



Online Environment Market Research

Travel Lions Entering the UK Market

Jesse Backman

Bachelor's thesis
November 2015
Degree Programme in
International Business

ABSTRACT

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The aim of this study was to provide the commissioning company, Travel Lions, market knowledge of the online commerce environment in the United Kingdom. Additionally, key customer segments were to be identified and a customer acquisition strategy was to be suggested.

The data used in this study is purely secondary data obtained from reputable sources such as governmental publications and statistics and trusted banking services companies. The data was analysed and applied to a theoretical framework that was synthesised from multiple different marketing and market research publications.

Main findings were constructed according to the theoretical framework and included key attributes of the target market, key consumer segments and a customer acquisition strategy. The main theme across all findings was online commerce, which was found to be increasingly popular within the target market. Adequate medium for customer acquisition was identified to be online media.

This study fulfilled its' purpose satisfactorily, but it would be interesting to research the online commerce environment more deeply with a specific approach. The results of this study are generally applicable to any company starting operations in the United Kingdom online market, bar the findings specific to the travel sector.

Key words: online commerce, market segments, customer acquisition strategy, travel industry

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1 THESIS THEORY AND CONCEPTS

1.1. Thesis topic

During my internship, it came to my knowledge that the company I was working for was going to launch a new firm in the travel sector. The new company, Travel Lions, was launching a web-platform and direct marketing campaigns in Finland and the United Kingdom. As a student of international business management, I saw an opportunity to get a topic for my thesis. After a few meetings I and the CEO of Travel Lions concluded that it would be beneficial for the company to gain some market knowledge in the U.K., where the firm has no prior experience.

One of my jobs during the internship period was to contact customer data providers in the U.K. in preparation for the launch of Travel Lions. Majority of the data providers have multiple ways to differentiate between demographics, which allows for ideal selection of consumers to contact. For Travel Lions, the ideal customer had not been determined. One aspect of this thesis is to identify the consumers with most potential to become customers for Travel Lions.

1.2. Thesis objectives

The objective of this thesis is to provide Travel Lions with **market knowledge of the UK e-commerce environment and to suggest a strategy for customer acquisition**. These main points of the thesis will provide Travel Lions with vital information for their market entry. In order for the thesis to be able to deliver, the following sub-questions will be answered:

1. What are the specific characteristics of the UK e-commerce environment in the travel sector?
2. What are the key customer segments and their attributes for Travel Lions?
3. What is the best strategy for customer acquisition for Travel Lions in the UK?

1.3. Definitions

E-commerce is doing business electronically, covering any form of business, administrative transaction or information exchange that is conducted over any information and communications technology (Rowley 2002, 3). Turban E., et. al. (2010, 47) define e-commerce from five different perspectives:

1. Business process. From business process perspective, e-commerce is implementing business procedures in electronic form.
2. Service. E-commerce can act as a service for different parties such as governments, businesses and consumers. E-commerce enables lower service costs while improving quality of service. For example real-time mail tracking systems used widely by major mail companies come to mind.
3. Learning. E-commerce is an enabler of online training and education. In modern world various organizations, such as schools, universities and businesses use electronic environment for learning purposes.
4. Collaborative. From a collaborative point of view, e-commerce provides the means of co-operation between and within organizations.
5. Community. E-commerce acts as a gathering place for community members to transact between each other. The most popular type of community is social networks, such as Facebook. In addition, I would add different types of forums, which serve as a meeting place for people with similar, specific interests.

For the purpose of this thesis **e-commerce** will have a narrower definition. The acts of buying and selling on the Internet will be a central theme when discussing UK e-commerce behaviour. In addition, service and marketing facets will be included. The following chapter will enforce the relevance of e-commerce as a concept for this thesis.

1.4. United Kingdom e-commerce environment

The United Kingdom of Great Britain and Northern Ireland (UK) is one of the highest populated areas in Europe with a population of some 64 million people (Eurostat 2015). As in the majority of western countries, internet is used widely in the UK. In first quarter of 2015, 86% of adults in the UK, 44,7 million people, had used internet in the last three months. (Office for National Statistics 2015a.)

The Barclaycard Spend Report from third quarter in 2014 (Q3 2014) reports that retail spending is shifting to online environment in the UK. During the summer in 2014, 35,7% of traditional retail was conducted online and the number is expected to keep rising. In comparison, online spend share in 2010 was 16,1%. In addition, the portion of total spending in the travel sector in Q3 2014 was 5,8% with 24% of Barclaycard's respondents reporting they would spend more in the travel sector in the future (Barclaycard 2014).

