Marketing Communication Strategy for Revenue Growth at a Selected Company Operating in the Online Travel Industry

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Zásady pro vypracování:

Úvod

Definujte cíle práce a výzkumné metody práce.

    I. Teoretická část

- **Zpracujte teoretické poznatky vztahující se k problematice strategického řízení marketingové komunikace.**

    II. Praktická část

- **Analyzujte současnou úroveň a situaci v oblasti řízení marketingové komunikace ve vybrané firmě.**
- **Navrhněte projektové řešení strategického řízení marketingové komunikace.**
- **Proveďte časovou, nákladovou a rizikovou analýzu navrhovaného projektového řešení.**

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……………………

podpis diplomanta

ABSTRAKT

Cieľom diplomovej práce je vytvoriť marketingovú komunikačnú stratégiu pre rast tržieb vybranej spoločnosti pôsobiacej v odvetví online cestovného ruchu. To bolo dosiahnuté prostredníctvom teoretických infromácií a vyhodnotením niekoľkých analýz vrátane analýzy mikro a makro prostredia, situačnej analýzy, benchmarkingu a kvantitatívneho marketingového výskumu. Projekt stratégie marketingovej komunikácie bol vytvorený na základe analytických údajov a záverov. Návrh stratégie marketingovej komunikácie obsahuje konkrétne akčné body, metriky merania výkonnosti, definované kľúčové výsledky, časový plán, náklady a analýzu rizík. Práca poskytuje usmernenia a informácie o navrhovanej marketingovej komunikačnej stratégii pre vybranú spoločnosť.

Klíčová slova: marketingová stratégia, digitálny marketing, benchmarking, marketingový výzkum, výkonnostný marketing, marketingový mix, marketingová komunikácia

ABSTRACT

The aim of this Thesis is to create a marketing communication strategy for revenue growth of selected company operating in Online Travel industry. This was achieved by observing theoretical framework and concluding several analyses including micro and macro environment analysis, situation analysis, benchmarking and quantitative marketing research. The project of marketing communication strategy was created based on the analytical data and conclusions. Marketing communication strategy proposal includes specific action points, performance measurement metrics, defined key results, timeline plan, costs, and risk analysis. The Thesis provides guidelines and information about the proposed marketing communication strategy for the selected company.

Keywords: marketing strategy, digital marketing, benchmarking, marketing research, performance marketing, marketing mix, marketing communication

ACKNOWLEDGMENTS

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INTRODUCTION

The purpose of this Thesis is to create a marketing communication strategy proposal, which is aligned with the overall company's mission and strategic business focus. The marketing communication strategy's effort is to generate revenue growth for the company. Selected company is operating in the online travel industry, which is characteristic by fast development of technology innovations, growing travel demand and highly saturated market. The company started as a start-up around 7 years ago and managed exponential growth without any significant marketing communication investment. The project of marketing communication strategy would initiate further growth of the company's customer base and revenue and set up the company brand and product awareness as a long-term strategy.

The Thesis is divided into two main parts: Theory and Analysis. The Theory section consists of theoretical information explaining different approaches to strategic frameworks and tools, marketing strategy, performance measurements, micro and macro environment analysis, marketing research, marketing mix, and digital marketing.

The Analysis section is further split into two sub-parts: analytical part and project proposal. The analytical part entails company introduction, history, and main product and service. Following chapters consist of specific analysis which examines a company's internal and external environment. Company's product, service, and promotion are analyzed in comparison to its main competitors using benchmarking. In addition to benchmarking simple quantitative marketing research was conducted through an online survey in order to observe customers preferences towards products and brands offered by the competitors and identify the influence of promotion on customers' decision making. The company's weaknesses and strengths are defined through IFE and EFE matrix. SWOT analysis summarizes all previous partial analysis and outlines the areas where the company should focus on.

Project proposal defines the main objectives of the marketing communication strategy. The objectives are aligned with the current company's strategic focus, but also add four perspectives of Balanced Scorecard framework in order to navigate long-term strategy. Before the action points of marketing communication strategy are selected, market segmentation, positioning, and targeting are defined. The project part continues with a chapter about current company's marketing mix. Following chapters dedicated to specific marketing strategy proposal and plan outlining improvements for current marketing mix with a greater focus on

marketing communication and its objectives. In this chapter's specific action points, marketing channels and timeline are described. In addition to this, action points and minor improvements fulfilling the objectives of the rest of the company's focus areas are also defined and proposed as a part of the overall marketing strategy plan. Performance measurement metrics and key results are defined in the summary of the project proposal. Costs and risk analysis define necessary budget and impact of risk on the project.

As a result of theoretical foundation in combination with data concluded from the different analysis, the marketing communication project proposal is created and applicable for the company use.

I. THEORETICAL PART

1 DEVELOPING STRATEGY

Companies are formulating strategies from their mission, vision and values statements. The mission statement should briefly describe the purpose of the business and what it can offer to its customers. Values describe the company's character, attitudes, and beliefs. The vision statement describes the long-term goals of an organization. The goals should be oriented towards the company's main market segment which will perceive a company's brand through its vision (Kaplan, Norton and Grusov, 2010, p. 27 – 40).

Strategic planning is a: the *process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities*. (Kotler and Armstrong, 2016, p. 64) This process is usually happening on the corporate level and marketing strategy planning is then executed on business unit, product or market levels right after the situation analysis of a company were created. The main scope of marketing strategy planning is setting up objectives, defining target markets, brand or product positioning, communication strategies and marketing research (Kotler and Armstrong, 2016, p. 64 - 70).

1.1 Strategy management models

Executive managers in every organization can use several strategy management tools: SWOT analysis, PEST analysis, Competitive benchmarking and many more. The tools can provide valuable information if they are manifested and visualized through strategic models. Many companies are using Balanced Scorecard model as a reference dashboard to align day-to-day actions to overall strategy and company mission, vision and values.

1.1.1 Balanced Scorecard model (BSC model) vs. Objectives and Key Results model (OKR's model)

Balanced Scorecard model was developed by authors Kaplan and Norton in 1992 and offers an overall, balanced overview of company performance through four perspectives:

- **Financial** – measures key indicators of company finances
- **Customer** – measures key indicators of the customer relationship towards the company
- **Processes** – measures key indicators of internal processes
- **Learning & Growth** – measures key indicators of internal environment and culture

(Biazzo and Gareno, 2012, p. 11).

Figure 1: Balanced Scorecard model: Four perspectives

Balanced Scorecard model can be used for the overall strategy of a company, but also as a reference point for individual business units, markets or departments.

Objectives and Key results model (OKRs model) were originally created in 1970 by Intel CEO Andy Grove and nowadays this model is being adopted by biggest technology companies (Google, LinkedIn, Uber, Twitter and more) (Weekdone.com, © 2018). OKRs model is structured in a simple way: firstly, qualitative, time-bound, actionable objectives for each person or team are being defined. Secondly, each objective has defined key results which should be quantifiable, achievable, lead to achieving the objective and challenging. The results can be based on different attributes such as growth, performance, revenue, etc (Weekdone.com, © 2018).

OKRs model and BSC model are both focused on strategic objectives and metrics (BSC model uses KPIs – key performance indicators or measures, OKRS model uses key results). The main difference is that BSC model is mostly used for creating mid or long-term strategic planning. OKRs model is being changed on a monthly or quarterly basis with a focus on those objectives that can bring the most value within a very short-term period. OKRs model also doesn't focus on creating objectives and its results in context of any perspective, but rather focuses on the most important attributes for the next short-term period (Pedroo.com, © 2018).

Author and consultant Paul R. Niven recommend companies using a combination of both OKRs model and BSC model. While OKRs model will help organization dynamically update objectives based on the current market situation, BSC model will help them to navigate towards the ultimate long-term company's strategic goals (Pedroo.com, © 2018).

1.1.2 Holistic Marketing Concept

Similarly, to Balanced Scorecard model, a holistic marketing concept developed by Kotler and Keller aligns different perspectives of marketing strategy. *The **holistic marketing** concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies.* (Kotler and Keller, 2012 p. 19). Holistic marketing concept offers a good reference point for marketing executives on how to follow the overall marketing strategy in order to interpret the company's mission, vision and value to customers and achieve goals.
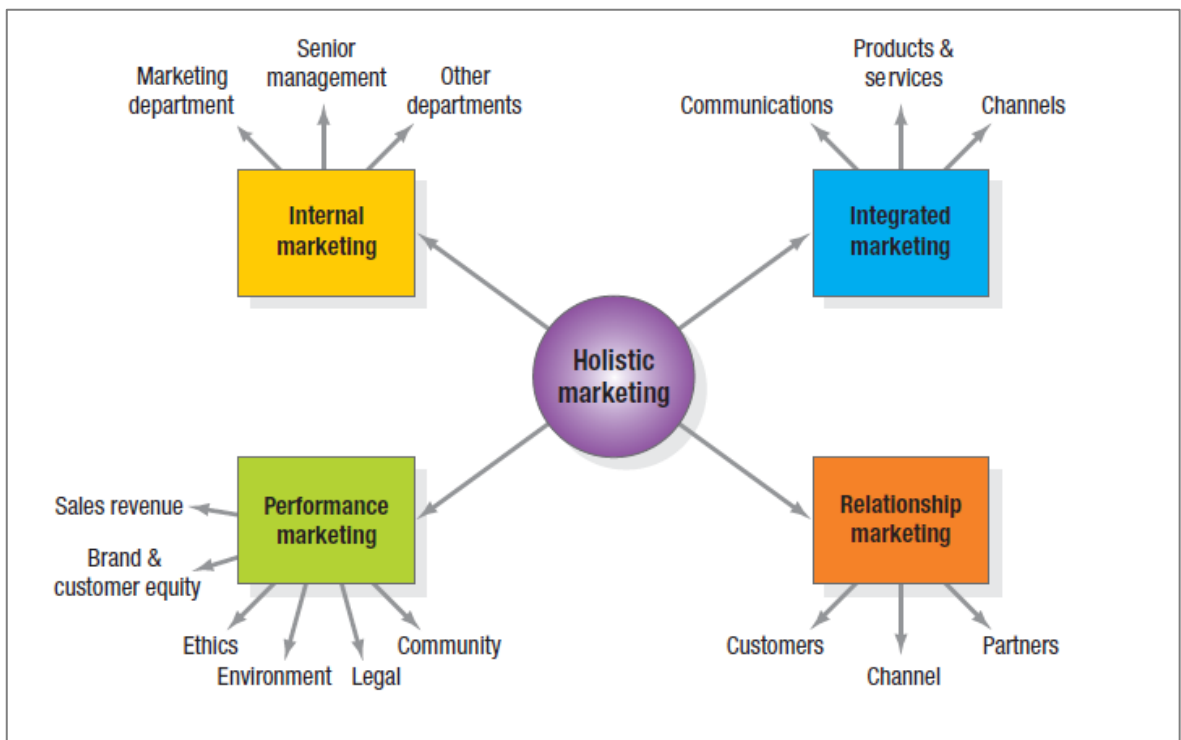
Figure 2: Holistic Marketing Dimensions (Kotler and Keller, 2012 p. 19)

2 STRATEGIC ANALYSIS

Every business is implicitly or explicitly influenced by its internal and external environment. In order to identify potential risks or opportunities for business within its specific environment, we need to conduct an analysis of internal and external factors.

2.1 PESTLE Analysis

PESTLE analysis serves as a tool to examine the macro perspective. The analysis takes five factors into consideration (Bensoussan, Fleisher 2013, p. 140):

- Social factors
- Technological factors
- Ecological factors
- Economic factors
- Political/Legal Factors

2.1.1 Social factors

Social factors are characterized by basic demographic metrics such as average age of the population, gender ratio, demographic development as well as factors defining the quality of life of the population: health care system provided, school system available, criminality, the debt of the population and other factors. Social perspective can also examine the life values, lifestyle, relationships and sense of community of the population.

2.1.2 Technological factors

This is a important factor for companies focusing on innovations or companies operating in a very dynamic and competitive industry where improvements in technology are key success factors. Businesses should be supported by local institutions, geography, and government system in order to maintain constant technological development.

2.1.3 Ecological factors

These factors examine ecological aspects such as quality of air and water, recycling opportunities, accessible power sources, pollution, accessibility and sustainability of raw materials but also level of environmental regulation.

2.1.4 Economic factors

The state of the local economy in which business operates is fundamental in the decision making process. Inflation, GDP growth, interest rates, currency rates, country debt, monetary and fiscal policy management, unemployment rate, state of the economic cycle are being taken into consideration during this analysis. Prediction of an economic factor is crucial but at the same time challenging. Business may take into consideration predictions from professionals in the field using advanced economics models.

2.1.5 Political factors or Legal factors

Each country or region operates according to their own specific legislation through law regulations that are being enforced by political parties or lobbyist groups. The government operates not only as a statutory institution but also as an employer (state administration) and customer. Business is strongly affected by a political institution that is in power within a given region and needs to follow its regulations and law in order to maintain legitimate business.

2.1.6 Advantages and Disadvantages of PEST Analysis

The advantage of PEST Analysis is the ability to give the decision-making management long-term perspective of current activities, establishes the relevance of external developments. It provides more structures approach of organizing relevant trends, events and expectations of stakeholders and increases the competitive performance of the company (Bensoussan and Fleisher 2013, p. 143).

PEST Analysis is more static analysis and it is difficult to maintain its effectivity over a longer time period. Wrong, inaccurate and uncertain interpretation of the environment, preference of short-term perspective instead of long-term perspective, lack of acceptance of the external environment of the decision-making management can contribute to ineffective PEST Analysis (Bensoussan and Fleisher 2013, p. 143).

2.2   SWOT Analysis

SWOT Analysis is a universal analytical method which helps to evaluate macro and micro (or internal and external) factors that might have a certain impact on an organization or newly introduced product or service. SWOT Analysis is mostly used as a tool for strategic management and strategic decision making.

According to Bensoussan and Fleisher (2013, p. 148), SWOT Analysis provides managers with answers to critical questions:

- *What are the competitive forces in our industry, and how strongly will they affect us?*
- *What factors are affecting competition? Can we affect these? If so, how?*
- *What are our current and potential competitors' assumptions about the changing environment?*
- *What environmental factors might drive and are vital to our competitive success?*
- *Is the industry's environment attractive or unattractive for companies like ours to generate?*
- *Acceptable profit levels? How will it look in the future?*

SWOT Analysis put these answers into a framework of four perspectives:

- Strengths – What are the strengths of a company, product or service
- Weaknesses – What are the weaknesses of a company, product, or service
- Opportunities – What are the opportunities that a company can work with and should not miss?
- Threats – What are the real risks for the business?

2.2.1   Internal Factors

Internal factors are those that can be to some level controlled by company management. From SWOT Analysis perspective we are talking about the Strengths and Weaknesses of the company. In order to properly identify the company's strengths and weaknesses additional internal analysis needs to be conducted, such as financial analysis, EFQM model, Value Stream Mapping or BCG Matrix. (https://managementmania.com/sk/swot-analyza)

2.2.2 External Factors

External factors are opportunities and threats that could potentially effect company, product or service. Similarly, as internal factors, external factors should be also analyzed using different analytical models. For example, PESTLE Analysis, Porter's Analysis of Five Forces, Market Segmentation and other analysis that gather and evaluate data about competitors, their products and customers. (https://managementmania.com/sk/swot-analyza)

2.2.3 Advantages and Disadvantages of SWOT Analysis

Advantages of SWOT Analysis are based on that it can be used for a large variety of issues and therefore it can provide insights about success or failure of different strategies of products, services, company departments, and whole organizations. This method does not require big data input that needs to be evaluated by advanced technology. It also provides a sufficient base for further strategic analysis. (Bensoussan and Fleisher 2013, p. 151).

Issues with different interpretations of the subject's strengths, weaknesses, opportunities, and threats is the biggest disadvantage of SWOT Analysis. SWOT Analysis is also not dynamic enough to provide an updated outlook on the most recent state of the organization unless is concluded repetitively. Another weakness that should be mentioned is that SWOT Analysis does not provide guidance for further action points for management (Bensoussan and Fleisher 2013, p. 151).

2.3 Porter's five forces

Porter's five forces is an analytical method evaluating the competitive environment of an organization and its strategic management. It was developed by Harvard Business School professor Michael Eugene Porter in the 1980s. The method helps to find the organization's strong position among competitors in a market and how the position can influence long-term profitability and evaluate competitors' actions and strategies (Mindtools.com, © 2016).

The five forces are:

- Competitive Rivalry
  - Describes rivalry among existing companies in a given market and how strong position those companies hold in the market.
- Supplier Power

- Describes the position of suppliers in terms of how strong they are when negotiating prices and quantities of supplies and how many of them are available in the given market.

- Buyer Power
    - Defines the position of buyers, their power to negotiate lower product prices, or the ability to buy products from the competition.

- Threat of Substitution
    - Defines how easy or difficult it is to subside products or services by some other competitive product or service.

- Threat of New Entry
    - Describes how easy or difficult it is for a new competitor to enter the market and what are the entry barriers.

(Hooley, Saunders and Piercy 2004, p.73 - 78)

2.4   IFE Matrix and EFE Matrix

IFE Matrix stands for Internal Factor Evaluation Matrix which is a strategic tool that helps to analyze and evaluate the internal environment of a company. The purpose of the IFE Matrix is to understand the key internal factors: weaknesses and strengths (Strategicmanagemetninsight.com, © 2014).

EFE Matrix stands for External Factor Evaluation that in opposite to IFE Matrix, helps to find and evaluate the key external factors of a company's environment. The purpose is to find opportunities and strengths of the company in relation to its competitors (Strategicmanagemetninsight.com, © 2014).

