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# Marketing of Travel Agency via Social Media

Case: “Best Travel” agency

Business Economics and Tourism

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## CONTENTS

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ABSTRACT

INTRODUCTION .....	6
1.1 Objective of the thesis .....	6
1.2 Framework of the thesis .....	6
1.3 Limitations .....	7
2 TOURISM.....	8
2.1 Tour operator.....	8
2.2 Travel agent.....	8
2.3 The future of tour operators and travel agents .....	9
2.4 Market segmentation.....	9
3 MARKETING.....	11
3.1 Marketing mix.....	11
3.2 Product life cycle.....	12
4 E-COMMERCE.....	15
4.1 E-commerce value chain .....	15
4.2 E-commerce limitations .....	16
5 E-MARKETING.....	17
5.1 Search engine marketing .....	17
5.2 E-mail marketing.....	18
5.3 Social media marketing.....	18
5.4 Mobile marketing .....	25
6 RELIABILITY AND VALIDITY .....	27
6.1 Reliability.....	27
6.2 Types of reliability .....	27
6.3 Validity.....	28

6.4 The reliability and validity in the thesis research.....	29
7 QUALITATIVE RESEARCH METHOD.....	30
7.1 Semi-structured interview .....	30
8 CONCLUSION.....	37
REFERENCES .....	39
Appendix.....	41

## LIST OF FIGURES

Figure 1. Product life cycle .....	13
Figure 2. The role of ICT in the e-commerce transaction value chain .....	16
Figure 3. Main Social media in Runet .....	19
Figure 4. Gender segmentation .....	20
Figure 5. Age segmentation .....	20
Figure 6. Behavior of audience in VK.com .....	22

## **INTRODUCTION**

The current thesis examines making a research of the popular social media in Russia in order to find the optimal solution to promote a travel agency online.

The Best Travel agency is located in a provincial city named Togliatti with a population of 719 500 (2012). The travel agency was found on April 7<sup>th</sup>, 1998. Starting from 2012 it cooperates with one of the biggest tour operators in Russia – Pegas Touristic.

### **1.1 Objective of the thesis**

The objective of the thesis is to develop a plan which would allow the agency to become more visible and recognizable on the market.

The chosen study method for the current thesis is a qualitative research. The mentioned research type has been implemented in order to study the following research questions:

- What is the best strategy for promoting the travel agency online?
- How to establish interaction between the agency and its clients?
- Why the chosen social media is the most appropriate one for the current case study?

Travel agencies are becoming less popular in most European countries as a result of the tremendous internet possibilities but in Russia this process happen to be less impetuous and, therefore there is a place for the further development.

In general the chosen topic of this thesis can be studied from the point of view of marketing or financial aspects but the current research mainly focuses on e-marketing.

### **1.2 Framework of the thesis**

The current thesis consists of three sections, which include the introduction, the theoretical and the empirical study.

The theoretical study of the thesis comprises of main theories and statistical data. The final, empirical section includes qualitative research method, data collection and results of the research.

And, lastly, the conclusion provides suggestions for future development.

### **1.3 Limitations**

The research of the thesis was limited in the participant numbers in the conducted interviews. Also, the limitations include a review of all social media, but the objective is to find free (excluding financial aspects) and the most useful one.

## **2 TOURISM**

Tourism itself represents one of the biggest world's industries today.

The official definition of tourism provided by UNWTO is as follows: "Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes." (Goeldner & Ritchie, 12<sup>th</sup> ed., p.5)

### **2.1 Tour operator**

Tour operator (also called tour wholesaler) makes a package of a tour and its components and sells the ready tour package either through its own company or via retail outlets and approved retail travel agencies.

These ready tour packages which are offered to the travelers normally have a lower price compared to the one the individual traveler can find himself, as long as the tour operator purchases travel services (e.g. transportation, hotel rooms) in large quantities at a discounted price. (Goeldner & Ritchie, 12<sup>th</sup> ed., p.162)

### **2.2 Travel agent**

Travel agency is a middleman. The profit that a travel agency receives is mostly made of a commission from the supplier of a travel, e.g. tour operator.

In marketing terms, the travel agent is acting on behalf of the client and represents a connecting link between the client and the suppliers of travel (e.g. hotels, airlines, tour operators).

Being an expert in the tourism field is a "must" for a travel agent. Especially today, because the quantity of actual travel agencies is decreasing due to the modern type formation of online travel agencies (OTAs). OTAs also provide the information as traditional travel agencies and provide the client with the right to make the booking. Among OTAs, there are quite well-known names, such as Expedia, Priceline, Orbitz, etc. (Goeldner & Ritchie, 12<sup>th</sup> ed., p.151)



### **2.3 The future of tour operators and travel agents**

The whole travel industry in the last few years has been significantly influenced by the changes in tourists' behavior. Along with the technological progress, some of the previous clients of the travel agencies choose to avoid intermediaries, start to make own bookings and buy services directly from the suppliers (airlines and hotels).

Moreover, after the changes in the commission system as it happened in the US in 2002, the local travel agencies were left without base commissions. Earlier regular commission consisted of about 10 percent for travel agents.

To survive in this technologically changing and highly competitive travel industry environment, both tour operators and travel agents must adjust themselves: acquire new sources of income (e.g. travel agencies can charge service fees), make unique offers and tailor-made trips for the experienced travelers, maintain online presence and develop promotion of the services via social media.

(Goeldner & Ritchie, 12th ed., p.152-153; Holloway & Humphreys, 9<sup>th</sup> ed., p.609, 645)

### **2.4 Market segmentation**

Due to the development of e-commerce, consumers have a choice – either to go to a travel agency or to choose online search. Both options have their advantages and disadvantages.

The benefits of a traditional travel agency include travel agents who are professionals in the tourism industry and aware of different alternatives that provide lower fare for the customer. Moreover, travel agents have a unique access to the Central Reservation Systems (CRSs) for effective search, thus saving the precious time of the client and even when the process of reservation is completed, a customer continues to have a personalized support from the agent if any problem occurs.