As purchasing goods and services over the Internet is increasingly popular in the United Kingdom, focusing on analysing and understanding the online environment can be justified. With multiple companies offering similar service to Travel Lions, it is important for them to be able to identify their most potential customers. In order to analyse the online marketplace, traditional market analysis methods will be applied from an online perspective.

1.5. External analysis

To be able to understand and further specify specific characteristics of a customer segment, the environment in which they live and do purchasing decisions must be analysed. The external environment is generally split in two; the micro-environment and the macro-environment (Blythe 2012, 24, Hooley et. al. 2012, 55). The micro-environment includes factors close to the organisation, such as customer base and location and the macro-environment consists of factors that are common to the society as a whole, such as interest rates, legislation and climate. There are multiple ways to analyse these environments and the following chapters expand on these methods.

1.6. Macro-environment analysis

The macro-environment is what is considered the larger, general environment in which the company will operate (Blythe 2012, 24, 32). It usually consists of various aspects that are common to the society as a whole, and can include factors such as global trends or government legislation. In addition to analysing the “traditional” macro-environment, internet and its culture has to be analysed. As the main focus here will be on online environment, it will be important to analyse the aspects from an online point of view. However, the real world macro-environment is very much present in the internet world, and the two are bound together. This requires both worlds to be analysed together. For example, to be able to make conclusions of how people in the UK buy travels online, information on how travels are bought in alternative ways in the real world is needed. In addition, the general online purchasing culture will need to be analysed.

1.6.1 PEST-analysis

PEST analysis is a tool for analysing a macro-environment in a certain country or area. In its basic form the analysis consists of four different environments: political, economic, social and technological. The analysis has multiple variations that add other environments, for example legal and environmental (Collins 2010, 4, Hooley et. al. 2012, 56). The result of the analysis provides a comprehensive view of the targeted macro environment. For the purpose of this thesis, it is important to understand the driving factors behind consumers’ decision making. Understanding these four aspects of the macro environment will help with identifying specific characteristics and consumer behaviour.

Analysing the political environment of a macro environment consists of multiple aspects. One of the key points is legislation, especially any legislation that is exclusive to the field of operation. Both current and possibly future legislation should be considered. Another subject to analyse under the heading is government. Government policies and characteristics are taken under account when analysing political atmosphere. Government term and change are important in the sense that different governments have different characteristics which may

change over time with government term ending. International and national pressure groups, funds, grants and initiatives can be important for some analysis. Possible wars and conflicts should also be considered. (Hooley et. al. 2012, 56-58).

Economic analysis consists of multiple factors, such as home and international economy situation and trends. In today's globalised world, international economy trends usually drive national trends for example in Europe. Taxes, interest and exchange rates are general information that should be known to avoid any surprises. Industry specific factors, such as seasonality trends or weather issues are analysed under the heading as well. For some industries, market routes and distribution trends and are key points to consider. (Kotler P., Keller K., 2015, 99 – 100).

In the social part of the analysis, factors such as lifestyle trends and demographics are analysed. The aim is to understand behaviour driven by social aspects. These factors can be specifically important for consumer businesses when trying to understand demographic preferences and characteristics. Important aspects to consider are consumer opinions and attitudes, buying patterns, ethical issues, major events and influences. In addition, company brand and image are to be analysed. Social aspects that are embedded to culture should be identified, for example sports or events that are part of cultural identity. (Kotler P., Keller K., 2015, 100 – 101).

The technological analysis focuses on the impacts of technology on the intended target market. New technological changes can have massive impact on whole industries. For example, Hooley et. al. (2012, 63) quote Foster, R.N. (1986) who pointed that in 1977-78 cross-ply tire manufacturers in the United States lost fifty per cent of the market to a new technological innovation. Technology continues to develop and new innovations affect not only the high-tech industries, but generally speaking every industry that makes use of new technology. Understanding new technology and any new possibilities it might offer can give a company a competitive edge to its competitors.

All the aforementioned aspects can be linked to the online environment, particularly social and technological. These factors will be highly important for the analysis.