Both, IFE Matrix and EFE Matrix, are using a weighted scale evaluation system. For each of the key internal or external factors a weighted numeric value on a defined scale 0,00 - low importance to 1,00 - high importance is applied. The sum of all the key factors needs to be equal to 1,00 (Strategicmanagemetninsight.com, © 2014).

In addition to the weighted scale, the ratings are also applied. Ratings, in the form of a numeric value, determine how effectively is current strategy responding to its threats and opportunities in EFE Matrix. IFE Matrix is using the ratings to evaluate how strong or weak each of the key internal factor is at the current situation (Strategicmanagemetninsight.com, © 2014).

3   MARKETING RESEARCH

Businesses use marketing research in order to collect and analyze various types of information. The data can be collected using quantitative or qualitative research methods. Armstrong and Kotler describe marketing research *as systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization*.

At the beginning of any marketing research, a problem and research objectives must be defined. The second step is to determine a plan for research and the way how data will be collected and analyzed. After the marketing research plan was implemented, the collected information needs to be reported and interpreted (Armstrong, Kotler, 2016).

Marketing research can collect both secondary data and primary data. The secondary data are those who are already available, for example, data in databases, published surveys, etc. Primary data are specific information collected for a specific market research objective (Armstrong, Kotler, 2016).

There are different approaches for gathering primary data (observation, experiment, etc.) but the most common and widely used one is the survey research method. This method can be done through both quantitate and qualitative techniques like a focus group, one to one interview and more (Armstrong, Kotler, 2016).

The questioner is a commonly used technique. Questionnaires are flexible tools because the results can be interpreted and evaluate based on data quality and quantity depending on what type of questions were asked.

Questionnaires should follow certain rules. The questions should not be leading, implying answers and disclose assumptions. The number of questions can't be too long, because people who participate in the survey may lose interest and do not complete the survey. In general, it is recommended to start with questions about demographics (age, country, main occupation). The questions should lead from general to more specific. Choices for answers can be randomized. (Blog.hubspot.com, © 2018)

Data for surveys using questionnaires technique can be collected online. Sharing the questionnaire through online channels gives an opportunity to collect statistically significant data within a short time period.

4 MARKETING STRATEGY

Marketing strategy is a tactical process of achieving an increase in the company's revenue and gaining competitive advantages in the market by focusing on customers' needs and identifying market demand.

As Bradley (2003, p. 20) describes: *(...) strategic marketing is the requirement to develop a strategy to cope with competitors, identify market opportunities, develop and commercialize new products and services, allocate resources among marketing activities and design an appropriate organizational structure to ensure the performance desired is achieved.*

According to Nijssen and Frambach (2001, p.11), the marketing strategy as an independent management concept started to get in practice around 1980. Before that marketing has been predominantly focused on marketing mix: product, price, place, promotion. Nijssen and Frambach (2001, p.12) observed that nowadays strategic marketing: *(...) has turned the focus toward market segmentation, targeting, product and brand positioning.* In addition to this as a prediction for the decade, marketing strategy will also focus on market orientation and creating value (Nijssen and Frambach 2001, p.12).

As any other strategic management marketing strategy is also working with many available analytical tools that help organizations with decision making and strategic planning. In the following chapters, we will describe the most common analytical tools and approaches.

4.1 Market segmentation

According to Keller (2013, p. 51) market is defined as a: (…) *set of all actual and potential buyers who have enough interest in, income for, and access to a product.*

Market segmentation is then: *divides the market into distinct groups of homogeneous consumers who have similar needs and consumer behavior, and who thus require similar marketing mixes*. (Keller, 2013, p. 51)

There are different types of market segmentation categories and Keller (2013, p. 52) divides them as follows:

- **Behavioral market segments** that categorize customers based on their ways of using a product or services (when, how often, how), their loyalty to the brand, their interests in product/service benefits.

- Customer segmentation based on customers' age, income, gender, race, family status is called **demographic market segmentation.**
- **Psychographic segmentation** helps to identify customers opinions, attitudes, values but also their lifestyles.
- **Geographic segmentation** divides customers into larger segments: international, regional or local markets.

Keller (2013, p. 52) also adds additional segmentation for business to business customers based on the nature of the goods their offer, buying conditions, demographics in a sense of the size of the company, annual sales volume, SIC code and more.

Market segmentation requires making trade-offs between costs and benefits. The more finely segmented the market, the more likely that the firm will be able to implement marketing programs that meet the needs of consumers in any one segment. That advantage, however, can be offset by the greater costs of reduced standardization (Keller, 2013, p. 51).

In the case of digital marketing strategy, market segmentation can be done using acquired customers data in companies' CRM or CMS systems, that make customer segmentation an automatic and very efficient process. Based on collected data, marketers can define customers demographic, behavioral, geographic and perhaps psychographic attributes and create niche segments. These niche segments can be reached via various digital marketing channels, with highly customized creatives and messaging thanks to different marketing automation tools that marketers are using. (Stokes, 2013, p. 6 – 9)

Market segmentation should follow defined segmentation criteria in order to create effective market segments. Market segments should be:

- Identifiable
- Measurable
- Sufficiently large
- Approachable
- Homogeneous in their response
- Stable over time

(Nijssen and Frambach, 2001, p. 43)

After the market segments have been defined based on the chosen criteria, they need to be analyzed. Segment anal

this can be:

a) Quantitative: size of the segment, potential growth, profitability, brand loyalty and more.

b) Qualitative: characteristics, trends, purchasing behavior, preferences, decision makers and more.

The goal of segmentation analysis is to identify what market segments are attractive enough to target in relation to the overall strategy.

(Nijssen and Frambach, 2001, p. 43)

4.2 Positioning

Keller (2013, p. 51) explains that positioning means finding a suitable place in the minds of people so in result they would think about the offered product or service in a way that company desires. Masterson and Pickton (2010, p. 147) add that positioning is a next step after targeting strategy was determined and: *forms a direct link between the targeted marketing strategy and marketing programmers.*

Keller (2013, p.51) also emphasize that it is important not to only know the market segment, but also understand the competitors to find out the optimal points-of-parity and points-of-difference brand associations.

Points-of-parity are essential attributes of a brand, that should be similar to the attributes of the company's competitors. Customers would consider a brand only if it offers familiar benefits as the rest of the competitors within the industry. (Branduniq.com © 2018).

Points-of-difference are those brand attributes that consumers associate with "being different" among the competitors in the given industry. Those attributes are usually competitive advantages of a company against its competitors (Branduniq.com © 2018).

Nijssen and Frambach (2001, p. 114) explain that the brand positioning should as well express the company's value proposition. The positioning should:

- *Demonstrate the core value that the organization offers its customers*
- *Demonstrate differences between the organization and its competitors*
- *Be consistent*
- *Be a meaningful starting point for executing the marketing program and implementing marketing activities*

4.2.1 Positioning Maps

Kotler and Armstrong (2016, p. 240) describe perceptual positioning maps as a tool that marketers can use in order to understand how customers perceive their products or brand in comparison to competitors.

Rothschild in 1987 brought up two techniques for creating perceptual positioning maps: Multi-attribute Attitude Mapping (MAM)

A form of perceptual mapping comparing a product's key features (according to their importance to target customers) with features offered by competitive brands.

Multidimensional Scaling (MDS).

A form of perceptual mapping that establishes similarities and differences between competing brands.

(Masterson and Pickton 2010, p. 149)

4.2.2 Positioning Strategies

Masterson and Pickton (2010, p. 153) describe several examples of positioning strategies based on competitors' differentiations:

- Positioning on product characteristics
- Positioning on price or quality
- Positioning for occasional usage
- Positioning on needs or benefits
- Positioning by the user
- Positioning against another brand, competitor, product class

4.3 Targeting

Targeting strategy should always align with the segmented markets through carefully chosen marketing mix tools. According to Masterson and Pickton (2010, p. 146 – 147), we can recognize several targeting strategies based on their level of focus towards customers' needs, behaviors, and lifestyle:

4.3.1 Undifferentiated/mass Marketing

Consumers in the segmented market are owning the same needs and demands towards the product or service that is being offered to them. Another case might occur when marketers decide to merge two segments because they believe the differences are not significant. Marketing communication is using a unified message for the big segment, with small variations across different languages and countries and it is usually cheaper and has a much wider reach. Example: Coca Cola, Pepsi Co.

4.3.2 Differentiated Marketing

Companies adopt differentiated marketing in a situation when two or more of segments' differences are being recognized and they are being targeted with different marketing communication mixes that reflect segments' characteristics.

4.3.3 Concentrated Marketing

Only one market segment was chosen for marketing targeting using more concrete messaging of the marketing communication mix.

4.3.4 Niche Marketing

The organization decided on one segmented market, which is characterized by its small size and very specific interests, behavior or lifestyle of customers. Marketing communication mix can choose only very few channels to target the customers with a more specific message.

4.3.5 Customized Marketing

Targeted can be a very small group of customers (or even one customer) who have certain attributes in common (purchase, research behavior, interest behavior, etc.). The marketing communication mix uses customized messaging for each specific customer. This kind of targeting is currently mostly used in digital marketing strategies, where the technology allows creating live, dynamic, customized display advertising or email marketing.

4.4 Competitor analysis and Competitive Marketing Strategy

Competitor analysis means *identifying key competitors, assessing their objectives, strategies, strengths and weaknesses, reaction patterns.* (Kotler and Armstrong, 2016 p. 568) Once the information about competitors is available, the company can form a decision about what competitors to attack and what competitors to avoid. Competitors can be categorized as:

- **Strong or Weak competitors** – weakness or strengths are determined by customer value analysis. Companies usually attack weak competitor as fewer resources are necessary in order to take over the market.
- **Close or Distant competitors** – Companies usually attack closer competitors.
- **Good or Bad competitors** – Company can benefit from having competitors in their market or industry because competitor often helps to establish new technologies and create demand for new products.
- **Uncontested Market Space** – Companies can try to create a product for which there might not be any direct competitors. This is referred to as the Blue Ocean Strategy.

For a company to position itself against its competitors a competitive marketing strategy is needed. The most common and basic strategies are:

- **Overall cost leadership** – Lowering production and operational costs to a minimum allows the company to sell its product or service for very low price.
- **Differentiation** – Company is offering a highly differentiated product or service from their competitors
- **Focus** – Company is focusing on a smaller segment of a market.
- **Operational Excellence** – Company creates an exceptional product, pricing, and convenience in order to deliver great value for the customers.
- **Customer intimacy** – Precisely segmented markets that are targeted with custom-ized products that fulfill their demand.
- **Product leadership** – Company is offering innovative, high-quality products or ser-vices.

(Kotler and Armstrong, 2016 p. 569).

Competitors are categorized by their competitive positions into market leaders who owns the largest market shares and market challenges, who are trying to increase their market share. Market followers are companies who are trying to hold onto its market share without taking risk of expanding. A market niche which is a company that serves a very small market segment (Kotler and Armstrong, 2016 p. 569).

5 MARKETING MIX

The marketing mix is a set of principles common under name 4Ps:

- Product
- Promotion
- Place
- Price

All those four elements need to be balanced and cooperate with each other in order to be integrated into strategic marketing planning (Masterson, Pickton, 2010, p.199).

5.1 Product

Masterson and Pickton (2010, p.203) define a product as a bundle of characteristics and attributed that should satisfy customers' needs. Total products offering is a group of all products aspects including design packaging, brand image, warranty, additional benefits and other additions to the core product.

Masterson and Pickton (2010, p.205 - 206) describe each of the levels of product offering:

- **Core benefit/product** – minimum benefits a product should contain (pen must write)
- **Basic product** – characteristics and features that describe a product core without referring to its brand or service (soft non-alcoholic drink)
- **Augmented product** – Supporting features that are not necessarily physical features of the product and they can be changed without changing the product itself (warranty, delivery, customer service)
- **Perceived product** – customers' interpretation of the product based on their interactions with it

Products can be further defined by different categories based on their type of supply to customers. There are five categories:

1. Physical product without any additional services
2. Physical product with additional services (installation, integration)
3. Hybrid where product and service have the same importance and cannot function without each other (serving meals in a restaurant)
4. Service with an additional physical product where the dominant supply is providing service and physical product is just an additional supply

5. Service where the supply is the only service without any additional physical product

(according to Kotler and Keller, Paulovčáková, 2015, s.186).

The product needs to be considered for marketing mix also from a perspective of product development and product life cycle. Those are very important components when identifying the right strategy for marketing communication.

Product development includes several stages:

1. Ideas – the process when new product ideas are being researched and created
2. Concept development – more technical development and testing
3. Product development marketing planning - creating and testing prototypes and launching pilot productions
4. Test marketing – testing prototypes on test markets
5. Launch – full scaled manufacture and distribution and product ready for commercialization

(Masterson, Pickton, 2010, p. 220 - 223).

The product life cycle describes several sale stages across a time period starting from product introduction with low sales that incrementally increase during the growth stage where early majority customers already understand the product. Maturity stage is the peak stage where sales growth slows down and remains stable until the sales gradually decrease during the decline stage which results in deletion stage when the product does not generate any sales. During maturity, stage businesses can apply extension strategies, for example, moving the product to different market or create different marketing positioning (Masterson, Pickton, 2010, p. 224 - 225).

5.2   Place (Distribution)

According to Kotler and Keller (2012, p. 687) the place, or in other term, distributions' purpose is to deliver value to customers through strategic management of distribution channels. These channels are helping marketers to display, sell or deliver either a physical product or service and can be both direct (the Internet, e-mail, phone) or indirect (retailers, wholesalers, sale agents, distributors or other intermediaries).

The traditional concept and framework of place/distribution (as included in 4P) does not completely suit the needs of E-commerce services, or services that are completely virtual

(for example booking flights, downloading e-books, paying for Netflix subscription) (Wang, Wang, Yao, 2009, p.6). New models of marketing mixes are being introduced with the era of virtual product which will be briefly described in the next chapters.

5.3 Price

Pricing strategy covers decisions about setting initial prices and adapting prices in response to opportunities and competitive challenges (Kotler and Keller, 2012, p. 389)

According to Masterson, Pickton (2010, p. 356) the key ingredient of businesses' marketing mix strategy is pricing strategy, as it is the only element in the comparison with the promotion, place, and product that is bringing the investments back and generating profit. Pricing can also improve customers' perception of product or service or the whole brand.

There are different objectives for pricing strategies, such as:

- **Survival** – In case of intense competition, overstock, change in consumer demand, prices cover variable costs and partially fixed costs. This is a short-run objective.
- **Maximum current profit** – Setting up the price in a way that will maximize current profitability.
- **Maximum market share** – Suitable for market penetration situations. The aim is to generate very high sales volumes which will lower the production costs and increase long-term profitability.
- **Maximum market skimming** – Prices are high at the launch and decrease with time.
- **Product-Quality leadership** – Products with perceived good quality but affordable prices for consumers
- **Other objectives** – for nonprofit or public organizations

(Kotler and Keller, 2012, p. 391).

Pricing service or a product can be done via various methods. The most common ones are cost-based pricing methods:

- **Mark-up pricing**: the sum of direct costs and indirect costs (usually estimated by percentage added to the direct costs) which creates the selling price. A most common practice among retailers, e-commerce websites that offer a huge variety of products and can apply different mark-ups on different products based on their demand.

- **Full-cost pricing**: A percentage (a profit margin) is added to the total amount of costs for a product or service.
- **Contribution pricing**: Based on variable costs. As long as prices of product cover variable costs it also makes a contribution for fixed costs.

(Masterson, Pickton, 2010, p. 366 – 369).

Every business should find its breakeven point that determines what is the right number of products or services that need to be sold in order to cover the company's costs. These amounts are referred to as sales amounts (Masterson, Pickton, 2010, p. 385).

A situation in which different customers are being charged different amounts for the same products. This is called price discrimination and it (…) *occurs when a company sells a product or service at two or more prices that do not reflect a proportional difference in costs (*Kotler and Keller 2012, p. 406).

Masterson, Pickton (2010, p. 375) recognize different examples of discrimination:

- Time-based discrimination – for example in air travel the last-minute tickets can be either extremely cheap or extremely expensive based on the demand
- Geographic discrimination – priced differently in different locations
- Age discrimination – reduced fare for youngsters or elderly people on public transportation

Kotler and Keller (2012, p. 406) observed that many companies are nowadays using yield pricing (widely used by hotel, airline or metasearch websites reservation systems) to dynamically adjust prices for flight tickets, hotel reservations based on many attributes such as time of day/week/month, the season, seating class, customer's age, demand for the service and more.

Many companies are using software packages that provide real-time controlled tests of actual consumer response to different pricing schedules. Constant price variation can be tricky, however, where consumer relationships are concerned. Research shows it's most effective when there's no bond between the buyer and the seller. One way to make it work is to offer customers a unique bundle of products and services to meet their needs precisely, making it harder to make price comparisons (Kotler and Keller, 2012, p. 406).

5.4 Promotion

Masterson and Pickton (2010, p.270) define promotion as a different term for marketing communications which goals are to *persuade others to accept ideas, concepts, or things, to motivate consumers to action.* Promotion mix categorizes marketing communication activities into:

- Advertising (online or offline)
- Public Relations (PR)
- Sales Promotions
- Personal Selling
  (Masterson, Pickton, 2010, p. 270 - 271).

Prior to any marketing communication companies should determine marketing objectives for each of the categories, set up a budget, create advertising campaigns, set up proper evaluation reports from the campaigns (Kayode, 2014, p. 80 - 89)

5.4.1 Advertising

Advertising includes any paid form of non-personal presentation of ideas, goods, and services by an identified advertiser. Communication by advertising is transmitted to a through (…) mass media which includes television, radio, cinema, press, posters, and the Internet. (Masterson, Pickton, 2010, p. 282).