In case time spent is not a factor in the travel arrangement process, a price-sensitive consumer can go online for multiple travel alternatives the Internet can provide.

When a customer commits travel tour arrangements to a travel agency, an agent should remember that every person has his/her own needs, wants, demands and

conceptions of a good travel. In order to be successful, travel agencies have to monitor the current situation on the market and also develop and implement marketing strategies, so as to reach the right audience. Therefore, it is appropriate for a travel agent to start with marketing segmentation, which signifies “dividing a market into smaller segments with distinct needs, characteristics or behavior that might require separate marketing strategies or mixes”.

To segment a market, a combination of different variables can be used, such as geographic, demographic, behavioral and psychographic ones. From this point of view, it is possible to identify the most attractive segments of the market and start the next phase – targeting. (Goeldner & Ritchie, 12th ed., p.153-154; Kotler & Armstrong 14th ed., p. 190-191)

### 3 MARKETING

The American Marketing Association defines marketing as “an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”

Marketing is a broad concept which includes not only sales and advertising but also focuses on the goal-orientation, strategy and direction. In short, marketing is a tool to provide goods and services from the seller to the buyer. (Goeldner & Ritchie, 12<sup>th</sup> ed., p.417)

#### 3.1 Marketing mix

The marketing mix consists of a number of elements, which are subsequently transformed into a strategic plan. For a marketing manager it is essential to constantly search and follow the corresponding marketing mix – the one that will bring a profit.

The basic marketing mix includes so called 4Ps: product, price, place, promotion. Further on these conceptions are examined in detail.

**Product** can be both tangible and intangible. In the tourism industry, an intangible product refers to a service. The primary task a company has is to determine the position of the product on the market in order to understand its own strong and weak points and to implement marketing techniques in order to meet customers' needs. Product consists of the following elements: branding, product range, packaging, service support.

Although tourism services are intangible, packaging may include, for instance, transportation, recreation activities, family plans and single plans.

In the 'Best Travel' company's case, a new product or service includes the creation of a profile page of the company in one of the most popular Russian social media – 'VKontakte' (literal translation: 'in touch' or 'in contact'). Many of the agency's competitors have already had personal pages on the same site for a few years.

Therefore, it is especially important for the mentioned agency to make changes, so that to target another audience of young people who today prefer to reach new information online.

**Pricing** concerns not only the sales volume but the image of the product as well. Prices range from discounted to premium ones. In case chosen accurately, the price will meet the expectations of the customer and, at the same time, bring a profit to a company.

Normally travel agencies receive a standard commission from the tour operator. Consequently, it is impossible for a travel agent to change the price of the ready travel package unless losing some part of the company's own income (commission).

**Place** is connected with distribution. The main question a firm should answer on is "Where is the right place for promoting a product?" With the current technological progress, there are minimum of the businesses who are not presented in some online form such as the company's own website, Facebook, etc. Physical place is irrelevant for a travel agency when customers can contact the agency online even if staying themselves in a different city and an agent can organize the whole travel for the clients without personally meeting them.

The same applies to the Best Travel company as it is extremely important to stay connected with the customers.

**Promotion** consists of several communications tools such as advertising, sales promotion, public relations and personal selling. As many travelers are looking for the best price-quality ratio, the communication with tourists via social media and allocation of attractive travel offers on the company's webpage can stimulate sales. (Goeldner & Ritchie, 12th ed., p.418-419; Blythe 2012, p. 66-70)

### **3.2 Product life cycle**

It is a unique time we are living in. Never have people had so many ways of communication and possibilities for development. We are the generation who

became the spectators of the huge technological progress. However, each progress has a limitation in time for success, in other words, each project is following through several phases of existence or, so called “product life cycle”.

As Philip Kotler and Gary Armstrong explain, the product life cycle can be divided into five stages: product development, introduction, growth, maturity and decline. The principal idea is that any company is required to keep the process of the constant development in order to stay dynamic on the market. (Kotler & Armstrong 14<sup>th</sup> ed., p. 273)

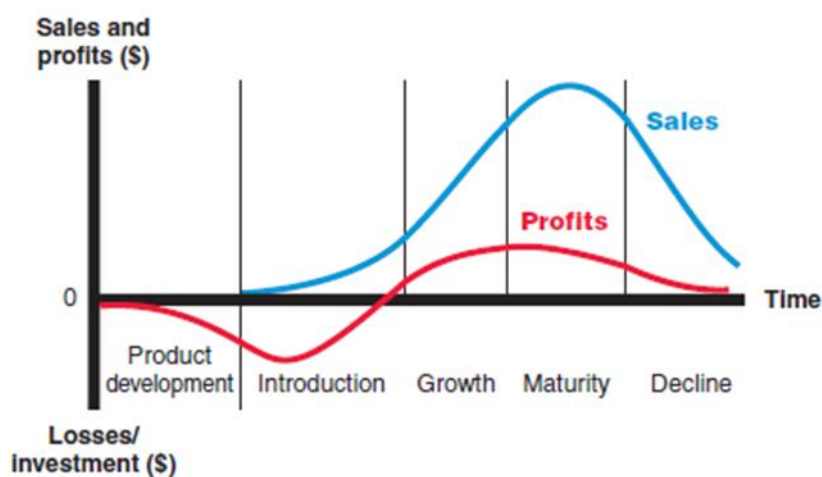


Figure 1. Product life cycle (Kotler, Armstrong 14th ed., p. 273)

It is essential for any type of the business to remain profitable. The same applies to the tourism sector, therefore companies should constantly not only monitor the situation on the market but also take into account customer’s point of view.

The introduction phase of a product’s life-cycle always appears to be somewhat venturesome. The product or the service, which is going to be presented to the audience is a new one, therefore the sales profits during this period are either small or negative; this can be also called a ‘beta’ version of the product.