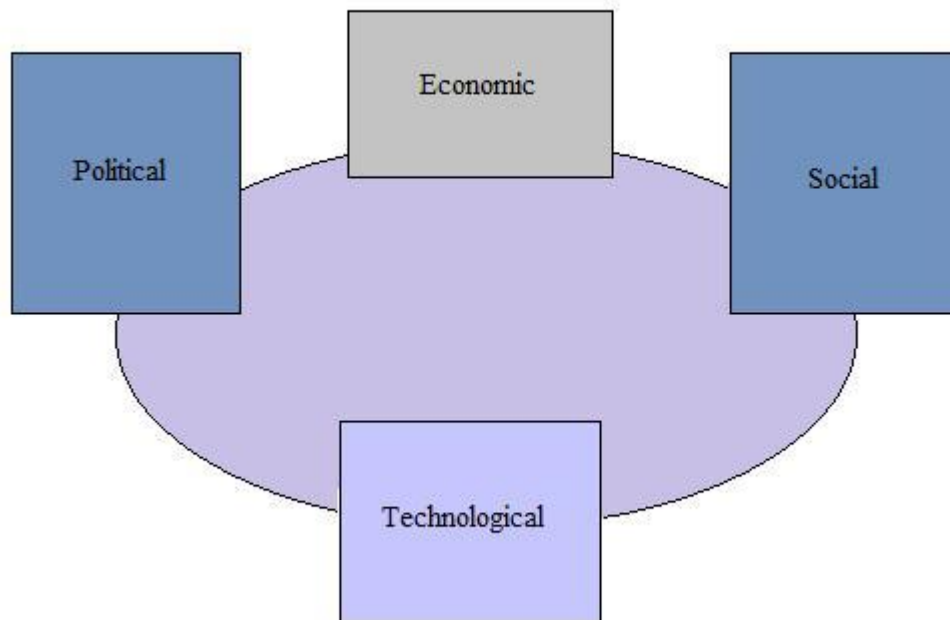


FIGURE 2. PEST-analysis.

1.7. Micro-environment analysis

Micro-environment can be understood as the small portion of a larger market in which the company in question operates. Usually micro-environmental analysis consists of identifying possible business partners, competitors and their strengths, weaknesses and positioning and customers (Blythe 2012, 29 – 31). In this thesis, the focus will be on the customers due to the nature of the problem this thesis is trying to solve. Competitor analysis is important for a company entering a new market, and there are multiple ways of collecting said information. However, to be able to suggest a strategy for customer acquisition, the focus here will be on customer analysis.

1.8. Customer analysis

Information that is needed to understand customers can be divided into current and future information. Information on current customers, or in this case, current potential customers, is gathered to answer questions such as “Who the prime market targets are and what gives them value?”, “How can they be brought closer?” and “How can they be better served?”. For future considerations, factors such as customers’ future wants and needs, identifying new customers and how to approach them are important aspects (Hooley et.al. 2012, 88).

The starting point is to identify who the current customers are. In Travel Lions’ case, there are no current customers, so the starting point will be identifying the key potential customers. To be able to do this, information on both the service offered and consumer characteristics will have to be combined. There has to be a match between wants and needs that the service provided will fulfil, and consumers with the aforementioned needs and wants. The customer identification methods will be presented in the following chapters and the service analysis method will be introduced in a further chapter.

1.8.1 Customer behaviour drive forces

One of the factors in identifying key customers is understanding customer behaviour. Kotler & Keller define the major forces that drive buying decisions as cultural, social and personal factors. As cultural and social factors are also covered in the PEST-analysis, the focus here will be on personal factors. Personal factors include age, stage in the life cycle, occupation, economic circumstances, personality, lifestyle and values (Kotler & Keller 2012, 173).

Age and life cycle don’t always go hand-in-hand, but there are certain patterns that are identifiable within a certain demographic. Family life-cycle can be different from country to country, but in a specific country there can be age thresholds during which people often go through particular phases such as buying their first house and getting their first kids. In addition, adults go through certain “passages” as they go through life. These passages can

affect their behaviour and consumption, for example becoming a parent most likely affects a person's buying patterns. Other meaningful passages that are often present in a majority of people's lives include for example marriage, divorce, retirement, first job and relocation (Kotler & Keller 2012, 177 - 178).

Occupation and economic circumstances have an effect on consumption, as can be concluded with common sense. Spending power and surplus income are meaningful metrics that affect buying decisions. When someone has more money, it is likely that they spend it on things that are based on what they want rather than what they need. For Travel Lions, there will most likely be a specific income threshold above which people are more likely to buy holidays. In addition, people with massive amounts of wealth are less likely to buy from an online service provider, as they have higher demands than what the service can provide.