Advertising in the promotional mix can follow different marketing communication styles, but the most used one is called DRIP which stands for:

- Differentiate – product or service can be positioned as an alternative to already existing products of competitors
- Remind – purpose is customer retention and building brand loyalty
- Inform – purpose is to offer customer new information about product or service explaining its benefits and showing a demo
- Persuade – purpose is to encourage customers to purchase a product or service or change customers behavior

(Masterson, Pickton, 2010, p. 283).

All of the communication styles listed above should be aligned with company's strategic goals which are transferred into smaller actionable and measurable marketing goals, for example, increasing sales, build brand equity, create brand awareness, increase customer lifetime value, driving revenue (Yourbusiness.azcentral.com, © 2018).

Advertising is always executed through campaigns that are targeting chosen target audiences with tailored creative messaging through various media platforms (online or offline) (Masterson, Pickton, 2010, p. 285).

5.4.2 Public Relations

The Institute of Public Relations defines Public relations:

Public relations is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organization and its publics. (Instituteforpr.org, © 2018).

Public relations don't pay directly for the medium space as advertising and they also cannot completely control the content, however, public relations are still promoting sales indirectly through the creation of good reception of advertising messages (Kayode, 2014, p. 285).

Moreover, well performed public relations can also significantly help companies to share company's values, increase brand awareness, inform potential customers, build trust and loyalty (according to Pickton and Broderick, in Masterson, Pickton, 2010, p. 293).

There are different tools that public relations can use:

- Media relations/publicity – news about company or product shared through mass media via press releases, conferences, events or publicity stunts.
- Publications – internal or external publications such as newsletters, white papers, financial or customer reports
- Corporate communications – forms company culture and identity
- Public affairs and community relations – contact with governments, institutions, professional groups
- Lobbying – forms a positive and influential relationship with important leaders from various fields
- Sponsorships – company offers financial or material funding for an event, individual, non-profit company in exchange for brand exposure
- Product placement- brand's products are being placed on a set of TV show or film
- Branded content – advertiser create an entertaining or educational event

- Events management – external company events
- Crisis management – managing unforeseen critical events that can possibly damage the brand or the whole company

(Masterson, Pickton, 2010, p. 295 - 296).

5.4.3   Sales Promotion

According to American Marketing Association sales promotion (…) *involves short-term incentives to encourage purchase or sales of a product or a service.* (Kayode, 2014, p. 195)

Common characteristics of sales promotion include an insistent presence in order to get customers' attention. Sales promotion should be product demeaning and so it should not create an illusion that product is less desirable due to frequent discounts. (Kayode, 2014, p. 196)

Masterson and Pickton (2010, p. 298 - 300) recommend using sales promotion in a situation when companies need to introduce a new product to the market, increase product usage, create at least short term competitive advantage, stimulate product trial.

Kayode (2014, p. 199) lists different forms of sales promotions: samples, coupons, price packs, premiums, different demonstrative displays placed at point-of-purchase, trade promotions that can be placed in retail stores, contests, games, special offers.

5.4.4   Personal Selling

Personal selling is a form of promotional activity involving professional sales person or a team trying to effectively promote product or service to a buyer. According to Kayode (2014, p. 130): *Personal selling is expensive in terms of high costs, but it could be emphasized when certain conditions are met. Industrial buying or large volume buying which involves a large amount of money justifies personal attention. Personal selling has proven to be effective when the market is concentrated or when a salesperson must develop a measure of confidence in the customer for the purchase – such product usually requires a demonstration or custom made or fitted to an individual's need or involve trade-ins. Missionary salesmen can be used to educate potential buyers about product benefits and promotional campaigns to create the goodwill that may result in subsequent sales.*

Personal selling requires the company to hire and train experienced sellers (salespeople) who are then responsible for managing each of the stages of personal selling starting from potential customers prospecting, preparing and scheduling appointment for the demo or product

pitch finishing with closing the sale and maintaining relationship with customer by following up (Masterson, Pickton, 2010, p. 302 - 303).

6 DIGITAL MARKETING

Digital marketing describes all promotional activities taking place on the Internet. Through various online channels, we recognize several types of digital marketing. Each of them fulfills the different purpose and targets different audiences. The purpose of any digital marketing strategy is to align all the online channels marketing activities and target the right users with the right message (Stokes, 2013, p. 18 - 19).

6.1.1 Characteristics of Digital Marketing

A) Customers data drove

Dodson (2016, p.17) emphasizes that the digital marketing is different from offline marketing activities because the marketers can gather a lot of live and very accurate data about customers that can include their intents, interests, behaviors, devices their use, locations they live in and much more.

B) Personalization

Data collected this way can help creative marketing departments and agency to create highly personalized content for different target groups based on their common traits. (Stokes, 2013, p. 5).

C) Measurability

Online analytical tools (such as for example Google Analytics, Appsflyer, Exponea…) can gather data from the websites and provide valuable information about customer segments, behavior and help to evaluate marketing campaigns or set up proper planning for marketing communication.

6.1.2 Online Customer Acquisition Marketing

By online customer acquisition marketing, we understand all online marketing activities with the main purpose to attract and bring new customers to the brand and make customers loyal to the brand. (Thebalancedcareers.com, © 2018).

6.1.3 Retargeting Marketing

BrickMarketing.com (© 2018) defines retargeting marketing:

(…) Retargeting allows online advertisers to target consumers based on their previous interactions with their website. (…) Retargeting advertisements are displayed to the user

across the Internet via ad networks that the advertiser buys media from. Once an online user visits a site and shows interest and engages with a particular brand, product, or service that online user is "marked" and are shown banner ads for that brand, product, or service.

Retargeting marketing is a very effective way of marketing communication since it's targeting users who already showed interest in purchasing product or service.

6.1.4   Retention Marketing

Retention Marketing describes all marketing communication activities that engage and cultivate a relationship with current customers in order to increase their brand loyalty and also their profitability of each of their repeated purchase (Hubspot.com, © 2018).

6.1.5   Marketing Funnel in Digital Marketing

Online customer acquisition marketing is happening in several steps and describes the customer journey through different stages:

1) Awareness
2) Consideration
3) Decision

 (Blog.hubspot.com, © 2018)

The awareness describes the stage in which new customer learns about the brand and its products. This can be executed through online marketing communication in a form of online banners, videos, sponsored posts or ads on social media, paid search. During this stage, the brand awareness and is being built so it is important to communicate the right values of the product to the right segment of customers. (Blog.hubspot.com, © 2018).

During consideration stage, a brand and its products or services are already recognized by new customers who are usually exploring the product, comparing it to competitors' products, researching reviews, signing up for free trials and other activities. (Blog.hubspot.com, © 2018)

Decision stage describes a moment when a new customer is more familiar with the product and decides to convert (purchase a product, sign up for the newsletter, subscribe for service). (Blog.hubspot.com, © 2018).

After the first three stages, online marketing communication with the customer should continue in order to establish a loyal relationship and increase customer lifetime value (repeated purchases of one customer over a time period). That is why marketing funnel has two more stages:

4) Loyalty
5) Advocacy

Loyalty stage means that customers acquired through the first three stages return to the brands repeatedly in order to purchase more products or engage with the service (Ventureharbour.com, © 2018). This stage is being supported by online retention marketing campaigns (usually via e-mail newsletter communication, website or mobile app notifications, exit banners, etc.) or loyalty programs (collecting points or credits for each purchase).

Advocacy stage describes loyal customers who are very likely to recommend your service to other people that might purchase your product as well (Ventureharbour.com, © 2018). This stage can be supported by referral programs or affiliate marketing.

These stages are being referred to as marketing funnel or sales funnel and are the most basic tool for marketing communication planning and customer segmentation. There are different schools of thoughts and different scopes of the marketing funnel, but they all follow the same principle which is leading the user through his customer journey.

6.2 Digital Marketing Media

Hermann and Burbary (2013, p.2) put different digital marketing channels into three main categories: paid media, owned media and earned media.

Paid are defined as *digital media channels that a brand pays to utilize.* (Hermann and Burbary, 2013, p.2). The most common example of these types of media are:

- paid search (supported by Google Ads, Bing, Yahoo, Yandex, Seznam)
- display advertising (Double Click platform, GDN platform, Facebook Ads and any banner ads)
- affiliate marketing
- influencers

Owned media are defined as *any media asset or platform that a company owns, controls, and utilizes to reach a prospective audience* (Hermann and Burbary, 2013, p.2).

- websites, blogs, landing pages,

- email marketing

- social media posts

Earned media are defined as *brand mentions, and media awareness awarded via promotion rather than paid advertising. This can also be considered 'organic' media.* (Campaignmonitor.com, © 2019).

- mentions in articles (with or without PR support)

- mentions on social media by customers

- reviews by customers on user-generated websites (Tripadvisor, Trustpilot)

- customer-generated content (photos, videos about the company)

- interviews with company owners

II. ANALYSIS

7 COMPANY ANALYSIS

This part of the diploma thesis will be dedicated to applying a theoretical knowledge for practical analysis of a company operating in the online travel industry.

7.1 Company introduction

Kiwi.com, s.r.o. (formerly known as Skypicker, s.r.o.) the company was founded by Oliver Dlouhý and Jozef Képesi in April 2012. Oliver Dlouhý came up with an idea for a unique product while he was struggling to book cheap flights for his holidays. Together with Jozef Képesi, they created a search engine that would search and connect together flight routes operated by different airlines, that do not usually cooperate together. Customers could book these unique flight or ground transport combinations directly on Kiwi.com website or mobile app. Kiwi.com is a merchant of a record, which means that customers pay for the reservations directly to Kiwi.com, who then uses the funds to reserve tickets directly with airlines or ground transportation companies.

7.1.1 Company milestones

Since 2012 the company reached several important milestones:

2011 – company founder Oliver Dlouhý comes up with an idea for a flight search and reservation website that would help people find cheap flight tickets. Oliver Dlouhý connects with software engineer Jozef Képesi who develops a first flight search engine.

2012 January - Jiří Hlavenka (Czech entrepreneur and investor) invests in this company idea

2012 April – Skypicker, s.r.o. was founded. Development of unique flight combination algorithm starts.

2014 January – Skypicker, s.r.o. acquires company WhichAirlines (Aletenky.cz)

2015 January – February – Growth rate doubles and Ondrej Tomek (e-commerce entrepreneur) invests 8.3 million EUR in the company

2016 May – Company changes its name from Skypicker, s.r.o. to Kiwi.com, s.r.o. and rebrands all brand visual attributes.

2017 June – Kiwi.com and Amadeus company sign Kiwideus contract creating the largest local flights database in the world

2017 October – Deloitte Technology Fast 50 Central Europe named Kiwi.com as the fasted-growing technology company in Central Europe

2017 November – Company received a supporting fund of 87,6 million CZK from the Ministry of Industry and Trade for further development

2018 February – Four on-ground carriers were implemented into new multimodal transportation search

2018 June – Forbes Magazine named Kiwi.com best Czech startup second year in a row

7.2 Product and service

This chapter will briefly introduce the main products of the company and its usability.

7.2.1 Multimodal transportation search

Kiwi.com is an online travel agency that helps users to search and book cheap flights or ground transportation through Kiwi.com website or mobile app.
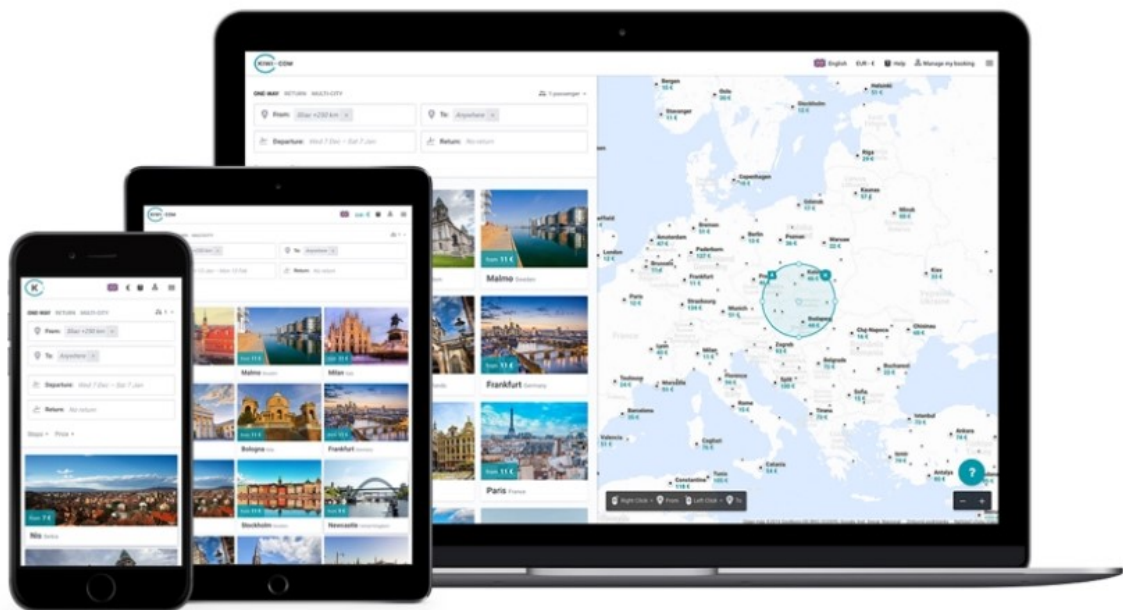
Figure 3: Kiwi.com website displayed on desktop, tablet, and phone

(Kiwi.com, © 2019)

A user can search flight or ground transportation (multimodal) combinations on the website using one-way, return, multicity or nomad type of searches.

One-way: search engine displays multimodal search results for outbound journeys only

Return: search engine displays multimodal search results for both outbound and inbound journeys

Multicity: a user enters multiple destinations and travel dates and the search engine will find a combination of those routes for the multicity journey

Nomad: a user enters origin and a destination and desired departure and arrival dates and also ads a couple of other places to visit and length of stays at those places. Search algorithm will find the best order of those places for a multimodal itinerary to provide cheapest, fastest or best combinations.
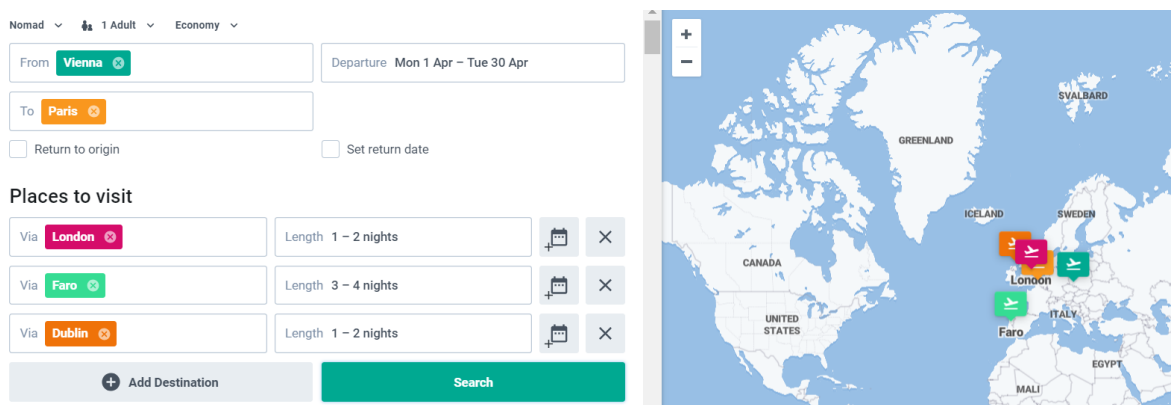
Figure 4: Nomad functionality (Kiwi.com, © 2019)
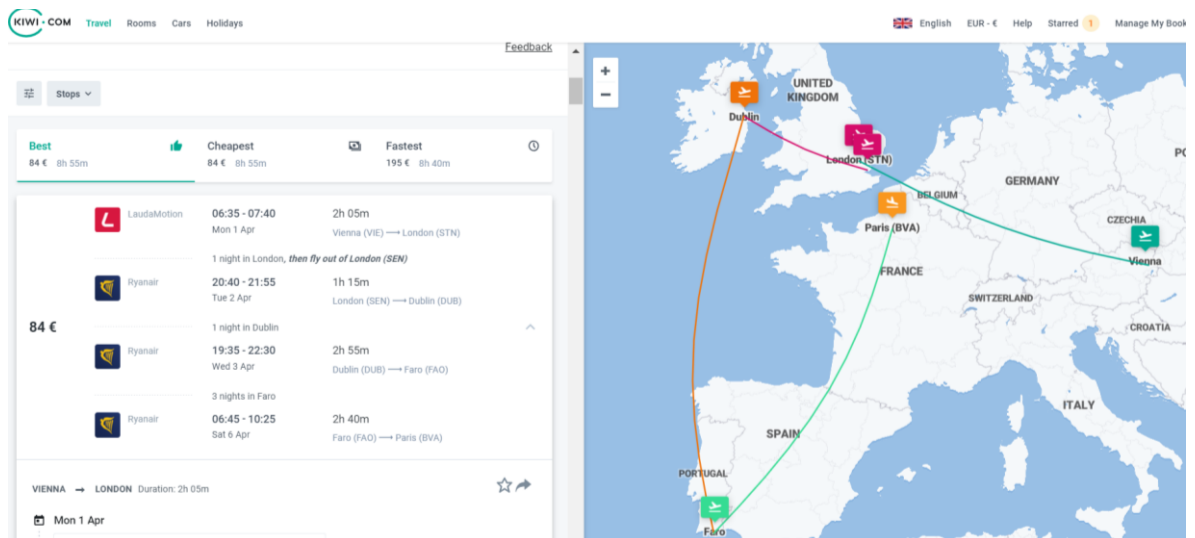
Figure 5: Nomad functionality (Kiwi.com, © 2019)

Except for those four main trip models, Kiwi.com website also offers a big variety of different filters that can be applied on the search results. A user can choose types of transport from flights, buses or trains. Besides that, a filter for a number of layovers and total trip duration

is also available. Users could also determine at what times and day they wish to travel or arrive at a destination. Results can be also filtered out by price, baggage availability or operating carriers. Users can also choose an airport they would like to fly from or to and determine whether they allow returning from or to a different airport. Different cabin classes are also available to choose from.