During the growth phase customers are becoming more familiar with the product and then accept it, which at the same time stimulates sales and profits.

The maturity phase indicates that a product was successfully allocated to its own market niche. It is also possible to include a saturation period to the life-cycle of the product when sales volume of the product reaches the maximum point.

During the decline phase the sales drop but it is possible to avoid this phase or to reduce it to the minimum time by integrating well-made promotion or by repositioning.

In fact, a good brand can stay on the market for many years when instantly reacting on the changing environment. (Dann & Dann, 2011, p. 63-65; Goeldner & Ritchie, 12th ed., p.420-423; (Kotler, Armstrong 14th ed., p. 273-274)

## **4 E-COMMERCE**

To put simply e-commerce refers to the selling of goods and services via the Internet. Consequently, it involves physical goods along with the intangible (digital products) and services that can be delivered digitally.

E-commerce has noticeably developed over the last decade. Since then having a presence on the Internet has increasingly become essential for businesses that want to compete successfully. Therefore, e-commerce is a central element in the modern day tourism.

Many companies use the Internet as the distribution channel to deal directly with customers avoiding intermediaries. A good example of a successful e-commerce are airlines. They have their own websites, consequently then have the possibility to push sales and to promote direct booking of the e-tickets.

### **4.1 E-commerce value chain**

E-commerce transforms the behavior of companies and consumers. As shown in Figure 2, the e-commerce process can be divided into four stages: information gathering, agreement, transaction and delivery. This process can be applied equally to the B2C (business to consumer) and B2B (business to business) e-commerce.

During the first stage, consumers can search for the information, make email inquires and use various social networking platforms in order to compare pricing lists and features of the products as well as refer to the reviews of other consumers. This process is convenient in a way that it can be done in any period of time suitable for the consumer without depending on the official opening hours of the traditional store.

During the second and the third stages, a consumer has a choice between the online applications and online payment options and their alternatives – possibility to visit a store or to make a phone call.

The final stage includes the delivery either digitally (e.g. e-book downloading) or physically (shipping a book).

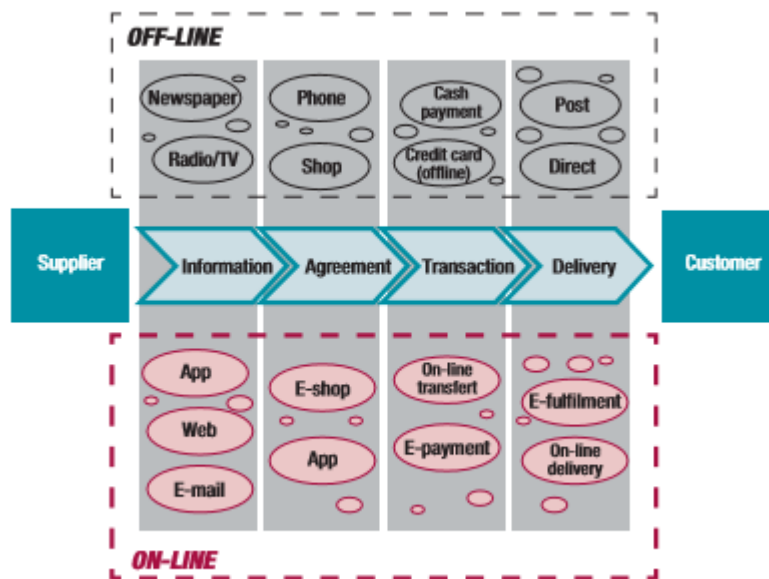


Figure 2. The role of ICT in the e-commerce transaction value chain (Information Economy Report, 2015)

#### 4.2 E-commerce limitations

The Internet seems to be a great tool for the information search, yet it produces a huge amount of this information, which may lead to a consumer's loss of interest. The key to success is keeping the information up-to-date, as well as making the content visible and clear. A crucial feature for customers include the credibility and security of the site. (Goeldner & Ritchie, 12<sup>th</sup> ed., p.161)



## **5 E-MARKETING**

E-marketing provided a huge change in businesses performance. Today, marketing via the Internet is an essential and an integral part of a company's marketing mix.

There are several existing categories (also: technologies) of e-Marketing activities. Depending on the objectives of a company, its strategy and other factors that influence on the decision-making, the company may choose either some or all of marketing activities among which are: search engine optimization, social media, email marketing, mobile marketing and online advertising. Below these categories are covered in detail. (Online marketing: e-business tactics, 2013)

### **5.1 Search engine marketing**

Historically, companies used to spend their advertising budget through noninteractive campaigns such as newspapers, radio, billboards or television. Today, the most effective method for a consumer to find information is simply to use an online search engine, for example Google, which holds the top position throughout Western Europe, with over 90% market share. Consequently, companies put an effort into attracting customers to their online presence, e.g. via the company's website by using search engine marketing techniques. The main techniques include search engine optimization and pay per click.

SEO, which stands for search engine optimization, is a technique that serves to improve the ranking of web pages generated with the help of search engine algorithms.

Companies want their webpages to appear in the first lines of the search engine to make the selling more effective. The users who are making the inquiry in the search engine are already interested in a product, service or information as long as they express their intention in the form of 'key words' search.

When getting to the site from the search, users are able to immediately perform the desired action – purchase a product or order a service. SEO draws to the companies' sites the necessary (quality) audience and is a good technique for small and medium firms due to the low prices for a single client.

Pay-Per-Click or, in short, PPC is a primary type of search engine advertising.

PPC is a kind of advertising in the Internet, where the company (merchant) purchases key words through a bidding process at search sites, so whenever a consumer decides to go to the site, the company pays for the click.

Advertising PPC-adds are placed in the network by using the providers such as search engines Google AdWords, YandexDirect (Russian company), MSN adCenter and advertising platforms of social networks – Facebook, Twitter, LinkedIn, VKontakte and others.

