the final results of the new product development activities.

Having examined the success/falls of the new products in the industrial innovation, Freeman (1982) and Rothwell and Zegveld (1985), found that these factors in the process are critical for the success of the product.

These factors are (Benedetto, 1999):

- knowing the customer/client needs
- Effective product developing
- Experience of the employees responsible for innovation

- Marketing focus
- Use of external advice, access to external technology

Other factors critical to the success of new product are presented by Ulrich and Eppinger (2004), and they are: time of development, the costs of development, capability to development, quality of product and cost of the product.

According to Krishnan and Ulrich (2001) analyzing how critical is the development decisions in the process of new product development, they divide them into four categories: concept generation and development, design of supply chain, design of the product, production activities and launch.

## **1.4 Product Platform**

In the last 10 to 15 years, situation on the market dramatically evolved and market changes were adapted on the design of the product to meet the new customer requirements. In fact, the evolution contributes to a permanent change in behavior, habits and the demand of consumers. Consumers constantly require different kinds of products at affordable prices, intended for mass consumption (Chuang et al., 2015). Companies to adequately respond to consumer demands are trying to create many types of products (not one by one), while maintaining low production costs. This group of many types of products is called product family products where the products among the group have similar characteristics, features, and other components (Chuang et al., 2015). As companies have limited resources, regarding the possibilities, they create and develop platforms that cover more products in order to get the production line for a variety of products. As initial investment platforms for multiple products can be quite expensive in comparison with the platform for one or two product, but, by covering more products company invests only once which is quite effective and less costly than to constantly invest in platform for each new product (Edvardsson, Gustafsson, Sandén & Johnson, 2000).

Product platform actually represents a set of systems and interfaces that form a common structure and platform can be technology, subsystem, design, or something else that can be used to another product family. Companies are pursuing to build common product platform because with this platform company can create the base for all or a particular group of single products. That is why many companies have product platform strategy. There are many examples of companies that use a single platform for multiple products. Volkswagen (or other car producers) for example, creates a product platform designed for the production of several product models of cars (one platform for golf, Skoda, Audi, Seat). Another case is Boeing that constructs most of the planes by using the same design for short and long haul, cargo and others (BurgeSmani & Wheelwright, 2004).

Widely used product platforms that are often used by companies are brand platforms. In fact, when a product has become large and distinctive brand with a certain reputation, that brand can be used to promote new products linked with the brand following its strategy. But companies should be cautious because it can happen that some of the new products to show quite weak and flawed and in that case it can harm the brand, reducing its value (Matthing et al., 2004).

Besides brand platform, companies often used category platform. It refers to certain category of products, or particular type of consumer. DuPont as an example, possess special product platforms for marine industry, automotive industry, furniture industry and other industries as well (Crawford & Di Benedetto, 2008).

## **2 SKOPJE FAIR**

Skopje fair as a company is established in 1972 in Skopje, Macedonia and it is the first and only one company in Macedonia that organizes fair exhibitions and other events in Skopje. From 1972 to year 2001, company was owned and managed by the government of Republic of Macedonia and its representatives. From 2001, Slovenian company ERA Group from Velenje bought the company and according to their business interest and strategy upgraded Skopje fair portfolio and market appearance by offering new fairs, projects, products and services.

Skopje fair is situated on an area of 160.000 m<sup>2</sup>, out of which totally 25.000 m<sup>2</sup> are exhibition area in six exhibition halls, functionally and architecturally formed and connected in original entity and outdoor area. Every year it hosts over 2.000 domestic and foreign companies, producers and traders who are presented to 450.000 visitors.

The calendar of events of Skopje fair includes 19 international and 3 local fairs and specialized exhibitions. Each year Skopje fair organizes group tours for the domestic companies and their participation in the important fair exhibition's abroad. It is also a business partner of several trade fair organizers from the region and since 1995 Skopje fair is the member of Union of International Fairs (hereinafter: UFI), Paris.

Exhibitions at Skopje fair provide a highly flexible environment in which a wide range of sales and marketing objectives can be achieved, from generating sales leads and launching new products, to building brand image, maintaining customer relations and appointing new agents.

Apart from trade fair organization arrangements, Skopje fair offers: forwarding services, offices and warehouses, congress halls for organizing congress events, business meetings

and presentations, organizes fairs abroad, offers fully equipped concert halls and other spaces for organizing variety of events.

Skopje fair brand is used for the business activities from two companies - Expo Media and Skopje fair.

Expo Media is a company that organizes fair exhibitions in Skopje and abroad, offers custom forwarding services and provides rental of fair exhibition equipment. Skopje fair is a property management company that owns and rent the whole property of Skopje fair. The offer consists of the rental of business offices and a warehouse, rental of Skopje fair halls for congress, concert and company events, rental of Congress halls specialized for congress events and offers a virtual office services. With a wealth of exposure opportunities, from stand presence and sponsorship, to seminars, competitions, and awards, Skopje fair provides to their client a dynamic environment for sales and marketing activities. With their tightly focused profiles and carefully targeted audiences, trade exhibitions are a highly cost-effective sales and marketing platform. Skopje fair is committed to delivering business contacts that create value for every customer (Fair, 2016).

The task of managing the massive fair properties is not an easy task, due to the fact that Skopje fair infrastructure has many facilities including 6 congress halls, warehouses underneath the halls, parking lots in front of the halls and main building with offices in 3 floors, warehouses under and parking lot in front of the main building. Skopje fair management consist of two executive directors, one business assistant, six project managers, one architect and seven members of technical personnel.

Rental of all that property is a job that Skopje fair managers takes very seriously and can be sometimes difficult. From the manager's experience, demand of these facilities for events is high and managers must find the best available solution. For example, clients had rented the hall one, two and tree to Expo Media to organize a fair. For the event to be organized as regular, it takes one-week time to install the stands and other equipment, one week of the happening of the fair and five days to dismantle the stands and other equipment. So within one month, there is just one week of vacancy to rent these halls for other events and there are clients that want to use these halls for congresses, concerts, company events and others. Client may want those halls because halls are different from each other and for their need first hall (Metropolis Arena) is the best solution. Availability of the halls is a high problem that Skopje fair managers face. But availability of the Congress Halls is much higher because the halls are already fully set up, there is no wasting time for install and dismantle the needed equipment and usually the event happening time is in hours, not in days.

## 2.1 Future Goal and Strategy

In the last 10 years, Skopje fair has gone through many business changes. Opening new renovated Congress center and opening Metropolis arena hall, introducing virtual Office, new exhibitions, represents a huge positive step forward in terms of image, brand, event management and high quality offer.

On the other hand, other property with surface of 80.000 square meters that Skopje fair planned for investment for ERA CITY (business buildings, shopping malls, gas station, energy plant, floor parking), was not built. The ERA CITY project which was publicly announced in 2007, due to world crisis was cancelled by the investors.

After all this experience, top management of Skopje fair sets future goals and strategy which are (Skopje fair, 2016):

- focus on straightening already created and developed exhibitions (especially for high profitable exhibitions/fairs);
- maximize rental of the business space – offices and warehouses;
- maximize rental of the Congress center;
- upgrade of Skopje fair core business (exhibitions, rent of business space and Congress center);
- decrease variable and fixed costs;
- increase revenue;
- increased profit;
- New product development that can upgrade core business activities and create synergy among them.

## 2.2 New Product Strategy at Skopje Fair

According to the company goals, Skopje fair is focusing to use **brand extension and customer need strategy** in order to upgrade core business and achieve profit. From practice among the companies worldwide, brand extension is a common strategy for new product development which involves using a commonly known brand name to introduce another similar, but different product. Sometimes extensions work well, other times the extensions are too different from the original brand to appeal to consumers. Also, customer need strategy represents classic strategy which is simply focusing on customer needs (Fair, 2016).

In 2011, by using new product development process, Skopje fair created new product – Virtual Office services which offered virtual business space mainly for the purpose the

head offices (companies head office telephone contact and mail services). Basically, Skopje fair use old clients to offer them virtual services that they need and achieve additional income. Also, another benefit is that Skopje fair with this new product gained new clients (mostly start-up companies) and after a while many of the same clients became permanent business space owners that generate additional income. With this successful new product, Skopje fair management started to use new product development process with a goal not to diversify or to create new product in other fields, but using brand extension and customer need strategy to create new product that can apply as an addition to Skopje fair core services.

### **3 PRODUCT DEVELOPMENT OF CONGRESS TOURISM BY SKOPJE FAIR**

This chapter and the master thesis and its analysis follow the methodology provided in the book new product development by Crawford and Di Benedetto (2008). At the same time this book was a precious platform for the implementation of the approaches and procedures regarding the implementation of the Congress tourism development as a subject of this thesis.

Why is new product development so important? Because new products hold the answer to most organizations and companies' biggest problems. Competitors do the most damage when there is so little product differentiation that price-cutting takes every one's margins away or when they have a desirable new item that for example Skopje fair or other companies don't. Profits fall when we cannot ask for, and get a good margin over our costs, when total sales fall because customers no longer prefer company product over the product of others, when new competition enters the market with lower prices or superior features, when there is no product development program or it takes forever to come up with something that is exciting to customers (Crawford & Di Benedetto, 2008).

New product development is a very complex process and in almost all phases requires all kinds of data related to many aspect of the new product. The most important aspect of the promotion of the new product is the perspective of clients and their opinion and attitude towards the new product. Introduction of the new product requires data in order to provide support for the decision for the implementation of the Congress tourism service. In the case of Congress tourism, the data is provided with the qualitative and quantitative research focused on the perceptions and need of the potential client of the Congress tourism as a new product. The integral presentation of the questionnaires and the results from answers of all participants are presented in appendix.

In order to provide theoretical and methodological background, significant part of literature exploration was dedicated to the articles and studies related to the used methodology

concerning the business analysis and the Congress tourism viability as a new service. Therefore, the subject of literature research for the methodology part included significant authors, theoretical insights and studies involving the use of questionnaire survey in marketing research, strengths and weaknesses analysis, break-even analysis and scenario simulation.

For the purpose of the valuation of potential customer perceptions and reactions, this thesis included questionnaire survey which examined the potential customer valuation about the implementation of the Congress tourism service. As proposed by (Churchill & Iacobucci, 2010) construction of the semi structural questionnaire included careful consideration about the potential customer needs, valuation and perception. Hence the constructions of the questions followed the link to the all basic statistical and methodological principles needed for the proper data collection in order to provide quality data for this survey (Churchill & Iacobucci, 2010).

The research included the semi structural questionnaire presented to the companies which are frequent users of Congress center services. This research included twelve companies which had used different kind of rental services from service center in the past.

Primary intentions were the inclusion of larger sample of companies from the Skopje fair business network. However, the unavailability of the companies' market executives and their unwillingness to participate in the survey on the proposed subject was the main restriction for the larger sample for this face to face interview. Having in mind this limitation, the focus of data collection was on the data quality which involved the pre-selection of the companies for the participation. Thus the main criteria were the previous experience of the participant with the Congress tourism services, their business relationship as clients to the Congress center and the availability of the marketing executives or representatives which can provide the data quality.

The research was conducted with personal interviews with the marketing executives or representatives on the basis of semi structured questionnaire. The questionnaire besides the two questions requiring the answers about company's size and activities contained sixteen questions which referred to the many specific aspects of the Congress tourism as a new product.

The survey was conducted during the 2015, and the interviews were usually performed after the events which took place in Skopje business center. The question of the companies' size offered the selection criteria for the small company as company with 1-5 employees and with annual income up to 100.000, middle size company as the company with 5-100 employees and up to 1.000.000 Euro annual income and large company with over 100 employees and over 1.000.000 Euro annual income. From the twelve companies which



participate in the research according to their answers, seven companies declared their company as middle size company, and five companies are declared as large companies. All companies are actively present in Macedonian market. On the question of the industry belonging, three companies answered that they belong to pharmacy, two provided answer as the IT industry. The answers provide information that auto industry, tobacco, water supply, engineering and energy, business to business, business investment, space planning, environment, brand industry and advertising is represented with one company.

The questionnaire included three types of question beside the questions related to the participant's demographic specifications. One type of questions was set to targeting the customer satisfaction of the previous business relations with Skopje fair with it clients. Another type of questions was set to determine the potential client's attitude towards the attributes of the Congress tourism as a new service. Third group of questions were targeting the clients need and potential use of Congress tourism service.

The set of questions regarding the previous experience and satisfaction with the previous business relations with Skopje fair were:

- Overall, how would you rate Skopje fair?
- How satisfied are you with your service from Congress center at Skopje fair?
- If you could change/add something about Congress center what would it be?

The results from the participant answers on the first question presented the average rate of 1, 58, values between 1 and 2 represent the answered choices of the question between excellent and good. This valuation of the clients presented high perception of the Skopje fair brand. Results for the second question presented high level of customer satisfaction about the previous business conducted with Skopje fair with the choice of all participants selected as extremely satisfied. The answers of the question of the comment about the Congress center as existing Skopje fair service, five participants from twelve suggested inclusion of the additional offer of Congress tourism within the Skopje fair service portfolio.

The set of questions set to determine the client's attitude toward Congress tourism attributes as a new service were:

- Please rate the following features on how important they are to you?
- Have you or your clients used any of the following or similar products in the past?
- What do you like most about new service "Congress tourism"; name at least two combinations of the service you would most likely use?
- Which of the following benefits is most useful to you (choose one)?
- Overall, how interested are you in buying Congress tourism if it were available?