Kiwi.com website also allows users to use a map where different cities and airports are displayed with a price for a flight ticket. Users could search for routes directly on the map selecting different cities or airports. Radius search is also available. This functionality allows users to expand an airport search radius so the algorithm might find better connections to destinations from airports that are close to the originally chosen one.
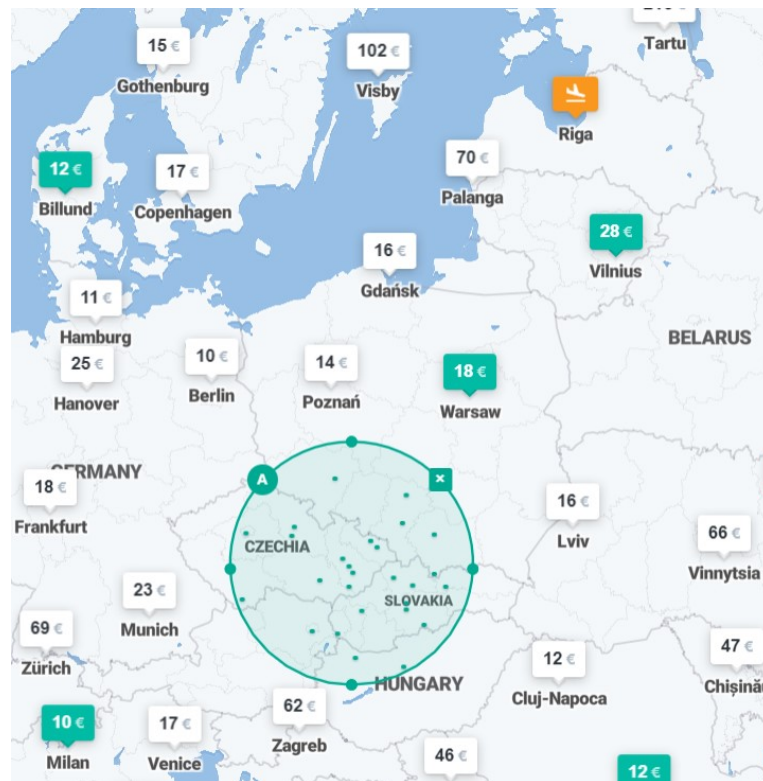
Figure 6: Radius search functionality (Kiwi.com, © 2019)

7.2.2   Additional services

Kiwi.com sells multimodal transportation itineraries that are a combination of routes operated by different carriers or bus or train operators. These different operators and carriers do not cooperate, which means that in a case when one of the flights, buses or trains was delayed or canceled and therefore the customer will miss the connecting flight, bus or train without any reimbursement from the operators. Kiwi.com offers a protection service, called

Kiwi.com Guarantee, that is offered for free to every customer who buys an itinerary containing virtually interlined routes that are eligible for this service.

Eligible routes combinations are those, who are not already protected by the route operator, or those who allow customers minimum of a certain number of hours of layover time - a time long enough to re-collect checked baggage and transfer from one terminal to another. The length of layover time is based on Kiwi.com research data of minimum layover times at different airports. Users are always informed what parts of the itinerary are covered by Kiwi.com Guarantee before they purchase the tickets.

In a situation when a customer is eligible for Kiwi.com Guarantee, the service will cover hotel accommodation, meal voucher reimbursement and costs of the flight, bus or train ticket to the destination.

Kiwi.com also provides customers with non-stop customer service that is currently available in 13 languages.

Customers are also being checked-in by Kiwi.com for their flights and they can access their trips and buy additional products (like baggage, seat allocation, etc.) during or after the reservation was paid. In addition to this, Kiwi.com app includes a feature that allows customers to measure the dimensions of their luggage by using augmented reality.

7.2.3   Vertical diversifications

Kiwi.com partnered with Booking.com, Rentalcars.com, and Lastminute.com in order to offer accommodation, car rental and holiday packages. The users can find accommodation, car rental, and holiday packages offer directly on Kiwi.com website. Kiwi.com, a white-label partnership with Booking.com, Rentalcars.com, and Lastminute.com are based on revenue share model and the merchant of record is not Kiwi.com,

7.3   Online Travel Industry Introduction

The online travel industry consists of travel e-commerce websites offering online reservations for flight tickets, hotel rooms, cruise tours, guided tours, car rentals and on one hand. On the other, there are travel blogs, travel videos and review websites with user-generated content consisting of reviews of certain providers, services or destination.

According to the data gathered and evaluated by Allied Market Research, there are expectations for the travel industry to accumulate over 1091 USD billion by 2022 (© 2019). PhocusWire magazine added that by the year 2020 the travel agency business is expected to earn around 17.3USD billion in revenue (Phocuswire.com, © 2019).

The growth of the online travel market is driven by the increase in internet penetration, rise in disposable income of people in emerging markets, and ease of comparing a variety of travel options online. Market players are introducing innovative travel and vacation package deals to assist travelers in making sound travel decisions as per their spending capability, such as affordable packages for an international destination, discounts on car rentals and cash back on international flights. (Alliedmarketresearch.com, © 2019).

The traditional business model for the majority of travel agencies was based on receiving commissions and service fees from content suppliers: airlines, hotels, car rentals, etc. However, since the 1990s when the airlines cut down the commission payments, the travel agencies have begun to diversify their services by adding add-ons such as hotels, ground transportation offers. (Phocuswire.com, © 2019).

Amadeus IT Group (global distribution system for hotels and flights reservations) concluded research of the online travel industry business models change scenarios by 2020. According to this study of all the drivers, threats and opportunities for the online travel industry they identified the development of four different scenarios:

Mega Online Travel Retailers - This type of travel retailer is working on very complex, diversified business model merging Online Travel Agency and metasearch business together alongside with offer of online advertising opportunities.

Digital Tour Operators – Integration of traditional tour operators and online travel agencies business model. Digital Tour operators would work both online and offline and handle personalized complex trips for customers.

Mobile Travel Retailers – Complex mobile travel app that would not only help the customer to plan a book the trip, but also assist him during his journey with interactive maps, online payment options and more.

Travel Marketplace – Diversification of differently positioned retailers, that decided to add travel services into their business model (example: Ctrip in China, Alibaba). This business

model is characteristics by using a complex CRM system to track the behavior of their customers, they innovate through platforms and offer new payment models (Amadeus.com, © 2019).

8   COMPETITORS ANALYSIS

Kiwi.com's competitors are other online travel agencies or travel metasearch websites operating on the market globally. The border between competitor and an industry partner is not defined clearly in this case. Some of the competitors that will be mentioned in this analysis are also Kiwi.com's strategic partners and vice versa.

Collaboration with competitors is an emerging practice in the online travel industry. Collaboration is essential for introducing a product innovation that attributes to creating consumer value and consequently gaining a competitive advantage. Collaboration among competitors in the online travel industry can be done via more effective facilitation of resources, knowledge sharing, enabling reach to new markets (Ku, Yang, and Huang, 2012, p. 3 – 4).

Example of such collaboration in case of Kiwi.com is a partnership with big metasearch websites Skyscanner.com, Kayak.com, Momondo.com or Lastminute.com. Through these competitors, Kiwi.com can receive more online traffic and provide more content for its customers.

The online travel industry is highly saturated, competitive with a focus on fast product innovation and technology. As mentioned in the previous chapter, there are different business models emerging in the online travel industry, while the traditional models are still present in large numbers. If we narrow the focus on only third-party online travel industry providing flights and other services, we will result in 70+ big online travel agencies worldwide, 30+ metasearch websites, and with over 5000 airlines operating globally (Whiteskyhospitality.com, © 2018).

Competitor analysis in this paper will focus on Kiwi.com's six primary competitors that were chosen by internal UX research teams, Product development teams and company CEO and Chief Strategic Officer in order to monitor their performance and product innovations and business models on regular basis.

8.1.1   Chosen competitors

Ctrip.com International, Ltd. (Trip.com

Trip.com is a brand owned by Ctrip a second largest online travel company, primarily operating in China and rest of the Asian markets. Ctrip owns 25 billion USD market capitalization (Skift.com, © 2017). The brand was launched a year after Ctrip acquired Skyscanner Ltd. Trip.com offer flight ticket reservations, airport shuttle reservations, it also provides car

rental service and rail ticket purchasing for the Korean market and German market. (Wikipedia.com, © 2018). Trip.com is a merchant of record for all reservation purchases.

ODIGEO SA (eDreams)

eDreams ODIGEO SA (edreams.com) was formed in 2001 in Spain and it holds 30% of European OTA flight market share. In Europe, it also holds position before Expedia group. eDreams ODIGEO SA owns five different brands operating in the online travel industry. The company also focuses on extensive revenue diversification through verticals (flights, hotels, packages, car rentals, etc.). Edreams.com brand offers travel deals for flights, accommodations, car rentals, dynamic and holiday packages and travel insurance (Wikipedia.com, © 2018).

Skyscanner Ltd (Skyscanner)

Skyscanner Ltd. was formed in 2004 in Edinburgh, Scotland, UK. In 2016 it was valued on 1.6 billion USD worth and based on that the company received the further investment of 192 million USD. In the same year, Skyscanner was acquired by Chinese travel company Ctrip for 1.75 billion USD (Wikipedia.com, © 2018).

Expedia group (Expedia)

Expedia group (Expedia, Inc.) was founded in Washington, USA in 1996 as a division of Microsoft. It owns 21 separate brands and subsidiaries (including Expedia.com) that are online travel agencies focusing on selling accommodation, car rentals, flights, and other verticals. In 2018 it reached revenue of 11,2 billion USD. Expedia group is also available in the stock market. Their largest market share is in the United States (38.3%) and their main competitor is Priceline group (Wikipedia.com, © 2018).

eSky.com SA (eSky)

eSky.com SA was established in 2004 in Poland. The company operates on European and South American markets. In 2017 the company was acquired by Wirtualna Polska Group. eSky.com is an online travel company selling flight tickets, accommodation, insurance, car rentals, business travel (Wikipedia.pl, © 2018).

Fareportal, Inc. (CheapOair.com)

CheapOair.com was formed in 2006 in New York City, USA as a subsidiary of Fareportal, Inc. CheapOair.com it is also the third largest independently owned online travel agency in

the US market (Travelpulse.com, © 2015). CheapOair.com offers flight tickets, accommodation, car rentals, holiday packages, but also tickets for cruises. In addition to this CheapOair.com provides their own credit card which is part of their loyalty scheme service.

8.1.2 Competitors Benchmarking

Competitors benchmarking was completed using different attributes against which the selected competitors were evaluated. The evaluation was done through assigning each competitor a "complexity score", which is a numeric value that represents how complex each attribute of a competitor's product is.

The scale of complexity score is ranging from 1 to 5. The lower the number the lower is the level of complexity of each attribute. Attributes are described by variables which represent concrete and detailed characteristics or features of a product. For example, Online Travel Agencies are usually vertically diversified, which means they sell flight tickets, hotel rooms, car rentals and more. The number of verticals determined the complexity score for Verticals attribute for each competitor.

The product of each competitor is essentially a website and/or a mobile app through which customers can search, book and manage their reservations. The product will be therefore evaluated from those three perspectives:

- Search Options
- Reservation
- Services

The price perspective was not evaluated because the pricing of the competitors is highly dependable on the current pricing of its providers – airlines. Majority of airlines are using yield management for determining to price. This type of pricing strategy is highly flexible, dynamic and depends on many attributes such as the time of the day the flight will depart or arrive, the season of the year, number of available seats and other airline internals reasons or policies.

8.1.2.1 Search Options

Search options include all the website/app features that help customers to find the right flight oranother service. We will also observe what kind of content the Online Travel Agency provides in terms of verticals (flights, hotels, tours, etc.) and transportation providers. Filters,

Interactive map and Multicity options are additional features that help customers to customize their trips and get inspired.

Search option attributes are:

- Verticals
- Filtering
- Interactive map
- Multicity options
- Ground transportation

Vertical attributes include different variables in the range from flights through hotels to cruises. As the table shows below, most of the competitors offer a lot of content from many different verticals. The more verticals are being offered the more revenue stream a company can count on.

Table 1: Verticals variable (personal collection)

VERTICALS	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
accomodation	✓	✓	✓	✓	✓	✓	✓
flights	✓	✓	✓	✓	✓	✓	✓
trains	✓	✓	☐	✓	☐	☐	☐
bus, shuttle	✓	✓	✓	✓	✓	☐	☐
packages	☐	☐	✓	☐	✓	✓	☐
holiday	✓	☐	☐	☐	✓	✓	✓
car rentals	✓	✓	✓	☐	✓	✓	✓
tours	☐	✓	☐	☐	☐	☐	☐
event tickets	☐	✓	☐	☐	✓	☐	☐
cruises	☐	☐	☐	☐	✓	☐	☐

The complexity score for Verticals attribute is described in the table below.

Table 2: Complexity score (personal collection)

complexity score: from 1 to 5	1	2	3	4	5
	basic	simple	standard	advanced	complex
	1 - 2 verticals	3 - 4 verticals	5 - 6 verticals	7 - 9 verticals	10 and more

Similarly, the Filtering option was evaluated. For the purpose of this thesis we took into consideration filtering options for flight search only. Online Travel Agencies are trying to provide customers with many tools that help them to customize their search results and find the best fitting travel itinerary. For Filtering we observed variables mentioned in the table below:

Table 3: Filtering variables (personal collection)

FILTERING	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
number of stops	☑	☑	☑	☑	☑	☑	☑
departure + arrival time + days	☑	☑	☑	☑	☑	☑	☑
airlines	☑	☑	☑	☑	☑	☑	☑
stopover airports	☑	☑	☑	☑	☐	☑	☑
stop duration	☑	☑	☐	☐	☐	☐	☑
flight duration	☑	☑	☐	☐	☐	☐	☐
transport type	☑	☑	☐	☐	☐	☐	☐
bag - "include cabin bag only"	☑	☑	☐	☐	☐	☐	☐
allow return to/from different airport	☑	☑	☐	☐	☐	☐	☑
cabin class	☑	☑	☐	☐	☐	☑	☐
price	☑	☑	☑	☑	☑	☑	☑
stay duration	☑	☑	☐	☐	☐	☐	☑

The complexity score for Filtering attribute is described in the table below.

Table 4: Complexity for filtering (personal collection)

complexity score: from 1 to 5	1	2	3	4	5
	basic	simple	standard	advanced	complex
	1 - 2 filters	3 - 4 filters	5 - 6 filters	7 - 9 filters	10 and more fliters

Except Filtering and Verticals attributes single website features were observed. The features are Interactive Map, which allows users to search for destinations using the map in addition to the traditional search banner where origin and destinations are filled in manually. Another feature is Multicity option which includes a special type of search request – a user books multiple destinations within one reservation. The last feature is Ground transportation which allows users to find also connections to their destination by buses or trains. In case the competitor offered such an additional feature or content a number 1 was assigned. In a case, the competitor does not provide the feature or content 0 value was assigned.

Table 5: Results of benchmarking (personal collection)

		Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
Search Options	Verticals	3	4	3	3	4	3	3
	Filtering	5	4	3	3	3	3	5
	Interactive map	1	0	0	1	0	0	1
	Multicity options	1	1	1	1	1	1	1
	Ground transportation	1	1	0	1	0	0	0
	Total Score	11	10	7	9	8	7	10
	Full score	13						

Based on the scoring system explained in the previous part, each competitor reached a different score. The closer the score is to total score value of 13, the more complex Search options competitor provides on this website or app for customers.

In terms of verticals, the highest scores were achieved by the competitors with biggest market share: Trip.com and Expedia.com. Kiwi.com had the biggest score for providing complex Filtering options, but the same score was also achieved by CheapOair.com.

From all the competitors only Skyscanner.com and CheapOair.com provide customers with options to search for flights by using Interactive map. On the other hand, Multicity feature is quite common among the competitors. In addition to Multicity feature Kiwi.com also offers feature Nomad, which finds the best order for multicity itineraries in order to private cheapest price for the whole trip.

Ground transportation is only provided by Trip.com and Skyscanner.com, although both of those companies offer ground transportation only in selected regions (the United Kingdom for example).

In conclusion, Kiwi.com offers the most complex and customizable flight search option on the website and mobile app in comparison to its competitors. High score was as well assigned to Trip.com, CheapOair.com, and Skyscanner.com.

8.1.2.2 Reservation

Next step after researching suitable flight itinerary is proceeding with payment for the tickets. This step is in e-commerce called "cart" and "check out" where a user can review the order and pay for it. In the case of flight ticket reservation, several steps can be followed. In order, the complete the purchase a customer must share personal details such as full name, date of birth, passport number and contact details.

This is also the last step before the completing the booking cycle and therefore Online Travel Agencies are trying to up-sell many additional services such as travel insurance, flight seats, and baggage, premium customer service, car rental or accommodation.

Most of the services are not managed directly by the Travel Agency, but rather by ancillary partners like insurance companies, car rental companies, tour operators and more. For each purchase of those additional services, the Travel Agency receives a payout from their ancillary partner. Travel Agencies also create their own paid services such as premium customer support, refundable flight tickets or guarantee service.