Lifestyle usually consists of factors such as activities, interests and opinions. Lifestyles are often linked to particular buying patterns. For example, people who buy computers are often achievement-orientated and thus computer manufacturers aim their products at such people (Kotler & Keller 2012, 179)

1.8.2 Segmentation

As we know, all people have their personal preferences. Each consumer is an individual with individual needs and wants. (Blythe 2012, 76.) However, it is impossible for a business to cater to each individual needs on their target market. For this reason, markets are usually segmented. In practice it means that companies want to identify groups of individuals with similar needs and wants that benefit from the offered product or service. Instead of trying to please all consumers, this selected segment is targeted and their needs met. For Travel Lions, it makes more sense to target individuals that have a need for the offered service instead of trying to target the whole population. In addition, targeting a specific segment will allow for more effective resource allocation. Segmentation also offers greater credibility with consumers and helps the firm to understand its best customers better (Blythe 2012, 77).

Both Blythe (2012, 78) and Hooley et. al. (2012, 188) quote Kotler (1991) when defining three key criteria for segmentation. Kotler defined these three criteria as:

- Accessibility
- Substance
- Measurability

Segmentation being accessible means that it must be possible to communicate with the segment. Substantial segmentation means that the segmentation must be big enough to be worth aiming for. Measurability as a criterion expects that there must be a way to identify members of the segment and the amount of said members.

Segmentation can be done on multiple different bases, but the four main ones, mentioned by both Blythe (2012, 78) and Hooley et. al. (2012, 189) are geographic, psychographic, behavioural and demographic. Geographic segmentation may be carried out for example because the product only applies to people living in a specific area or due to lower transportation costs in a specific area.

Psychographic segmentation classifies consumers with same type of personal traits. It is one of the most difficult types of segmentations, as measuring people's personalities on a large scale is very challenging. This type of segmentation can easily fail on the grounds of

substance, as it might be near impossible to identify large groups with similar personalities. However, for smaller scale segmentation it can be very effective.

Behavioural segmentation can be done on multiple levels, the simplest level being for example “anyone who plays football”. Further segmentation could be where they buy their football boots, how much they usually pay for them and what type of studs do the consumers prefer on their boots. For Travel Lions, this type of segmentation will be very useful, identifying people who buy their travels online and their preferences.

Demographic segmentation is the most common type of segmentation that is widely used. Demographic segmentation classifies people in different categories such as age, vocation, income levels, house type and family size. The data for this segmentation is usually publicly available through governmental publications and statistics, which is one of the key reasons for its popularity.

1.9. Internal analysis

In addition to the external analysis, it is important to understand the service’s characteristics. The company’s strengths and weaknesses will also be analysed to be able to find the company’s and the services place in the external environment. (Blythe 2012, 25). A basic way of defining the situation is a SWOT-analysis. SWOT-analysis gives an overview of the current situation of the business in the external environment.



FIGURE 3. SWOT-analysis.

1.10. Data sources

Due to limited time and man power, the data for analysis can not be collected by hand. For the conclusions made from different analysis, it would not be feasible to collect data from a questionnaire or a survey that would reach a comparably low number of recipients. Data will be collected from trusted online reports, such as Barclaycard Spend Report or Office for National Statistics. For information on the company and the service, a company representor from Travel Lions will provide what will be needed for the thesis.

Secondary data is often used in marketing research and there are research projects based completely on secondary data. Secondary data is commonly used to research “economic trends, insights on industries, corporate intelligence, public opinion and historical data, among others.” (Burns, A. & Bush R., 2006, 146). For the purpose of this thesis, secondary data will be used to research economic trends and other measurable data such as internet usage related statistics.

2 EXTERNAL ANALYSIS

2.1. PEST-analysis

The following chapters will analyse the political, socio-economic and technological statuses in the UK. As the thesis is focused on the online environment, the topics are analysed from an online and travelling point of view. The PEST-analysis will provide a broad image of the current situation in the UK from different angles. The analysis is not specific, but rather provides a “bird-eye view” of different fields that Travel Lions should take into consideration when making business decisions.

2.1.1 Political situation

In this chapter the political landscape in the UK will be introduced and analysed briefly. Major current political issues will be showcased and an overview of the political landscape introduced. The political analysis here will be based on the author’s own views and will not be a key focus. Analysing the political landscape thoroughly would not directly benefit the thesis in answering the key questions, but it is necessary to provide an overview in order to identify customer’s motivations and what may affect their decisions.

The political landscape and political opinions can have an effect on people’s decisions such as where they travel or purchase their holidays. Holiday decisions are often based on images and personal opinions of the destination (LaMondia, Snell & Bhat 2009, 12-13), and how the destination is portrayed can be altered by political situation. For example, due to the poor financial situation and political turmoil in Greece, the popular holiday destination is expected to receive less tourists (Zikakou, I., 2015).