On the first question related to the rating the Congress tourism presented features, the results from the average rating by the participant presented are:

- Congress facilities 1.08
- Catering services 1.75
- Accommodation 1.83
- Transport 2.42
- Promotional materials 1.67
- Sightseeing and Team 1.83
- Party events 1.58
- PR activities 1

The average rating presents the scale of valuation of the participant the answered choices values of very important (1), important (2) and not very important (3). The results indicate the highest valuation form the average grade of PR activities (1) and congress facilities (1, 08). The lowest valuation of the presented services was found in the transport offer within the Congress tourism offer with the average value of 2, 42 which represent the customers value between important and not very important.

On the second question referring to the previous use of the similar product, participants answered that all participant have previous experience with the use of this type of service. The results from the questions regarding the naming the combinations of two most likely services to be used, were:

- Congress facilities 11
- Catering services 10
- Party events 10
- Transport 7
- Sightseeing and Team 6
- Accommodation 3
- Promotional materials 3
- PR activities 3

Most likely services to be used in combination of other offered services is the combination of congress facilities with 11 choices, catering services 10 choices and party events with 10 choices. Most unlikely services for combination with other services are accommodation with 3 choices, promotional materials with 3 choices and PR activities with 3 choices.

The question from this group of question which referred to the higher benefits of the offered services within the Congress tourism, presented the high valuation of the customer benefits from the congress facilities with the choice of all participants.

The fifth question from this group regarding the overall interest of buying Congress tourism the participant presented the result of average value of 4.58 with the value of 4 as somewhat interested and very interested of the choice of 5.

The third group of question, targeting the clients need and potential use of Congress tourism service presented to the survey participants were:

- If you already use Congress tourism services in the past, did you spend a lot of work time and energy to organize and manage on your one?
- Which Congress tourism service was the most demanding, frustrating or time demanding?
- If there is a company present in Skopje to organize for you all of the needed Congress tourism services for the same or cheaper price, will you consider hiring that company?
- How many times did you use Congress tourism services for you or for your clients, in a year? Other than the product itself, which of the following would most influence you when deciding to buy/use a new product like Congress tourism?
- Your feedback about our new product Congress tourism is very important to us. Please take a moment to provide any additional comments you would like to tell us about.
- In case we offer Congress tourism services, how much events additionally would you think you can organize in Congress center within the new service offer (please state your number):
- In cases of your use of Congress tourism based on your previous experience and additional event needs, which is your typical structural costs per event, are you prepared to pay (approximately)

On the first question from this group, regarding the efficiency connected to the performance of the Congress tourism activities, participants answered with the average value of 1.3 which represents the value between 1- very demanding and too much work time and 2- demanding with normal work time.

The question concerning the notation of the most frustrating or time demanding regarding the proposed Congress tourism offer, participants suggested the accommodation as the most demanding. This service was the choice of five from twelve participants.

On the question of possibility of the use of Congress tourism services for the same price as new service with yes and no choices, all participants state their positive answer.

The question of the statement of number of time usage of some Congress tourism services in a year, participants answered with the average value of 6, 1 times per year.

According to the answers of the participants on the question of the most influential factor for buying decision, results suggested that price with the choice of 6 from 12 participants is the most influential one. Another influence can be expected from the sales/service representative presentations with 2 answers, trade shows with 2 answers and year contracts with 2 answers. On the question of participant for feedback and comments on Congress tourism, suggestions provide encouraging messages for the Congress tourism promotion.

The question regarding the possible additional times of use of Congress center if Congress tourism is offered, answers provided the following results:

- Small event- 30 guests, 6 additional events
- Medium event - 60 12 additional events
- Medium/large event - 100 7 additional events
- Large event - 150 25 additional events
- Extra-large - 1500 1 additional events

On the question of the client's experience in Congress tourism use and its typical structural costs per event, how much participants are prepared to pay (approximately), the results were:

- Small event with the price of 5,715 Euro
- Medium event with the price 14,725 Euro
- Medium large event with the price of 21,825 Euro
- Large event with the price of 21,025 Euro
- Extra-large with the price of 186,100 Euros

In following all finding and comments from the questionnaire results, alongside with their relevance for the Congress tourism will be presented in the context of new product development process. Thus the results will support the decision made during the phases of opportunity identification, concept generation, product attribute and concept evaluation related to the Congress tourism new service development process.

The Congress tourism as a new product will be presented as a new service in the portfolio of Skopje fair. Thus essential for this product development is the recognition of the Skopje fair and the experience which potential client has with the Skopje fair. All twelve participants of the research which were asked to rate business experience with Skopje fair stated their experience as excellent. This recognition is primary advantage on which Congress tourism can build on its new product potential.

The client satisfaction from previous business experience from the recognized brand is one of the most important factors for the success of the product. Satisfied customer repeats

their business with the brand, unsatisfied doesn't. The survey participant of our research without exception stated their high level of satisfaction from the previous business with Congress center of Skopje fair.

Besides the basic advantages in the form of previous brand and business experience, new product development requires developed strategy for the new product development. One of the strategies recommended for the new product development is the strategy presented and developed with product innovation charter (Crawford & Di Benedetto, 2008).

Product innovation charter (PIC) is a strategy which is very important step in development of a company new product strategy. The PIC term represents a strategy that refers to products, innovation and it's a charter. It is similar to a mission statement but is applied at a more micro level within the firm and adapted to new product activities. It allows delegation, permits financing, personnel assignments, all within an agreed scope of activity.

Practice shows that companies with formal, written PICs outperformed other companies in new product performance. PIC as a strategy statement takes many forms, but they tend to build for an entire company (usually small company) or for standing platform activity within a larger company. A PIC generally speaks to an opportunity (the focus), not to a specific product or products the group is yet to create. (Crawford & Di Benedetto, 2008)

Congress center as a standing platform working unit within Skopje fair has no formal or written PIC, no strategy, but management of Congress center which primarily will take over the responsibility of the management of the Congress tourism, work with standard methods of project management that are clearly strategic.

For new product development is important for Congress center to have PIC, because only this department at Skopje fair can manage the implementation of Congress tourism as a new product.

That explains why Congress center must create PIC, a strategy that can help managers to be prepared, focused, to have available resources, to have a clear strategy.

The background section of Congress center, presents that management offers just rental of congress facilities and equipment and that's it. But, clients now are starting to search not just congress facilities for their events but a company that can offer the whole package of services. During last year, to a few clients, Congress center had the opportunity to offer all the services needed but they don't have the offer because the strategy that company has adopted is only to rent. Clients ask from managers, beside the facilities and the equipment, also if the Congress center can offer them companies for transport and travel offer with

guide (many of the companies invite guest from abroad for congress events), restaurants and catering on other places in the country, place for a meeting party, to take important guest and participants to other city, village or national park, to organize team building and more. All these services can be classified in one term Congress tourism services (business meetings, incentive travels and team building programs). These services also belong in MICE industry-meetings, incentives, conferencing, and exhibitions. Congress center can provide and offer some of them, but not all.

**Table 1. Congress Center Product Innovation Charter**

|   |
|---|
| <p style="text-align: center;"><b>Background</b></p> <p>Congress center team just rents congress halls and equipment<br/> Congress center client's needs and emerging demand for this product<br/> Congress center clients ask for additional products and services<br/> Congress center clients have problems when they organize events<br/> Congress center managers find that they can do more for their clients<br/> Large and loyal clients must be nurtured</p>   |
| <p style="text-align: center;"><b>Focus</b></p> <p>Use and offer the Skopje fair facilities and infrastructure for clients' additional demands<br/> Analyze the additional services the client demands<br/> Find the right partner to offer the additional services<br/> Using the Skopje fair partners to offer additional services<br/> Possibility to offer Congress tourism services<br/> Opportunity to be main organizer for Congress events, not just to rent</p>  |
| <p style="text-align: center;"><b>Goals</b></p> <p>To create and offer new services-Congress tourism services<br/> The first Congress center in Macedonia that can offer all the needed services for congress events<br/> To satisfy and nurture old and new clients of Congress center<br/> To get new clients<br/> To increase the brand image<br/> To utilize the Skopje fair infrastructure, facilities and services<br/> To increase profit</p>  |
| <p style="text-align: center;"><b>Guidelines</b></p> <p>These goals must be achieved from current staff by optimizing the work hours, without huge investment and costs. Skopje fair old and new partners play a key role in the possibility of the offer of the new services. It is also a possibility for the clients of the Congress tourism to use other additional services if needed (meetings, team building activities, catering, wine cellar, halls, art saloon, event hall, congress halls and more).</p> |

The focus regarding the implementation and integration of the Congress tourism as a new product must be on the client needs, what are their problems, what service they need, find the right partners and to create the best possible offer having in mind the usage of Skopje fair facilities as priority. Regarding the customer needs, the results of the survey conducted

presented few segments which should be the focus of the Congress tourism development as a new service. Potential clients, who were questioned within the conducted survey, presented their need for Congress tourism service. The participants suggested that services which would be offered from Congress tourism were previously the users of almost all of the proposed services. Regarding the client need for the favorite combination of services, the participant of the survey gave advantage to the use of the combination of the congress facilities with eleven of twelve participants, catering and party events with ten from twelve participants. The preference of the transport service was suggested from seven from ten participants, and for the sightseeing and the team building activities was preferred by six participants. The use of the accommodation, promotional material and PR activities as a combination with other activities was preferred from three participants for each activity.

**Goals and guidelines** are clearly set; new service offer by Congress center – Congress tourism. In order to do that, new strategy is needed, congress staff to be trained, partners network to be created for other Congress tourism services to be offered, usage of company promotional, PR and advertising budget for launch.

One of the important parts of the product development is the part of the determination of the market drivers for the new product. Its proper determination in early development phases can significantly increase the chances for the success of the new product. Best product ideas are based on client's problems and these problems serve as the heart of the concept generation process which represents the main market driver (Trott, 2008).

Congress center employees experience shows that their clients have difficulties providing the other Congress services they need, and it's not offered by Congress center. The main reason of client problems mostly is time spending and to choose the right option for them.

For example, client comes to Congress center to rent the congress facilities for scheduled congress event. Many congress events need the airline booking, transport, congress facilities, catering, city travel tours and other activities. For them, renting the congress halls and equipment is just one part of the organization. They will have to spend a lot of time to book airline tickets, choose travel and transport agencies and where to organize a sightseeing, choose catering, find and choose right place for dinner party or team building and more, and all these and additional services for the right price, not over-crossing the event budget. From these problems, focusing on many clients, arrive the client need to buy and use all these services from one company that can take the role to organize everything. Congress center has the opportunity to organize the whole congress event, not just rent the needed congress facilities, and by that to offer the client these package of services for lower or the same price. In this case, Congress tourism as an idea for new product/service comes from the client need and problems and for sure clients play a role of an actual co-producer of the Congress tourism service.

### **3.1 Opportunity Identification and Selection**

New ideas often came from customers, competitors, employees, suppliers, distributors and so on. In the case of Skopje fair, customers and employees played a key role to identify the opportunity for new product/service, Congress tourism.

Identification of possible new product Congress tourism happened when customers ask from Congress center – Skopje fair additional services like catering, hotel and airline bookings, transport and travel to city monuments and other cities, team building and more. When clients demand for these services started to rise, to Skopje fair employees and especially to Congress center team, became clear that Congress tourism which covers these services is great opportunity to offer. Employees started with brainstorming how they can achieve that, they became more interested and speak about every possibility. By offering the Congress tourism service it's clear that Congress center team will have the main role to organize the client's congress events, not just to provide and rent the needed facilities and equipment for congress events.

Congress tourism as a possible new product/service is great opportunity to Skopje fair Congress center. Especially because the service can fit with employee skills, the risk is not high because Congress center will offer Congress tourism services that some clients highly demanded according to the questionnaire results and that the investment is very low by using the already trained team, Skopje fair facilities and partners services. The evidence of the customer's preparedness uses the Congress tourism as the new service is in the average value of the answers of the client on the question of their interest for the presented Congress tourism service. The average grade of all participant is situated between the choice of the answer somewhat interested and very Interested for the new Congress tourism service.

Another evidence for the need of the customers for the Congress tourism is offered in the answers of the participants on the question of the most demanding activity as a part of Congress tourism. Participants suggested that most demanding and time consuming activity regarding their experience of the use of presented Congress tourism activities is the accommodation with the choice of five from twelve participants. As other most demanding activities are noted to be the activities related the PR events organization and the activities to congress facilities.

Another opportunity for the success of the product development is provided with the results from the answers of the client for the additional organization of event in case of the promotion of the Congress tourism as new service. Participants of the survey suggested the additional organization of 6 small, 12 medium, 8 medium large, 19 large and 1 extra-large events. This statement provides serious evidence for the clients need for this type of



services and suggests the implementation of the Congress tourism as a new service in a shorter time line.