Table 6: Reservation add-ons (personal collection)

RESERVATION ADD-ONS	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
insurance	☑	☐	☑	☐	☑	☐	☑
baggs	☑	☐	☑	☐	☑	☑	☑
seats	☑	☐	☑	☐	☑	☐	☐
special assistance	☑	☐	☐	☐	☐	☐	☐
pets	☑	☐	☐	☐	☐	☐	☐
special baggage	☑	☐	☐	☐	☐	☐	☐
premium customer support	☑	☐	☑	☐	☑	☑	☑
reservation modification	☑	☐	☑	☐	☑	☐	☑
hotels	☑	☑	☑	☐	☑	☐	☐
car rental	☑	☐	☑	☐	☑	☐	☐
tours	☐	☑	☐	☐	☐	☐	☐

Complexity score for each competitor was assigned based on the legend in the table below:

Table 7: Complexity score (personal collection)

complexity score: from 1 to 5	1	2	3	4	5
	basic	simple	standard	advanced	complex
	1 - 2 additions	3 - 4 additions	5 - 6 additionos	7 - 9 additions	10 and more additions

The Payment methods were observed as well because they are essential for a successful purchase. The more types of payment methods are available for customer the higher is chance that the customer will be able to complete the purchase. Most of the standard payment methods are online payments with credit or debit card. Expedia.com and CheapOair.com offer a special payment method in the form of monthly installments. Trip.com also accept Wechat pay method that is currently only available in China for people who use Wechat

mobile app. CheapOAir.com also allows payments through the phone. All the payment methods can be seen in the table below:

Table 8: Payment methods (personal collection)

PAYMENT METHODS	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
standard credit cards	✓	✓	✓	☐	✓	✓	✓
standard debit cards	✓	✓	✓	☐	✓	✓	✓
paypal, alipay, SOFORT, SEPA	✓	✓	✓	☐	✓	☐	☐
invoice	☐	☐	☐	☐	☐	☐	☐
payment through phone	☐	☐	☐	☐	☐	☐	✓
online banking payment	☐	✓	☐	☐	☐	☐	✓
wechat pay, facebook pay	☐	✓	✓	☐	☐	☐	☐
installments	☐	☐	☐	☐	✓	☐	✓

Complexity score for each competitor was assigned based on the legend in the table below:

Table 9: Complexity score for payment methods (personal collection)

	1	2	3	4	5
complexity score: from 1 to 5	basic	simple	standard	advanced	complex
	1 - 2 payment methods	3 - 4 payment methods	5 payment methods	6 - 7 payment methods	8 payment methods

Most competitors achieved comparable results in the Reservation step. The only competitor with a lower score was CheapOair.com who does not up-sell too many reservation add-ons. This is also characteristic for Trip.com, but on the other hand, Trip.com offers the largest variety of payment methods.

For this analysis, Skyscanner.com was not taken into consideration, because Skyscanner.com is a metasearch website and they do not operate as a merchant of record for the flights they are offering. The purchase is therefore finished directly with the providers – airlines or Online Travel Agencies. There is an only a small percentage of bookings that are facilitated by Skyscanner due to specific partnerships with content providers (airlines, OTAs).

Table 10: Reservation results (personal collection)

Reservation	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
Payment methods	3	5	3	0	2	1	3
Reservation add-ons	5	1	4	0	4	1	2
Total Score	8	6	7	0	6	2	5
Full score				10			

8.1.2.3 Services

Services include six attributes that represent different types of additional services to the main product - the website powered by content and search engine through which customers can make reservations. Those attributes are:

Reservation management – customers can access their reservation by signing into reservation management. Customers can also change their flights, cancel flights, buy additional services (insurance, baggage, etc.) or modify their reservation. The range of the modifications and accessible services is different across OTAs.

Table 11: Reservation management (personal collection)

RESERVATION MANAGEMENT	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
Ancillaries	☑	☐	☑	☐	☑	☑	☑
Online check-in	☑	☐	☑	☐	☐	☐	☑
Reservation modificat	☑	☑	☐	☐	☑	☑	☑
baggage & Add-ons	☑	☐	☑	☐	☐	☑	☑
itinerary overiew	☑	☑	☑	☐	☑	☑	☑
sharing trip	☐	☐	☐	☐	☐	☐	☐

Table 12: Complexity score (personal collections)

	1	2	3	4	5
complexity score: from 1 to 5	basic 1-2 additions	simple 3 additions	standard 4 additions	advanced 5 additions	complex 6 and more additions

Guarantee – a service provided by OTA directly. Some OTAs provide Price guarantee which means that they will either keep the price for the flight ticket the same even if there is a price change announced by the airline. Other OTAs guarantee the cheapest price for certain flight tickets. OTAs that offer virtual interlining usually offer protection for customers who booked tickets from two separate airlines. Guarantee, in this case, means that the OTA will

cover the costs for the rest of the itinerary in a situation when customer missed connecting flight due to delay or cancellation.

Loyalty scheme – helps companies increase retention of customers, who are motivated to purchase again because each repeated purchase means rewards in the loyalty program.

B2B partnership – OTAs often cooperate with each other and with other providers. A most common way of cooperation for OTAs is affiliated partnerships. When OTA's are cooperating with each other it is mostly in terms of sharing content for verticals (hotel, car rentals, etc.) and providing customers with more options to choose from. Other forms of cooperation in this sector can be co-branded marketing activities or partnerships with tourism boards on destination promotions.

Mobile App – OTAs usually offer their product through a mobile app which has the same or additional features of the website.

Customer Service – essential service provided by OTAs. Customer service can be available non-stop, in a number of different languages, handling queries of customers. It should be accessible through various channels. The most common ones are email, phone, online chat, or personally at the company's physical offices.

Guarantee, Loyalty scheme, B2B partnership, Mobile app, Customer service attributes were not assigned any complexity score, but rather determined by value 1 in case the attribute was available, or value 0 in the case when it was not available.

Table 13: Service benchmarking results (personal collection)

		Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
Services	Reservation management	4	1	2	0	1	3	3
	Guarantee	1	1	0	0	0	1	0
	Loyalty scheme	0	1	0	0	1	0	1
	B2B Partnership	1	1	1	1	1	1	1
	Mobile App	1	1	1	1	1	1	1
	Customer service	1	1	1	1	1	1	1
	Total Score	8	6	5	3	5	7	7
	Full score				10			

Analyzed companies do not show big differences in the scope of services they provide. However, it is important to mention a couple of details. Kiwi.com is the only company offering Guarantee which protects customers in case of flight delay and cancellations. Skyscanner is

also the only company that does not operate as a merchant of record and in that case, they cannot offer Reservation Management.

8.1.2.4 Promotion

Competitors were also analyzed from a promotion perspective. Social Media activity, online and offline marketing channels and other activities related to marketing communication are the attributes that were considered during the benchmarking process.

Social media play an important role in customer-company relationship. Companies can reach out to large audiences of their customers by using their social media as a channel for sharing their values, mission, product features, best deals. It is also a place that allows customers to publicly share their feedback towards the company. Well managed social media platforms with quality content can help companies with customer retention, brand loyalty and getting new customers.

For the purpose of this analysis, we looked at the number of followers of each competitor on their Facebook, Instagram and Twitter account. The complexity score was assigned based on the table below:

Facebook pages

complexity score: from 1 to 5	1	2	3	4	5
	basic	simple	standard	advanced	complex
	<50 000 followers	51 000<> 100 000 followers	100 001<> 500 000 followers	500 0001<>1 000 000 followers	>1 000 001 followers

Instagram pages

complexity score: from 1 to 5	1	2	3	4	5
	basic	simple	standard	advanced	complex
	<10 000 followers	10 001<> 50 000 followers	50 001<>100 000 followers	100 001<>200 000 followers	>200 001 followers

Twitter pages

complexity score: from 1 to 5	1	2	3	4	5
	basic	simple	standard	advanced	complex
	<10 000 followers	10 001<> 50 000 followers	50 001<>100 000 followers	100 001<>200 000 followers	>200 001 followers

Figure 7: Complexity scores for social media pages (personal collection)

Next observed attribute was Online marketing activities of each competitor. As we can see in the table below all competitors are using all types of online marketing channels.

Table 14: Online marketing channels (personal collection)

ONLINE MARKETING	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
Static / dynamic banners	✓	✓	✓	✓	✓	✓	✓
Video ads	✓	✓	✓	✓	✓	✓	✓
Facebook / Twitter ads	✓	✓	✓	✓	✓	✓	✓
Paid search	✓	✓	✓	✓	✓	✓	✓
E-mail marketing	✓	✓	✓	✓	✓	✓	✓
Content marketing	✓	✓	✓	✓	✓	✓	✓

Table 15: Complexity score for channels (personal collection)

complexity score: from 1 to 5	1	2	3	4	5
	basic	simple	standard	advanced	complex
	1 channel	2 channels	3 channels	4 channels	5 and more channels

Different results arise for Offline marketing activities of each competitor. Not all the companies are using the majority of the offline marketing channels. However, we can see that Skyscanner, eDreams, and Expedia are involved in all channels.

Table 16: Offline marketing channels (personal collection)

OFFLINE MARKETING	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
PR	✓	✓	✓	✓	✓	✓	✓
Sponsorship / Events	☐	☐	✓	✓	✓	☐	✓
TV advertising	☐	✓	✓	✓	✓	☐	✓
Billboard	☐	☐	✓	✓	✓	☐	✓
Print	☐	☐	✓	✓	✓	☐	✓
Radio	☐	☐	✓	✓	✓	☐	☐

Table 17: Complexity score (personal collection)

complexity score: from 1 to 5	1	2	3	4	5
	basic	simple	standard	advanced	complex
	1 channel	2 channels	3 channels	4 channels	5 and more channels

Group of other marketing activities includes various less common channels that promote a company or its products in ways characteristics to the nature of the channel. An affiliate network is a form of B2B cooperation between company and affiliate partner (another company or individual) who is promoting their services through their content.

Affiliate partners can be coupon or cashback websites, online publisher network that owns several websites (blogs, online magazines, etc.), individual blogs. Affiliate partners place to offer or just a simple link that will direct the visitor to the company website. If this user

purchases a product, affiliate partner will receive a payout in a form of revenue share or fixed fee.

Social media influencers are sponsored by a company to promote the product to their audiences. However, social media influencers are also mentioning brands without a paid partnership with companies, just for the sake of creating content for their audiences.

Promotion through content on blogs can be part of an affiliate program, however, in this case, we considered the only brand mentions on various blogs that are not sponsored.

Customer reviews are very important. New users tend to research more information about the product or a company before proceeding with a purchase. It should be in a company's best interest to maintain a good score on online reviews.

Chatbots and voice search are new marketing communication channels. Chatbots are machine learning powered automatic response bots, that communicate with users through apps like Messenger, WhatsApp, Viber, and others. Chatbots could be used for customer service purposes only, but they can be also extended channel for bigger integrated marketing campaigns.

Voice search is powered by technology companies such as Google, Amazon, Apple who create their own software, called assistant, that helps users to find information just by asking a question to the assistant. Companies find this voice assistant as another opportunity through which they can promote their services. Only Skyscanner and Expedia are using voice search to make their product available for users through this channel.

Table 18: Other promotions (personal collection)

OTHER PROMOTION	Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
Affiliate network	✓	✓	✓	✓	✓	✓	✓
Social media influencers	☐	☐	☐	✓	✓	☐	☐
Blogs	✓	☐	☐	✓	✓	☐	☐
Reviews	✓	✓	✓	✓	✓	✓	✓
Chat bots	☐	☐	✓	✓	✓	✓	☐
Voice search	☐	☐	☐	✓	✓	☐	☐

Table 19: Complexity score (personal collection)

complexity score: from 1 to 5	1 basic 1 channel	2 simple 2 channels	3 standard 3 channels	4 advanced 4 channels	5 complex 5 and more channels

As the table below (Table nr indicates, the scope of marketing activities demonstrates bigger diversity among competitors than their product attributes. In conclusion, even if the product

is comparable, the ways how companies promote the product and brand tend to be very different. Expedia and Skyscanner achieved the highest scores among other competitors. According to Phocuswire online magazine, Expedia spent 5.3USD billion on marketing in 2017, which was more than a half their annual revenue (Phocuswire.com, © 2018).

Table 20: Promotion benchmarking results (personal collection)

		Kiwi.com	Trip.com	eDreams	Skyscanner	Expedia	eSky	CheapOair
Promotion	Facebook pages	3	4	5	5	5	4	4
	Instagram pages	3	2	3	4	5	1	1
	Twitter	1	1	2	4	5	0	2
	Online marketing channels	5	4	5	5	5	5	4
	Offline channels	1	2	5	5	5	1	5
	Other	3	2	3	5	5	3	4
	Total Score	16	15	23	28	30	14	20
	Full score				30			

8.2 Conclusion

In comparison to other competitors, Kiwi.com achieved good scores in terms of product features and services provided to customers. Given the fact that Kiwi.com is a relatively young company compared to Trip.com, eDreams, Skyscanner, Expedia, eSky, CheapOair, it managed to develop competitive innovative flight search technology and services. Kiwi.com serves the European market (similarly to eSky.com) although a big number of reservations are also coming from the US, where big OTAs like CheapOair or Expedia are already established. Among the competitors, Kiwi.com is the only company offering virtual interlining and focuses on the niche market of travelers who travel light (without checked baggage) and prefers cheap flight tickets.

The problematic condition for Kiwi.com might be the lack of incoming investments from strategic venture capital firms, who can invest in the company financially but also provide new technology. Kiwi.com traffic and bookings rely on metasearch websites like Skyscanner, Kayak, Momondo, Lastminute and more, so its value is being given a discount (Reuters.com, © 2017).

Although the product and service offered by Kiwi.com are comparable with products and services of big OTA's, Kiwi.com does not focus too much on promotion, although the basic channels have been established. Most of the big OTAs (Expedia, CheapOair, Skyscanner,

Trip.com) in their early stages invested in bigger offline campaigns including TV advertising, outdoor advertising. However, nowadays the companies are shifting their marketing activities towards online marketing, which biggest advantage is measurability of returns of investment.

8.3 PESTLE Analysis

The PESTLE analysis is a strategic analytical tool which observes the company's macroenvironment social, technological, ecological, economic, political and legal factors.

Social factors

Traveling has never been more available and affordable for various segments of customers coming from different social status, age and gender as it has been in the past twenty years. With the establishments of low-cost carriers, improving infrastructure and opening country borders, more and more people begun to travel more frequently. People can travel for work, holiday, business or simply visit family living abroad.

According to a study conducted by World Tourism Organization (2019), the main drivers of growths in travel and tourism industry are the favorable economic environment, strong outbound demand from big source markets, visa process simplification, improved connectivity, recovery in key destination markets from crises in the past.

Social media played an important role in destination promotion, which increased demand for travel from the younger generation – millennials. On the other hand, traveling has been decreased in destinations that were affected by terrorist attacks or natural disaster. These destinations, however, recovered quickly.

Technological factors

Technology played an important role in the travel industry. It helped increased connectivity and infrastructure and made travel accessible to large segments of people worldwide. Nowadays most of the reservation management, distribution and sales are done online. Online travel companies, airlines, hotels, cruises, and car rentals sell their services through their own websites.

There is a clear trend that in the near future most of the reservations will be done by customers through their mobile devices. Therefore, companies are trying to innovate and create the best travel mobile app which would include not only search and reservation functions, but

also help travelers with useful features during their journey. An example of such an app is app from Trip.com – subsidiary of Chinese Ctrip.com.

The app, for example, suggests different trip itinerary in case the weather at the destination changes suddenly (if it is raining, the app would suggest museums or other indoor activities close by), or it can recommend a good coffee place near the user in the morning hours. Kiwi.com app can use augmented reality and measure dimensions of travelers' baggage, so they know if the baggage would fit dimension restrictions of an airline.

This can be described as a technology of personalization, where travel companies are trying to offer the best possible product and service in order to fulfill customer's needs. Technology allowed customers to compare prices and offers from many different providers before they would finally decide what provider to use.

Phocuswire magazine published an article where it describes the future of travel technology:

This next stage will also be driven by infrastructure changes including the adoption of light-weight messaging standards for the purposes of pushing traditionally heavy availability messages to smaller devices. (…) Efficient messaging will make it possible to send data to wearable devices, like Google Glass or the highly anticipated iWatch.

These devices will provide travelers with the ability to search and find local businesses, directions, and recommendations in situ.

Eventually, the ability to connect to supplier and aggregation systems means travelers will be able to book handsfree on location in real-time using their voice and a digital wallet or mobile payment system. (2019)

Ecological factors

Global warming and climate change will affect travel in the future. First, it can start with more strict policies banning or limiting usage of cars and buses powered by fuel instead of electrical energy. Later it can cause migration of people from one place to another due to extreme weather conditions and climate changes.

Ecological factors – weather specifically has been always affecting travel. Hurricanes, snowstorms, volcano eruptions or floods make traveling extremely dangerous or impossible. Many travelers, therefore, postpone their travels until the conditions will get better. Travel destinations that were hit by a natural disaster must recover from the crisis until they would be able to host tourists from abroad.

Economic factors

Travel and Tourism industry is one of the largest industry segments and in 2017 it contributed 8.3 trillion USD to the global economy and created or supported over 300 million jobs worldwide. This means that the Travel and Tourism contribution represented around 10% of the world GDP and 1 in 10 of all jobs (Global Economic Impact and Issues 2018, p.1, 2018). GDP of the Travel and Tourism industry was expected to grow around 4% in 2018 (the results are not published yet).

In the past year the oil prices, airfares and hotel prices continued to grow higher and so the overall GDP growth is expected to be slowed down. According to ten-year forecast, the average growth rate of 3.8% / year is expected and by 2028 the sectors is expected to employ over 400 million people worldwide (Global Economic Impact and Issues 2018, p.1, 2018).