A key legislative aspect in the travel industry in the UK is the 1992 Package Travel Regulations (The National Archives, 1992). The PTR applies to anyone selling holiday packages without flights and requires service providers to comply with multiple qualifications. The main points include that the end customer must be financially protected

and in the event of failure the customer must receive the holiday or a full refund. A holiday package is defined as a combination of at least two of accommodation, transport and other tourist services. In addition, any service provider that wants to provide a flight service in any form must comply with Air Traffic Organisers Licence (ATOL) Regulations. “The ATOL scheme exists to protect consumers if their travel organiser should fail. It ensures consumers are not stranded abroad and do not lose money paid to the travel organiser for holidays and flights.” (Civil Aviation Authority, 2015.)

One of the still current political topics in the UK is what the country’s stance towards European Union should be. The topic has been under debate since UK joined the Common Market. (Daley C., van Buuren L., 2014.) Right now the political field is generally split in two halves, anti- and pro-EU. An ”in or out” referendum will be held in 2017 in the UK (RTE News, 2013). As general opinion swings back and forth between leaving and staying during the time between now and the referendum, opinions may influence general attitudes towards the European Union. As mentioned before, holiday destinations are often picked by feeling and based on images and personal preferences, so the impending referendum may impact decisions to travel to Europe.

Overall the political and legal atmosphere in the UK is suitable for Travel Lions. There is limited protectionism and Europe is one of UK’s major trade partners (Office for National Statistics, 2015b). The legal regulations are designed to protect the consumer, but are not impossible to comply with. Attitudes towards the European Union may swing back and forth within the UK, but it is hard to imagine it having much of an effect towards travelling within Europe.

2.1.2 Socio-economic situation

United Kingdom is one of the largest economies in European area (IMF 2015.) The UK economy has been recovering since the world-wide economic crisis circa 2007. Before that, the economy was booming as a result of free trade reforms in late 1990s and enjoyed growth between 1997 and 2007 (Economy Watch, 2010.) The recovery has been slow and somewhat

ineffective and Economist (2015) reports, that the tides have not yet turned. Key points of the current economic situation are:

- GDP: \$2 850 billion
- GDP growth of 0,7% in Q2 2015
- Inflation of 1,4%
- Unemployment rate of 6,2% (IMF 2015.)

The following figure shows the UK GDP per capita between 2006 and 2015. The economic crisis and its effects on the UK economy can be seen as a dip in the graph and a slow rise between 2010 and 2015.



FIGURE 4. UK GDP per capita, 2006 – 2015. Source: Trading Economics (2015).

In the travelling sector, spending in the UK has increased in 2015 and increased by 7,2% in Q3 of 2015 compared to 2014 according to Barclaycard Spend Report (2015). The report also suggests that consumer spending in the UK is held back by cautious mindset. Even though the spending power in the UK is growing, people are still not buying “nice-to-have” things. It could be expected to change in the near future as the economy keeps strengthening.

The following table depicts how spending in the UK has grown between 2014 Q2 and 2015 Q2 according to Barclaycard Spend Report (2015).

Spending in the UK compared to 2014

	Overall	Online	In-store
Travel Agents	11.0%	19.5%	4.0%
Airlines	6.7%	13.2%	-14.9%

TABLE 1. Spending growth in the UK. Source: Barclaycard Spend Report (2015).

It is apparent, that online spending for travel purposes is growing and the in-store purchases are greatly moving to online environment. This bodes well for online travel service providers such as Travel Lions, but also increases online competition.

As pointed out, travel spending has grown during the past year in the UK. To be able to identify specific demographics for marketing purposes, it is important to understand what the consumers in the UK look for when they book a holiday. According to European Commission's tourism report (2014), the British go on holidays mainly for sun and beach (49%) or visiting family and friends (40%). In some countries, nature is one of the most popular reasons to go on a holiday, but in the UK it is one of the least popular (18%).

The following table describes the most popular travel destinations in the UK in 2013. It is clear, that Europe takes up the majority of tourism from the UK and it is not surprising considering geographical proximity. As southern European countries border the Mediterranean Sea, it could be concluded that countries such as Spain, Portugal, Greece and Italy are popular travel destinations as they provide beach and sun.

UK Travel Destinations in 2013

Destination	Visits (%)
Europe	79,2
North America	5,9
Asia	5,2
Africa	4,2
Middle East	1,9
Latin America	1,2
Caribbean	1,2
Oceania	1,2

TABLE 2. UK Travel Destinations in 2013. Source: Office for National Statistics (2013).