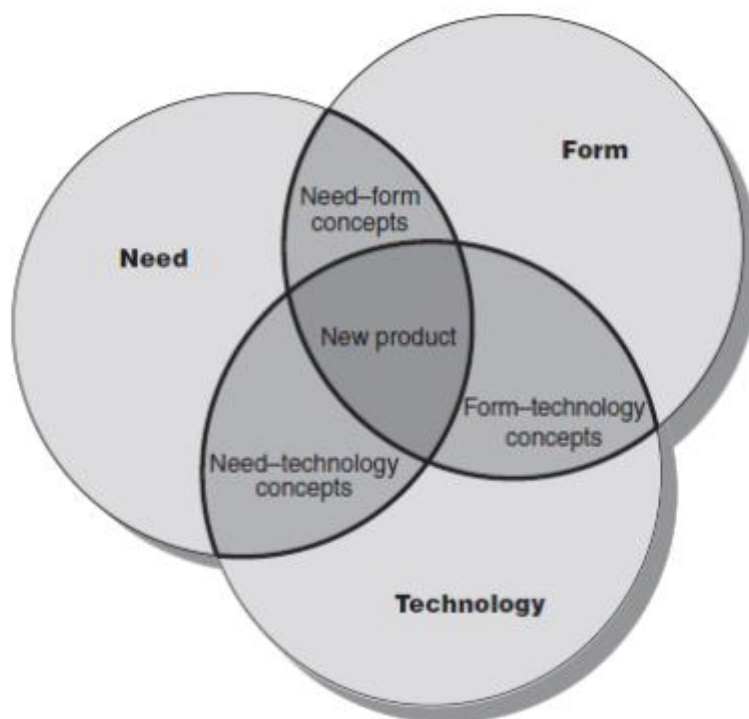
One of the questions as part of the conducted survey was intended to explore the potential client's feedback from the new Congress tourism service. Results from the answers offered highly positive and encouraging attitude toward the possibility of the implementation of the Congress tourism as new service. This again suggests that the product even in the phase of development causes positive impact on the potential clients.

### 3.2 Concept Generation

The concept generation is one of the most important aspects of the new product development. The proper concept generation can significantly contribute to the success of the new product development.

To explain the Congress tourism concept, there are three inputs required by the creation process: form, need and technology.

**Figure 1. Form, Need, Technology**



Source: C. M. Craford and C. A. Di Benedetto, *New product management*, 2008, Figure 4.4.

Form for products represents the physical thing like for example for of the pen is plastic, pen liquid, metal and other components. Because the Congress tourism is more a service than a product and it's a sum of more services and products, form is the sequence of the steps by which Congress tourism is created. Congress tourism form is Congress facilities,

meeting rooms, people, procedures, technical equipment, hardware and software, restaurants, transport vehicles, other facilities.

Technology is the source by which the form of the Congress tourism is created. Basically this represents all the needed technology steps that form each service of Congress tourism like Business Hall or Diplomatic Hall (design, congress facility architecture, interior and more).

Congress tourism has value to provide benefit to clients that the clients have a real need or desire for the use of Congress tourism. The need and how clients really benefit by using Congress tourism are previously mentioned in market drivers and benefit analysis part.

All the inputs (need, form and technology) can be put in one sentence: Technology permits us to develop a form that provides the benefit for clients. If any of these inputs is missing, then the process of product innovation cannot be conducted.

In general Congress tourism is an idea of new service, created from the customer need. The clients of Congress center have a need of Congress tourism services and Congress center management, and it is just the prospect of situation of discovering that need, and necessary business cooperation. Congress center offers a form that gives the benefits to clients and that can be offered to Congress center clients in order to satisfy their needs.

Customers' needs for the service for the service with the features of Congress tourism are presented in the answers of the participants of the survey on the question what would they add or change regarding the existing offer of Congress center service. Five participant of the survey suggested that the service with the features of Congress tourism should be added to the offer of Congress center. This is a clear evidence that client have the need of Congress tourism as an addition to the Congress services. This confirms the right path for the development of the Congress tourism as a new service as a part of Skopje fair product and service portfolio.

The participants from the survey rated their experience regarding the use of services included in the Congress tourism with the average value situated somewhere between the answers of very demanding and too much work time consuming. This is evidence that clients need the integration of all services proposed in one service with the hope of their choice to be the Congress tourism by Skopje fair.

The biggest benefits to the clients according to the potential client's valuation would be the use of Congress center facilities. All participant in the survey regarding the presented services part of the Congress tourism as a new service noted that biggest benefit would be the organization of the events in the Skopje fair facilities.

### 3.3 Product Attribute

To understand why customers would buy Congress tourism service, it's best to use a product attribute. Congress tourism service can be analyzed with the perspective of its product attributes. Therefore, product attributes can be divided in three types: features, functions and benefits.

For sure one of the best Congress tourism feature is Congress center appearance. The appearance is so modern and maybe it's the best Congress center facility in Skopje. The colors of the Congress facility are very positive, combining blue and green gives a very modern sense and creative atmosphere. Congress halls are very well connected with the catering hall and other congress facilities.

Location of Congress center is also feature that allows Congress center clients easy access. It's close to the center of the town, connected to the main roads and highway to the airport. The appearance and quality of the Catering is also a Congress tourism feature.

Capacity is a Congress tourism function. Many large Congress events can't be organized by competitors because of the capacity. Using the Skopje fair infrastructure Congress center can organize the largest congress events.

Congress facilities represent a function, because it's well organized, colorful and it's especially esthetical designed for professional congress events. Also, Congress center team is much known for high performance for organizing congress events and they receive a lot positive feedback from clients.

There are many benefits that Congress tourism offers to the clients. Variety of services is a benefit that client has by using Congress tourism services. Besides basic Congress services like congress facilities, travel tour, transport, team building, catering, airline booking, clients can benefit by using other services from the same company like: visit or participate at fair exhibitions, to rent business office and warehouse space, use virtual offices services, rent Skopje fair wine cellar, custom services and more. This also leads to other benefit – the time consuming. For sure this offer of many services from one company will help the client for a much lesser time to satisfy their needs and demands.

Price is a benefit that clients get by using many services. Congress tourism represents a sum of many services. Skopje fair price policy guided by economic principles is set in a way; the more service the clients use, and more price discounts the client gets. Also other Congress tourism services which Skopje fair offers with their partners like transport or hotel booking, clients get by discounted price because of the agreement between Skopje

fair and their partners. If they use the same services directly on their one, the price offer from Skopje fair partners is larger than the Skopje fair price offer.

The parking of Skopje fair- Skopje fair is free and with capacity of 358 parking spaces it represents a benefit for Congress center and their clients. In Skopje, there are just a few facilities that can offer free parking space with huge capacity. The location is a feature but also a benefit. The location of Skopje fair Congress tourism partners is very close to location of Skopje fair, like location of hotels, tourist and transport agencies, wine cellars, Skopje Airport, catering restaurants and more.

### **3.4 Concept/ Project Evaluation**

In the new development process, there are many techniques used to evaluate new product concepts. But, not every technique is used to evaluate every new product process. Because of that, there are models that can help to decide which evaluating techniques to use.

One of the models is ATAR model, which I consider is the right model for Congress tourism as a new product. The Attar model stands for awareness, trial, availability, repeat and is an evaluating system that relies on new product sales and profit forecast. However, the main financial projections are provided in chapter 4 with its relevant elaboration. In addition are presented some aspects for the awareness measurement, availability, trial, barriers to trial and the possibility of repeated purchase of the Congress tourism.

In order to create awareness, Skopje fair must use their marketing channels for promotion and advertising. But, to the clients that is potential users of Congress tourism, just mention the word that Skopje fair offers Congress tourism through Congress center, it will not be enough to lead and intrigue the customers to take the next step to try the service. The message to the clients must contain what services contain the offer of Congress tourism and that Congress center will cover all the needed services to organize congress events, taking the role of organizer.

Skopje fair, Congress center, in the past has done a lot of promotional and advertising activities. They used many methods to create awareness.

Because Congress tourism service belongs in the B2B industry, the methods for creating awareness must be according to that industry and specific target of clients. In addition, it's also important to create awareness to other companies and organizations (mostly NGO) that can be resellers to the Congress tourism services.

The advertising of Congress center is mostly done by using the advertising activities for fair exhibitions, using their advertising budget for billboards, brochures, catalogues, leaflets, TV and Radio commercials.

Beside this for Congress tourism services, Congress center should use also other methods like press announcement, letter to the clients which use Congress tourism services, giving the information to the friends, relatives and every other person, and more. This is very important to create awareness because if they use more of these cheaper methods to send message, they will not have to spend more on expensive advertising.

Availability of the Congress tourism service can be pretty complex. Congress tourism services is a sum of congress facilities, tourism and transport services, team building facilities, restaurant and catering services and other. In the past, there were few companies that want to use the congress facilities, but because facilities were already occupied, the service was not available. The problem of occupancy came from the congress facilities (the halls), they do not come from other services like catering, transport and other because availability of these services is huge (there are lot of distributors and many Skopje fair partners). Congress center staffs, from their experience, 20% to 30% of the companies that want to use Congress center services were not able to use it because there was not available. This is due to the fact that many congress events have strict date to be held and there is almost none flexibility of changing the date of happening. Congress staff sometimes succeeds to increase the availability of congress halls, by changing the dates or hours of reserved events to other clients that don't have strict date or hours of happening.

This element of ATAR model will permit the client to verify claims and learn about advantages and disadvantages of the service and shows that company has launched winning or not winning product.

Trial conditions of Congress tourism service can be difficult because it's a new service to the clients offered by one company, Skopje fair. Before clients have experience with Congress tourism services, so they already done trial of the services in the past, but for the each of the service they go directly to each of the sellers. Before they have to go to choose and take the offer from several tourist agencies to cover one of many Congress tourism services, the right congress and meeting facility, right restaurant and catering, right hotel and team building activities, others too, and now Skopje fair Congress center offers all these as a part of Congress tourism services just from one company. Certainly, clients will be reserved to try the service. From practice, companies that launch their new product, have to pay some costs during the trial process. For Congress tourism service, the best will be to offer the service to one or two regular clients, with promotion discount and without taking any profit margin from Congress center partners. In return, after congress event, client will elaborate good, bad, advantages, disadvantages and client proposal of the service. This will help the Congress center management to review the service, the partners and the process of offering the service.

Relative advantage of Congress tourism is: Skopje fair is the first company that offers Congress tourism in Macedonia, lot of experience with congress events, many facilities and big infrastructure, partners in every industry, well positioned company, number of clients and loyal clients.

But, Congress tourism has low compatibility: lack of buyer's experience with some of the Congress tourism services, mostly with tourism, team building and transport services, complexity of the services and certain incompatibility in terms of way of using all these services together as one service.

From all these, conclusion is that Congress tourism launch tactics must center around direct extensive product information to old and prospective clients and must emphasize relative advantages of the service in order to reduce perceived incompatibility.

“Skim” pricing policy is appropriate for Congress tourism service because of service differentiation, not actual real competitors, and there is a room for price manipulations that doesn't price themselves out of the market.

Pricing can be with certain discounts mostly with price of congress facilities which Skopje fair already owns and their return investment is already finished long ago. Profit margin from congress facilities is very high for Congress center, which permit them to give additional discounts and for sure clients will be happy that leads to increased desire of the trial.

Also it is very important that Congress center, to their clients can offer Congress tourism services or other Skopje fair offers, for free or with huge discounts. For example, Congress tourism clients decides that they need a set up office or warehouse for a certain time, visit to a fair, small exhibition space during the fair, promotion stands, desk, chairs, stage or many other things, and depending on situation, managers can give these services for free or depending on the situation, with large discounts. This certainly gives the Congress tourism management very competitive advantage, creating benefit for their clients and increases the need of a client to try and purchase the service.

If the Skopje fair Congress center done serious trial on Congress tourism and result is that clients are happy with the service, then repeat is very assured to be happen. Management must keep strong bond with clients, to keep them happy in order to use Congress tourism again and again. Congress center pricing policy also includes additional discounts for clients that signs year and long-term contracts or clients that purchases Congress tourism services for many congress events.

## 4 BUSINESS ANALYSIS

The goal of this chapter is to present certain details regarding the business aspect of the Congress tourism as a new product integrated in a current company's product portfolio. In addition of this chapter, primary strengths and weaknesses analysis will be presented based on previous experience with the Congress center business segment, current market situation, and the current competitor's market positions.

Strengths and weaknesses analyses in this thesis are intended to determine the wider market aspect of the implementation of Congress tourism as a new service. The identification of the strengths and weaknesses should determine the market viability of the new proposed services and its market environment (Hill & Westbrook, 1997).

Therefore, the strengths and weaknesses analyses used framework of SWOT analysis (Hill & Westbrook, 1997) regarding the identification and valuation process for the strengths and weaknesses of the Skopje fair company in the case of implementation of Congress tourism service. However, for the further exploitation of the presented strengths and weaknesses analysis, it is strongly recommended (Dyson, 2004) for every company to implement business strategy in order to use the benefits of the strengths and opportunities and to minimize the effects of weaknesses and threats.

Despite the fact that this strengths and weaknesses analysis is performed in the phase prior of this new product implementation, the analysis should reveal some of the key expected strengths and weaknesses. In addition is the table with the strengths and weaknesses specifics for Congress tourism. In the table are presented all significant aspect of the strengths and weaknesses analysis. However, the most significant and mostly influential ones are to be elaborated in addition.

One of the main strengths related to the Congress tourism is the existing infrastructure and facilities of Skopje fair, which can be used to be offered within the Congress tourism offer. Besides the use of the modern facilities, Congress tourism is planned and offered from the team of experienced professionals, which are already engaged in the Congress center business segment. Another significant strength in favor of implementation of Congress tourism is the complementary use of all marketing activities and channels of the Congress center and Skopje fair Company. The close and long-term business cooperation with government and companies which is already established can make strong case in favor of the Congress tourism.

