



Universidad del Azuay

Facultad de Ciencias Jurídicas

**“PLAN DE MERCADEO PARA EL LANZAMIENTO DEL
SERVICIO DE TURISMO DE AVENTURA DE KTM DEL
ECUADOR”**

**TRABAJO DE GRADUACION PREVIA A LA OBTENCION DEL
TITULO DE LICENCIADA EN ESTUDIOS INTERNACIONALES
CON MENCION BILINGÜE EN COMERCIO EXTERIOR**

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I would like to thank to my parents for give the opportunity of study. Also because they are a very strong pillar in all the decision I had made. I like to thank to all my great teachers for transmit all their knowledge during this four years. In a very special way I want to thank to my thesis Director Ing. Francisco Ampuero, who knew how to collaborate and support me so I can finish this work.

DEDICATORY

For the people that I love the most: my parents and my brother. Who had sport and trust me in all my college years and also they being there for me always.

ABSTRACT

The present project it is based in the needs of KTM of Ecuador. Which is an enterprise that want to establish a new option inside it's menu. This project has develop in a way that allow us to know exactly all the necessary steps to satisfy the customer needs and also the enterprise needs. The project is direct to the adventure tourism, and it's name is KTM ADVENTURE TOUR, in which people can rent bikes and tours all over the country.

KTM of Ecuador has the exclusive dealership of the bikes with same name. The multinational has already many nations with this service. Therefore KTM of Ecuador through this project want to implement this service.

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INTRODUCTION

In Ecuador like in the rest of the world, tourism is one of the most important activities and income. This activity is especially important for Latin American countries that have a wide variety of adventures waiting to be exploited, in a very particular way for the tourists coming from European countries. Thanks to this advantage in Ecuador, people can experience different kinds of tourism, like adventure tourism, cultural tourism, ecotourism among others, providing options and alternatives for tourism that is very much appreciated by tourists from around the world and specially visitors from northern countries.

Adventure tourism is targeted for people with an appeal for adrenaline and thrilling experiences and emotions. There are many ways within the country to enjoy this kind of tourism, activities like rafting, mountain cycling, rappel, etc. Ecotourism is also a way to manage tourism directed toward the enjoyment nature with the means of protecting the environment, this kind of tourism is practiced in the rain forest area of Ecuador, where people can enjoy a very exotic style and the most secret places in the country, with natural attractiveness.

Just as tourism has increased drastically, the liking of motorcycles has increased in a very high rate in the last years. There are different ways for using a motorcycle; this vehicle is accessible for all the ages, allowing to be enjoyed in family, without making gender or age exceptions. This has allowed KTM of Ecuador to see as an alternative for creating a project that it is aimed toward adventure tourism because of its advantage of having motorcycles for lease; based on the tourists necessities for example of Chile, a neighbouring country which has had a remarkable development of its adventure tourism in the last years, developing motorcycle tours around the cities surroundings that has allowed them to show and take advantage of their natural resources.

KTM of Austria as being a multinational corporation, is very interested in the managing of its name around the world, and that is why KTM of Ecuador will need to establish this project according to the demands settled by KTM of Austria; “KTM Adventure Tour” is a project that will be launched to the international market within the next years,

but because they allow concessions this decision will rely on their approval. It is this way that KTM of Ecuador has seen in the need of pointing out this purpose in its objectives, based on the examples of countries like England, Italy and mainly Chile that are places where this kind of tourism is already a success, without leaving aside the respective authorization of the manufactures (KTM Austria), for the execution of the project.

KTM of Ecuador, has a exclusive KTM concession, which are motorcycles manufactured in Austria. After holding several conversations with the president of this firm, the need to create the project “KTM ADVENTURE TOURS” has been identified, this projects objective is to increase Ecuador’s tourism by promoting something completely new in the city, which is leasing motorcycles for tours around the whole country as a tourist service. This way the company as much as the country will greatly mutually be benefited.

The following work this divided in four chapters;

The first chapter makes reference to the importance of tourism for Latin America and especially to Ecuador, as well as the impact that adventure tourism has inside the Ecuadorian society is a very important source of income for the country.

In chapter 2 a market research will be made, in order to know the preferences, needs and expectations of future clients, so that KTM of Ecuador can know how to address them. With the answers obtained in this chapter the company will be able to know many answers to posed questions about this project, which will be exposed in the next chapter.

The third chapter it is a market analysis, by which all the necessary steps will be specified so that the project is put into practice; studying the positive and the negative things that this project could have.

CHAPTER I.

INTERNATIONAL SCOPE

1.1. Importance of International Tourism for Latin-American Countries, especially Ecuador

With the start of the XX century, tourism has been a very important source of income, because of its high increase visible in international rate growth tourism is considered a very important part of economy for many countries. The world is opening its doors so that tourism is more and more appreciated and the benefits either local or international are good. Paúl Mozón, Spanish journalist assures that tourism is the most reliable industry in the world, because of the advantage that it is the investment that creates the most work positions for every million invested and that most job stability gives for every billed million. This meaning that in the XXI century is a mine of gold (*The importance of tourism in Latin America*).

In Ecuador tourism is the most important income for the country, it represents 4.4% of its GDP, becoming one of the main productive sectors of the country, having in consideration that this important industry should be effectively promoted (www.mahaon.net). International tourism is extremely important for the maintenance of the industry, it is essential that Ecuador like many countries of Latin America, explode the extraordinary tourist resources that they possess (www.vivecuador.com)

In Latin America the first thing has to be done is to maximize receptive tourism as “realizing it as important for the economy” (*The Importance of the Tourism in Latin America*). When possessing so much diversity and novelties for receptive tourism, it should be aware to be able to exploit these marvels so that this way, Latin American countries can enjoy the economical benefits that this activity represents.

As a consequence, international tourism is of excessive importance for these countries, especially for Ecuador; a country that has numerous areas that can be exploited, bringing bigger revenues of foreign currencies for the government, and the companies dedicated to this business, benefiting the public sector as much the private one, and this

way every Ecuadorian habitant. Thanking that this kind of resource is one of the most suitable for the current circumstances in which the country is, it will be allowed to exploit it, generating stability and obviously wealth. With the appropriate managing of the investments directed to tourism Ecuador, it will be able to become a potency in this field because of its resource variety and beauty.

The tourism is a completely renewable and sustainable source of resources, compared to other industries like the petroleum industry which is coming to its end in next decades, or agro-industry that degenerates earth like the case of floriculture, and even migrant revenues even being a very important income for the country, it does not represent the best the best way to generate wealth. It is so, that with the new tendency of many countries and the most suitable for Ecuador, tourism represents the best alternative, being especially this a very appropriate source of income for the conditions of many countries in the American continent.

1.2. Adventure Tourism in Ecuador

Ecuador is a country with inexhaustible natural wealth. The geographical and climatic diversity of its four regions contributes to the maintenance of thousands of flora and fauna species. On the other hand the conditions of its regions are very favourable for the development of tourism; their biggest advantage is the easiness with which the tourists can know very different places in only four or five hours of distance. Ecuador is strategically located in the middle of the world and the Andes cross the centre of the country, which benefits the beauty of its landscapes, and the diversity of places that a person can visit, allowing them to carry out many tourist activities, and all them very different among them. (www.viveecuador.com)

Ecuador like most of Latin America countries has a privileged geography for the development of tourism in their different expressions, such as Ecotourism, Traditional Tourism, Community Tourism, Cultural Tourism, Adventure Tourism, among others. In this essay I will comment about Adventure tourism within the Ecuadorian territory, this activity that this linked with the adventures and with the contact with nature, transforming it into a kind of tourism appreciated by many kinds of people of different ages.

Adventure tourism directly tied to strong emotions and exotic attractiveness, this is why activities like the rafting, mountain cycling, escalade, motorcycles rides, etc. are the main experiences and they are being more and more searched for by foreign tourists, especially by young people who are willing to experience all kinds of emotions, either because this is activity of their habitual life or a first time experience, for all those that are interested in having contact with their chancier feelings, adventure tourism is the suitable way. (www.cuenca.com.ec)

In Cuenca as much as the rest of Ecuador, there are many companies dedicated to adventure tourism, they all have in their mind the will to satisfy the needs for the emotions that the visitors have. Ecuador is already known internationally by its wide range of extraordinary places to visit and where adventure tourism can be practiced, such is the case of the Cotopaxi and Chimborazo provinces where with their respective elevations, climbing and hiking can be made, also the Ecuadorian jungle offers a wide variety of attractions dedicated to adventure tourism, such is the case of the water rapids, or cycling, on the other hand the Ecuadorian mountain side, Sierra, has a very attractive and promising landscapes for all type of adventures, either bicycle, motorcycle or by foot. Its wonderful landscapes, so diverse the one from the other allows to offer a wide range of activities depending on the diverse requests that the tourists can have.