(Valacich & Schneider, 7<sup>th</sup> ed., p. 174-176; Laudon & Traver, 12<sup>th</sup> ed., p.392-393)

## **5.2 E-mail marketing**

E-mail marketing category provides a direct relationship with a client. Moreover, it is a relatively less expensive method for contacting a customer than via mail and, therefore, it can be used more frequently.

Despite the duration of its existence and the emergence of many new marketing practices, e-mail marketing remains an important tool for marketing specialists. This method helps to create and strengthen the quality of relations with the audience, increases the number of repeat purchases, gives the ability to promote new offers and receive the feedback.

(Goeldner & Ritchie, 12<sup>th</sup> ed., p.153)

## **5.3 Social media marketing**

Social connections in the Internet appear to be the main trend of the modern online environment. Today, there is a great amount of different social networks and

services presented online. The activity of users increases, there is a particular group of people who use the Internet exceptionally for the communication via the social network.

The aim of the marketing is to be as close to the audience as possible. Therefore, social media gives a unique opportunity to segment and individualize company's own message for the consumers. As a result, there has appeared complex of actions directed to the promotion via social media called Social Media Marketing (SMM).

Runet is an abbreviation for the Russian Internet, the one that requires a good knowledge of Russian language for the information search. According to the statistical data provided by TNS Web Index for December 2015, the most popular social media in the Runet are determined as follow: VKontakte (VK) with the monthly average users of almost 47 million people, Odnoklassniki, Facebook, Twitter and Moi Mir (My World). (Figure 3)

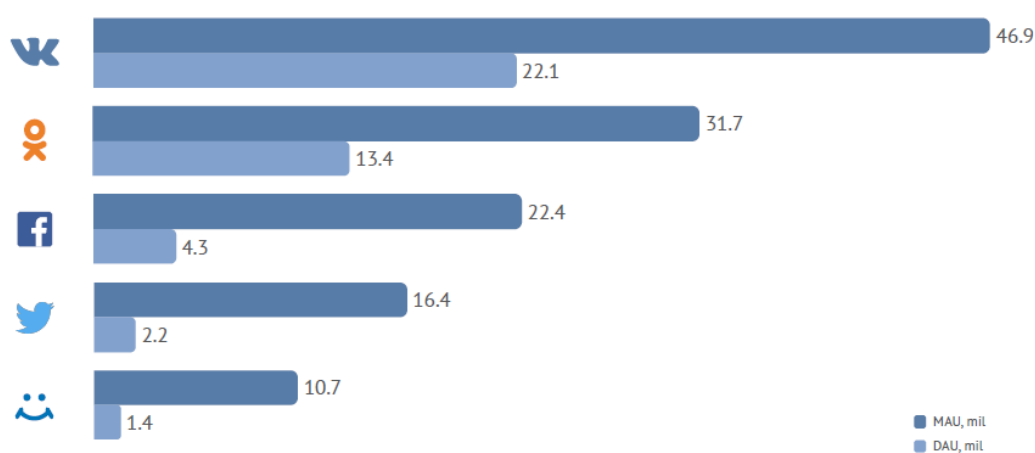


Figure 3. Main Social media in Runet (Source: TNS Web Index, December 2015, Russia (0+, 12–64), MAU and DAU, mil people.)

Statistically, among all the users of Runet, the percentage of women is slightly higher than that of men (52% against 48%). The same tendency can be tracked among users of the social networks. The highest percentage of female users belongs

to the Odnoklassniki (56%) while in Twitter they consist of less than the half of the total amount. (Figure 4)

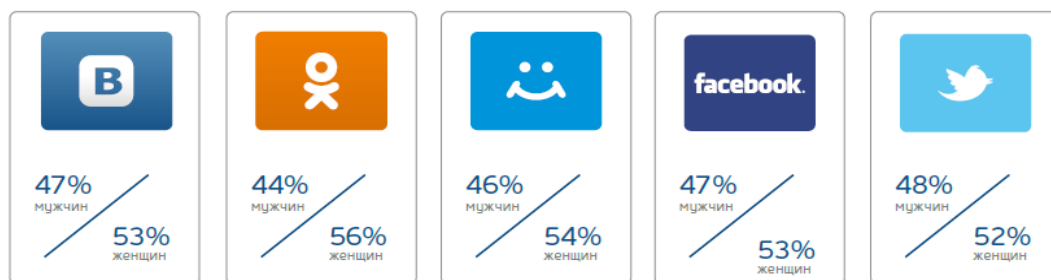


Figure 4. Gender segmentation (Source: TNS Web Index, MAU, January 2014)

The most active users of social networks are people of 25-34 age category. This group represents about 27 % of the Runet participants. As shown in Figure 5, Facebook differs from other social networks with having older audience while Twitter and VKontakte mostly gain the interest of young people.

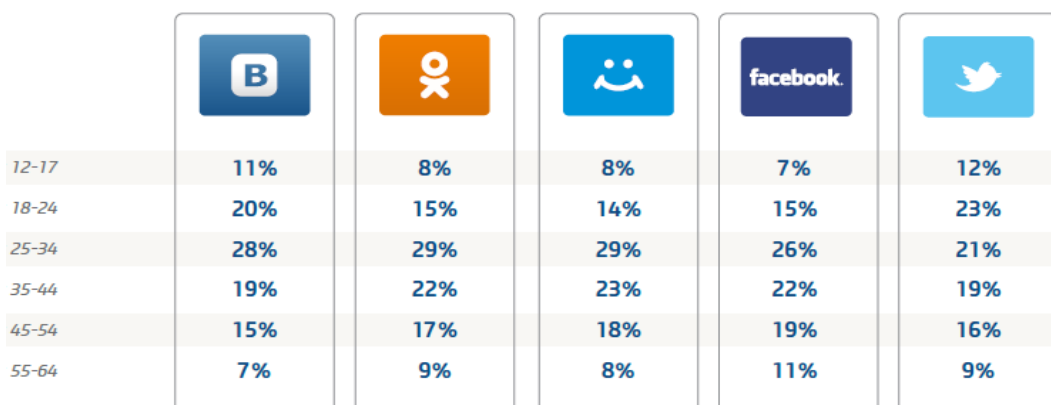


Figure 5. Age segmentation (Source: TNS Web Index, MAU, January 2014)