**Table 2. Expected Strengths, Weaknesses of the Congress Tourism as a New Product**

| <b>Strengths</b>   | <b>Weaknesses</b>   |
|--|---|
| Current infrastructure of Congress center and Skopje fair  | Accommodation is provided by other companies  |
| Professional and experienced event management team   | Transport is provided by other companies  |
| Strong marketing – advertising channels, high presence, Corporate budget, Congress center is present in all advertising activities for other Skopje fair services (fairs, business space, other services and events); Clients also advertise Congress center | No prior business experience in the field   |
| According to Skopje fair company information's and database, has the opportunity to contact all relevant companies and institutions  | Uncertain marketing appearance  |
| Strong cooperation with government and it's institutions   | Some cases (when clients need only congress and accommodation services) higher price from competitors-companies from Hotel business |
| Partner network  | Congress center is advertised mostly with other Skopje fair services  |
| Location- relative small distance to industrial zone   | Travel guides and entertainer must be engaged additionally  |

One of the main weaknesses regarding the implementation of Congress tourism as a new product, identified from this perspective is in the part of services which must be provided from other providers (hotel, transport, tourist guidance, equipment etc.). This situation indicates that the quality of the Congress tourism at some level depends on the quality of the service of other providers. Another weakness for the Congress tourism product is that the company has no prior professional tourism experience. Uncertain market appearance and positioning is serious weakness for the Congress tourism as a new product and should be considered and monitored carefully in order to neutralize all possible negative effects.

This strengths and weaknesses analysis based on the current perception, offers general directions for the other types of analysis, integrated part of this thesis. However, in order to offer more empirically based suggestions for implementation of Congress tourism, in addition are presented the crucial aspects of the costs and benefit evaluation, financial projections and scenario analysis.

In the next sub-chapters are presented cost and benefit evaluations, break-even analysis and scenario analysis. The entire previously mentioned are created on the bases on the price list of the type of events and including activities which will offer by the service Congress tourism. The price list contains the current prices for the type of services which



are currently used by Skopje fair for its business need, or in case of requirements of the Skopje fair business partners as addition. The whole sample of the price list with all specifications is provided in the appendix, and the in addition is the presented final prices for small, medium, medium large, large and extra-large event per event:

- Small event 30 guests 5,430.00 Euro
- Medium event 60 guests 9,431.40 Euro
- Medium large event 100 guests 14,020.00 Euro
- Large event 150 guests 20,467.00 Euro
- Extra-large event 1500 guests 177,945.00 Euro

The opportunity for comparison and for feedback regarding the prices offered regarding the events included in Congress tourism is provided from gathered data from the conducted survey. On the question of the average prices paid for the event organized in the past, following average results were provided:

- Small event with the price of 5,715 Euro
- Medium event with the price 14,725 Euro
- Medium large event with the price of 21,825 Euro
- Large event with the price of 21,025 Euro
- Extra-large with the price of 186,100 Euro

This comparison provides evidence that prices offered from the Congress tourism are approximately the process when potential client previously paid for such or similar kind of event. The higher price offered by the Congress tourism for the large event of 20.467 Euro compared to lower average price of 21.025 Euro, paid by the clients in the past should suggest serious consideration regarding the offer of large event and possible strong competitor in the segment of large Congress tourism events.

## **4.1 Cost Evaluation**

Costs evaluation is a significant part of the projections for the successfulness of the Congress tourism as a new product. The costs in this service are differentiated as fixed and variable. As fixed cost regarding Congress tourism services are considered to be:

- Additional payment to the employees for possible additional hours;
- Unexpected cost during the organization of the events;
- Other cost regarding the promotional activities;
- Transport cost.

The sum of fixed cost is considered to be at fixed value of 300 Euro per month. The precise structure of the fixed costs cannot be presented due to dynamics of the Congress tourism events and activities. In such cases, the amount of one cost may be higher in one month and lower in the other, thus it will cause different structure of the costs. However, the sum of 300 Euro in cases of no other fixed costs can be considered to be dividing as reward for the project managers or the employees for their additional engagement.

The variable costs for the implementation of the Congress tourism are:

- Congress Facilities
- Catering
- Accommodation
- Transport from – to Skopje fair
- Promotional materials
- Simultaneous translation
- Other technical equipment for the event
- Sightseeing and team building activities
- Party events
- PR (press)

Congress Facilities as a type of costs is obtained from Skopje fair Company and its projections are based on the level of the real costs and prices of services which are part of the offer of Congress tourism supplied from the outsourcing. In the case of the costs of the rental for the facilities of the Skopje, costs are designated as costs caused from the events (in example, additional need for cleaning services).

Other costs from catering, accommodation, promotional material, technical equipment etc. is provided from outsourcing and the cost presented are the price obtained from the existing offer of the contractors for the medium quality of obtained service decreased for the regular discount for the Skopje fair company orders. The difference with the costs for the different kind of events is based on the lower price which is provided for the higher number of participants. The calculations of variable costs are based on the percent of the commission provided by the outsourcing suppliers which generally is around 10 percent from the price presented to the clients for the certain service. The calculations of the costs for all events are based on the 10 percent commission which is already practice in cases of need of outsourcing service on client's demand.

All these costs are related to the existing demand from the clients for the Congress tourism. The clients however can obtain some or all the services from Skopje fair, but the goal is all services needed is to be acquired from Congress center offer in order to gain the best possible price. The table in addition presents the calculations of fixed costs evaluation,

based on the hypothetical examples: example of small event and the full structure of the costs for medium, medium large, large and extra-large event are available in appendix.

**Table 3. Cost Evaluation for the Small, Medium, Medium Large, Large and Extra-Large Events (in Euro)**

| Congress tourism event                   | Costs small event- 30 guests | Costs medium event - 60 guests | Costs medium/large event- 100 guest | Costs large event - 150 guests | Costs extra-large - 1500 guests |
|--|------------------------------|--------------------------------|-------------------------------------|--------------------------------|---------------------------------|
| Congress Facilities                      | 40.00                        | 40.00                          | 40.00                               | 40.00                          | 300.00                          |
| Catering                                 | 382.50                       | 765.00                         | 1,147.50                            | 1,625.63                       | 15,300.00                       |
| Accommodation                            | 1,620.00                     | 2,916.00                       | 4,590.00                            | 6,885.00                       | 60,750.00                       |
| Transport from – to Skopje fair          | 81.00                        | 162.00                         | 270.00                              | 382.50                         | 3,645.00                        |
| Promotional materials                    | 81.00                        | 145.80                         | 243.00                              | 325.13                         | 2,835.00                        |
| Simultaneous translation                 | 270.00                       | 270.00                         | 360.00                              | 465.38                         | 4,050.00                        |
| Other technical equipment for the event  | 135.00                       | 135.00                         | 135.00                              | 127.50                         | 675.00                          |
| Sightseeing and team building activities | 1,350.00                     | 2,700.00                       | 4,050.00                            | 5,737.50                       | 54,000.00                       |
| Party events                             | 405.00                       | 810.00                         | 1,215.00                            | 1,721.25                       | 16,200.00                       |
| PR (press)                               | 180.00                       | 180.00                         | 180.00                              | 169.58                         | 445.50                          |
| <b>TOTAL</b>                             | <b>4,544.50</b>              | <b>8,123.80</b>                | <b>12,230.50</b>                    | <b>17,479.45</b>               | <b>158,200.50</b>               |

Calculations of this hypothetical example are based on the number of 30 guests on small event, 60 guests on the medium event, 100 guests on medium large event, 150 guests on large event and 1500 guest on extra-large event.

Cost indicators from the table indicate that the evaluated level for total costs of small event is to be set at 4.544 Euro, for the medium event is 8123,8 Euro, for the medium large event is 12.230,5 Euro. Respectively the sum of total costs for the large event is 17.479,45 Euro, and for the extra-large event is 158.200,50 Euro.

The level of costs is set on the bases of the client on typical uses of the services by the clients in this kind of the events. The prices for all types of the costs can increase or decrease based on the customized need of the clients.

## **4.2 Benefits Evaluation**

The benefit evaluation and its structure are presented as the revenues from the hypothetical sample of small, medium, medium large, large and extra-large event as a part of Congress tourism service offer. The evaluation should represent the gross benefit from revenues for the company and in the same time shows net income effect, calculated as a difference between the fixed cost and revenues from the specific service for every event. The structure follows the previously presented structure of cost and services mostly required by the clients:

- Congress Facilities
- Catering
- Accommodation
- Transport from – to Skopje fair
- Promotional materials
- Simultaneous translation
- Other technical equipment for the event
- Sightseeing and team building activities
- Party events
- PR (press)

Congress Facilities as a type of revenues is obtained from the existing prices which Skopje fair Company offers to his clients for the rental facilities, with the addition of the current prices for the outsourcing services. Prices for the outsource services for the Congress tourism clients include the commission of around 10 percent for all services, which in all cases can be considered as net income.

The revenues from catering, accommodation, promotional material, technical equipment provided from outsourcing are the prices for the medium quality of service provided from the suppliers. The clients however can obtain the some or all the services from Skopje Fair company, but the goal is as I mentioned before, all services to be acquired from Congress tourism offer in order to provide the best price. The calculations, revenues and net income are based on the hypothetical examples of small, medium, medium large, large and extra-large events.

The table in addition presents the revenues from the hypothetical sample of small, medium, medium large, large and extra-large events with the hypothetical number of guest per event.

**Table 4. Revenues Evaluation for Small, Medium, Medium Large, Large and Extra-Large Event- (in Euro)**

| <b>Congress tourism event/<br/>service</b>          | <b>Revenues<br/>small<br/>event- 30<br/>guest</b> | <b>Revenues<br/>medium<br/>event - 60<br/>guests</b> | <b>Revenues<br/>medium/large<br/>event- 100<br/>guests</b> | <b>Revenues<br/>large<br/>event -<br/>150 guests</b> | <b>Revenues<br/>extra-<br/>large -<br/>1500<br/>guests</b> |
|---|---|--|--|--|--|
| <b>Congress Facilities</b>                          | 400   | 400  | 400  | 400  | 1,500  |
| <b>Catering</b>                                     | 450   | 900  | 1,350  | 1,913  | 18,000   |
| <b>Accommodation</b>                                | 1,800   | 3,240  | 5,100  | 7,650  | 67,500   |
| <b>Transport from – to Skopje<br/>fair</b>          | 90  | 180  | 300  | 450  | 4,050  |
| <b>Promotional materials</b>                        | 90  | 162  | 270  | 383  | 3,150  |
| <b>Simultaneous translation</b>                     | 300   | 300  | 400  | 548  | 4,500  |
| <b>Other technical equipment for<br/>the event</b>  | 150   | 150  | 150  | 150  | 750  |
| <b>Sightseeing and team building<br/>activities</b> | 1,500   | 3,000  | 4,500  | 6,750  | 60,000   |
| <b>Party events</b>                                 | 450   | 900  | 1,350  | 2,025  | 18,000   |
| <b>PR (press)</b>                                   | 200   | 200  | 200  | 200  | 495  |
| <b>TOTAL</b>  | <b>5,430</b>                                      | <b>9,431</b>   | <b>14,020</b>  | <b>20,467</b>  | <b>177,945</b>   |

The revenue presented in the table present the total revenues for this scenario will be set on total level of 5.430 Euro for small events, 9.431 Euro for medium event and 14.020 Euro for medium large event. The sum of total revenues for large event is 20.467 Euro, and 177.945 Euro for extra-large event. The general benefit for the Skopje fair regarding this values revenue is important from the perspective of the increased cash flow for the company, but it is more important that the values of the revenues contain the commission from the outsourcing services which show the net income benefit for the company. Naturally the higher values of the revenue would mean the higher value of the net income.

The table in addition presents the structure of the net income for the hypothetical samples of small, medium, medium, large and extra-large event previously presented with the sums of costs and revenues. The sum of net income is calculated on the basis of the difference of the revenues and variable costs, and do not include the fixed costs positioned at 300 Euro per month.

**Table 5. Net Income Evaluation for Small, Medium, Medium Large, Large and Extra-Large Event (in Euro)**

| Congress tourism event/ service          | Net income small event – 30 guests <sup>a</sup> | Net income medium event - 60 guests | Net income medium/large event- 100 guests | Net income large event - 150 guests | Net income extra-large - 1500 guests |
|--|---|-------------------------------------|---|-------------------------------------|--------------------------------------|
| Congress Facilities                      | 360   | 360                                 | 360                                       | 360                                 | 1,500                                |
| Catering                                 | 68  | 135                                 | 203                                       | 287                                 | 2,700                                |
| Accommodation                            | 180   | 324                                 | 510                                       | 765                                 | 6,750                                |
| Transport from – to Skopje fair          | 9   | 18                                  | 30  | 68                                  | 405                                  |
| Promotional materials                    | 9   | 16                                  | 27  | 57                                  | 315                                  |
| Simultaneous translation                 | 30  | 30                                  | 40  | 82                                  | 450                                  |
| Other technical equipment for the event  | 15  | 15                                  | 15  | 23                                  | 75                                   |
| Sightseeing and team building activities | 150   | 300                                 | 450                                       | 1,013                               | 6,000                                |
| Party events                             | 45  | 90                                  | 135                                       | 304                                 | 1,800                                |
| PR (press)                               | 20  | 20                                  | 20  | 30                                  | 50                                   |
| <b>Total</b>                             | <b>886</b>                                      | <b>1,308</b>                        | <b>1,790</b>                              | <b>2,988</b>                        | <b>20,045</b>                        |

*Note\**Net income is calculated from revenues variable costs

The values from the table present the net income values calculated from revenues and variable costs for every hypothetical event and its respective number of guests. The values for the net income for the small event are 886 Euro, for medium event is 1.308 Euro and for the medium large event is 1.790 Euro. For the large event, the values for net income are 2988 Euro, and for the extra-large event are 20.405 Euro. This value for net income for all

hypothetical events provides partial evidence for the profitability and support the decision in favor of Congress tourism implementation.