1.3. “KTM ADVENTURE TOURS” focus towards Ecuadorian Tourism

KTM of Ecuador is a company dedicate to the trade of KTM motorcycles which are built in Austria. This type of vehicles is designed so that its use is of high performance, of thrilling emotions, and adrenaline contact. The company has already a market positioning reason for which it has seen the necessity to venture in new fields, like it is the case of Adventure Tourism.

“KTM ADVENTURE TOURS”, is a project that will launched to the Ecuadorian market, so that tourists, local and foreign, can use motorcycles around the whole country, enjoying its landscapes and the advantages that the Ecuador offers. KTM

ADVENTURE TOURS is originally an idea of KTM of Austria, which is being promoted internationally through authorized concessionaries, so that they are the promoters in each country.

In the case of Ecuador the only authorized distributor is “KTM of Ecuador”, which will promote the project and it will have an aim of satisfying all the clients’ needs and expectations. The company counts with highly professional and trained personnel to guide tourist expeditions, all the necessary equipment for the motorcycle maintenance the technical support and service which is provided by the company KTM Racing Service.

Within the city of Cuenca, location where the exclusive authorized dealer is settled, there is no other company that offers the service that is proposed by our company through this project. At a national level in Quito there is a company dedicated to this service, reasons for which KTM of Ecuador has decided of implementing this project in Cuenca only, with the vision that in the future it can position it self at national a level, and to venture internationally in Latin America.

KTM ADVENTURE TOURS, will have as its main objective, to provide a service of tourism tours in motorcycles around Ecuador, enjoying the adrenaline rush that the vehicles like these offer, the incredible places that will be known in the journey. The tours will be carried out completing all the security requirements that are necessary inside the Ecuadorian laws, as well as working jointly with the companies dedicated to the tourism that is pertinent, depending on the situations that each tour is carried out.

CHAPTER II

MARKET RESEARCH

2.1 Market Research, general and specific objectives

Objectives

General

- Identify the needs and expectations of KTM of Ecuador possible clients for its adventure tourism project, in order to offer a service that satisfy these needs.

Especific

- Know the scope of the KTM ADVENTRURE TOURS project scope
- Identify the market size and who are the potential clients for this project.
- Give priority to the clients needs and expectations in order to offer the tour service
- Know if the offered price is the most convenient one
- Identify the communication channels for the publicity and marketing campaigns for this service.

Research Plan

The research will be carried out in two stages; the first stage will be done through in depth interviews applied to motorcycle business knower as much as to people that have offered similar services in different countries around the world.

The second part of this research will be carried out through surveys. The universe for which the surveys will be applied is the Azuay province focusing in people that enjoy this sport and that they would be willing to use the service.

2.2 In depth interviews for people who know the motorcycle business and tour operating

Through these interviews the necessary knowledge about how to satisfy the clients' needs and expectations about this service will be achieved. In depth interviews are a very valuable tool, especially in this case since it establishes important information exchange with experts in our interest areas, this way it allows the company to maximize all the information for the development of the project.

The interviews will either be carried out to people that have used this service, whether in other countries or Ecuador, on the other hand interviews will be made to experts in the topic of motorcycles since they are the ones that know the necessities that can come up and they can know what a motorcycle user could like or could want from this kind of service, especially considering that motorcycle lovers have the same taste and needs, without caring where it comes from, consequently the demands will be very similar.

The interviews will be carried out to following people, due to their knowledge in the topic or considering that they have used very similar services in other places of the world.

- Dr. Nicanor Merchan, who has used this kind of service in many places around the world such as India, Malaysia , United States, México, Portugal, and others.
- Santiago Jaramillo, who also has enjoyed this service in places like Peru and the United States.
- Felipe Merchan, joining his father has visited the places that were mention before.
- Patricio Ordoñez, president of the “CUENCA DUAL SPORT”, which is a motorcycle club in town.
- Ing. Pablo Rosales, with experiences in various places like United States, Mexico, and others.
- Hans Kinnigarden, who works in KTM Austria, and is in charge of the project KTM ASVENTURE TOURS all over the world, as I mention this project it's intimately related to this factory, I had the change to talk to him over the phone.

- Felipe Andrade, KTM pilot, who is in perfect conditions for use this kind of service.

The interview:

With the interviews, the company will try to identify the clients' possible needs and expectations at the moment of hiring a service like the service that KTM of Ecuador seeks to offer through this project KTM ADVENTURE TOURS. They will also be helpful at the time of identifying decisive facts such as threats and opportunities as much as weaknesses and strengths this project might have; the interview seeks to answer the queries that were established in the general and specific objectives of the market research and analysis.

Possible Questions:

- If you could count on a service of renting a motorcycle, what would be your main needs?
- What is the most important aspect at the moment of hiring a adventure tourism service: motorcycles, guides, food, lodging, the tour it self, or technical service?
- Would you be willing to pay anywhere from 200\$ to 300\$ for a service that includes: transportation and motorcycle leasing, food, fuel and lodge?
- Do you believe that the pilots driving ability is an important aspect and a decisive one for the formation of teams or groups for a tour?
- Do you agree that the payment option is through credit card? And that an open voucher system (like hotels use) in case that there is any damage during a tour?
- Do you believe that Ecuador's geography is an advantage for motorcycle tours?

KTM of Ecuador intends to launch to the market a project called KTM ADVENTURE TOURS, which consists with the leasing of motorcycle equipment for tours within Ecuador counting on additional services.

- According to your opinion, who should the service of leasing motorcycles for adventure tours offered by KTM, be targeted to?
- According to your criteria what could be a big weakness this project might have?

- According to your criteria, what do you think the biggest threat could be to this project?
- In case you have already used a similar service before, how where you informed of it, was it suitable?

2.3 Data Analysis

According to the data obtained with the interviews the company is in perfect conditions to offer this service within its service options; the conversations held with different people understood in the topic, as much as those who have had the opportunity to use similar services in different places of the world.

Within the first part of the interview in the one of the questions about the clients needs at the moment of hiring the service, we can conclude that it is necessary and fundamental to state the honesty and ethics that the company works with at the moment of negotiation, and without place to doubt mention that the motorcycles should be under perfect conditions, offer a wide range of additional services, such as technical service and logistical services as hotel reservations, etc.

On the other hand, clients expect that the company expresses trustingly that the motorcycle is the best, they have stated it is of utter importance at the moment of acquiring this service, for that KTM ADVENTURE TOURS, will emphasize the equipments good conditions, as well as mention as one of its strengths the quality of guides that the project possesses; it was also mention that the price that will be paid for this service is suitable for what it offers, in relation to the lodging and food.

In reference to the payment forms, through the interviews the company could observe that people who have used this service are willing to pay and comply with the requirements that have been expressed the project, because when they have used this service in other times and locations they have complied with the same system. The potential clients have expressed that maybe there could be other types of damage charging services, such as checks or pay to letter so that it can facilitate the clients that don't possess credit cards, with the advantages that for clients who want to pay cash they can be discounts or some other incentive.

One of the expectations expressed in the interviews was to know if the driving ability or the pilot's abilities are a decisive factor at the moment of conforming groups or tour teams, and in this case all the interviewees said that if that it is very important to consider the driving ability so that this way all the members enjoy the tour, and become spokesmen for new clients.

Thanks to the answers obtained in the interviews the company will be able to strengthen the opportunities that Ecuador has in international tourism, since it has incredibly beautiful landscapes and that the conditions to carry out sport adventures like the case of motorcycle tours and that it is very favourable; geographically Ecuador is located very strategically and it is very appreciated around the world.

The weaknesses that the experts could identify are the infrastructure that is needed, many of the times it is not believed that the company can have all the necessary equipment to fulfil the client's demands, on the other hand also it was said that at the being a new project the company may face many setbacks, the same ones that should be managed correctly so that there are no possible problems, because it can be the bad for the reputation of the project.

A very important threat that this project will face is the weather, because it can ruin adventures, and many times the clients they will be disappointed, however it will be the guides' ability to overcome these inconveniences.

According to the experiences that the interviewees have had, it has helped the company by identifying the best way to promote and to find out about this kind of service is Internet, the main tool through which many businesses are made and negotiated. It was recommended that it is very important for the success of KTM ADVENTURE TOURS, to advertise through a Webpage, or a very good contact for which people have an easy and well-known access. Within this advertising it should be very clearly specified the tour type, the motorcycle, and all that this service has to offer.

This way analyzing the interviews obtained results, the company can say that to introduce this service in the market, it is very important to take into account the needs

that should be satisfied, and the expectations that the clients might have. It is necessary to be very careful on how the publicity and advertising of the project for the national and international clients since it is the base with which the project will be put into practice.

2.4 Azuay Province Sampling

The universe in which the study will be developed is the Azuay province, because this way the needs and expectations of the potential clients will be identified, and as mentioned previously the needs of the motorcyclists are very similar in different locations, reason for which the Azuay province will be the first stage of the project.