It is important to pay attention to the current position of the economy in the economic cycle. Various financial institutions, newspapers, and professionals predict another economic depression to happen in the next couple of years, possibly around 2020. A possible trade war between US and China, ongoing negotiations about Brexit and wars in the Middle East are slowing down global economic growth (Bloomberg.com, © 2019)

Political factors

Political factors have a big influence on the Travel and Tourism industry. International relations between countries can improve the mobility of international travelers, eliminate visa requirements, support foreign investors and companies to look for business opportunities abroad. International politics also negatively influence the travel industry through strict business regulations, border controls, long and complicated visa processes.

Domestic politics can both improve and deteriorate travel and tourism in a specific country. It should be in the governments best interest to support local destination tourism. Tourism can bring extra income from abroad, which can help the country increase economic growth and decrease unemployment.

On the other hand, some local governments had to regulate tourism in their destination due to overcrowding. Overcrowding negatively affects living standards of local citizens as a result of increasing prices for accommodation and services, pollution and damage of historical monuments.

Political factors affected the travel industry significantly in the past five years. Migration crisis to Europe from countries affected by local war conflicts. Brexit negotiations is another example of how political factors will have a significant impact on the travel industry.

Legal factors

Travel and Tourism industry is controlled by numerous international and local law regulations. World Tourism Organization (UNWTO), International Air Transport Association (IATA) provides their members with industry policies, regulations, standards and manuals that are applicable globally for all companies operating in the travel industry.

Besides this, each company needs to follow policies and law regulations in the country they've been registered in. In case of Kiwi.com s.r.o., the company must follow Czech Labor Code, Income Tax Act, Trades Licensing Act, and others. The company also must follow a similar scope of Spanish low regulations, because Kiwi.com has got registered offices also in Barcelona.

Companies based in the European Union must follow the General Data Protection Regulation (GDPR), which increases protection of consumer data within the European region. It came into force in May 2018. Companies that collect and process customers personal data online or offline must follow GDPR (Gdpr.cz, © 2017). Kiwi.com, collect customer personal data in order to complete reservations with the airlines, for communication with the customers and for marketing purposes.

8.4 IFE Matrix

IFE matrix is an analytical tool that helps to identify and evaluate the internal factors of a company and its strategic planning.

We identified five strengths and weaknesses of Kiwi.com internal factors. Each of the factors has been assigned a weight ranging from 0.0 to 1.0. The lower value represents factors with low importance, high values represent factors with high importance. This number represents how each factor is significant for the overall company's business success. The total value of the weight system must be 1.

Factors are also being assigned a rank on a scale from 1 to 4 which represents: major weakness – 1, minor weakness - 2, minor strength – 3, major strength – 4. The ratings will be assigned to the factors based on results from competitive benchmarking.

Kiwi.com reached a total weighted score of 2.66 which is 0.16 points more than the average value of 2.5, which means that the company's strategy is supported by relatively strong internal factors.

Table 21: IFE Matrix (personal collection)

IFE Matrix

	Key Internal Factors	Weight	Rating	Weighted Score
Strengths	Diversified revenue streams	0.12	3	0.36
	Competitive prices	0.1	4	0.4
	Guarantee service and Legal support for customers	0.05	4	0.2
	24/7 Customer support	0.04	3	0.12
	Company culture	0.02	4	0.08
	Innovative technology (virtual interlining)	0.08	4	0.32
	Technical knowledge of employees	0.05	3	0.15
	Mobile app and user friendly web design	0.07	4	0.28
	Agile and fast growing business	0.03	4	0.12
Weaknesess	Dependancy on metasearch partners	0.13	1	0.13
	Low brand & product awareness	0.06	2	0.12
	Talent and experienced employees fluctuation	0.03	2	0.06
	Low margin on prices and high costs for Guarantee cases	0.04	2	0.08
	Manual booking processes increase risk of human error resulting in higher costs and negative customer experience	0.02	1	0.02
	Low customer retention	0.05	2	0.1
	Lack of investments from strategic venture captial companies	0.1	1	0.1
	Relatively young company	0.01	2	0.02
	Totals	**1**		**2.66**

8.5 EFE Matrix

EFE Matrix analysis macroenvironment of the business from opportunities and threats perspective. The opportunities and threats are defined by PESTLE analysis presented in previous chapters. Similarly, to IFE Matrix, rankings on the scale from 1 to 4 will be assigned to identified opportunities and threats and how the company responds to them. The exceptional response is ranked with number 4, above average response is ranked 3, number 2 represents average response and number 1 reflect weak response.

The EFE Matrix showed that Kiwi.com obtained a total score of 2.67. The result is slightly above average 2.5 weighted scores. This means that Kiwi.com is leaning towards being more responsive to external threats and opportunities.

Table 22: EFE Matrix (personal collection)

EFE Matrix

	Key External Factors	Weight	Rating	Weighted Score
Opportunities	Increased usage of mobile devices for searching and booking travel	0.11	4	0.44
	Improved transport infrastructure	0.11	4	0.44
	Content personalisation	0.02	2	0.04
	Increased travel demand from emerging markets	0.14	2	0.28
	Technology innovations	0.1	4	0.4
	Local goverment promoting tourism via OTAs partnership	0.03	3	0.09
	Travelers combine online & offline channels to research information about traveling	0.05	1	0.05
Threaths	Upcoming global economy recession	0.13	1	0.13
	Tourism regulations to prevent overcrowding	0.02	2	0.04
	Increased prices for air fares and hotel prices	0.07	2	0.14
	Technology innovation being copied by competitors	0.12	4	0.48
	Major nature disasters, airline employees strickes and terrorist attacks affecting travel	0.02	3	0.06
	Travelers trusting big established OTAs or direct providers	0.08	1	0.08
	Totals	1		2.67

8.6 SWOT analysis

In the SWOT analysis, we have summarized IFE and EFE analysis and outlined business priorities for the company overall strategy in order to achieve the company goals. The analysis show on which internal weaknesses should the company focus in order to eliminate their causes and turn them into strengths. Kiwi.com should keep supporting their strengths which benefit company competitiveness and reduce the possible impact of external threats. The

company is doing business in an industry with lots of business opportunities that can be taken advantage of in order to grow the business further.

In result, Kiwi.com should be continuing with their product improvements and innovations since these are their biggest strengths and competitive advantages (virtual interlining, ground transportation, customer service, and Guarantee). However, Kiwi.com should also focus more on the overall perception of their product functionality and values for customers.

Due to emerging negative feedback that is shared by customers on social media and low brand awareness, the trust in Kiwi.com product and service can be low. As a result, potential customers can prefer booking tickets through bigger, established OTAs or directly with the airlines. This can be solved by improved customer service, product development based on customers' feedback and product-centric marketing promotion explaining the main benefits and values of Kiwi.com.

Earning trust and product awareness among customers will also increase the number of direct bookings and therefore decrease dependency on metasearch websites (Skyscanner, Kayak, Google flights). This will help Kiwi.com reduce a financial impact that can occur in case some of the partners decides to stop the collaboration.

Being competitive not only through innovative product offering but also through low prices is a difficult task. Kiwi.com is adding a small mark-up (around 10% – 15%) on every reservation that is made through their system. Due to low margin, the company is forced to generate big amounts of reservations on a daily basis in order to be able to cover all the fixed and variable costs. Solution to this is expanding business with additional verticals (hotels, car rentals, insurance, ground transportation) in order to diversify revenue streams.

Kiwi.com can win new customers coming from emerging markets, through early penetration in those markets where competition is rather low or less advanced. Those markets are in Latin America, East Europe, South-east Asia, and Africa. However, it is important to first conductresearch about online user behavior in these countries, what payment methods are mostly used, what personalized content do they prefer and what marketing channels are suitable.

Product innovation and maintenance is conditioned by hiring talented IT professionals and motivated employees for supporting departments and creating a favorable company culture. Kiwi.com is a great example of how company culture can help with competing on the labor market for talented individuals. In order to be even more competitive, Kiwi.com opened

branches in popular destinations such as Prague or Barcelona where IT professionals from all around the world are based.

Based on the SWOT analysis results, we can observe that Kiwi.com holds good position thanks to relatively strong internal factors, that are being constantly improved and thanks to good response towards external opportunities and threats. The priorities for improving the overall position and reaching business goals were summarized in the table below.
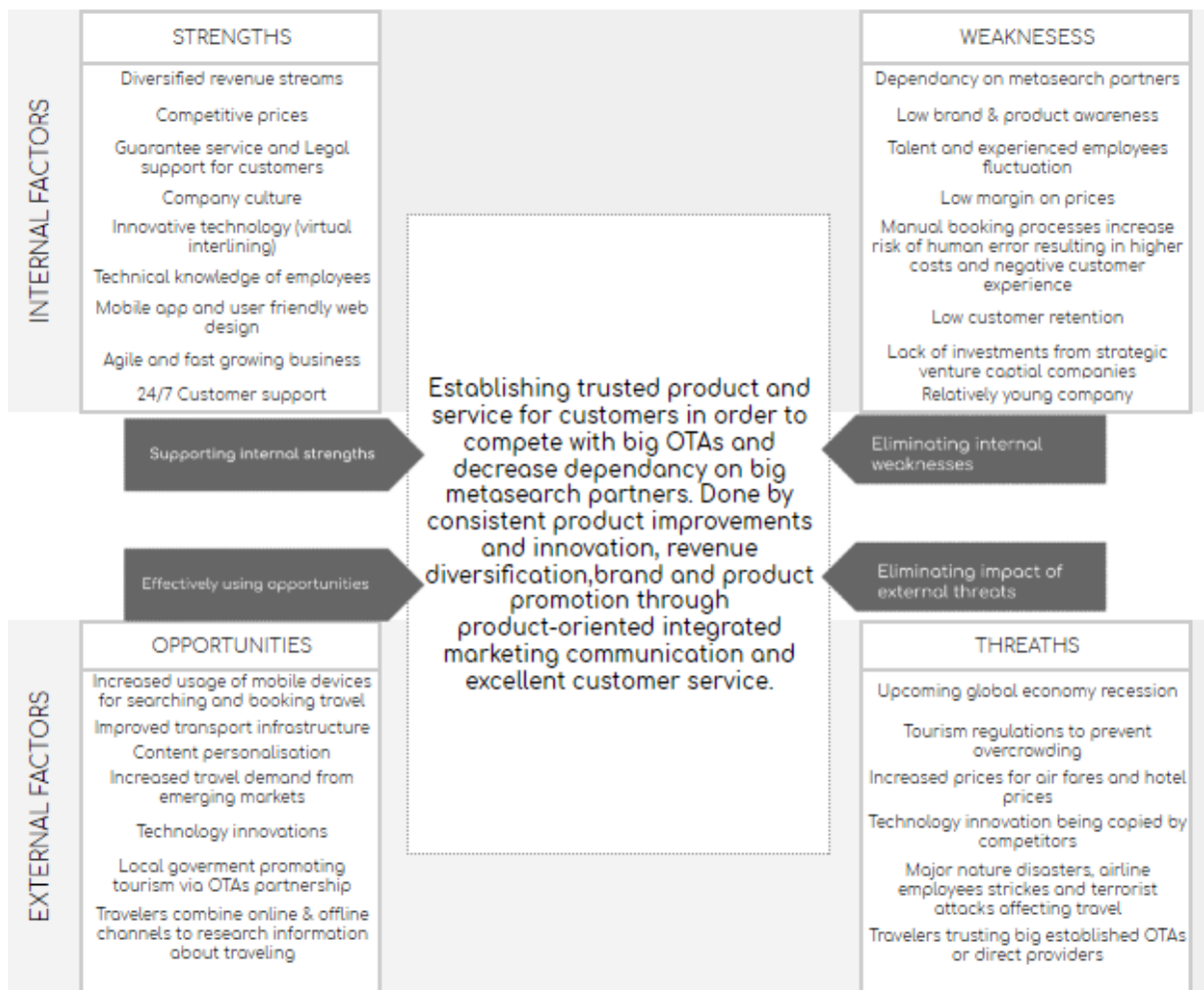

Figure 8: SWOT analysis (personal collection)

9 MARKETING RESEARCH

Marketing research was done through an online survey that was shared on social media with travelers from almost all continents. The goal was to understand what can influence customers that are searching for flights to buy a ticket and from what providers. The survey also observed ability to recall online travel agencies brands. We also examined what kind of advertising would potentially persuade customers to buy a flight and if an online form of advertising help brands to appear more trustful.

The survey was divided into five separate sections. The first section collected data about respondents' demographics. The second section observed how respondents recall certain online travel brands. The third section observed perception of travel ads and their influence on customer's decision-making process when purchasing flights. The fourth section examined customers' purchasing behaviors. The last section briefly introduced most used Kiwi.com's product features (without mentioning the brand) and analyzed how potential customers would respond to it.

The survey included 17 questions and the answers were collected from a sample of 107 people.

Demographics

The biggest age groups from respondents were people between 26 – 35 (50%) and 18-25 (36.8%). The third largest group is represented by people between 36 – 50 (8.5%).
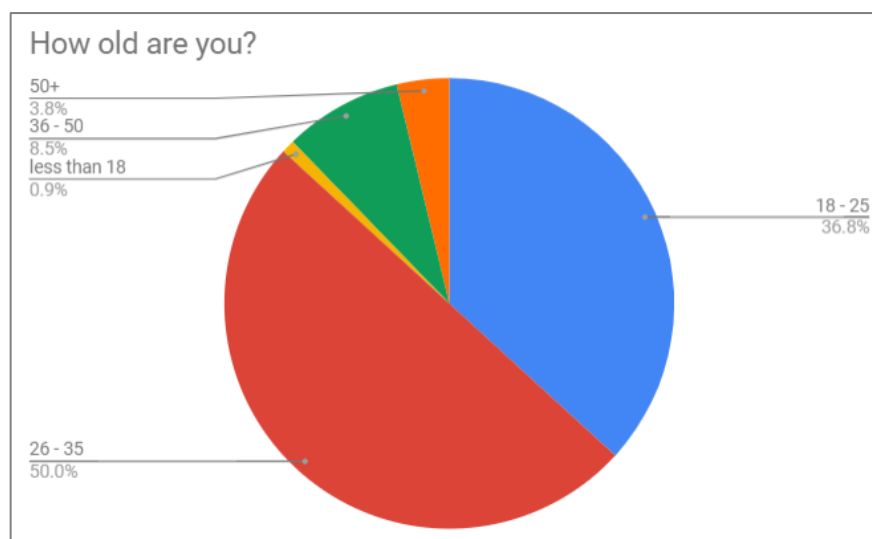

Figure 9: Survey – chart 1 (personal collection)

Most of the respondents said that their main occupation is being employed (58%). The second largest group were students (29%).
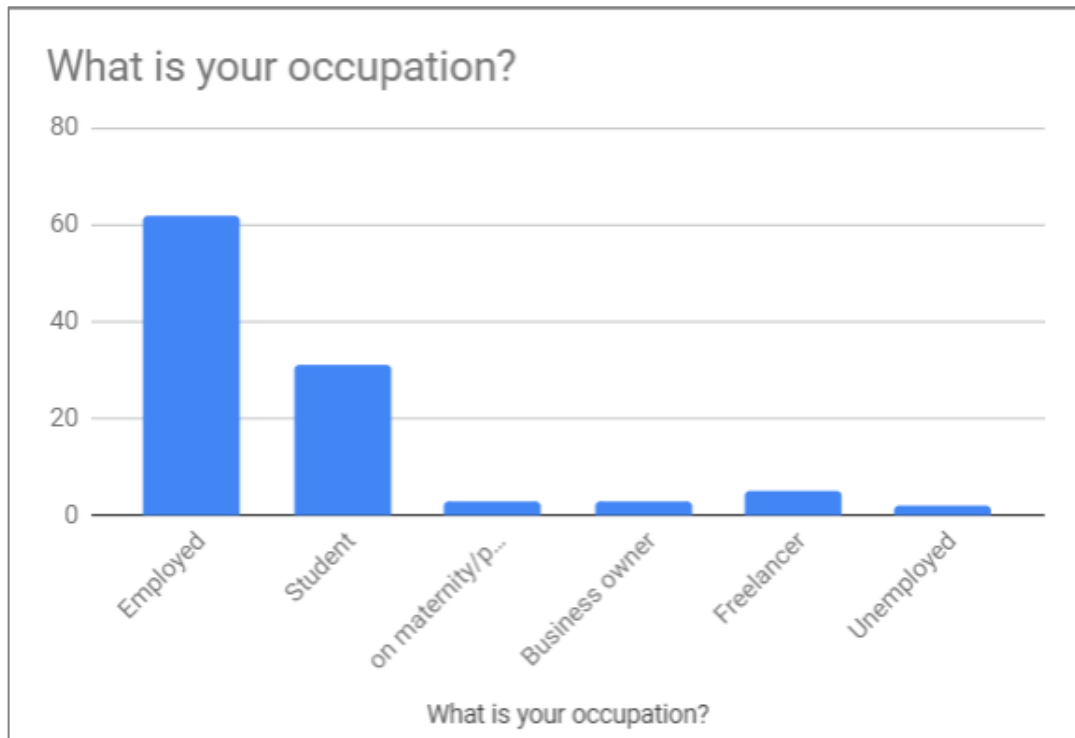

Figure 10: Survey – chart 2 (personal collection)