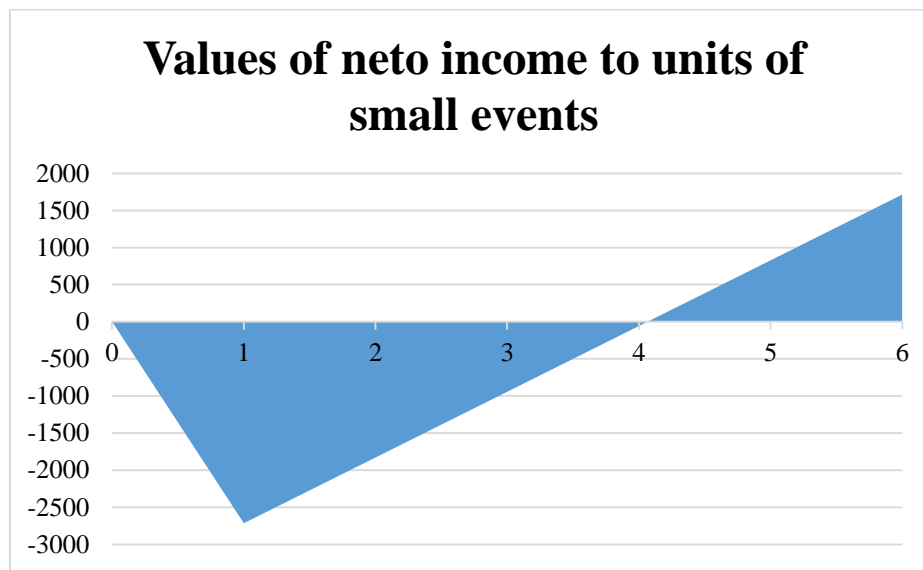
### **4.3 Financial Projections**

This part of the thesis presents the financial projections for the break event point of every event on the hypothetical example of the implementation of small, medium, medium large and extra-large events. The break-even point is calculated for every type of event, including fixed monthly costs, and variable cost on the basis of the projected appearance of the number of single type of events. The goal of break-even point calculation is to provide evidence of the number of individual Congress tourism events needed to make profit within one-year period.

Break even analysis in the Congress tourism service business analysis intended to present the break event point in which certain product will gain profit for the company. The importance of the break-even analysis is noted in the form of its frequent use in the company's regular business activates. However, the importance of break-even analysis is even higher in decisions regarding the profitability and promotion of new products and services. The evidence of a highly practical importance of the break-even analysis is offered in the use of new product technology (De Kok, Van Donselaar & van Woensel, 2008). The break-even analysis for the Congress tourism followed the suggestion of Levy and Brooks (Levy & Brooks, 1986) which implies the importance of correct valuation of the fixed and variable costs. This was generally implemented as basic assumption for the performance of the break-even point determinations.

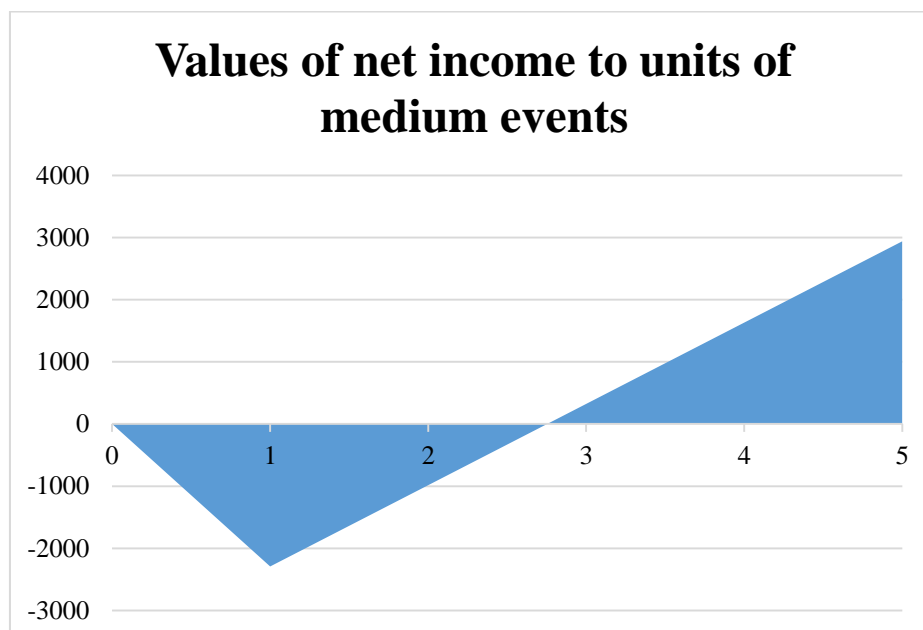
The figure in addition presents the hypothetical case of break-even point for six sold small events with 30 guests each for one year, presenting the values of net income to units sold. From the presented figure we offer evidence for profitability of the small events in case of random distributed appearance of six small events by months. The break-even point is positioned somewhere after four events, which means that Congress tourism must sell at least five events during one year in order to bring positive income to the company. Break-even estimate presents evidence that in case of less than five events, for example three events, the company will have negative effect loss. The biggest loss for the company can be registered in case of only one event during the year. This situation is the result of the highest sum of fixed cost which will be generated besides the individual profitability of a single event calculated from the previous analysis.

**Figure 2. Breakeven Point Estimates for Small Event- 30 Guests in one Year (in euro)**



The next case of calculated break-even point is the hypothetical case of five sold medium events with the 60 guests for each event, during one year.

**Figure 3. Breakeven Point Estimates for the Medium Event- 60 Guests (in euro)**



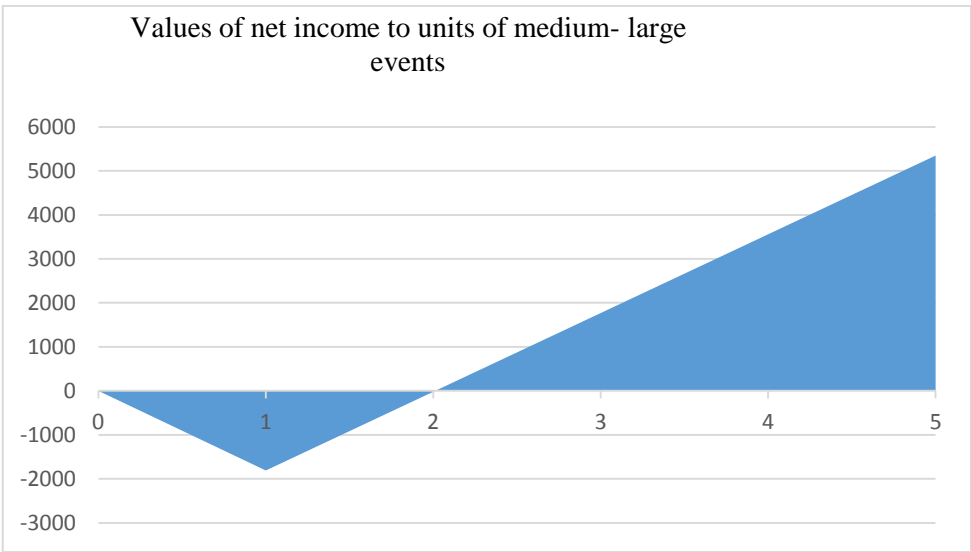
The figure presenting break-even point is positioned approximately before the number of three medium event appearances.



This result suggests that minimum three medium events are needed in order for Congress tourism services to be profitable for the company. The case of two and one medium event clearly indicates that this situation will provide loss for the company.

High trend and profitability presented from the break-even line in case of four and five events sold suggests that the company must aim to higher number of sold medium events in order to achieve the higher net income values.

**Figure 4. Breakeven Point Estimates for the Medium Large Event- 100 Guests (in euro)**



**Figure 5. Breakeven Point Estimates for the Large Event- 150 Guests (in euro)**

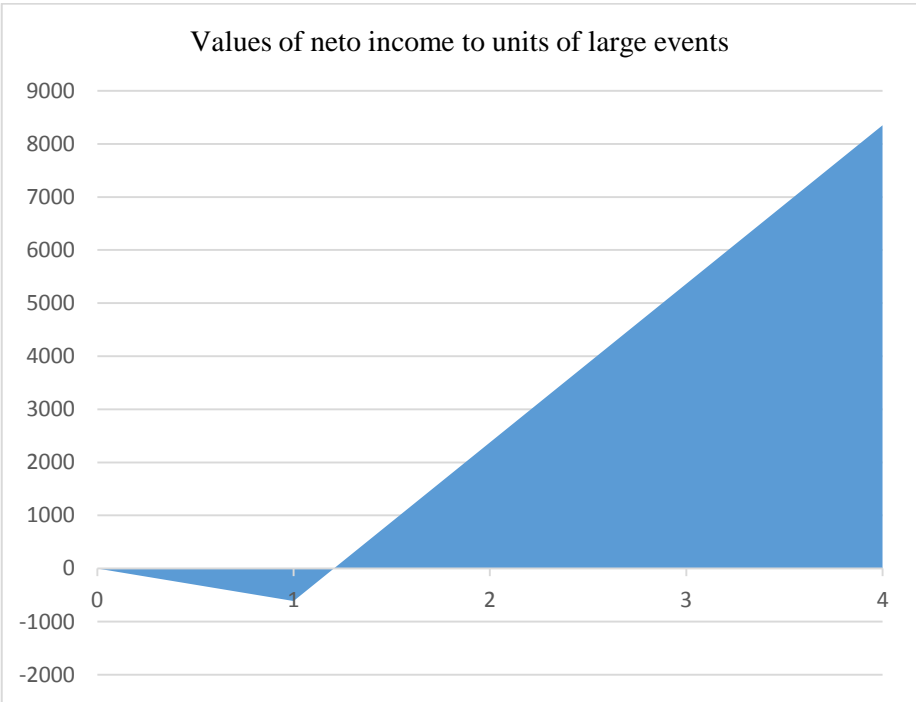
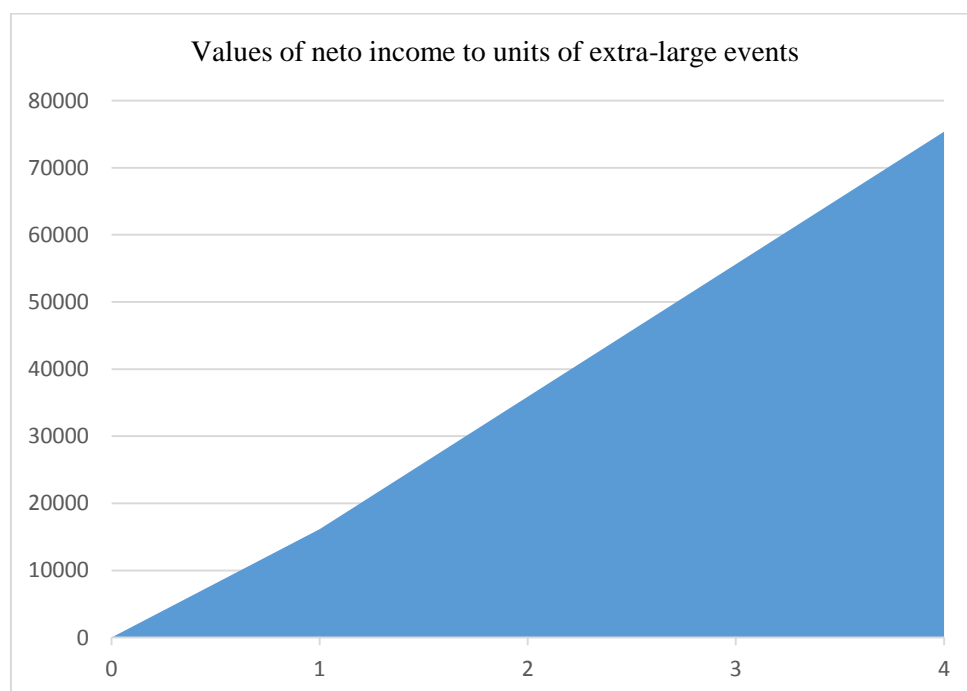


Figure with presentation of the break-even point in case of appearance of five medium large events presents the break-even point somewhere after the two sold unit of medium large events during one year. Besides the closeness of the value of the break event point to two sold events the figure still indicates that in case of appearance the company will register small level of loss from the business of Congress tourism regarding the medium large events. Profitable levels regarding the sold medium large events for the company is the case of at least three medium large events sold.

Break-even estimate for the four large events within one year with estimates of 150 guests per event presented in the figure above provides evidence that the break-even point for these events is positioned is with the value of more than one. This provides evidence that the minimum events for profitability for this hypothetical case are two events. Every number of events over two according to the analysis provides significant level of profit. However, in case of only one event within one-year Congress appears, such business activity will gain the loss for the company.