2.1.3 Technological analysis

Almost 80% of Britain's households have a fixed broadband connection to the internet and 85% of adults had internet access in Q1 of 2015. The number has increased by three percentage points since 2014 and is expected to continue growing. Modern devices such as tablets and smartphones with internet access have become widely popular. Smartphones are owned in 66% of households and tablets in 54%. Tablets are becoming increasingly popular as the number of tablets owned has been increasing for the past three years (Ofcom 2015, 339).

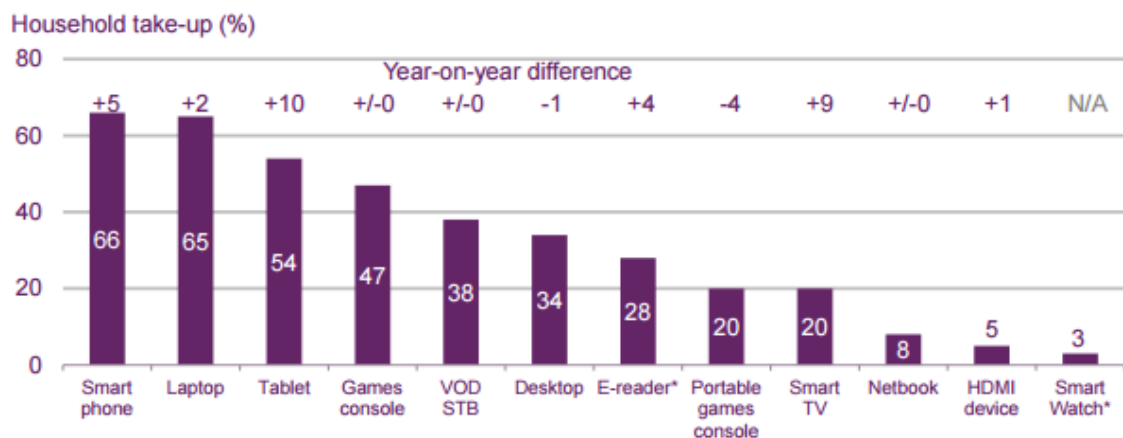


FIGURE 5. Ownership of internet-enabled devices. Source: Ofcom 2015, 342.

The modern devices such as smartphones, tablets and laptops are widely used daily for online purposes. Smartphones are the most popular device to connect online with. The most common mobile retail activities are finding store location and purchasing online (Ofcom 2015, 369).

2.1.4 External analysis conclusion

Overall, it can be concluded that mobile devices and online retail are increasingly popular in the UK. Online spending has been trending upwards for the past years and more and more of retail is shifting from physical purchases to online environment. Services related to travelling are heavily purchased online rather than in a physical travel agency office or similar. The increased use of smart devices connected to the internet suggests that online retail will be an even larger portion of overall retail in the future. For Travel Lions the key take from the information could be that mobile and tablet-compatible website should be considered. Online marketing and brand building should be a high priority when entering the market as the high internet access and usage suggest.

The political and economic outlook are stable and steady economic growth is present. The cautious mindset is likely to absolve as the affluent are already spending more on wants and “feel-good” items and services. This behaviour is likely to filter down to those in lower income classes and the spending for travelling is likely to take place online.

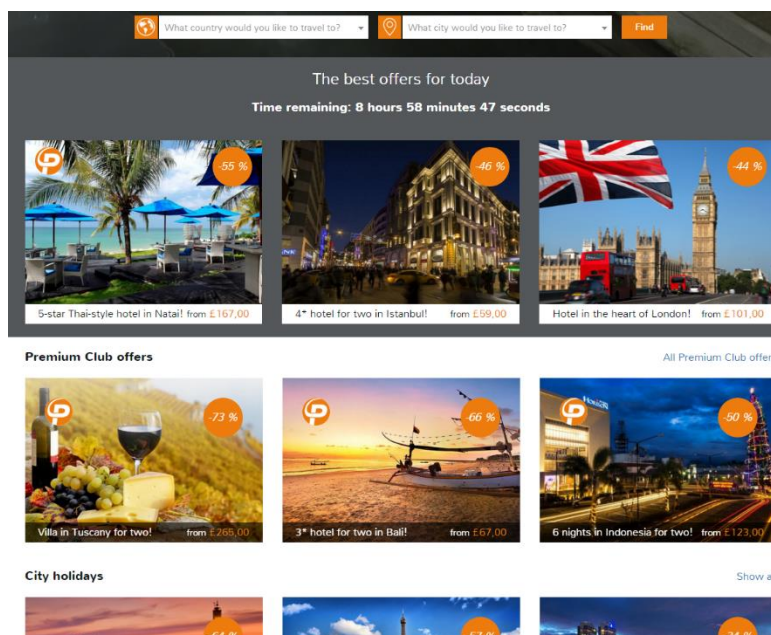
From legal point of view, entering the market requires Travel Lions to comply with at least Package Travel regulations and possibly ATOL, should they look to provide flight services. However, these requirements are reasonable and Travel Lions should have no trouble with them.