Geographically, most of the responders stated that they are currently living in Europe (63%) and North America (11.3%).
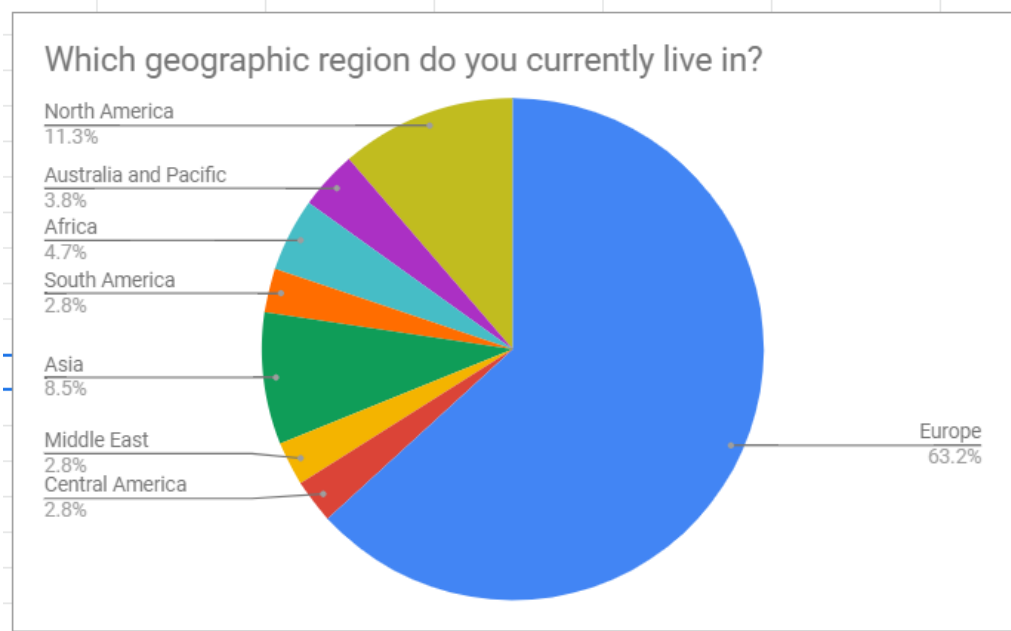

Figure 11: Survey – chart 3 (personal collection)

The frequency of flight tickets purchase

Survey participants were also asked how often they purchase a flight ticket. As we can see the majority of the responded answered that they purchase a flight around once or twice a year.
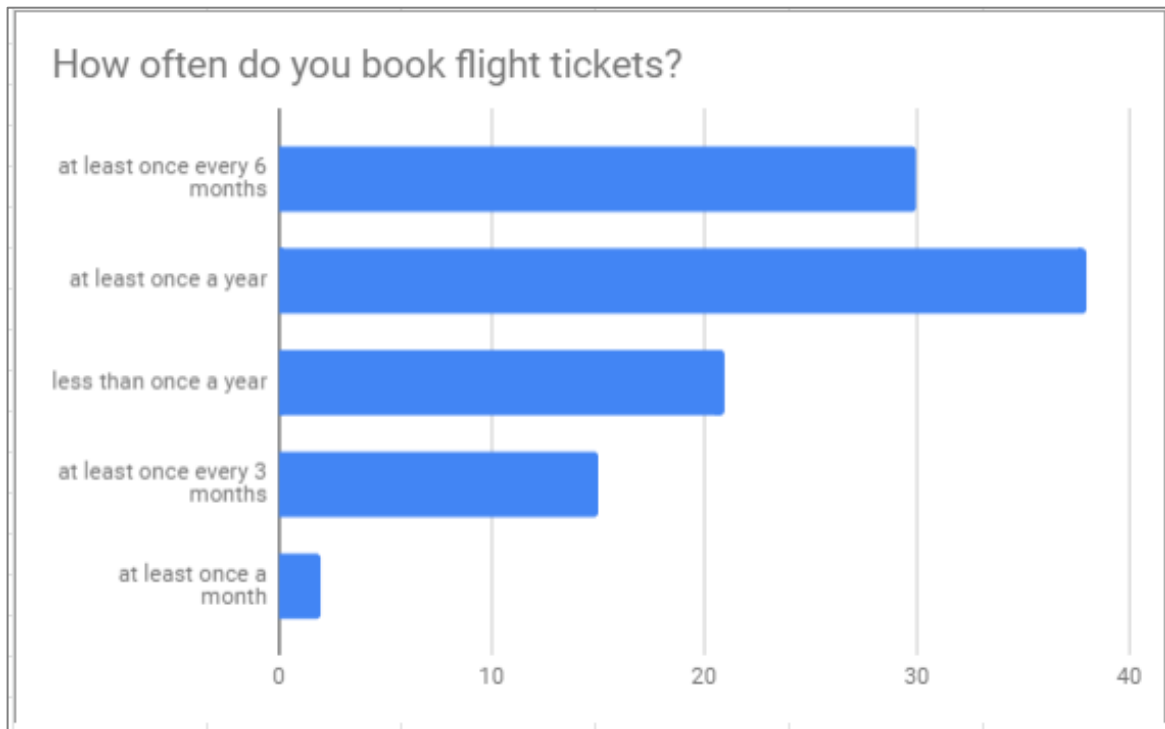
Figure 12: Survey – chart 4 (personal collection)

Flights tickets are very different commodity to advertise in comparison to fast moving consumer goods like apparel, home décor, or food. The advertising must be done very effectively because the cost per action (ticket purchase) can become very high. The targeted segment needs to be targeted with a flight tickets offer at a time when they are considering booking flights again. It is important to analyze the customers' purchasing behavior over a time period and identify certain patterns that can be used for campaign planning.

Top-of-the-mind travel brands

Respondents were asked about the first travel brand that comes to their mind when they think about booking a flight. The word frequency chart below shows us that the most frequent brand recalled is Skyscanner (see Fig 34).

Figure 13: Survey- Frequency words map chart 5 (personal collection)

Skyscanner was in total mentioned 24 times. Around 15 times respondents mentioned that they don't recall any brand connected to booking flights. Kiwi.com was mentioned only 8 times. There were more than five airlines mentioned, most often Emirates, Ryanair, Wizz air or Wow air. Because the survey was distributed mostly in central Europe, many respondents presumably from Slovakia or the Czech Republic mentioned Pelikan.sk or Pelikan.cz.
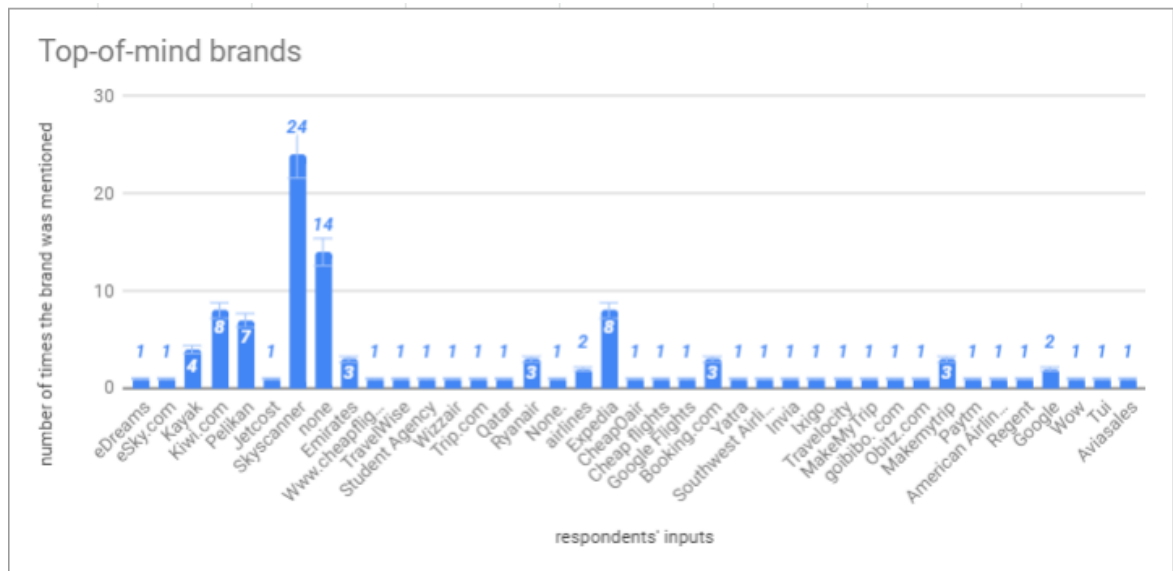
Figure 14: Survey – chart 6 (personal collection)

Brand recall

In the next question, the participants were asked which of the online travel agencies they know. The brands were selected according to previous benchmarking analysis. As we can see, the most recalled agencies were Skyscanner, Kiwi.com, and Expedia.
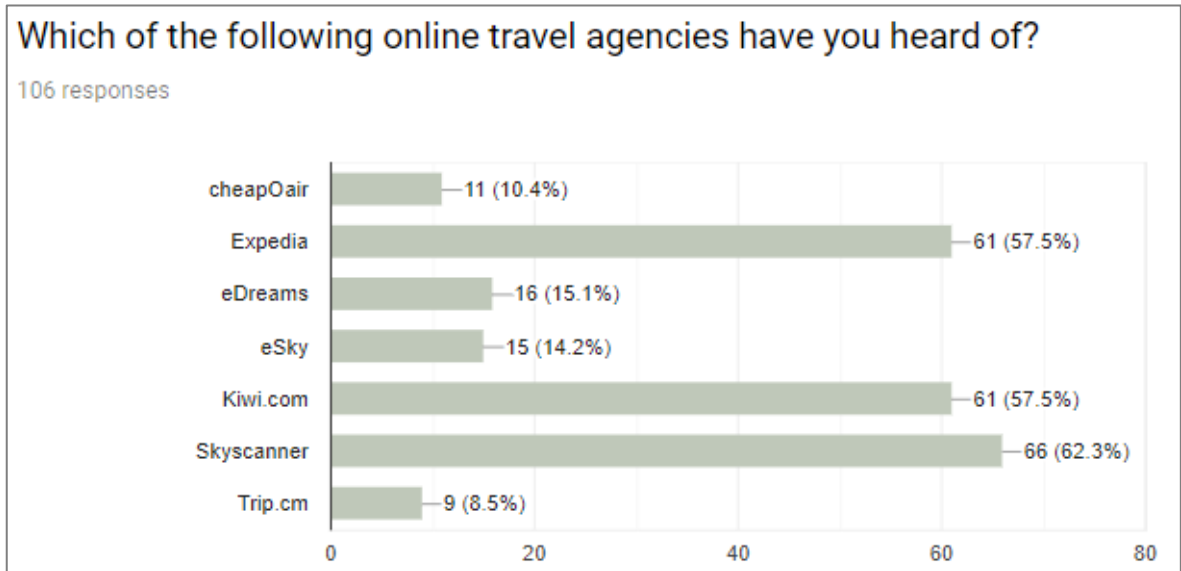

Which of the following online travel agencies have you heard of?
106 responses

- cheapOair — 11 (10.4%)
- Expedia — 61 (57.5%)
- eDreams — 16 (15.1%)
- eSky — 15 (14.2%)
- Kiwi.com — 61 (57.5%)
- Skyscanner — 66 (62.3%)
- Trip.cm — 9 (8.5%)

Figure 15: Survey – chart 7 (personal collection)

When the data are observed from a market perspective, we can see that Kiwi.com and Skyscanner were selected in an almost equal number of times. If a responder selected Skyscanner, his other option was usually Kiwi.com and vice versa. This was very specific for American markets (North, South, Central America together), Australian market and European market.

Because Kiwi.com's biggest traffic volumes arrive from Skyscanner, and Skyscanner is the biggest distributor of Kiwi.com flights, there is no surprise that responders recalled Kiwi.com alongside with Skyscanner.

However, the answers about what brand people associated with booking flights showed that only a low percentage of respondents remembered and mentioned Kiwi.com. In a combination with the following question whether they've ever heard of Kiwi.com brand, Kiwi.com was selected nearly 60% of all times. This implies that although people might be familiar with Kiwi.com, they still do not consider it as a top-of-the-mind brand for flight searches and bookings.

Flight bookings

The following question was asking respondents about which of the online travel providers they've purchased flights from. It was a multiple-choice question and people could choose from options: Kiwi.com, Skyscanner, CheapOair, eSky.com, Expedia, Trip.com, eDreams and choose to answer through open answer option and write their own preference. Skyscanner was the most often chosen option (50 times), the second was Expedia and third Kiwi.com. The orange bars in the chart below represents the most common answers in the open-answer field. Most of the people said that they book flight tickets directly with airlines. Many of them decided not to specify any provider.
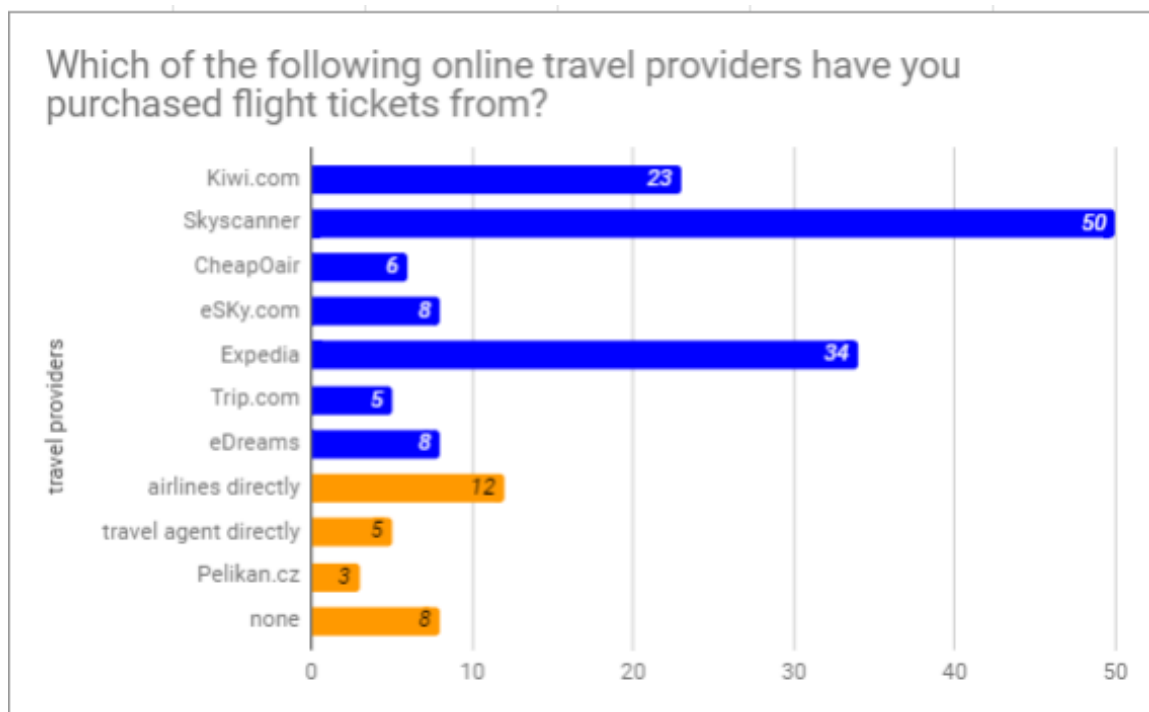
Figure 16: Survey – chart 8 (personal collection)

Brands discovery

The last question that was connected to selected online travel brands was about the way the respondents discovered it. The two biggest sources of brand discovery were coming from friends and family references and recommendations (58.9%) and Google search results (46.7%).

People are more likely to use a service that was recommended by their family and friends. As we will see in the next question, Friends and families are also the most popular source of

inspiration for choosing travel destinations. Google search is an important source of information, where a lot of companies and product can be discovered by potential customers.

Online advertisement (24.3%) and Social Media (27.1%) are other channels through which potential customers can learn about online travel agencies. The least people found about those online travel brands from offline advertisement channels (only 3.7%). Around 9 respondents do not remember how they learned about the agencies. Eight people selected an option which stated that they do not buy from selected online travel agencies.

How did you learn about the online travel agencies you bought flight tickets from?

107 responses

Online advertisement (online banners)	26 (24.3%)
Google search results	50 (46.7%)
Social Media	29 (27.1%)
Offline advertisement (TV commercials, …)	4 (3.7%)
Friend or family	63 (58.9%)
I don't remember	9 (8.4%)
I do not buy flight tickets from the on…	8 (7.5%)
Never flown	1 (0.9%)
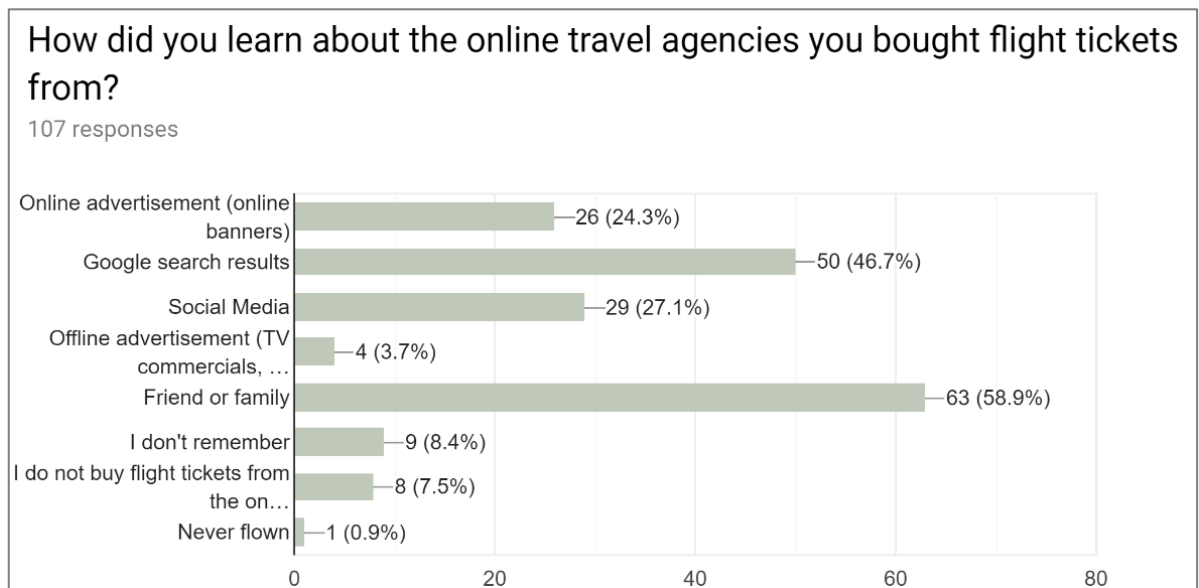
Figure 17: Survey – chart 9 (personal collection)

Sources for travel inspiration

Responders were also asked about their source of inspiration for their travels. This question had multiple options that they could choose from and select as many as they needed. This question was also optional, and two responders decided to skip it.