**Figure 6. Breakeven Point Estimates for the Extra- Large Event- 1500 Guests (in euro)**



The break-even analysis for the hypothetical case of appearances of four extra-large events within one year presents evidence that even one event per year could provide the company with significant level of profit positioned on more than 10.000 Euros. This situation indicates that the implementation of Congress tourism should devote serious resources to the attraction of the clients which are willing to buy the extra-large events services within the Congress tourism service.

All previously break even presentations indicate that in case the company decides to limit their offer to only one individual type of event, must consider the break-even points for every individual type of event. Thus in case of offer of just small events, the sold number of events must not be less than 5 events, and in case of medium event must not be less than 3 events. The number of events which will gain profit for medium large events must not be less than 3 and 2 for the large event. Although the minimum number of events for profit for the extra-large event is one event. General conclusion from all break-even presentations is that company must dedicate its efforts to selling as many events as possible, especially in the case of small and medium events.

#### **4.4 Scenario Analysis**

The need for evaluation and planning of the potential business effects is more than necessary for every company and in case of implementation of the new service, additional planning and evaluation is required in various forms. One of the forms for evaluation of possible business effect is the scenario simulation and analysis (Bradfield et al., 2005). At the same time the scenario analysis as a part of the business analysis promotes the possibilities with its positive effect, but also a challenge of creating the suitable scenario. Designing the scenario analysis as a part of business analysis required valuation and identification of the key indicators which could present the significance of the effects of the new service implementation. Construction of the scenario analysis within this thesis followed the suggestions of Bunn and Salo (Bunn & Salo, 1993) for the need of proper input indicators determination. This is one of the essential issues regarding the further performance of scenario analysis and consequently to the presentations of the simulated possible effects to the company (Bunn & Salo, 1993).

This part of the master thesis offers scenario analysis with three possible cases, outcomes or solutions for one-year implementation of the Congress tourism service. The three scenarios offer best case, real case and worst case scenarios. Projections for the number of the events are based on the frequency of the reports for the other company's products. Assumptions for each scenario include some of the different types of the events, and the types of the events vary for different scenarios.

For the purpose of the precise projections and more realistic insight of the scenarios, we added to the projections the additional cost for the project manager, despite the possibility some of the existing event team managers to be responsible for the part of the business segment of the Congress tourism at the beginning. There is also possibility the responsibilities for the order for Congress tourism to be managed by dividing the responsibilities between the event team members, and in that case the additional cost can be considered for the extra payment for successful management of the Congress tourism activities.

As I mentioned previously, three scenarios will be presented in addition, starting from best case scenario. This scenario is based on optimistic assumptions for the number of events in the first year. However, this best case scenario is not impossible one, but need certain circumstances for its realization, and certainly less likely to be achieved than the realistic one. This best case scenario with its projection can be good prediction for the second and the years after, having in mind that the clients and this service does not have its customer base in the first year, and the created one after the first year, can make significant impact to the projections for the future business. The assumptions for the best scenarios for the one-year period are the organization of the following number and type of events:

- 5 small events
- 3 medium events
- 2 medium large events
- 2 large events
- 1 extra-large event

**Table 6. Congress Tourism Best Case Scenario (in Euro)**

| Congress tourism | Total revenue  | Event manager costs | Total costs    | Net income    |
|------------------|----------------|---------------------|----------------|---------------|
| January          | 0              | 300                 | 0              | -300          |
| February         | 0              | 300                 | 0              | -300          |
| March            | 192,806        | 300                 | 173,183        | 19,323        |
| April            | 19,45          | 300                 | 16,775         | 2,375         |
| May              | 35,328         | 300                 | 30,512         | 4,516         |
| June             | 0              | 300                 | 0              | -300          |
| July             | 0              | 300                 | 0              | -300          |
| August           | 0              | 300                 | 0              | -300          |
| September        | 0              | 300                 | 0              | -300          |
| October          | 0              | 300                 | 0              | -300          |
| November         | 35,328         | 300                 | 30,512         | 4,516         |
| December         | 19,45          | 300                 | 16,775         | 2,375         |
| <b>Total</b>     | <b>302,363</b> | <b>3,6</b>          | <b>267,758</b> | <b>31,006</b> |

Calculations based on the table indicate that the revenues for this scenario will be set on level of 302,336 Euro, with the respective total costs of 267,758 Euro. The level of the net income as a final outcome for this scenario is calculated as 31,006 Euro.

This result indicates that implementation of the Congress tourism according to best case scenario will contribute to the Skopje fair company with additional profit before income tax with 31,006 Euro.

The real case scenario with its projection is considered to be the most real prediction for the first of the implementation of the Congress tourism, having in mind that the clients and this service does not have established customer base in the first year. The assumptions for the best scenarios for one-year period are the organization of the following number and type of events:

- 3 small events
- 2 medium events
- 2 medium large event
- 2 large event
- 0 extra-large event

**Table 7. Congress Tourism Real Case Scenario (in Euro)**

| <b>Congress tourism</b> | <b>Total revenue</b> | <b>Event manager costs</b> | <b>Total costs</b> | <b>Net income</b> |
|-------------------------|----------------------|----------------------------|--------------------|-------------------|
| <b>January</b>          | 0                    | 300                        | 0                  | -300              |
| <b>February</b>         | 0                    | 300                        | 0                  | -300              |
| <b>March</b>            | 14,861               | 300                        | 13,033             | 1,529             |
| <b>April</b>            | 19,45                | 300                        | 16,775             | 2,375             |
| <b>May</b>              | 35,328               | 300                        | 30,512             | 4,516             |
| <b>June</b>             | 0                    | 300                        | 0                  | -300              |
| <b>July</b>             | 0                    | 300                        | 0                  | -300              |
| <b>August</b>           | 0                    | 300                        | 0                  | -300              |
| <b>September</b>        | 0                    | 300                        | 0                  | -300              |
| <b>October</b>          | 0                    | 300                        | 0                  | -300              |
| <b>November</b>         | 20,467               | 300                        | 17,479             | 2,688             |
| <b>December</b>         | 14,02                | 300                        | 12,231             | 1,49              |
| <b>Total</b>            | <b>104,127</b>       | <b>3,6</b>                 | <b>90,03</b>       | <b>10,497</b>     |

The real case calculations based on the table indicate that the revenues for this scenario will be set on level of 104.127 Euro, with the respective total costs of 90.030 Euro. The level of the net income as a final outcome for this scenario is calculated as 10.497 Euro.

This result indicates that implementation of the Congress tourism according to real case scenario will contribute to the Skopje fair company with additional profit before income tax with 10.497 thousand Euros.

**Table 8. Congress Tourism Worst Case Scenario (in Euro)**

| <b>Congress tourism</b> | <b>Total revenue</b> | <b>Event manager costs</b> | <b>Total costs</b> | <b>Net income</b> |
|-------------------------|----------------------|----------------------------|--------------------|-------------------|
| <b>January</b>          | 0                    | 300                        | 0                  | -300              |
| <b>February</b>         | 0                    | 300                        | 0                  | -300              |
| <b>March</b>            | 0                    | 300                        | 0                  | -300              |
| <b>April</b>            | 5,43                 | 300                        | 4,545              | 586               |
| <b>May</b>              | 9,431                | 300                        | 8,488              | 643               |
| <b>June</b>             | 14,02                | 300                        | 12,231             | 1,49              |
| <b>July</b>             | 0                    | 300                        | 0                  | -300              |
| <b>August</b>           | 0                    | 300                        | 0                  | -300              |
| <b>September</b>        | 0                    | 300                        | 0                  | -300              |
| <b>October</b>          | 0                    | 300                        | 0                  | -300              |
| <b>November</b>         | 25,897               | 300                        | 22,024             | 3,573             |
| <b>December</b>         | 0                    | 300                        | 0                  | -300              |
| <b>Total</b>            | <b>54,778</b>        | <b>3,6</b>                 | <b>47,287</b>      | <b>3,891</b>      |

The worst case scenario with its projection can be considered as pessimistic prediction for the first year, having in mind that the clients and this service does not have its customer base in the first year. Assumptions reliable for the worst case scenario for the first year period are the organization of the following number and type of events:

- 2 small events
- 1 medium events
- 1 medium large event
- 1 large event
- 0 extra-large event

Calculations based on the table indicate that the revenues for the worst case scenario will be set on level of 54.778 Euro, with the respective total costs of 47.287 Euro. The level of the net income as a final outcome for this scenario is calculated as 3.891 Euro.

This result indicates that implementation of the Congress tourism according to worst case scenario will contribute to the Skopje fair company with additional profit before income tax with 3.891 thousand Euros.

## **5 RECOMMENDATIONS TO COMPANY**

Recommendations for the company regarding the implementation of the Congress tourism are divided in two key bases. One is the recommendations derives from the projections based on the worst, real and best case scenario. This recommendation can generally refer to the implementation and viability of the product, while the recommendations derived from the projected strengths and weaknesses analysis are considered to have more impact on the sustainability aspect of this product.

According to the scenario analysis of the best case scenario and is total net income before taxation with the value of 31.006 Euro. The recommendation for the company is to implement the Congress tourism in order to achieve the additional profit of the 31.006 Euro. The real case scenario with the net income of 10.497 Euro and the worst case scenario with the net income of 3.891 Euro, still indicate the significant level of profit.

The profit projected even in the worst case scenario with the 3.891 Euros for the first year with no additional invested assets for the implementation of the Congress tourism; strongly suggest the reliable profitability from product implementation.

Regarding the scenarios previously presented, alongside with their respective values of one-year net profit before taxation, it is strongly recommending, Congress tourism to be implemented and promoted as a new product in the Skopje fair portfolio. As soon as better is the recommendation for Congress tourism, would be the best terms to describe the recommendation regarding the presented simulated scenarios.

Previously presented strengths and weaknesses analysis as an introduction part of the business analysis from the previous chapter presented significant insight for the implementation and sustainability of the Congress tourism as a new product.

The existing infrastructure and facilities of Skopje fair, is significant advantage related to other competitor and it is a strength which is providing comparative advantage from the competition which they cannot achieve in short and medium term. Another advantage, besides the use of the modern facilities at disposal, is the experienced professionals which can respond to all challenges connected to event management. The recommendations regarding these strengths are that they must be a subject of constant investing activities in order to prolong and maximize the effects of these strengths.

As the main weakness regarding the implementation Congress tourism as a new product, identified from this perspective, is the dependence of the other contractors (hotel, transport, tourist guidance, equipment etc.). Next important weakness which should be treated carefully is that the company has no prior professional tourism experience. This identified weakness should raise the alert for the company regarding the realization of the all events regarding the starting year.

Finally based on all aspect of strength and weaknesses analysis the recommendations for the company is that the Congress tourism must be managed with the accent of constant quality improvement, and operators risk minimization with constant monitoring of the customer's satisfaction and continuous measures for Congress tourism brand image promotion.

## **CONCLUSION**

The implementation of the new products in the company's portfolios is a serious challenge for every company. It includes massive activities and regarding the all phases of implementation of the new product development. Finally, the process of the new product development can cause serious amount of invested asset without the certain outcome.

The subject of this thesis is the implementation of Congress tourism as a new product within the portfolio of the Skopje fair. This is a serious challenge for the company having in mind the implementation of this service is expected to provide additional income impact, with low level caused costs or previously invested assets.

Goals of this master thesis include the several aspects of elaboration related viability and sustainability of the Congress tourism as a new product. At the end, the conclusions of this paper should offer recommendation for Congress tourism development as a new product. The analysis of this paper offer qualitative and quantitative aspect of the implementation of the Congress tourism product. Qualitative aspect follows the methodology and approach of the new product development provided by Crawford and Di Benedetto (Crawford & Di Benedetto, 2008). Following their steps of implementation of the new product, several qualitative aspects are offered and tested for Congress tourism in the chapter 3. As a part of business analysis, strengths and weaknesses analysis was performed on the basis of the expected Congress tourism market appearance.

The empirical analysis part of this thesis was intended to answer only one question about the success of the Congress tourism, the question of profitability. Cost and benefit evaluation, financial projections and scenario analysis were performed as a part of empirical analysis of Congress tourism as new product development project.



As an addition of the qualitative and quantitative approach, this paper included the review of all relevant literature regarding the subject new product development. Therefore, this analysis included theoretical concepts which elaborate the latest ideas of the new product management. The subject of the literature review was also the most relevant case studies in the field of the implementation of new product development. Relevant literature elaborated for the purpose of Congress tourism as a new product, revealed significant insights and details about the theoretical and practical aspects and problems regarding the implementation of the Congress tourism as a new product.

Primary advantages of the Congress tourism are considered to be the existing infrastructure and facilities owned and managed by the Skopje fair company. The idea for the development of the new product is driven from the customers who already consumed the services of the Congress center- one of the business segment of the Skopje fair. Their needs for the product which will offer compact Congress tourism service initiated the concept of the Congress tourism as the next product in the Skopje fair product portfolio.

Business analysis for the Congress tourism included strengths and weaknesses analysis in order to define all significant market aspects of the implementation of the Congress tourism. The result from the strengths and weaknesses analysis shows significant strengths and opportunities regarding the implementation of the Congress tourism. The leading strengths and opportunities are identified as the increase of the current business capacity of the Skopje fair, and the opportunity to increase the product portfolio and to gain market share in the Congress tourism business segment. However, the leading weaknesses and threats have their source in the dependence of the other tourism and entertainment contractors which can harm the continuous level of quality obtained. The main threat from defocusing the company from the business core activities remains active and can cause losing the clients and market share in other business segments.