Location

The place in which the surveys will be carried out will be the Azuay province, since the project is a “pilot project” so that it can later expand at national level. The investment is not too big, reason for which the company can have an example in an universe for then to continue to extend nationally like it is the objective of the project.

Information

The information will be obtained by people that go to the places where the motorcycles sport is practiced such as competitions, information will also be obtained from people how visit motorcycle or motorcycle accessory shops because many times there are people who enjoy this sport but do not own this kind of vehicle.

Universe

The universe that will be used to carry out the surveys will be based on the data of KTM of Ecuador in reference to the number of motorcycles that have been sold from of the year 1996 until February of the year 2007, the same one that is of 940 motorcycles.

Sampling type:

In the case of the surveys that were carried out to the clients in the company's database, a Stratified Random Sampling will be used, this allows that the obtained data of this sampling type are reduced in their error margin.

For obtaining this sample it was necessary to apply the following formula:

$$n = \frac{P (1 - P)}{\frac{D^2}{Z^2} + \frac{P (1 - P)}{N}}$$

n: sample size

N: Population size

D: Error expression (divided between 100 by 7 % error)

Z: Difference between a selected value X and the average u, divided by the standard deviation. For a 90% level Z equals 1.64, for a 95% Z equals 1.96.

P: Percentage of people who are estimated to answer a key question. It can only be answered by a pilot sampling. In the case of not having a pilot sampling, the formula works with the worst supposition, meaning that half the people who chose this option will have opposite choices, in that case P equals 0.5.

$$n = \frac{0.5 (1 - 0.5)}{\frac{0.07^2}{1.96^2} + \frac{0.05 (1 - 0.05)}{940}}$$

n= 162 surveys.

The sample size is 162 surveys, with a 7% error margin.

2.5 Survey to the segment selected.

SURVEY:

Good morning/afternoon, I am a student of Universidad del Azuay, and I am applying a survey in reference to the preferences and likes of people related to adventure tourism for my final project.

Sex

Masculine	
Feminine	

Name:.....

Telephone.....

Survey Location.....

Survey Date.....

E-mail.....

- 1. Would you be willing to rent a motorcycle for a adventure tourism service, where you could enjoy Ecuador's landscape?**

YES	
NO	

If the answer is NO continue to question N° 2, other wise continue to question N° 3.

- 2. For what of the following reasons would you not be willing to use this kind of service?**

It is not sport of my predilection	
Because already you own a motorcycle	
You do not trust this service	
For the price	

End of the Survey. Thank you very much.

- 3. From the following options, grade them from 1 to 5, being 5 the highest, the needs that you believe need to be satisfied at the moment of leasing a motorcycle.**

Lodging needs	
Equipment with Fuel	
Technical support	
Feeding needs	
Payment options	

- 4. Do you believe that the pilots driving ability is an important aspect and a decisive one for the formation of teams or groups for a tour?**

YES	
NO	

- 5. From the following options, which do you believe might be potential clients for this project of adventure tourism and motorcycle leasing?**

(Only 2)

Foreign Tourists	
National Tourists	
People who like this sport but do now own a motorcycle	
Retired Motorcyclists	
Business men who like the sport (who do now own a motorcycle)	

- 6. From the following amounts, which do you consider to be the most suitable for leasing a motorcycle, knowing that it does not include anything other than the equipment?**

From 100 to 150 dollars (per day)	
From 151 to 200 dollars (per day)	
201 dollars on (per day)	

- 7. From the following amounts, which do you believe to be suitable for covering lodging and feeding expenses for a driver?**

From 40 to 80 dollars (per day)	
From 80 to 120 dollars (per day)	
120 dollars on (per day)	

- 8. From the following amounts, which do you believe to be suitable for covering technical support and Fuel for a motorcycle?**

40 dollars	
60 dollars	
80 dollars	

- 9. From the following kind of tours, which of the options would you like to practice?**

(Only one option)

Enduro (2 and 3 order trails)	
Adventure (highways and first order roads)	
Hard- Enduro (3 order and chaquiñanes)	

- 10. Do you believe it is necessary for KTM of Ecuador offers with its services the Adventure tourism project?**

YES	
NO	

Thank You.

2.6 Survey Data Analysis

The surveys were carried out in different places where the designated survey segment could be found, such places like motorcycles shops, in this case KTM of Ecuador shop warehouse, also in the different sport places such as the Motocross of Ayancay circuit and the Motos & Motos circuit, as well as in the competitions carried out in the motorcycle tour months in Naranjal and Turi.

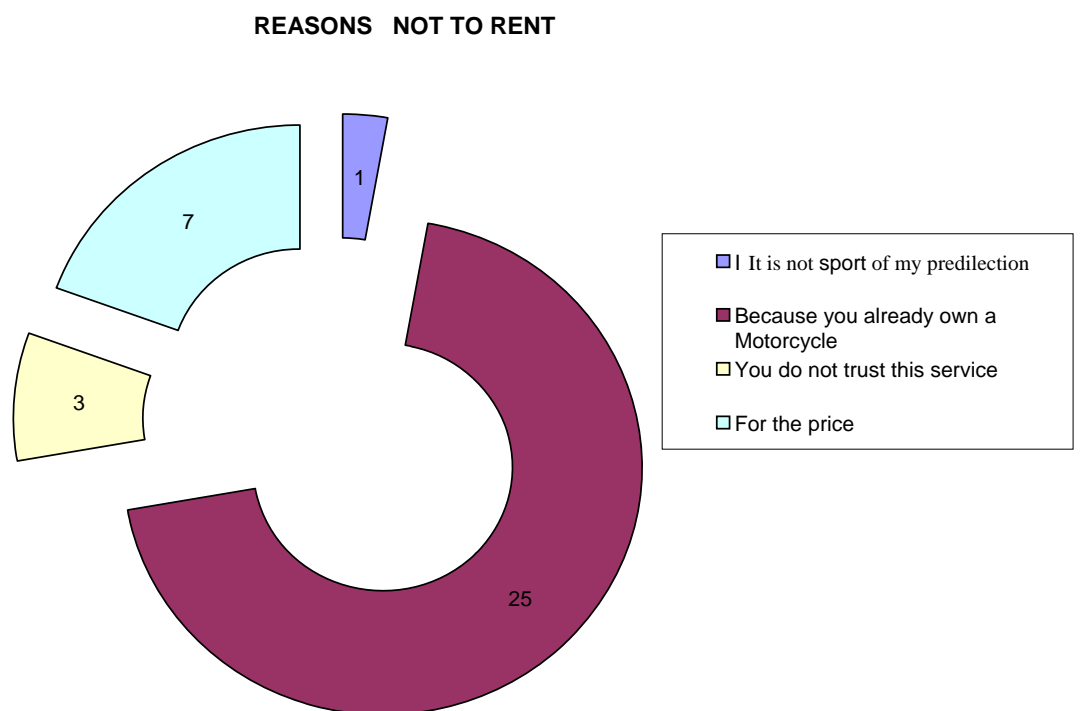
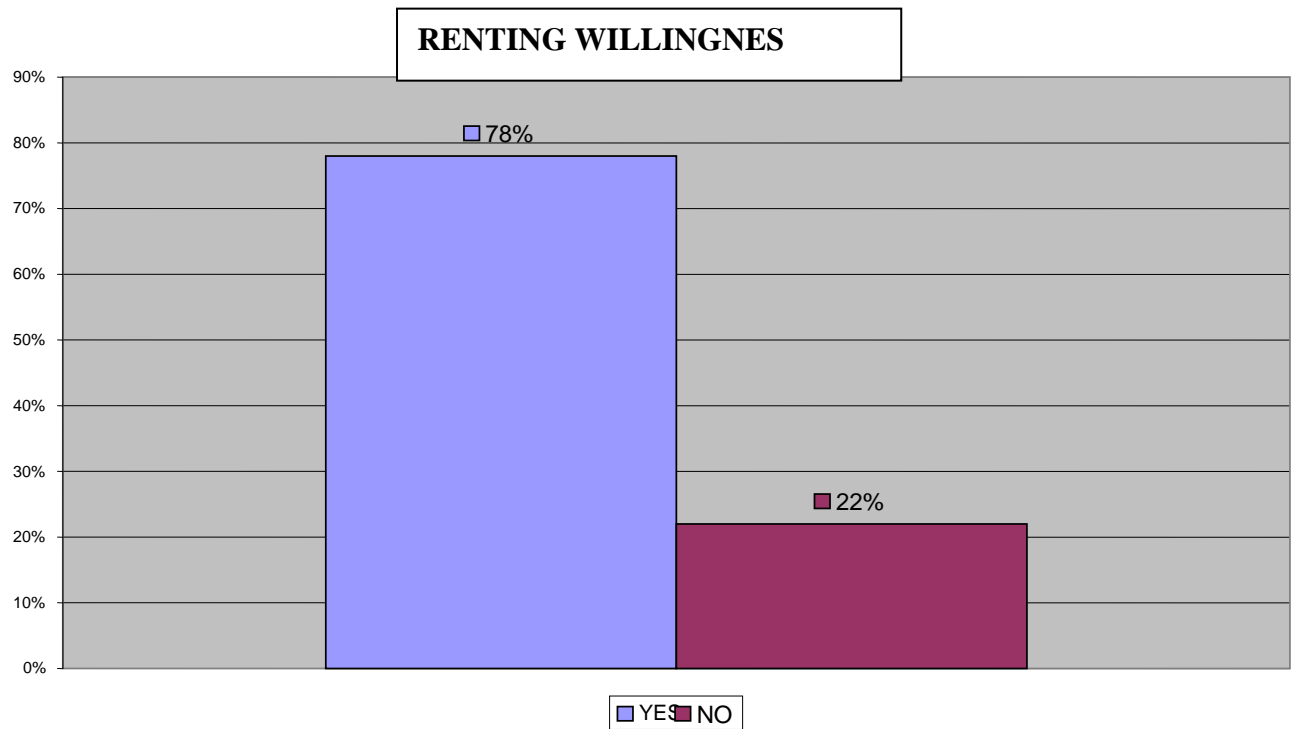
From the 162 surveys that were carried out, the result was a total of 162 positive answers, and 37 surveys that were negative in reference to the first question, that in the second question answered that they would be willing to use the proposed service.