The main share of the Best Travel agency customers belongs to the families with kids and couples, also there are individual and corporate travelers. Mostly customers are interested in the resort-type holidays with the ‘all inclusive’ feature, which is quite practical for the families with small kids, but also there are travelers who prefer to combine different activities – other than the hotel can provide: visits the local tourist attractions, participation in the different excursions, specific

shopping tours and even taking small trips to the nearby cities either by themselves or with a guide.

According to statistics, women are becoming an important segment in the Russian tourism market. The biggest share of the structure population in Russia is represented by women, and also their growing social, political and economic role makes this segment very attractive for the tourism sector.

The agency's objective is to target the most active internet users, mostly the audience of the age 20-50. Teenagers should be also taken into the account as long as they spend a significant time online and might have an influence on the family decision when choosing a holiday. Further on, there is a description of the popular social network and explanation why this particular network is the most suitable one for the current case.

Vkontakte (VK) is the largest social network in Runet. It was created in 2006 by its founder Pavel Durov. The users of VK have access to the following resources on the site: the ability to create a profile with the information about themselves; to manage the access settings to information on their page; to interact with other users privately (via private message) and publicly (through records on the 'wall', as well as through group and meetings mechanism); to track the activity of friends and communities via the newsfeed. The user can also add comments for the already published content. It is also possible to attach pictures, audio tracks and videos, graffiti and opinion polls.

Due to the highest popularity of the VK.com social media network among all others in Russia, it was chosen as the promotional tool for the 'Best Travel' agency case. Vk.com is possible to access both from a desktop and a mobile application. The average user visits the site daily. The key feature of VK.com is its multitask functionality: users are able to communicate, watch video, listen to the music, play games, read and receive news, do shopping, etc. The strategy of VK.com development is to analyze the consumers' behavior and to implement these

behavioral patterns into the social network, as a result many people don't feel the necessity to visit secondary websites. (Figure 6)

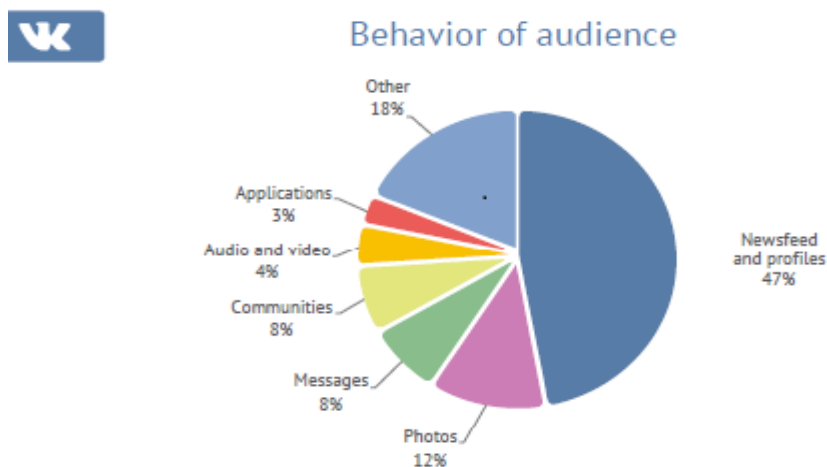


Figure 6. Behavior of audience in VK.com (Source: VK, world (0+, 12-64), % of page views.

From the company's promotional point of view, the main advantages of VK.com are the following characteristics:

- Numerous and active audience. The daily attendance of VK.com is over 45 000 000 users. Moreover, the average user looks through over 50 different pages.
- Popularity of community-model interaction. The web page I created for the 'Best Travel' company's case is such type of community which can be used as an effective marketing tool: [https://vk.com/best\\_travel\\_tlt](https://vk.com/best_travel_tlt). Currently there exist over 10 000 000 groups (communities) which users can join to, communicate and receive information.
- The possibility of profound targeting. The users of VK.com give enough of the personal information such as age, location, profession, hobbies and so on. Consequently, this information gives huge possibilities for marketers to target effectively a specific audience.

The 'Best Travel' community solves out several problems. First of all, it allows the agency to stay connected to their audience, e.g. to provide news and to inform

about offers. Then, it is possible to receive feedback via personal message feature or by creating an opinion poll. And, lastly, the online presence lets the new audience get acquainted with the company as well. (Khalilov D., 2016, p. 45-47)

Social media possess a whole variety of advantages if compared to the other marketing strategies, including both online (such as search engine) and offline (e.g. TV advertising). Let us look further through these advantages.

### **Word of mouth**

The users are inclined to share the information with their own circle of people – friends, colleagues, family. This factor is expressed quite noticeably in a social network, consequently, with the right attitude, this feature can be used in order to get information distribution at its maximum.

This mechanism is also used in so called ‘viral marketing’ – creating information content which is attached to the brand, interactive applications, which users distribute themselves among own environment.

The principal objective for a marketing specialist is to understand the interests of the audience, behavioral motives that induce users to information sharing and, on this basis, to create viral content.

The two main options of sharing the information in a social network include *interpersonal distribution* – a person sends product information or a link to one or a few people; and the second alternative can be called a *social distribution*, i.e. user shares information with everyone in his/her network. The last option is more effective from the marketing point of view as it involves a broad audience.