Cost benefit evaluation and financial projections presented all relevant indicators for the Congress tourism. This presentation included individual offered price for all events as part of Congress tourism offer. The financial projections showed the profitable level of all events based on the value of the projected costs and revenues of the events. The results of the financial projections were integrated in the scenario analysis which included three types of scenario- best case, real case and worst case scenario. The scenarios were performed under the assumption of certain combinations of events depending on the type of the scenarios. The most important part of the analysis is that all case scenarios for the first year of the product implementations presented net income before taxation. This result is essential for the further decision of the product implementation, having in mind that even on the first year the implementation of this product can be profitable. Additional significance for the profitability of the Congress tourism even for the first year is that can be achieved without serious capital investment, and can be performed only with the allocation of the companies' human resources.

The final conclusion of this paper indicates that Congress tourism must be a part of Skopje fair portfolio. However, the implementation and all activities in implementation of the project Congress tourism must be performed very carefully and professionally with all necessary considerations, so that Skopje fair can successfully implement Congress tourism as a new product.

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## **APPENDICES**

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Appendix A: Price List for all Events for Congress Tourism Offer (in Euros per Event)

| Congress tourism event                              | Small event<br>30 guests | Medium<br>event 60<br>guests | Medium<br>large event<br>100 guests | Large event<br>150 guests | Extra-<br>large<br>event<br>1500<br>guests |
|---|--------------------------|------------------------------|-------------------------------------|---------------------------|--|
| <b>Congress Facilities</b>                          | 400.00                   | 400.00                       | 400.00                              | 400.00                    | 1,500.00                                   |
| <b>Catering <sup>a</sup></b>                        | 450.00                   | 900.00                       | 1,350.00                            | 1,912.50                  | 18,000.00                                  |
| <b>Accommodation</b>                                | 1,800.00                 | 3,240.00                     | 5,100.00                            | 7,650.00                  | 67,500.00                                  |
| <b>Transport from – to Skopje fair <sup>c</sup></b> | 90.00                    | 180.00                       | 300.00                              | 450.00                    | 4,050.00                                   |
| <b>Promotional materials</b>                        | 90.00                    | 162.00                       | 270.00                              | 382.50                    | 3,150.00                                   |
| <b>Simultaneous translation</b>                     | 300.00                   | 300.00                       | 400.00                              | 547.50                    | 4,500.00                                   |
| <b>Other tech. equipment for the event</b>          | 150.00                   | 150.00                       | 150.00                              | 150.00                    | 750.00                                     |
| <b>Sightseeing and team building activities</b>     | 1,500.00                 | 3,000.00                     | 4,500.00                            | 6,750.00                  | 60,000.00                                  |
| <b>Party events<sup>'</sup></b>                     | 450.00                   | 900.00                       | 1,350.00                            | 2,025.00                  | 18,000.00                                  |
| <b>PR (press)<sup>h</sup></b>                       | 200.00                   | 200.00                       | 200.00                              | 199.50                    | 495.00                                     |
| <b>TOTAL</b>  | 5,430.00                 | 9,431.40                     | 14,020.00                           | 20,467.00                 | 177,945.00                                 |

Legend:

a) Catering: coffee; water; cocktail for event

b) Accommodation in 3+ star Hotel HB

c) Transport per person from and to hotel

d) Promotional materials (prospect with note paper, pencil)

e) Technical equipment means: additional LCD, info desk, lap top, speaking bug, wireless microphone, etc.

f) Sightseeing means visit monuments, mountains and team building means team courses, games and activities during visit or in Congress facilities

g) Party events means party or social gathering in a coffee or night club, restaurant, art saloon, etc.

h) PR means that Skopje fair will organize all relevant media (print, TV, electronic) to cover the event. Press, information's, TV interview, etc.

Other Congress tourism service prices are from Skopje fair partner network like for example restaurant Casablanca for catering service which we have excellent cooperation for Skopje fair Congress Events.

Accommodation prices are from 3+ star hotels and Skopje fair up till now have cooperation with almost every hotel in the city due to congress events, exhibitions and other events.

Also transport services are in correlation with sightseeing and team building activities and Skopje fair up till now have lot of experience with these services either that Skopje fair use them for Internal company needs or for Skopje fair clients from exhibition events. These prices are from tourism agencies and it is important to mention strong cooperation with them due to the fact that Skopje fair organizes Travel Market Fair which almost every travel and tourism agency participate.

Skopje fair long term cooperation with almost any well-known companies in Macedonia. Many of the companies for many years' participation at Skopje fair exhibition events use congress facilities, use business and warehouse space, use halls for company events, private parties and other. Strong bond and excellent cooperation between Skopje fair and companies is very important to create Congress tourism price offer in order to be competitive and to offer discounted prices to Skopje fair Congress tourism possible clients.

## **Appendix B: Questionnaire – New Product Congress Tourism by Skopje Fair Congress Center**

### **Questionnaire – new product Congress tourism by Skopje fair Congress center**

Congress tourism or Business Tourism is the provision of facilities and services to delegates who annually attend meetings, congresses, exhibitions, business events, incentive travels and corporate hospitality.

Congress tourism can be offered to companies in order to provide them with Congress tourism services which mean: Congress center facilities; Tourism tours, travel and transport; Meetings; Catering services; Exhibitions; Team Building; Hotel accommodation and other services needed for the Congress event.

Skopje fair asks you to participate in order to gain information from you and by that to answer the main question: Should Skopje fair through Skopje fair Congress center offer new product/service “Congress tourism” to companies?

#### **1. Overall, how would you rate Skopje fair?**

- Excellent
- Good
- Average
- Poor
- Terrible

#### **2. How satisfied are you with your service from Congress center at Skopje fair?**

- Extremely satisfied
- Very satisfied
- Neutral
- Very dissatisfied
- Extremely dissatisfied

#### **3. Please rate the following features on how important they are to you**

Very Important    Important    Not very    Important    Irrelevant

Congress facilities

(Congress halls, meeting room)

Catering services

Accommodation

Transport

Promotional materials

Sightseeing and Team

Building activities

Party events

Building activities  
Party events

PR activities

**4. Have you or your clients used any of the following or similar products in the past?**

- Congress facilities (congress halls, meeting room)
- Catering services
- Accommodation
- Transport
- Promotional materials
- Sightseeing and Team Building activities
- Party events
- PR activities

**5. Short story intro of the service Congress tourism**

**What do you like most about new service “Congress tourism”; name at least two combinations of the service you would most likely use?**

1. Congress facilities (congress halls, meeting room)
2. Catering services
3. Accommodation
4. Transport
5. Promotional materials
6. Sightseeing and Team Building activities
7. Party events
8. PR activities

**6. Which of the following benefits is most useful to you (choose one)**

- Congress facilities (congress halls, meeting room)
- Catering services
- Accommodation
- Transport
- Promotional materials
- Sightseeing and Team Building activities
- Party events
- PR activities

**7. Overall, how interested are you in buying Congress tourism if it were available?**

Not at all interested  
Not Very Interested  
Neither Interested nor Uninterested  
Somewhat Interested  
Very Interested

**8. If you could change/add something about Congress center what would it be?**

\_\_\_\_\_;

**9. If you already use Congress tourism services in the past, did you spend a lot of work time and energy to organize and manage on your one?**

It was very demanding and too much work time

It was demanding with normal work time

I don't spend too much time

It was easy with no time at all

**10. Which Congress tourism service was the most demanding, frustrating or time demanding?**

- Congress facilities (congress halls, meeting room)
- Catering services
- Accommodation
- Transport
- Promotional materials
- Sightseeing and Team Building activities
- Party events
- PR activities

**11. If there is a company present in Skopje to organize for you all of the needed Congress tourism services for the same or cheaper price, will you consider to hire that company?**

Yes

Maybe

No

**12. How many times did you use Congress tourism services for you or for your clients, in a year?**

\_\_\_\_\_

**13. Other than the product itself, which of the following would most influence you when deciding to buy/use a new product like Congress tourism?**

Referral

Sales/service representative

Product demo

Trade shows/events

Year contracts

Price

**14. Please indicate in what industry your company belongs to:**

\_\_\_\_\_

**15. Please indicate your firm size:**

- Small      1-5 employees and up to 100 000 euro annual income
- Medium     5-100 employees and up to 1.000.000 euro annual income
- Large      over 100 employees and over 1.000.000 euro annual income

**16. Your feedback about our new product Congress tourism is very important to us. Please take a moment to provide any additional comments you would like to tell us about.**

**17. In case we offer Congress tourism services, how much events additionally would you please state your number):**

- small event- 30 guests, price per person
- medium event - 60 guests price per person
- medium/large event- 100 guests, price per person
- large event - 150 guests, price per person
- extra-large - 1500 guests, price per person

**18. In cases of your use of Congress tourism based on your previous experience and additional event needs, which is your typical structural costs per event, are you prepared to pay (approximately):**

- small event- 30 guests, price per person
- medium event - 60 guests price per person
- medium/large event- 100 guests, price per person
- large event - 150 guests, price per person
- extra-large - 1500 guests, price per person

| Company | Event size | Congress Facilities | Catering | Accommodation | Transport from – to Skopje fair | Promotional materials | Simultaneous translation | Other tech. equipment for the event | Sightseeing and team building activities | Party events | PR (press) |
|---------|------------|---------------------|----------|---------------|---------------------------------|-----------------------|--------------------------|-------------------------------------|--|--------------|------------|
|         |            |                     |          |               |                                 |                       |                          |                                     |  |              |            |

Thank you.



## Appendix C: Questionnaire Results – New Product Congress Tourism by Skopje Fair Congress Center

### 1. Overall, how would you rate Skopje fair?

|   |           |           |      |
|---|-----------|-----------|------|
| 1 | Excellent | Company A | 1    |
| 2 | Good      | Company B | 1    |
| 3 | Average   | Company C | 1    |
| 4 | Poor      | Company D | 1    |
| 5 | Terrible  | Company E | 2    |
|   |           | Company F | 2    |
|   |           | Company G | 3    |
|   |           | Company H | 2    |
|   |           | Company I | 2    |
|   |           | Company J | 1    |
|   |           | Company K | 1    |
|   |           | Company L | 2    |
|   |           |           | 1.58 |

### 2. How satisfied are you with your service from Congress center at Skopje fair?

|   |                        |           |   |
|---|------------------------|-----------|---|
| 1 | Extremely satisfied    | Company A | 1 |
| 2 | Very satisfied         | Company B | 1 |
| 3 | Neutral                | Company C | 1 |
| 4 | Very dissatisfied      | Company D | 1 |
| 5 | Extremely dissatisfied | Company E | 1 |
|   |                        | Company F | 1 |
|   |                        | Company G | 1 |
|   |                        | Company H | 1 |
|   |                        | Company I | 1 |
|   |                        | Company J | 1 |

**3. Please rate the following features on how important they are to you**

|           | 1. Congress facilities | 2. Catering services | 3. Accommodation | 4. Transport | 5. Promotional materials | 6. Sightseeing and Team | 7. Party events | 8. PR activities |
|-----------|------------------------|----------------------|------------------|--------------|--------------------------|-------------------------|-----------------|------------------|
| Company A | 1                      | 2                    | 2                | 3            | 3                        | 2                       | 2               | 1                |
| Company B | 1                      | 2                    | 3                | 3            | 2                        | 2                       | 2               | 1                |
| Company C | 1                      | 2                    | 2                | 3            | 3                        | 2                       | 2               | 1                |
| Company D | 1                      | 2                    | 2                | 2            | 2                        | 2                       | 2               | 1                |
| Company E | 1                      | 1                    | 1                | 2            | 1                        | 2                       | 1               | 1                |
| Company F | 1                      | 2                    | 2                | 2            | 1                        | 2                       | 2               | 1                |
| Company G | 1                      | 2                    | 2                | 2            | 2                        | 2                       | 2               | 1                |
| Company H | 1                      | 2                    | 1                | 2            | 1                        | 1                       | 1               | 1                |
| Company I | 2                      | 2                    | 2                | 3            | 2                        | 3                       | 2               | 1                |
| Company J | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company K | 1                      | 2                    | 2                | 4            | 1                        | 2                       | 1               | 1                |
| Company L | 1                      | 1                    | 2                | 2            | 1                        | 1                       | 1               | 1                |
| Company A | 1.08                   | 1.75                 | 1.83             | 2.42         | 1.67                     | 1.83                    | 1.58            | 1.00             |

**4. Have you or your clients used any of the following or similar products in the past?**

|           | 1. Congress facilities | 2. Catering services | 3. Accommodation | 4. Transport | 5. Promotional materials | 6. Sightseeing and Team | 7. Party events | 8. PR activities |
|-----------|------------------------|----------------------|------------------|--------------|--------------------------|-------------------------|-----------------|------------------|
| Company A | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company B | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company C | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company D | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company E | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company F | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company G | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company H | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company I | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company J | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company K | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |
| Company L | 1                      | 1                    | 1                | 1            | 1                        | 1                       | 1               | 1                |

### 5. Short story intro of the service Congress tourism

What do you like most about new service “Congress tourism”; name at least two combinations of the service you would most likely use?