In the following data analysis we will expose the answers of this market research, as pilot project in the Azuay province specifically in the Cuenca City.

* Annex 1

2.7 Obtained Answers Analysis

Question 1 and 2



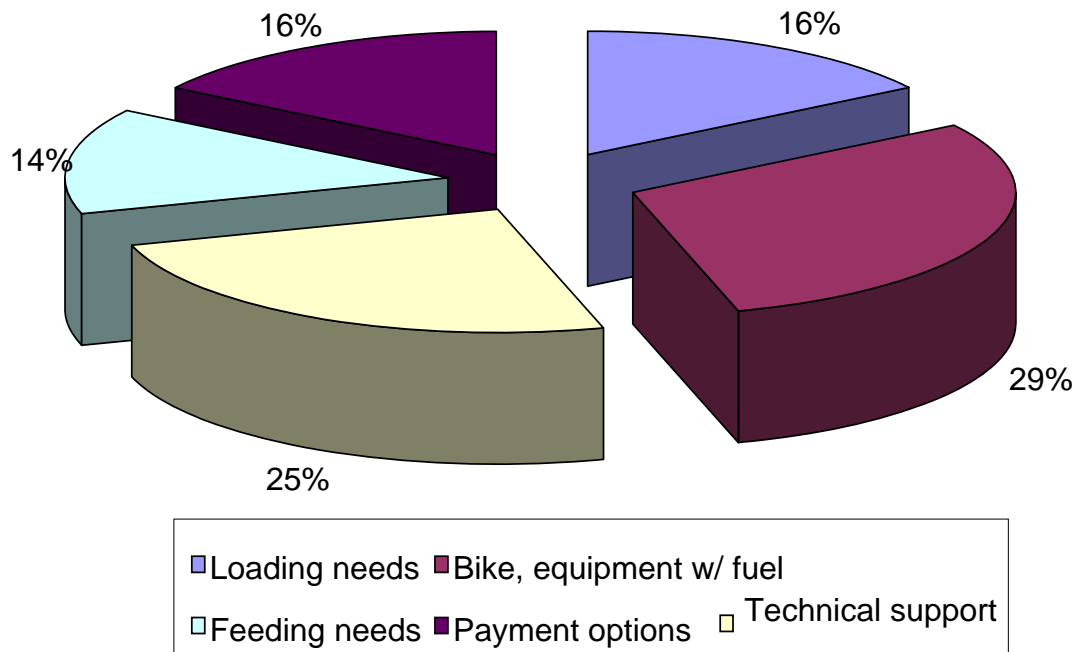
Through the first question of the survey we could realize that 78% of the surveyed people would be willing to lease a service of tourism related to motorcycles around the country, through this result its very easy to realize that the market would be prepared for a service like the one that KTM of Ecuador plans to introduce.

With the results of the second question that represent only 22% of the interviewed people, meaning 36 people, it strengthens the companys decision of introducing the service, since 25 of them answered that they would not use this kind of service because they already own a motorcycle, with what the company can strengthen an option inside the company in which people with their own motorcycle have access to tours around Ecuador, becoming another way of selling the service.

Only 126 people continued with the survey through the questions 3,4,5,6,7,8,9,10, since the case of not being willing to rent a motorcycle and to respond that they would NOT in the first question, the survey finished with question number 2 after knowing the reason.

Question 3

SATISFACTION OF NEEDS

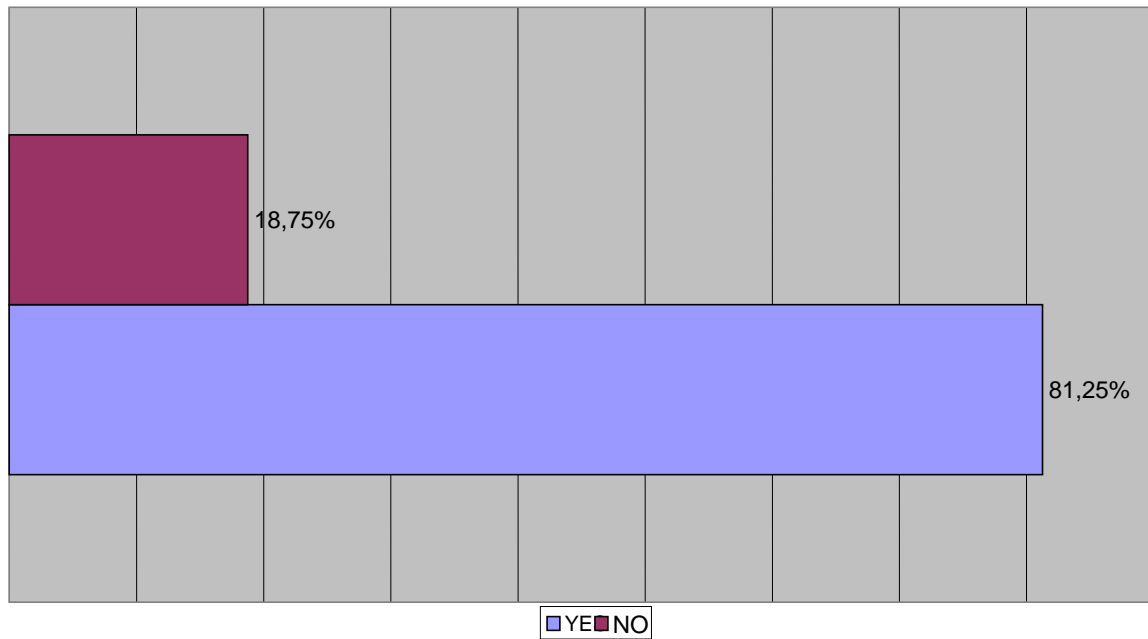


With question 3 the company can identify the main needs that the clients want the company and the service to satisfy, and what they believe should be offered, the options that were presented question are the basic needs that people believe this service should have and through this survey we could stratify and to locate them according to their importance, to use them later as an advertising tool.

The results were that motorcycles with fuel have 29% of importance, the technical service 25%, the payment form and the lodging 16%, and the feeding of the pilots 14%, using these results the publicity of the company will be directed to the motorcycles and their service, becoming their main instrument of publicity and promotion.

Question 4

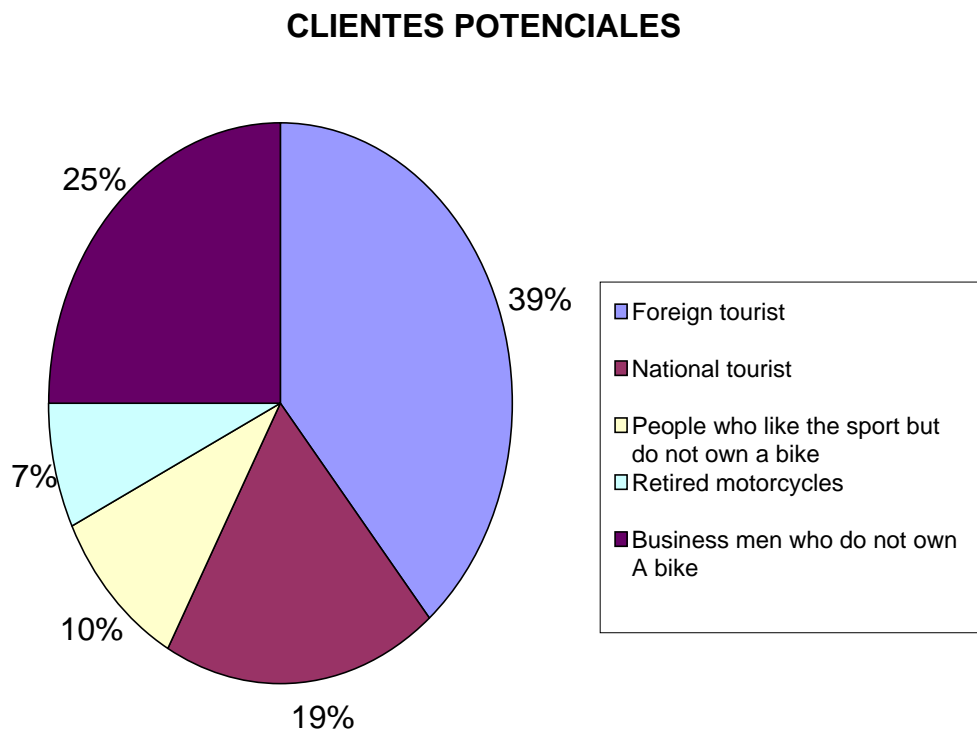
FORMATION OR GROUP, IMPORTANCE OF THE DRIVING SILLS



Through question number 4, the company can identify the people who need and expect that the service that they are willing to acquire, maintain a philosophy in which the groups will be divided for the different adventures in such a way that it is allowed all the members to enjoy in the same way.