### **Targeting**

Perhaps, the key advantage of the social media is the great possibility of targeting the needed audience so that it focuses on a required segment of the audience. The users have already registered themselves in social media and most likely have

reported a big share of personal information: age, place of residence, marital status, education, profession, interests and other facts.

Therefore, social media provides a considerable piece of information about its users compared to any other marketing tool, which gives the opportunity to choose only specific targeting audience in which a company is interested in.

### **Non-promotional format**

It is evident that social media users are overloaded with advertising which, in addition to the Internet, 'attacks' people from the TV, newspapers, billboards and posters. The Internet is one of the most aggressive environments from the advertising viewpoint. There even exists a term in a media internet advertisement – 'banner blindness': when a person enters a website and unintentionally blocks the perception of some parts of the page as it contain banners. As a consequence, this 'blindness' influences on the effectiveness of the advertisement.

When working with social media, the process differs so that social media marketing does not employ an advertising format. The main mechanism of interaction includes the communication with the user via topics of current interest and distribution of the potentially interesting content for the user. Naturally, the content and the conversation with the user have somewhat promotional features, at the same time, in contrast to an advertisement, the content has value for the user.

### **Interaction**

In case of using the majority of other marketing tools than social media, the action with the audience reaches only a one-sided format: a company provides information about its product but does not have the possibility to receive feedback. However, in social network this process carries a two-sided pattern: the users may express their own opinions, to make inquiries and to participate in different kinds of surveys. As a result, interaction with the target audience appears to be more profound than when using a traditional advertising.



## **Prevalent Myths of SMM**

Myth 1. People do not buy in social media.

It is a fact people do not primarily use social network for shopping. However, people are receptive to the information which interests them. When linking in with a company's community online, they automatically keep in constant contact with a company. If a company succeeds with the interaction, the members of the community can become closer to making the purchase decision.

Myth 2. Social network is only for a younger generation.

As a matter of fact, the audience differs from the standpoint of the age, income, profession and education, as well as place of residence. Consequently, social networks represent all of the main demographic groups.

Myth 3. SMM is expensive.

Social Media Marketing does not necessarily require a budget, it depends on the required coverage. The widespread model of SMM starts with the free tools (e.g. website and social networks fusion) and in case of the campaign effectiveness, the more expensive methods can be performed (targeted advertising).

Myth 4. Impossible to calculate the effectiveness of the SMM campaign.

There exist certain metrics and the ways to assess the results of the campaign. (Khalilov D., 2016, p. 20-24; Online marketing: e-business tactics. 2013)

## **5.4 Mobile marketing**

The biggest trend in Russian social media is the use of mobile technology. People increasingly gravitate to the mobile devices than to the traditional PC. Therefore, social networks, which are primarily designed for mobile devices use, Instagram and Periscope, have a much greater potential for growth compared to other networks.

In September 2015, mobile data traffic reached 58% of the total internet traffic in

Russia, and these numbers are constantly growing. (Russian Social Media. eCommerce Worldwide. 2016)

### **5.5 Online advertising**

Being a popular tool for the online marketing, online advertising is used to increase brand awareness and to attract the attention of consumers to the new goods and services.

Online advertising tools include display (banners, video, rich media), search, mobile messages, sponsorships, classifieds, lead generation and email available on desktop, laptop, tablet computers and mobile phones.

It is estimated that by 2018 the amount spent on online advertising will exceed the amount spent on television advertising. (Laudon & Traver, 12<sup>th</sup> ed., p.390)

## 6 RELIABILITY AND VALIDITY

### 6.1 Reliability

Reliability in the research can be described as the probability that the measurement is free from random errors and give consistent results, so that the same result can be expected at other time. In order the research to be trusted, it must be reliable.

The reliability measurement ‘must be consistent, accurate, and uniform across testing occasions, across time, across observers, and across samples’. (Graham, Naglieri, Weiner, 2003, p.54)

According to Earl L. Babbie, “Reliability is a concern every time a single observer is a source of data, because we have no certain guard against the impact of that observer’s subjectivity”. (Babbie 2010, p. 158)

The concept of reliability plays an important role as it can be applied not only to the research but also to the different fields of science and to a broad range of activities. For researchers, there are four types of reliability: equivalency reliability, stability reliability, internal consistency, interrater reliability. (Writing @ CSU. Reliability and Validity)

### 6.2 Types of reliability

**Equivalency reliability**, also called parallel-form reliability, sets an extent to which researchers evaluating the same phenomena with the participation of the same sample group via more than one assessment method (e.g. survey questionnaire and official records) achieve consistent results. (Dudovskiy, 2016)

**Stability reliability** (also known as test, re-test reliability) is defined as results stability after conducting the same test on the same sample group over time. Time interval has a decisive role depending on what period of time (e.g. after one week

or one month) the second test was held. The shorter the gap between two observations, the higher will be the correlation, hence, the results will be similar. (Writing @ CSU, Trochim, 2006)

### **Internal consistency**

There is a broad variety of an internal consistency measures that can be used.

*Average inter-item correlation* compares correlations between all pairs of questions that test the same construct by calculating the mean of all paired correlations.

*Split-half reliability*, basically, is a process of randomly ‘splitting in half’ all of the items of the test into two sets and evaluating the correlation of the score from each part of the test between each other. (Trochim, 2006; Graham et al., 2003, p.55)

*Chrobach’s alpa* is probably the most common statistical index of the internal consistency reliability and is equivalent of the average of the all possible split-half correlations. (Trohim, 2006)

### **6.3 Validity**

In addition to the reliability concept, a researcher should examine whether the tool (instrument) which was selected for use has reported scores which are valid. It means that even reliability is a necessary component, the single use of it (without validity) is not sufficient.

#### **Different types of validity**

*Face validity* is the least scientific measure of all validity type of measures as it is not based on a scientific approach.

The research may be specified to be valid without any scientific in-depth justification.