|                                      | 1.<br>Congress facilities | 2.<br>Catering services | 3.<br>Accommodation | 4.<br>Transport | 5.<br>Promotional materials | 6.<br>Sightseeing and Team | 7.<br>Party events |
|--------------------------------------|---------------------------|-------------------------|---------------------|-----------------|-----------------------------|----------------------------|--------------------|
| Company A                            | 1                         | 1                       |                     | 1               |                             | 1                          | 1                  |
| Company B                            | 1                         |                         |                     |                 |                             | 1                          | 1                  |
| Company C                            | 1                         | 1                       |                     |                 |                             |                            | 1                  |
| Company D                            | 1                         | 1                       |                     |                 |                             | 1                          | 1                  |
| Company E                            | 1                         | 1                       |                     | 1               |                             | 1                          | 1                  |
| Company F                            | 1                         | 1                       | 1                   | 1               | 1                           |                            |                    |
| Company G                            | 1                         | 1                       |                     |                 |                             |                            | 1                  |
| Company H                            | 1                         | 1                       |                     | 1               |                             |                            | 1                  |
| Company I                            | 1                         | 1                       |                     | 1               |                             |                            | 1                  |
| Company J                            | 1                         | 1                       | 1                   | 1               | 1                           | 1                          | 1                  |
| Company K                            | 1                         | 1                       | 1                   | 1               | 1                           | 1                          | 1                  |
| Most selected service in combination | 11                        | 10                      | 3                   | 7               | 3                           | 6                          | 10                 |

1 Congress facilities (congress halls, meeting room)

2 Catering services

3 Accommodation

4 Transport

5 Promotional materials

6 Sightseeing and Team Building activities

7 Party events

8 PR activities

|           |   |
|-----------|---|
| Company A | 1 |
| Company B | 1 |
| Company C | 1 |
| Company D | 1 |
| Company E | 1 |
| Company F | 1 |
| Company G | 1 |
| Company H | 1 |
| Company I | 1 |
| Company J | 1 |
| Company K | 1 |
| Company L | 1 |
|           | 1 |

**7. Overall, how interested are you in buying Congress tourism if it were available?**

|   |                                     |           |       |
|---|-------------------------------------|-----------|-------|
| 1 | Not at all interested               | Company A | 5     |
|   |                                     | Company B | 5     |
| 2 | Not Very Interested                 | Company C | 4     |
|   |                                     | Company D | 5     |
| 3 | Neither Interested nor Uninterested | Company E | 5     |
|   |                                     | Company F | 5     |
| 4 | Somewhat Interested                 | Company G | 3     |
|   |                                     | Company H | 4     |
|   | Very Interested                     | Company I | 4     |
|   |                                     | Company J | 5     |
|   |                                     | Company K | 5     |
|   |                                     | Company L | 5     |
|   |                                     |           | 4.583 |

**8. If you could change/add something about Congress center what would it be?**

|           |  |
|-----------|--|
| Company A | More parking spaces  |
| Company B | Large congress hall with necessary equipment for 1000 and more occupants, after mention C.T services it will be most welcome |
| Company C | Nothing  |
| Company D | Maybe larger event hall and C. Tourism   |
| Company E | New paint and Congress tourism   |
| Company F | Nothing  |
| Company G | Newer equipment  |
| Company H | Nothing  |
| Company I | More people from Congress center (for wardrobe and technical people)   |
| Company J | It is good but C. tourism offer is good idea to change   |
| Company K | Congress tourism   |

|           |                  |
|-----------|------------------|
| Company L | Congress tourism |
|-----------|------------------|

**9. If you already use Congress tourism services in the past, did you spend A lot of work time and energy to organize and manage on your one?**

- 1 It was very demanding and too much work time
- 2 It was demanding with normal work time
- 3 I don't spend too much time
- 4 It was easy with no time at all

|           |       |
|-----------|-------|
| Company A | 2     |
| Company B | 1     |
| Company C | 2     |
| Company D | 1     |
| Company E | 1     |
| Company F | 1     |
| Company G | 2     |
| Company H | 1     |
| Company I | 2     |
| Company J | 1     |
| Company K | 1     |
| Company L | 1     |
|           | 1.333 |

**10. Which Congress tourism service was the most demanding, frustrating or time demanding?**

- 1 Congress facilities  
(congress halls, meeting room)
- 2 Catering services
- 3 Accommodation
- 4 Transport
- 5 Promotional materials
- 6 Sightseeing and Team Building activities
- 7 Party events

| Company   | Grade |
|-----------|-------|
| Company C | 1     |
| Company I | 1     |
| Company A | 3     |
| Company E | 3     |
| Company F | 3     |
| Company J | 3     |
| Company K | 3     |
| Company H | 4     |
| Company B | 6     |
| Company D | 8     |
| Company G | 8     |
| Company L | 8     |

Table continued

8 PR activities

| Activity | No. selection |
|----------|---------------|
| 1        | 2             |
| 2        |               |
| 3        |               |

|   |   |
|---|---|
| 4 | 1 |
| 5 |   |
| 6 | 1 |
| 7 |   |
| 8 | 1 |

**11. If there is a company present in Skopje to organize for you all of the needed Congress tourism Services for the same or cheaper price, will you consider to hire that company?**

1 Yes

|           |   |
|-----------|---|
| Company A | 1 |
| Company B | 1 |
| Company C | 1 |
| Company D | 1 |
| Company E | 1 |
| Company F | 1 |
| Company G | 1 |
| Company H | 1 |
| Company I | 1 |
| Company J | 1 |
| Company K | 1 |
| Company L | 1 |
|           | 1 |

2 Maybe

3 No

**12. How many times did you use Congress tourism services for you or for your clients, in a year?**

|           |    |
|-----------|----|
| Company A | 2  |
| Company B | 9  |
| Company C | 3  |
| Company D | 8  |
| Company E | 14 |
| Company F | 9  |
| Company G | 2  |

Table continued

|           |   |
|-----------|---|
| Company H | 6 |
| Company I | 4 |
| Company J | 8 |
| Company K | 6 |
| Company L | 1 |

**13. Other than the product itself, which of the following would most influence you when deciding**

**To buy/use a new product like Congress tourism?**

|                              |   |           |                              |
|------------------------------|---|-----------|------------------------------|
| Referral                     | 0 | Company A | Trade shows                  |
| Sales/service representative | 2 | Company B | Price                        |
| Product demo                 | 0 | Company C | Sales/service representative |
| Trade shows/events           | 2 | Company D | Year contracts               |
| Year contracts               | 2 | Company E | Price                        |
| Price                        | 6 | Company F | Price                        |
|                              |   | Company G | Price                        |
|                              |   | Company H | Sales/service representative |
|                              |   | Company I | Price                        |
|                              |   | Company J | Price                        |
|                              |   | Company K | Year contracts               |
|                              |   | Company L | Trade shows                  |

**14. Please indicate in what industry your company belongs to:**

|           |                     | No. of same industry |
|-----------|---------------------|----------------------|
| Company A | Auto Industry       | 1                    |
| Company B | Pharmaceutical      |                      |
| Company C | Tobacco             | 1                    |
| Company D | Water Supply        | 1                    |
| Company E | Pharmaceutical      |                      |
| Company F | Pharmaceutical      | 3                    |
| Company G | IT Industry         |                      |
| Company H | IT Industry         | 2                    |
| Company I | Engineering, energy |                      |

Table continued

|           |                             |   |
|-----------|-----------------------------|---|
| Company J | BTB, business investment    | 1 |
| Company K | Space planning, environment | 1 |
| Company L | Brand industry, advertising | 1 |

**15. Please indicate your firm size:**

small 1-5 employees and up to 100 000 euro annual income  
Medium 5-100 employees  
Large over 100 employees and over 1.000.000 euro annual income

5 large companies

7 medium companies

|           |        |   |
|-----------|--------|---|
| Company A | Medium |   |
| Company B | Large  |   |
| Company C | large  | 3 |
| Company D | medium | 2 |
| Company E | large  | 3 |
| Company F | large  | 3 |
| Company G | Large  | 3 |
| Company H | medium | 2 |
| Company I | medium | 2 |
| Company J | medium | 2 |
| Company K | medium | 2 |
| Company L | medium | 2 |
|           | 2.4    |   |

**16. Your feedback about our new product Congress tourism is very important to us.  
Please take a moment to provide any additional comments you would like to tell us about.**

|           |   |
|-----------|---|
| Company A | Go ahead                                    |
| Company B | It will be nice someone to cover our events |
| Company C | Good idea for Skopje fair                   |
| Company D | As soon you implement, the better for us    |
| Company E | For sure we will be your clients            |
| Company F | excellent                                   |
| Company G | It is good to offer more services           |



Table continued

|           |  |
|-----------|--|
| Company H | We can test you for sure   |
| Company I | /  |
| Company J | There are no professionals to offer Congress tourism in Macedonia, you should try it |
| Company K | /  |
| Company L | Good for Skopje fair and companies that need   |

**17. In case we offer Congress tourism services, how much events additionally would you think you can organize in Service center within the new service offer (please state your number):**

- small event- 30 guests, price per 6
- medium event - 60 guests price per person 12
- medium/large event- 100 guests, price per person 7
- large event - 150 guests, price per person 25
- extra-large - 1500 guests, price per person 1

|           |                       |
|-----------|-----------------------|
| Company A | 2 medium large events |
| Company B | 6 large events        |
| Company C | 6 medium events       |
| Company D | 8 large events        |
| Company E | 5 large events        |
| Company F | 2 small events        |
| Company G | 5 medium large events |
| Company H | 4 small events        |
| Company I | 6 large events        |
| Company J | 6 medium events       |
| Company K | 1 extra-large event   |

**18. In cases of your use of Congress tourism based on your previous experience and additional event needs, which is your typical structural costs per event, are you are prepared to pay (approximately):**

| Company | Event        | Congress Facilities | Catering | Accommodation | Transport from – to Skopje fair | Promotional materials | Simultaneous translation | Other tech. equipment for the event | Sightseeing and team building activities | party events | PR (press) | Total  | Average |
|---------|--------------|---------------------|----------|---------------|---------------------------------|-----------------------|--------------------------|-------------------------------------|--|--------------|------------|--------|---------|
| A       | Medium large | 400                 | 1,200    | 5,000         | 200                             | 200                   | 400                      | 150                                 | 4,000                                    | 1,200        | 250        | 13,000 |         |
| B       | Large        | 500                 | 2,000    | 7,000         | 500                             | 500                   | 600                      | 100                                 | 6,000                                    | 2,000        | 300        | 19,500 |         |
| G       | Small        | 450                 | 500      | 1,900         | 100                             | 100                   | 350                      | 180                                 | 1,800                                    | 500          | 200        | 6,080  | 5,715   |
| I       | Small        | 400                 | 430      | 1,700         | 90                              | 90                    | 320                      | 150                                 | 1,500                                    | 450          | 220        | 5,350  |         |
| H       | Medium-large | 500                 | 1,400    | 5,000         | 350                             | 300                   | 420                      | 180                                 | 4,500                                    | 1,500        | 250        | 14,400 | 21,825  |

|   |              |       |        |        |       |       |       |     |        |        |     |         |         |
|---|--------------|-------|--------|--------|-------|-------|-------|-----|--------|--------|-----|---------|---------|
| A | Medium large | 400   | 1,200  | 5,000  | 200   | 200   | 400   | 150 | 4,000  | 1,200  | 250 | 13,000  |         |
| B | Large        | 500   | 2,000  | 7,000  | 500   | 500   | 600   | 100 | 6,000  | 2,000  | 300 | 19,500  |         |
| G | Small        | 450   | 500    | 1,900  | 100   | 100   | 350   | 180 | 1,800  | 500    | 200 | 6,080   | 5,715   |
| I | Small        | 400   | 430    | 1,700  | 90    | 90    | 320   | 150 | 1,500  | 450    | 220 | 5,350   |         |
| H | Medium-large | 500   | 1,400  | 5,000  | 350   | 300   | 420   | 180 | 4,500  | 1,500  | 250 | 14,400  | 21,825  |
| C | Medium large | 350   | 1,300  | 5,300  | 300   | 300   | 400   | 200 | 5,000  | 1,500  | 200 | 14,850  |         |
| D | Medium       | 400   | 900    | 3,200  | 200   | 180   | 350   | 150 | 3,000  | 900    | 200 | 9,480   | 14,725  |
| J | Medium       | 430   | 950    | 3,500  | 180   | 150   | 300   | 200 | 3,500  | 1,000  | 250 | 10,460  |         |
| K | Medium       | 380   | 850    | 3,400  | 500   | 200   | 300   | 180 | 2,500  | 1,000  | 200 | 9,510   |         |
| E | Large        | 450   | 1,950  | 8,000  | 450   | 400   | 550   | 150 | 7,000  | 2,000  | 300 | 21,250  | 21,025  |
| F | Large        | 450   | 1,850  | 7,500  | 500   | 450   | 600   | 200 | 6,500  | 2,500  | 250 | 20,800  |         |
| L | Extra large  | 1,600 | 18,500 | 70,000 | 4,200 | 3,500 | 4,800 | 800 | 62,000 | 20,000 | 700 | 186,100 | 186,100 |

**18. In cases of your use of Congress tourism based on your previous experience and additional event needs, which is your typical structural costs per event, are you are prepared to pay (approximately):**