81,25 % of people think that if they should be formed into groups according to the driving abilities, through this result the company will have the most careful type of advertisement to promote a tour, or at the moment to form groups, becoming a key tool to get to the market.

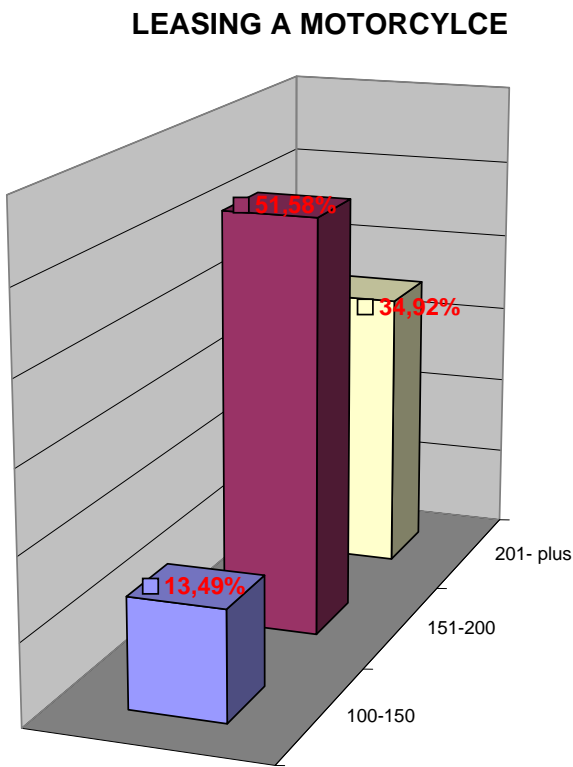
Question 5



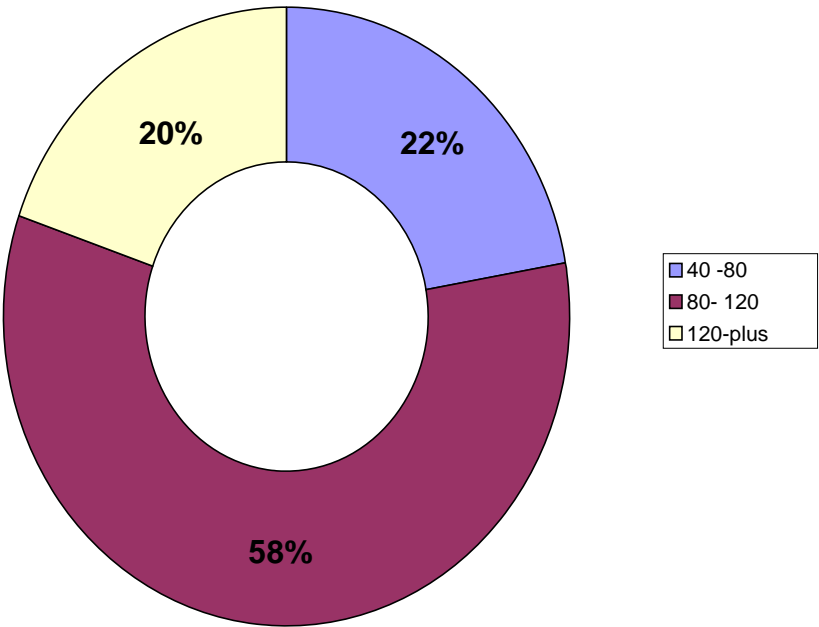
In question number 5 the company wanted to identify who will be the future clients that the company can have, with this query those interviewed helped for the promotion of the service goes directly to the segment that must be exploded.

The results were that 39% of potential clients will be foreign tourists, and 25% business men with an appeal for the sport, with these results the managing of the advertising tools will be directed mainly to these two segments, without leaving aside other segments like the national tourists, however the biggest campaigns will carry out targeted to the mentioned segments, so that this way the resources are channelled in the best possible way and no money or efforts would be lost.