3 CUSTOMER ACQUISITION STRATEGY

The following chapters will analyse the service offered and find out who are the consumers with most potential to become customers for Travel Lions. The key points will be finding out what are is the value in the service offered and what demographic is the most likely to benefit from aforementioned value. After finding out these points, a customer acquisition strategy will be formed.

3.1. Service analysis

Travel Lions (<http://www.travellions.com/>) offers consumers a web portal with different types of holiday packages. These packages vary from each other, but the most common offers include a certain amount of days in a hotel in either a city or a beach holiday destination. The offers include a variety of additional services such as bottles of beverages or access to spa area. In addition, Travel Lions offers a Premium Club. Premium Club is a paid service and members of the club gain access to special holiday offers from Travel Lions that usually include additional services such as transportation and higher discounts.



PICTURE 1. Screenshot of Travel Lions webpage 29.10.2015.

Aside from cultural and other external environment's effect on consumers' motivation to buy, purchasing decisions are influenced by multiple other factors. One of the most important factor to take a closer look at is consumer's evaluation of alternatives. Evaluation of alternatives is a key phase in the process of making a purchasing decision, and service or product attributes play a major role (Kotler & Keller, 2015, 197). In order to identify potential customers for Travel Lions, the service's key attributes will be analysed in the following table.

Travel service attributes	Travel Lions rating	Notes
Destinations	8	Europe and Asia - focused
Prices	8	Competitive
Quality	7	Competitive
Customer service	6	Weekdays 8-17
Ease of use	7	Website is aesthetically pleasing and easy to use
Trustworthiness	5	-
Brand	4	Not yet established
Additional services	6	Premium service

TABLE 3. Expectancy-value model of Travel Lions service. Scored by author based on their knowledge of the service and Travel Lions website.

According to Kotler's & Keller's expectancy-value model (2015, 197), consumers form opinions and beliefs of brands and how they stand on each attribute. Consumers also place different weigh on different attributes. For example, consumer A wants a bag of candies to contain as many candies as possible, and weighs heavily towards quantity. However, consumer B may think that the most important attribute of a candy bag is quality. Consumers A and B place different weighs on different values. Table 3 depicts what could be an expectancy-value model of Travel Lions service. The takeaway from expectancy-value model is that Travel Lions' strongest attributes are destinations and prices. Consumers who place high value on pricing of a service and prefer travelling in Europe or Asia are key potential customers.

The service's characteristics can be displayed in a SWOT-matrix. The figure visualises strengths, weaknesses, opportunities and threats from the service's point of view.

STRENGTHS	WEAKNESSES
Pricing, destinations, website, quality	Customer service, brand
OPPORTUNITIES	THREATS
Brand, trustworthiness, additional services	Competition, brand

FIGURE 6. Travel Lions' service SWOT-analysis.

In the SWOT-analysis, brand is listed as a weakness, opportunity and a threat. In the current situation, the brand is a weakness, as Travel Lions is only building their brand as of the moment. In the near future, it is an opportunity; Travel Lions may brand in multiple ways and all doors are open. In the future it could well be a threat, as the brand may be difficult to alter once it has been established. Branding is a key element for Travel Lions, but this thesis does not dive deeper in to that world.

3.2. Key demographic

As introduced, a segmentation is often applied when identifying customer groups. The segmentation for Travel Lions will be a mix of behavioural and demographic segmentation. Key behavioural characteristics of the potential customer based on the findings of the thesis are as follows:

- Travels to Europe
- Access to internet
 - Comfortable to purchase online
 - Prefers to book flights separately
- Value-conscious
- Open to new brands

Based on these behavioural characteristics, a demographic segmentation can be formed. The demographic segmentation will be formed by Travel Lions' undisclosed service provider in the UK and thus not presented here.