*Criterion related validity* determines the actual relationship between variables that purportedly are related. It allows to see if the scores predict the result a researcher would expect them to predict.

*Construct validity* is the most complicated forms of validity as long as it is accessed using both statistics (theoretical concept) and practical procedures.

*Content validity* “is the extent to which the questions on the instrument and the scores from this questions are representative of all the possible questions that a researcher could ask about the content or skills”. (Writing @ CSU; Laudon & Traver, 12<sup>th</sup> ed., p. 164-165)

#### **6.4 The reliability and validity in the thesis research**

Each case study is absolutely unique and should be considered individually. If to assume that a re-test survey for the current study will be held, so that the same type of questions will be given to the same group of people within few months, the results (answers) will be mostly the same but not fully accurate. Nevertheless, the results are reliable and rather stable as well.

The current research can also be called valid as the research problems which were set in the beginning of the study were solved and the final result was provided.

## **7 QUALITATIVE RESEARCH METHOD**

Prior to conducting research work, the researcher should choose a suitable method – either qualitative or quantitative study, the one which shall correspond with the research problem.

Quantitative research refers to the research method that allows the collecting of numerical data, which is then further analyzed by using mathematical or statistical technique.

As David Coldwell and Frikkie Herbst state, qualitative research provides ‘in-depth analysis of problems, opportunities and situations in the business environment’. (Coldwell, Herbst, 2004, p. 13-15)

Most of the case studies are accomplished via the qualitative research. And for the current case study, the qualitative research is also the most suitable one due to the limited number of respondents. Despite of the limitation, the method of in-depth interview gives enough material for analyzing, evaluating and summing up the results.

### **7.1 Semi-structured interview**

Interviewing involves personal contact with the respondents, in which the researcher asks questions and records the answers. The interview can be conducted in a direct way ("face to face") and indirect, e.g. by using telephone.

There exist three main types of the interviews: structured, semi-structured and unstructured. For the current thesis a semi-structured format was chosen. The advantages of the interview method of data collection include the possibility to have an in-depth analysis of the research problem. Also, the order of the questions and their wording may change during the interview.

While the interviewing process takes place, a researcher has certain guidelines for the questions to ask, which should cover the main aspects and key moments of the research. It is important to construct the questions in a way that they will not interfere with the interviewer's and own opinion of the respondent, a researcher must aim to keep a neutral position.

## **7.2 Coding**

In the qualitative research, data is received from the words, not from the numbers. As matter of fact, qualitative research produces a big amount of data which is not always meaningful or relevant for the researcher.

Therefore, coding in a qualitative research is a process of transcribing of the received data into some categories (words or phrases) in order to make the analysis more effective.

## **7.3 Interview questions and implementation**

The segment for the research included the staff of the travel agency; the director of the travel agency and two managers. In total, four interviews were conducted – a separate one for each person and the last one which included every member of the agency. The interviews were performed on different dates during August-September 2016 as face-to-face interviews and they were recorded. As the interviews were held in a semi-structured way, it was possible to raise open-ended questions, which is an advantage for the researcher as the respondents are free to give longer responses and provide more information. Each interview was transcribed and categorized.

## **7.4 Research questions and the following results**

The questions are presented in a generalized manner. The most interesting feature that was noticed during the interviews was that there is a great amount of similarity

in the answers. The only explanation for this phenomena is that the staff of the company has not changed much in the total period of fifteen years and it is a small community of managers which can almost be called a 'family'. Further on the interview process is presented.

- Please tell about the company and the competitors on the market.

The agency organizes tours of different levels of difficulty and, at the same time takes into the account the individual needs of every tourist. Throughout the fifteen years of presence on the market, it has accumulated precious professional experience, created a cohesive team, has acquired reliable partners and recognition from the tourists. Since the year 2012, it has represented one of the leading tour operators – "Pegas Touristic".

The company had found its own niche on the market and is constantly keeping the contact with the loyal customers, which is obvious as they bring the biggest share of profit. Nonetheless, each customer, despite of being a new or a returning one, always receives personalized service.

- Are you satisfied with the tour operator you are working with?

The mutual response to the question is that the operator is credible and in case any vexed point happens in the relations with tourists (e.g. hotel has no free rooms despite on the booking), the operator can professionally solve the problem.

For two people the negative feature of cooperation with 'Pegas Touristic' is that the agency almost becomes a sales office for the mentioned operator and, therefore, it might bring inconveniences for tourists: it can happen so that the same tour costs less if bought from a different operator. However, 'Pegas Touristic' insists on sale only of their own tours. Probably, in the near future, the agency will return to a fully independent status.



- What are the main issues you have a concern about?

The situation on the Russian tourism market is not always easy. Some of the main factors include financial crisis (the recession of the national currency), the seasonal factor (e.g. the majority of charter airlines are available only in the summer), some tourists are getting more interest towards lowcosters and non-direct flights (with one or more stops), which sometimes allows them to pay less.

The director of the company mentions that only a company with its own client database which does not need much budget to spare for the advertising and which is engaged in creative projects and able to offer something original for the tourists can survive in such an environment.

- If comparing the years 2015 and 2016, do you feel any difference, that would affect the loyalty of the clients?

In fact, client behavior is changing. Bankruptcy of some tour operators and airlines has reduced the level of confidence, the temporarily closure of popular tourism destinations, namely Turkey and Egypt with their efficient packages has also pushed the role of travel agents to the sidelines.

There has been a tremendous redistribution of the travel flows as domestic tourism has increased a few times, so many tourists decided to organize the trips by themselves including the booking of tickets, hotels and the choice of excursions.

In the outbound tourism the proportion of ‘independent’ tourists is also growing. People have learned to use aggregators, booking services. All this has lead the participants of the tourism industry to search for new ways of development.

- What is your opinion regarding new trends in the tourism sector – formation of OTAs? Do they seem to be a ‘threat’ for your company?