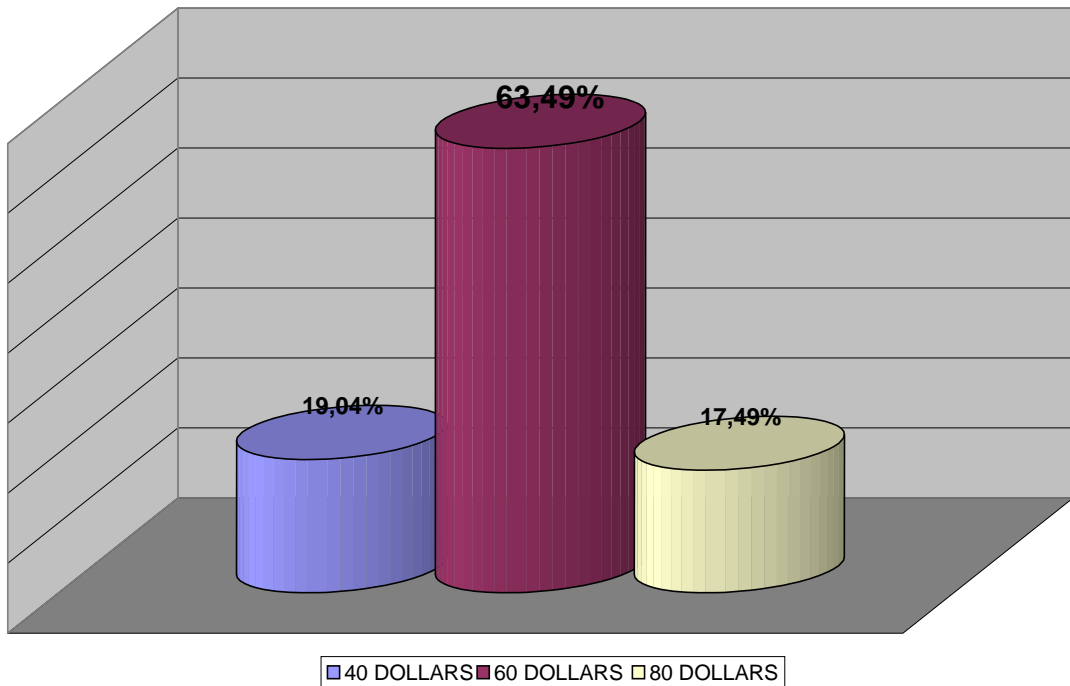
Questions 6, 7, 8



SUITABLE FOR COVERING LODING AND FEEDING ESPENCES OF THE PILOT



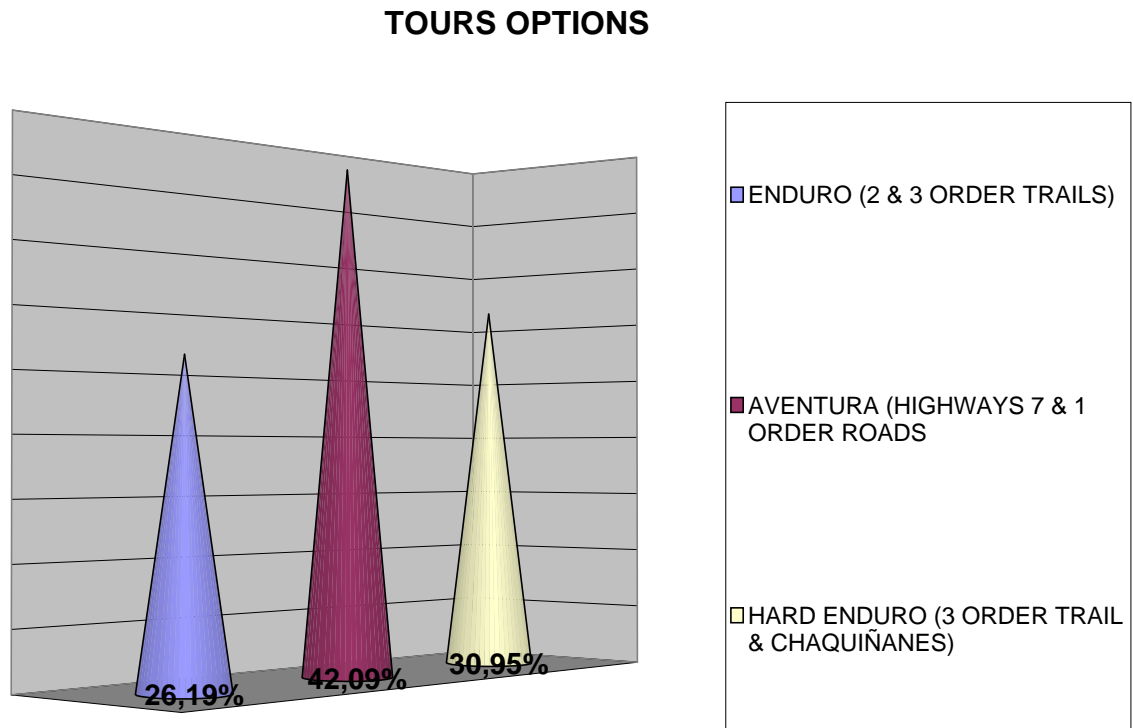
SUITABLE FOR COVERING TECHNICAL SUPPORT



The objective of these questions was to sustain that the price marked by the company is suitable what people would be willing to spend in the lease of a motorcycle, lodging, feeding and technical service. As a result of the three questions and adding the costs that are planed for each activity, the total amount comes up to 380 dollars, being a much higher sum that the one that the international standards propose, the company will base their prices using those of the global market, for what they demonstrate that they will be very well located the results since they confirm it.

In three questions we can observe that more than 50% of the interviewed people would be willing to pay higher amounts of money, quantities between 250 and 300 dollars in total for the service, supporting what the company outlined.

Question 9

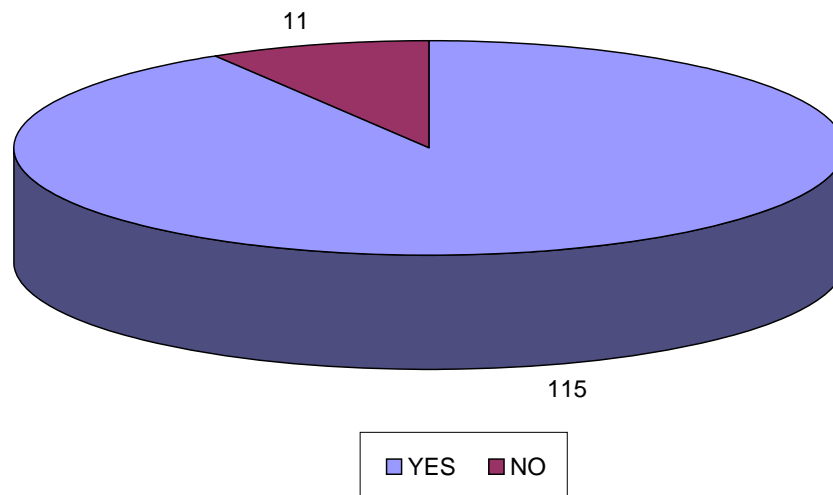


Thanks to the obtained results the company will be in perfect knowledge of the preferences of the future clients, this way it will be able to emphasize their promotion in the options that people prefer.

42,09% of the interviewed people would prefer and Adventure tour, which is carried out through highways and first order roads, with this the company will provide to the service with the necessary instruments, like they are the motorcycles and appropriate service and the routes for the good performance of this trip.

Question 10

INCLUDE KTM ADVENTURE TOUR IN THE KTM OF ECAUDOR'S MENU



The obtained results in question number 10 are very encouraging for the implementation of the service since 115 people have said that the company KTM of Ecuador should implement this service within its options.

Thanks to the carried out market research through two very important tools, such as in depth interviews and surveys, the company can observe that the project KTM ADVENTURE TOUR, is a much appreciated service, becoming a very big advantage. The implementation of this service in the options of the company KTM of Ecuador will be a great success and it will be big accomplishments are expected.

As well I can say that Cuenca's market it's able to have a motorcycle rent and tours around the country service. Which it is a very important start point to make a decision in this project, and go national and international.

Trough the survey it's possible to see that the tendencies and likes of the people, therefore we are able to point out what it is most important for the market, it demands and to know exactly what kind of bike do they want to rent. Thanks to the results KTM of Ecuador would be able to make stronger it's strengths to have more costumers in the future.

CHAPTER III

MARKET ANALYSIS

3.1 Economical Scope

Although Ecuador is mainly an agricultural and oil producing country, tourism is a very important source of income for the economy the country. Being one of the most promoting businesses of this new era, where the world and the country are submerged, the company should consider that Ecuador is a completely privileged country, for its geographical location, cultural variety and its climate.

The tourist demand from around the world and the attractive places that can be found in Ecuador are very positive opportunities for the establishment of this project. Ecuador and its current situation mean a very favourable atmosphere for the expansion of a new tendency like tourism; many places that are dedicated and specialized in this industry along the whole country, facilitate the management and application of the project KTM ADVENTURE TOURS

3.2 Competition

In the city of Cuenca our company could not identify any competition with reference to this service. In Quito there are some companies dedicated to the leasing of motorcycles with tourist ends, but the only company that is worth to mention operates because it possesses the same system that KTM of Ecuador plans to implement, this company is MOTO LOCO ADVENTURE TOURS, this company has already some years in the market, for that reason KTM ADVENTURE TOURS will need to apply the best techniques to compete inside the Ecuadorian market.

MOTO LOCO ADVENTURE TOURS, is a company whose owner is a foreigner of American origin, this can be advantageous on one hand because the communication

with the foreigners in certain way is a little simpler, but it cannot leave aside the fact that the routes and the places where the tours are planned to be practiced in for the adventures are better known by Ecuadorians. This company uses motorcycles as Yamaha and KTM, what benefits KTM ADVENTURE TOURS since it certifies that the motorcycles are of very good quality that even other companies use them.

The advantage that KTM ADVENTURE TOURS has on its competition is the technical service with which KTM of Ecuador counts on, meaning that is the motorcycles will always be in excellent conditions and it will not fail when a new adventure begins.

3.3 Clients

The clients to those that it is sought to arrive with this service are mainly foreign and national tourists as much as to businessmen with likeness for the sport that don't own motorcycles, according to the market research carried out in and analysed in the previous chapter where the segment to which this project should be aimed to was determined and previously mentioned.

3.4 Marketing Plan

Through a marketing plan it is possible to know, what is commonly used as the 4p of the market that are, product, promotion, plaza and price; which provide very valuable information so that the project and its development is given in the best way.

In this case each one of these options will be studied to be applied to the necessities of the company like of the clients. With these tools you can classify all the elements to apply them to the reality of the company and get a better result.

3.4.1 Product or Service

The progressive installation of new tourist tendencies has benefited vastly to what KTM of Ecuador proposes in this project aimed towards the service of motorcycle rentals with tourist ends at national level. The service will be targeted to foreigner visitors, without leaving aside the enormous potential the interested of the interior market might represent.

Detail description of the service that will be provided.

The service that KTM of Ecuador seeks to introduce in the market through its project KTM ADVENTURE TOURS, is to lease of motorcycles for adventure tours around the country.

The service will include the rental of KTM motorcycles, which are distributed at national level by KTM of Ecuador, the trips that are carried out in the whole country will be directed by specialized guides in the handling of motorcycles and with a perfect knowledge of the travelled places, without forgetting to mention their knowledge in mechanics that is what will be needed in the trips. On the other hand, also KTM of Ecuador will be in charge of the necessary reservations for lodging for the tourists, as well as of the necessary contacts to continue with their trip in the national territory.

In each trip that will be carried out, the client will have the necessary instruments so that as much the motorcycles as the pilots can be in the best conditions, so that our potential clients enjoy to the maximum of all the experiences of the tour. Within the tools that will be used for the benefit of the service we have:

- A fuel truck, motorcycle spare parts, food and drinks for the tourists.
- A van with all the equipment for the team, the same that will serve as transportation.

The team that will be in charge of the tour will be made up by the director of the tour, a mechanic, and the guide who will be the person in charge of taking to the motorcyclists around Ecuador.

Service Application:

The service will be applied through a contract with an authorized person who is the one in charge of hiring the personnel that will operate the tour. For the recruiting of the service it is necessary to have a credit card, with which the company is sure that in the event of any problem or damage in the motorcycles it can be charged to a credit card. The contract that will be signed will contain all the detailed information of all that KTM of Ecuador covers and of the client's responsibilities.

The service will have novelty and attractive tours, it will be sought to satisfy the needs that our future clients can have, focusing us in different forms and presentations of the trips, so that this way they can be fit in the tour that is appropriate for each one.