3.3. Customer acquisition strategy

Customer acquisition strategy for Travel Lions is essentially a match between characteristics of the previously identified behavioural segmentation and a method of reaching consumers. Travel Lions is offering a service that can be sold in high volumes and as such, the method of communicating to consumers should reach as many in the key segment as possible. Kotler & Keller (2015, 583) list examples of different communication platforms and examples of their media. The eight platforms are:

- Advertising
- Sales promotion
- Events and Experiences
- Public Relations and Publicity
- Online and Social Media Marketing
- Mobile Marketing
- Direct and Database Marketing
- Personal Selling

Due to proximity to the UK, physical communication methods are difficult to carry out. Advertising, sales promotion, events and experiences & personal selling are discarded as the primary platform for marketing communications. Public relations and publicity are often methods conducted to “promote or protect a company’s image or its individual product communications.” (Kotler & Keller, 2015, 582). The plausible platforms with most potential for Travel Lions are Online and Social Media Marketing & Direct and Database Marketing. The following table compares different important aspects of these methods.

	Online and Social Media Marketing	Direct and Database Marketing
Possible volume	Anyone with internet access	Anyone with a public phone number
Cost	Employment costs	Data and employment costs
Direct contact	Possible, requires activity	Direct contact only
Newness	New and popular	Rather outdated
Chance for direct purchase	Low	Relies on salesperson
Flexibility	High	High, relies on individual salesperson
Possible brand impact	Can raise brand awareness	Could label the brand as 'cheap'

TABLE 4. Marketing communications platforms.

These two marketing communications platforms each have their pros and cons. The key pros for direct marketing are direct contact with a consumer and high volume. However, for direct marketing to reach large audiences it requires a large amount of employees. The consumer phone data is often not directly available and needs to be purchased. These aspects raise the cost of medium. With the rise of services such as Telephone Preference Service (TPS, 2015) which block marketing calls, direct marketing could be harder to conduct in the future in the UK.

On the other hand, Social Media marketing can only reach those with internet. However, as pointed out previously, the number of people in the UK with internet access is very high and increasing. The costs are also lower, but it may be harder to stand out from the crowd of online-marketers. Direct contact also requires workforce for communicating with customers via Facebook, Twitter or other online medium. On the other hand, Social Media is highly flexible and it can raise awareness online.

The suggested method of customer acquisition is Social Media marketing. Social Media marketing has been a success story for multiple parties from different fields of business. For example, Finnish entrepreneur Sampo Kaulanen has used Facebook to raise awareness of his physical supermarket despite a proximate location in Lapland. Kaulanen has more 'likes' on

Facebook than large companies such as Fazer and Gigantti. (Fanilista, 2015). A Welsh comedian Ben Phillips, who only does online entertainment, has over 4,5 million ‘likes’ (Facebook, 2015). Social Media presents an opportunity to reach large audiences that fit the behavioural segmentation profile for Travel Lions.

4 CONCLUSION

The theory used to conduct this thesis was compiled mostly from marketing research titles from respected authors across the world. As per the commissioning company's wishes the theories used were in close touch to the real world. The theoretical framework was constructed from marketing research theories but they were applied to the online environment. This was done in order to provide a cohesive background for online research for the thesis.

All of the data used was secondary data. Data was selected from multiple sources and sources were evaluated. Only trustworthy sources were used, such as national statistics provided by governments or raw spending statistics from a banking company. Secondary data was used in order to combine a view that would cover the whole target market. Primary data was not used as the collection of adequate data would have been nigh-impossible without additional resources.

The thesis was to answer three main questions:

1. What are the specific characteristics of the UK e-commerce environment in the travel sector?
2. What are the key customer segments and their attributes for Travel Lions?
3. What is the best strategy for customer acquisition for Travel Lions in the UK?

The author feels that the thesis sufficiently provides answers for all three questions. In short, specific characteristics of the UK e-commerce environment were high online purchases compared to physical store visits, holiday destination preference towards Europe and city & beach holidays and upward travelling trend along the economic growth in the UK. The key customer segment attributes are frequent travellers who have access to internet, are value-conscious and open to new brands. The best strategy for customer acquisition for Travel Lions in the UK in the author's opinion is a social media marketing campaign with active interaction. Online campaign would be a modern option with high potential.

Overall the author is happy with the thesis outcome considering the situation he was in while writing the thesis. The research questions were answered adequately and the recommendations are logically based on the secondary data, which was interpreted well. In hindsight, the thesis could have been more in-depth with a smaller scope, such as selecting one of the three research questions as the main question of a research. However, the end result is cohesive and logically sound, and even without ground-breaking findings, the thesis has delivered successfully.

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