OTAs is an answer to the constantly developing tourism industry. They have found their own market segment. But, at the same time, the customers who are used to

receiving a personalized care from their ‘own’ agent whom they personally know, will continue to choose traditional types of agencies. In the online travel agencies, if any question occurs, clients need to either use the help of a call centre or a chat window on the website. As long as the call center receive thousands of ‘question’ applications monthly, tourists might not be given the same amount of time and attention as in the ‘offline’ travel agencies.

- Are you ready for the changing environment? What do you think about social media?

Indeed, the travel agency needs to adjust to the constantly changing environment. Social media seems to be an interesting tool for promoting one’s own business and for becoming ‘closer’ to the customers.

- Are you ready to invest into developing social media? What is the aim of your business concerning social media? Which social media platform would seem more attractive to you?

At the beginning, there was no special budget planned. Currently, for a small travel agency and due to the limitations in time, the perfect solution would be the social media that is not very labor intensive. Considering the Russian audience and market, such social network as VK.com might be the most suitable type of social media to begin with. In case of the success in reaching additional audience (clients), which might take some time, an idea is to proceed with the implementation through the other social networks, e.g. Facebook and Instagram.

- Who are your current customers? Which audience would you like to target via social media?

The big share of our clients are families with kids and couples who are interested either in the typical resort vacation, or in cultural exploration, or in combining both: resort and different activities – other than provided on the territory of a hotel. These activities may include, for instance, a visit to the local tourist attractions, historic sites, specific shopping tours (depending on the location), attendance of the local festivals and even participation in small trips to the nearby cities. Families,

especially with small kids tend to choose 'all inclusive' packages. There are quite many individual travelers along with business travelers.

Considering the gender aspect, women are becoming the most important segment in the tourism market. It is influenced by the structure of Russian population as the majority consists of women and due to their growing role in the social, political and economic factors, women's share in the tourism market is increasing as well.

Our target segments are active online users: mainly people of the age 20-50, but also teenagers as long as they are a part of the active online audience and may influence on the decision of the family in the vacation planning, or, additionally, they can also be individual travelers.

- Will the purchase power of tourists grow in 2017? What are the objectives for your company in the future?

Evaluating the prospects of the tourism sector in 2017, experts have called them to be very positive: the growth of the outbound travel worldwide is predicted to grow between 4 and 5%. The leader of the outgoing traffic will continue to be Asia. In the segment of travel agencies some small players will disappear, which will lead to the redistribution of the clients. Currently there is a need in such specialists as visa managers and specialists who provide services for the corporate clients.

As a result, the interview answers received from the staff of the Best Travel agency provided enough information to indicate what the current needs and wants of this particular travel agency are. While the company is still functioning well, and according to the product life cycle the agency can be defined as having a strong position in the maturity phase, the travel agency is ready to accept changes on the market, the new technological development and to start the technological renovations in the company.

The agency also needs to keep in constant contact with the loyal customers as well as gain new ones and from this point of view of the online presence in social media

is necessary. Many businesses have their own websites but today it does not seem to be enough. As an example, a person can reach the company's website and can even decide to buy a tour from this company but the returning number of customers to the same website is minimum. That is why social networks play such an important role – as long as people join the company's webpage in VK.com, they will start to receive notifications, travel offers, useful travel information, reviews from other clients and the visitors of the site can also see that other people are using the services of the company which, again, can built more trust. Moreover, it is easy for customers to communicate between themselves and ask for each other's opinion.

From a company's point of view, the e-marketing of the company's own page and promotion sales through this page does not require a budget in the beginning. However, to make the process of attracting the customers more successful, targeted ads can be added.

## 8 CONCLUSION

Today, social networks are used not only for entertainment or communication but also for the business environment.

Companies need to adapt to the changing market place and to offer a unique service, which is valuable by customers.

Today's market environment is very competitive as long as customers have many different choices. Sometimes designers of the products and consumers of the products have different perceptions, therefore a company needs to employ a marketing concept.

In addition to conducted interviews in empirical section of the research, a new profile page for the travel agency was taken under development via the one of the most popular social network in the Runet – Vkontakte: [https://vk.com/best\\_travel\\_tlt](https://vk.com/best_travel_tlt)

The decision to make Vkontakte network as a promotional tool for the travel agency is evident. To start with, VK.com somewhat reminds Facebook, but the majority of Russian users prefer to communicate via Vkontakte as long as they can not find all of their friends on Facebook. Also, when VK.com was launched, it received many users due to the availability of the Russian language, while Facebook at the beginning did not have a Russian language feature.

In recent statistics on its own website Vkontakte reports of the 95M monthly active users. Many businesses choose Vkontakte to use for specific options that the site provides such as targeted ads. Also, people tend to join the communities when they recognize a company's name or brand or when they see that some of their friends have joined the same group.

Currently the profile page of the travel agency in V Kontakte network consists of the main information: location, phone numbers, useful links (e.g. airport site) and news from the tourism industry. Further suggestions for the improvement and attracting more people is the further development of the personal page e.g. to include special travel offers.

Currently the company's page in VK.com can be called a beta version but with regularly invested time along with interesting and useful content for the audience, it can become popular as it has already proven by the company's competitors.

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## **APPENDIX**

### *Questionnaire*

- Please tell about your company and the competitors on the market.
- Are you satisfied with the choice of tour operator you are working with?
- What are the main issues you have a concern?
- If comparing the years 2015 and 2016, do you feel any difference, which would affected the loyalty of the clients?
- What is your opinion regarding new trends in the tourism sector – formation of OTAs ? Do they seem to be a ‘threat’ for your company?
- Are you ready for the changing environment? What do you think about social media?
- Are you ready to invest into developing social media? What is the aim of your business concerning social media? Which social media would seem more attractive to you?
- Who are your current customers? Which audience would you like to target via social media?
- Will the purchase power of tourists grow in 2017? What are the objectives for your company in the future?