Tour Options.

Name	Duration	Difficulty 1-5	Date
Chimborazo Tout	3 days	3	
In the Heart of the Jungle	4 days	5	
Cuenca – Loja	3 days	3	
The coast and its beauty	5 days	2	

Service Special Features:

The motorcycles that will be used for the development of the tours are imported from Austria where they are built, they are high performance vehicles, and depending on the class of roads that they are used, and of the objectives of the tour, the appropriate motorcycle will be used, the driving level that the pilots have is also of supreme importance for the organization since the tour will depend on this feature for the difficulty level and the type of adventure.

For tours that are carried out in the mountains the motorcycles that will be used will be equipped for this, vehicles such as KTM 250 EXC, 300 EXC, 450 EXC and 525 EXC, these are models designed especially to carry out what are known as enduro which are mainly through mountainous trails, branches, and around the cities. In case the trips are carried out in ballast highways of or asphalt, vehicles such as KTM 640 ADVENTURE R, 950 SUPERMOTO R, 990 ADVENTURE will be used, these are suitable models for the handling of long distances, second and third order roads. This way the company will

fulfil the requirements and expectations of all the drivers, and the needs that each group has, resulting in a bigger success.

KTM ADVENTURE TOURS SWOT SERVICE ANALYSIS

Strengths, Weaknesses, Opportunities and Threats

The Project strengths are:

- The investment is not too big since the motorcycles are already in the city, and because the company is the exclusive distributor of this brand the prices will be smaller, also the truck that will be needed for the equipment transportation is also already an asset of the company reason for which other investment funds will be targeted to advertisement and publicity.
- The brand is very well known internationally to carry out this kind of tours, and because the high quality that they have, its brand, the good results in many international competitions and its fame around the world, it is very favourable for the internal market.
- People that are in charge of guiding the tours are related directly with the company, since they already work in it, and they are people that have all the necessary requirements to complete this work.
- The enjoyment of motorcycles at national level has increased gradually; this has been observed in the results that KTM of Ecuador has had inside this market.
- As visible in the carried out market research in the previous chapter, the most important needs of future clients is that they will be satisfied with the good equipment that the company offers and the technical support, as previously mentioned this is a very important tool of KTM of Ecuador, becoming a great strength so that the service is successful.

The opportunities that his project has are:

- The service is totally new in the city and the company does not have any competition in the market in which it wants you to enter and that is ready to be exploited in the expected way.

- Dolarization has opened the way to a new tendency of consumption for Ecuadorians, for KTM ADVENTURE TOUR, this means a great opportunity since the inhabitants of the country are willing to spend their money in something that before was considered to be too expensive, a luxury, as motorcycles were considered.
- The market niche (middle -high class), where the company is targeted to it is not too wide, and this facilitates to the publicity of the project.
- According to the market research the project possesses great appreciation inside the market, meaning a very good opportunity.

Projects Weaknesses:

- The biggest percentage of clients that the project wants to capture, are foreign tourists, and the publicity is complicated for arriving to that target.
- Because the service is totally new in the city and its knowledge at national level is not big, the difficulty at the moment to enter in the market can come up.
- The lack of experience in the tours handling is a weakness of the company that will have to be overcome by means of specialized training in areas such as tourism services and strategies that are needed inside the business.

Projects Threats:

- The political and economic situation in which the country is wrapped up is a threat for the development of the project; since the image that the country has internationally can be affected by this uncertainty that characterizes Ecuador.
- The climatic factors play a very important role in the development of each trip, for what they represent a threat to the moment to carry out a tour, and not to have the necessary conditions, because many times that the climate in the country can surprise us.

Possible complementary or alternative products resulting from this service:

KTM of Ecuador works directly with KTM Racing Service, which is a company dedicated to the maintenance and repairing of KTM motorcycles, for which the project KTM ADVENTURE TOURS is essential, because this way the vehicles will

be under perfect conditions for the moment of each adventure. The personnel that KTM Racing Service works with is specialized and prepared to amend any damage that the vehicle may suffer.

Solutions for the projects weaknesses and ways to enhance its strengths:

WEAKNESS	SOLUTION
It is difficult to reach international clients with local publicity.	A web Page can help the advertising of this service through a link in KTM of Austria main page.
New Services difficulty for entering the market	Discounts, sales, advertising is a good way to make the service know and create an affinity with the clients
Tour operating lack of experience	Training courses in Tourism, specialized company assessor

STRENGTH	HOW TO BENEFIT
Investment is not too big, The company already counts with most of the necessary equipment for this project	Investment funds could be applied for publicity which will help the project to be known locally and internationally
KTM brand is very well known internationally and is the best equipment for this kind of activity; Tourism is favourable activity for internal market.	This can enhance the project and its diffusion in the local market, explode the brand and the resources can be channelled to satisfy other needs and expectations.
Guides are related to the company and know the routes and have the necessary requirements to accomplish this work.	It is less expensive for the company because the training will only focus in specific areas which are suitable for the company to invest on.

KTM ADVENTURE TOUR Key Feature Services:

It is important to highlight that the service will be of first class because the motorcycles that will be used are of very high level, and its performance is very good, this has already been checked by many users nationally and internationally. It is also of supreme importance the fact that inside this business people are really fond of the motorcycles, and they are in charge of showing Ecuador's beauty to the world, without forgetting to mention that all those in charge of guiding the tours, are people that have a high performance in their motorcycles, allowing that each adventure becomes an unforgettable experience.

3.4.2 Pricing strategy

The prices will be settled according to international standards, depending on the international market rates for similar services. The services that other companies lend around the world are very similar to the services that KTM ADVENTURE TOURS plans to implant in Cuenca and the rest of Ecuador.

The rates that are used are of around 200 to 300 dollars daily, the same ones that include:

- Vehicle rental
- Food
- Fuel
- Lodging

The prices can vary according to the special characteristics that the service may have for each tour, an example, if the price of the lodging varies too much inside that estimated, depending on the place to where the tour is planed for, and the hotel in which the tourist can stay, this will be consulted with time to the members of each group. Another factor that can influence in the change of rates is also the type of motorcycles and the tour type that will be carried out, since in many of the cases the trips for highways are a little more expensive than the enduros for the mountains and the hills.

All the pieces that are damaged or that they are necessary to change in the vehicle will be charged apart from the price of the tour. All this information will be specified clearly

in the contract that should be signed before hiring the service. Most of the reservations or of the contracts will be paid through credit cards.

3.4.3 Selling Strategy

Clients

The first clients for this project will be people in the city that have an affinity for motorcycles, and that don't own one, as much as people who do own a motorcycle and wish to take the tour and unite to a completely new adventure. The clients that will receive a bigger sale effort are foreigner visitors that are willing to see Ecuador by travelling in a motorcycle, they deserve a bigger sale effort because its them who will market the service of KTM ADVENTURE TOURS abroad.

Mechanisms for identifying potential clients and contacting them:

The potential clients that the project has can be found in the local and national motorcycles competitions, this type of events has a great affluence of people interested in the sport that don't own a motorcycle, and that in the case of owning one don't know the different and very attractive routes that the KTM ADVENTURE TOURS team knows and is qualified to offer and to allow a new adventure is totally new and different to any other experience to take place.

Key Selling Service Features:

The characteristics that KTM ADVENTURE TOURS plans to emphasize to penetrate in the market are the KTM excellent quality motorcycles, the qualified personnel that will mobilize the tours around the country and its technical service that it will offer for the care and maintenance of the vehicles. It is also very important to highlight the brands popularity and fame in the international market and the advantages it has over other motorcycles dedicated for the same application.

Key Selling Concepts

The main concept that KTM ADVENTURE TOURS plans to implant in its strategy is the client's satisfaction according to its necessities, meaning that it will depend on the

client the type of tour that is applied and the most important thing depends on the driving ability that the pilots might have which determines the route and the difficulty level of the adventure, allowing the clients to enjoy the driving and of the adventure, without becoming a preoccupation and regret of the investment.

Geographical Scope

The geographical scope that the project wishes to cover is the Azuay province to start with. Because KTM of the Ecuador it is located in Cuenca, and because the city counts with many motorcycle lovers among the citizens has become a strong point of inspired for the realization of the project. Once the plan is working in this province KTM ADVENTURE TOURS will expand nationally, with an aim in the future of crossing frontiers and to expand to neighbouring countries.

Geographical scope growth plan

The idea of crossing frontiers is an aspiration that cannot be applied yet, since the company doesn't have much experience in tour operating, for which the project will grow accordingly to the experience of the company to extend its scope, beginning with the Azuay market and later extending to the national scope in the future.

3.4.4 Promotional Strategy

As it is known the best channel for delivering our message it is the already known and practiced is the “sharing” marketing and publicity, this is the most effective tool with which our service can be successful, reason for which the company will use different promotions as “IF you BRING 2 FRIENDS YOUR TOUR is HALF THE PRICE”, so that this way the own clients are those in charge of promoting the service.

As it is visible in the market research thanks to the in depth interviews the strategy that should be used the most for this type of project, is without doubt Internet, through which the company can reach future clients abroad, the company will take advantage of a Web page that KTM of Austria already has and will try to include the packages that KTM of Ecuador will offer.

The product will be promoted through brochures with information, that will be passed on in different sport events, travel agencies and tourist places, banners was also be used along the country in the different malls related with this business, to promote the service.

* Annexe 2.

3.5 Service Policies

In addition quality service delivered by KTM of Ecuador, the project offers its clients the following advantages:

- Excellent brand motorcycles such as KTM, which will be under the supervision and care of KTM Racing Service for the best conditions and performance for each adventure.
- The contract will state all the responsibilities that the company has towards the client, as well as those of the client before the company, to have the best results in case of any problems.
- Guarantee of having an unforgettable experience around the marvels that Ecuador has to offer, without having to make anything but hiring the KTM service, since all the process lodging, feeding or other possible needs, will taken care of with organization of the tour.
- People that will work in the operation of the project are all bilingual, which facilitate the contact and communication with foreign clients.
- The necessary spare part to maintain to the motorcycles under the best conditions along the trip or tour will be available; this is in case of an accident that doesn't allow the pilot to continue with his tour.

3.6 Localization of the project

KTM ADVENTURE TOURS will be located in the facilities of KTM of Ecuador, the same one that is in Cuenca south of Ecuador. The address of the warehouse is the

Horizontes Building located in the Avenue of the Americas and Mariscal Lamar 16 - 20. It will operate from there, because this is the place where the motorcycles and the whole personnel are located.

The local with which KTM of Ecuador counts on is of property of the company and it has a dimension of 300 square meters, which has all the basic services such light, water, broad band Internet, and several telephone lines, facilitating the communications.

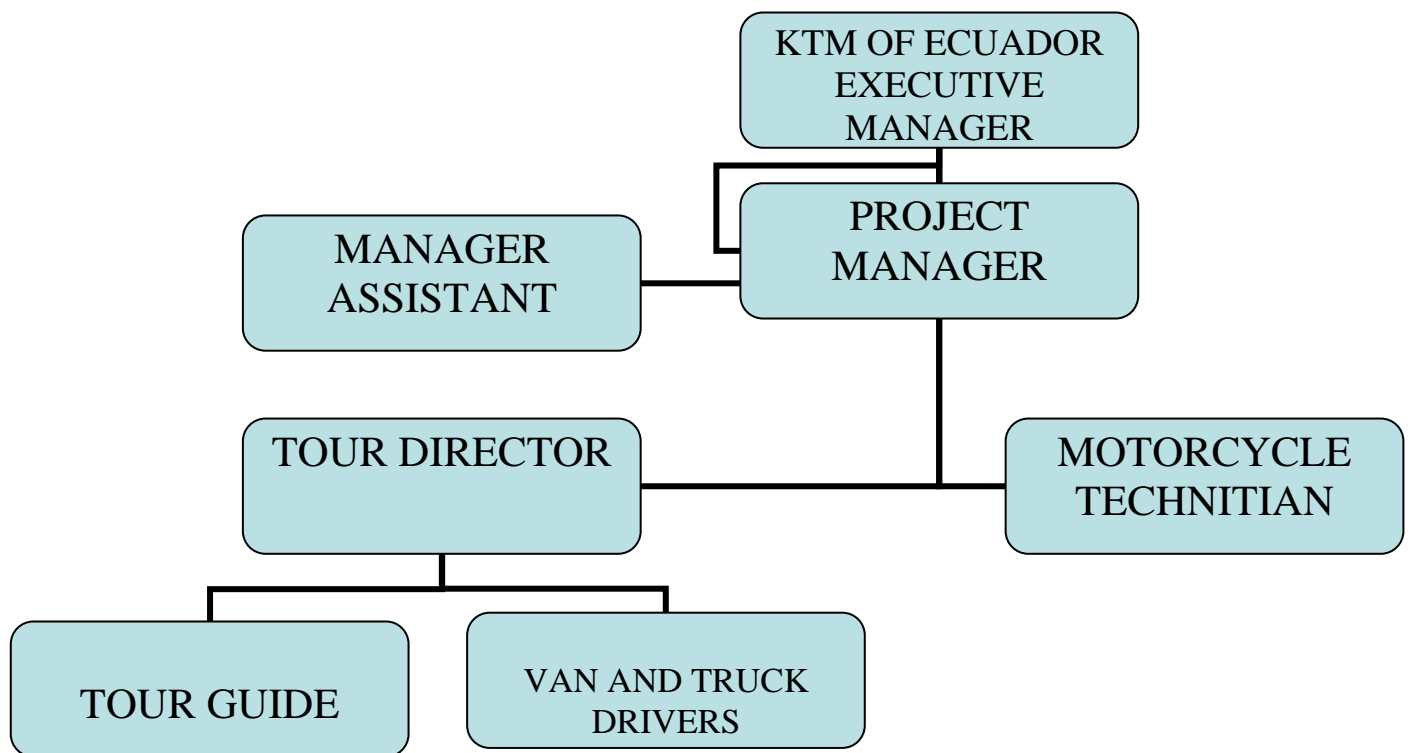
The local offers the necessary conditions to develop the project, since an office dedicated for the person in charge of the organization and the logistics of the project already exists. The office has all the necessary equipment so that negotiations and contracts can be developed from there.

3.7 Organizational Chart

KTM ADVENTURE TOURS will be developed inside the company KTM of Ecuador the same one that has a limited society structure. But it is important to mention that the project will have an independent development, which means that all the decisions will be made by the manager of the project. In the following chart we can appreciate the Company's Executive Manager as the most important person of the organization of KTM of Ecuador and who is a part of the project is Wilson Malo Vintimilla.

The manager position for the project will be executed by Carolina Malo Valdivieso who will be the person one in charge of all the contracts and negotiations that are needed for the development of KTM ADVENTURE TOURS project. The management assistance for the project will be in charge of Marisol Faican, as tour director the company will take into account people with the ability of managing tour operations and knowledge of tour organization. For technical assistance the company will count on KTM Racing Service in the person of Wilson Malo Valdivieso and people that he works with in his company. For the guides Juan Carlos Córdoba, Pedro Suárez, Wilson Malo Valdivieso and Wilson Malo Vintimilla, because they already work in KTM of Ecuador and their knowledge of the routes and in motorcycles is of excellent level.

KTM ADVENTURE TOUR ORGANIZATIONAL CHART



CHAPTER IV

CONCLUTIONS AND RECOMENDATIONS

When analyzing the development of this work, we have been able to obtain the following conclusions and recommendations:

Tourism is the fourth most important source of income for Ecuador, for which it is indispensable to exploit resource, the project that the company KTM of Ecuador seeks to introduce in the market is directed mainly to cover great opportunity that this industry has to offer.

The company counts on many favourable aspects since it possesses the exclusive representation of a very high quality and famous brand that is internationally know, mainly because it offers these kind of services in different countries, becoming a fundamental and decisive tool at the moment of implementing this kind of service as adventure tourism in the country.

KTM of the Ecuador already possesses the necessary motorcycles to carry out the adventures, as well as it already has the technical service of very high level, and the guides are already part of the company being all these key factors to the moment of conforming the project; with out forgetting to mention that the country has an inexhaustible source of new and novel resources for each adventure.

The diverse tastes and the variety of motorcycles are also a fundamental piece inside the project, for that KTM ADVENTURE TOURS, has a wide range of options that will help satisfy all the different clients' needs and expectations.

After carrying out the market research for this project it is visible that the city has the right conditions to allow the entrance of a new service of adventure tourism as the one that KTM of Ecuador wants to introduce.

Thanks to the information that was gathered by the investigation, now the company is in perfect knowledge of the needs that are indispensable for the clients and that they are the fundamental objective for the launching of the project.

With relationship to the company KTM of Ecuador and the presentation of the project of tourism KTM ADVENTURE TOUR could recommend that:

The passion for adrenaline and the appreciation of motorcycles that exists in Ecuador and around the world is a very big advantage and on that is ready to be exploited, reason for which the company should be focused on the perfect market to introduce the project to and have as a service, since the same one this under perfect conditions to make it.

The promotion and the publicity is a topic in which KTM of Ecuador should give a very important focus to, since through these tools the market will know about the service, it should also put emphasis so that its own clients are the spokesmen of this new service. The position of publicity and of promotion that are referred to in chapter III is very clear on how the publicity should be managed, because it is the clients who are the best messengers and suppliers of a good reputation so that the service is successful.

On the other hand the dates when each adventure will take place should be well studied and it is necessary to consider the climatic factor so that it is good and pleasant for all the participants, it is of supreme importance for the company to consider the driving ability of every tour member so that they can have a good investment and experience.

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