The most popular sources for travel inspiration were friends and family (over 70%), social media (51%), Google research (over 30%) and YouTube (25%). People also get inspired from travel-related portals, magazines, and travel articles and blogs. Almost 10% of people considered ads as a source for travel inspiration.
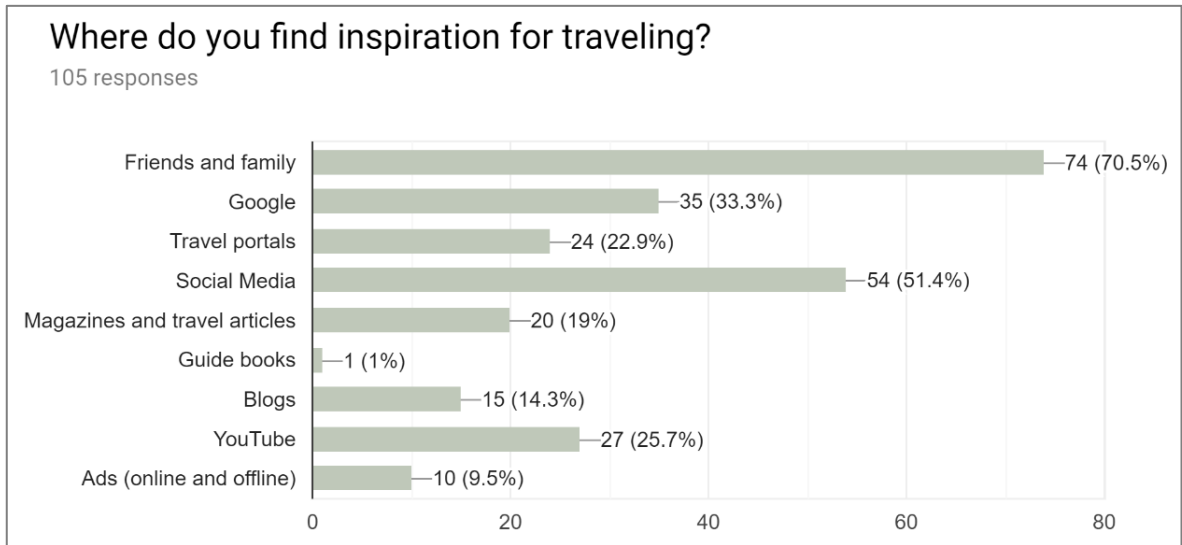
Figure 18: Survey – chart 10 (personal collection)

The perception of online travel ads

There was a model example of several online banner ads each presenting a slightly different offer. Respondents were asked to choose from the ads the one that would make them consider clicking on it and exploring the offer on the agency's website and an ad which would make the agency look trustful and safe.
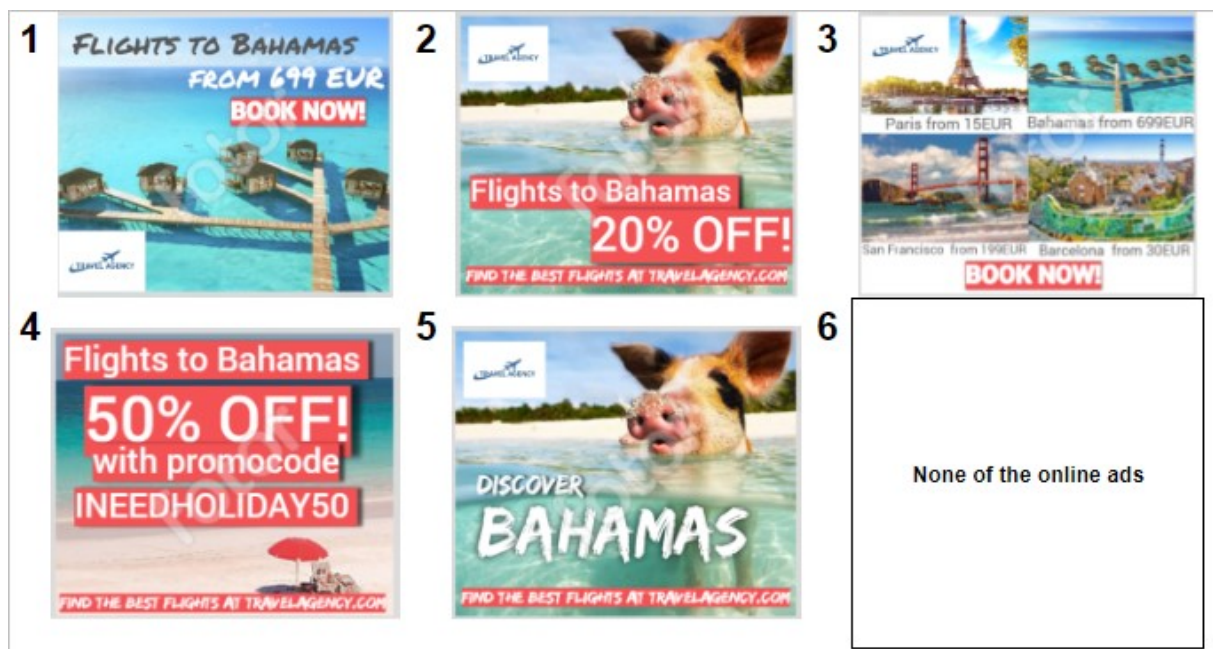

Figure 19: Different online ads as options in the survey (personal collection)

Almost thirty percent of respondents said that they would probably click on ad number 3, which showed more offers to different destinations, with price points and call to action button. An equal number of people also said that none of the ads would make them explore

the offer by clicking on it. Fourteen percent of respondents would click on an ad promoting a 50% discount on flights to the Bahamas.
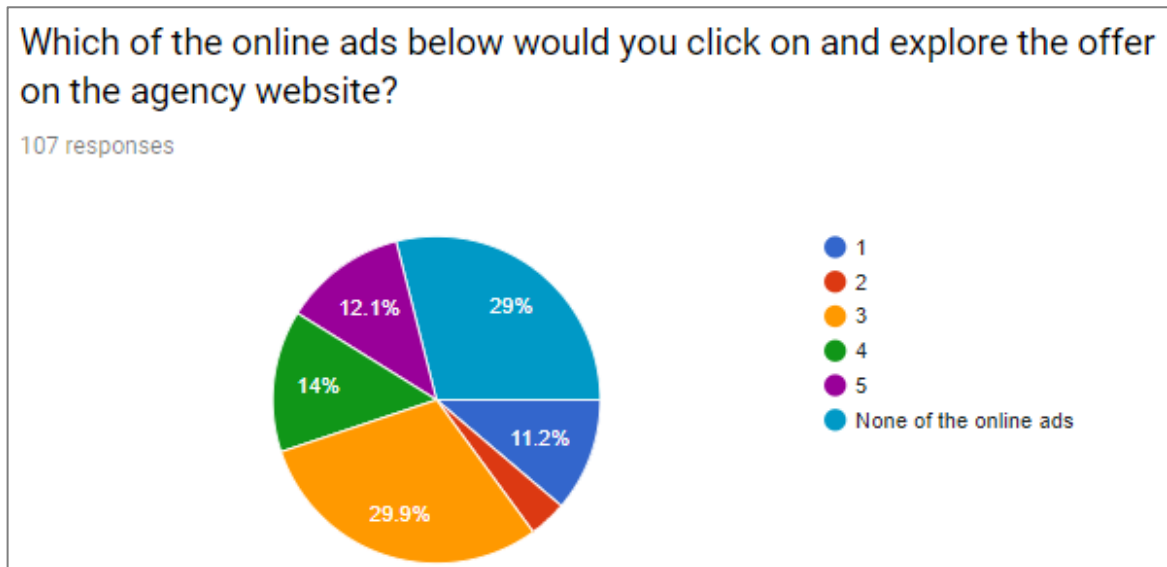
Figure 20: Survey – chart 11 (personal collection)

When asking respondents about what ad would make the agency look trustful and safe the answers were distributed among ad number 3 (multiple destinations with price point), ad number 1 (single destination email with price point) and option "None of the online ads". Almost 16% of respondents selected ad number 5 with inspirational appeal and no price point.
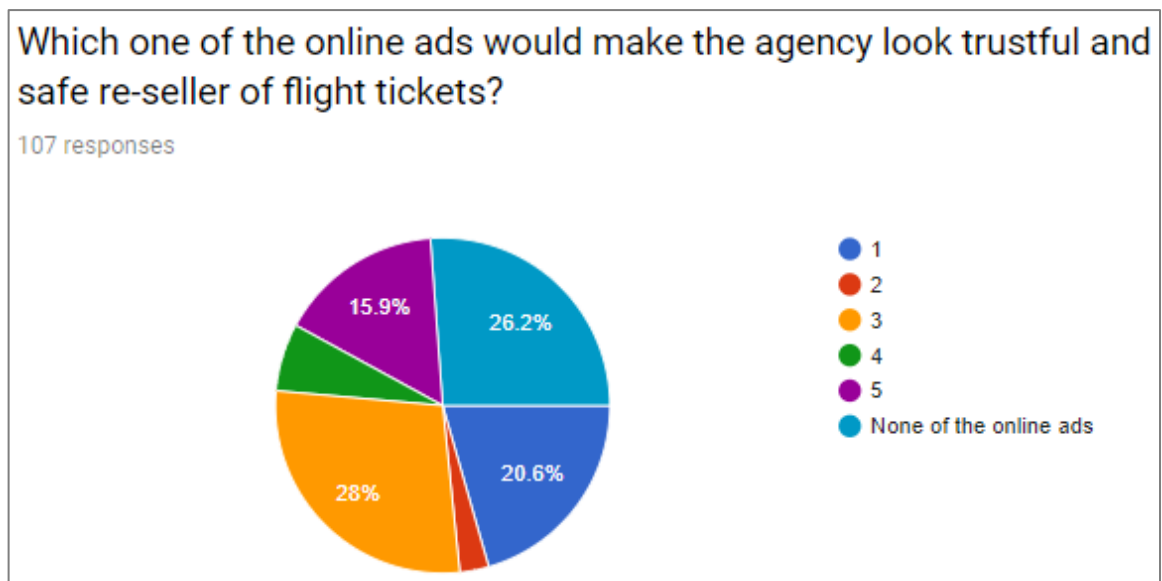
Figure 21: Survey – chart 12 (personal collection)

We wanted to find out in what circumstances would an ad make users consider booking a flight. More than 60 people said that they would consider booking a flight based on an ad if the ad offers relevant content. Forty people would also consider an ad from their trusted agency. Thirty-one people would be interested when a discount is offered, and 19 people would never consider booking a flight based on an ad.
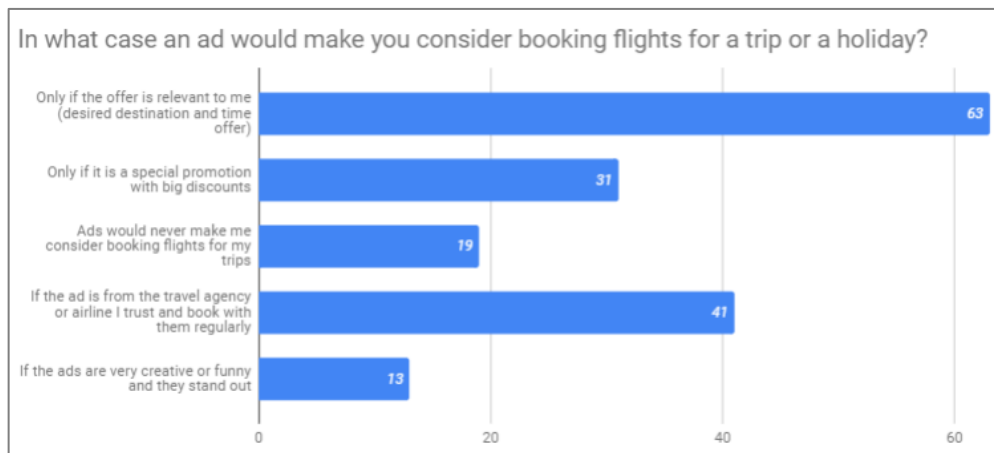

Figure 22: Survey – chart 13 (personal collection)

Purchasing behavior

Consumers purchasing flight tickets usually take a couple of steps before they choose the right flight and book it. The most often selected options were comparing multiple airline websites, searching for flights on Google, using metasearch websites. Respondents could choose multiple options for the answer and about 90% is using a combination of at least two steps.
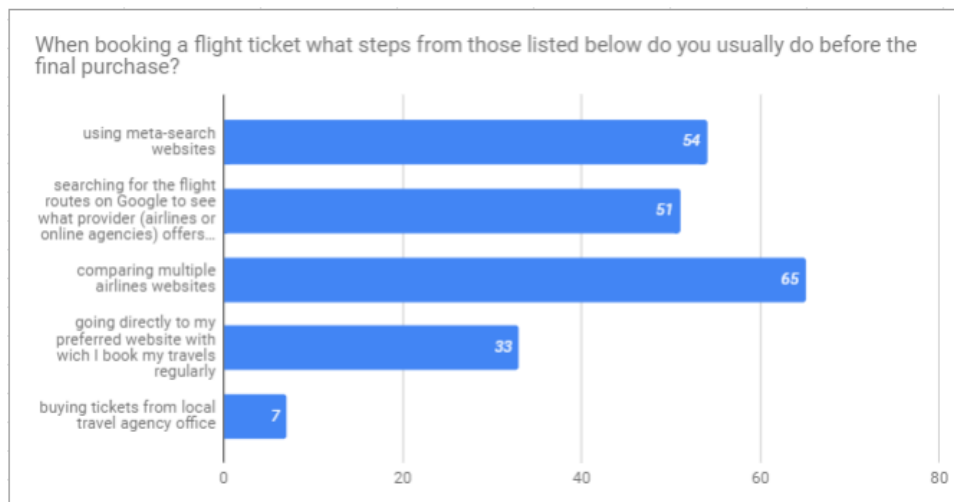
Figure 23: Survey – chart 14 (personal collection)

In the next question, we wanted to observe how important a price point for customers is when they are considering purchasing a flight ticket. We can see that the reliability of the flight ticket seller is very important for customers. Majority of them would research more information about the travel website (reviews) or check the flight tickets from direct providers (airlines).

Figure 24: Survey – chart 15 (personal collection)

Perception of special product features

The last section of the survey was dedicated to Kiwi.com's main product features, that are sometimes used as a unique sell point. Virtual Interlining, Interactive Map and Nomad search functionality were chosen.

In the first questions, the respondents were asked if they are familiar with the concept of Virtual Interlining. No further explanation of the concept was provided. There is a concern being raised from Kiwi.com higher management, that people are not familiar with this concept and cannot see the value of Kiwi.com's product – providing cheap flights thanks to combining flights from airlines that do not cooperate together within one itinerary.

The result showed that only 22 people are familiar with the concept, but only 7 of them used it. Almost 80% of respondents answered that they are not familiar with Virtual Interlining (see Fig. 24).
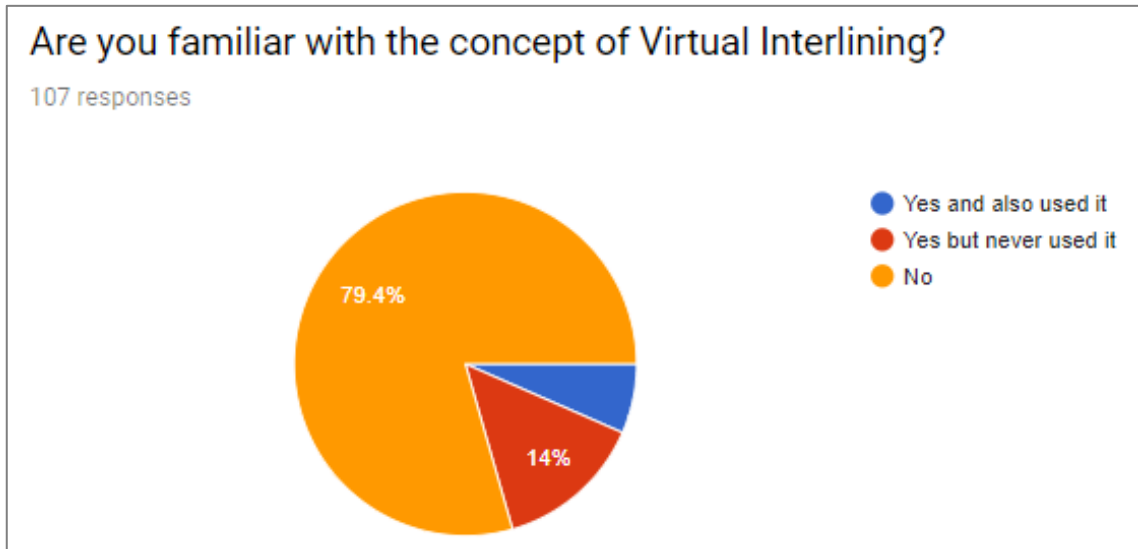
Figure 25: Survey – chart 16 (personal collection)

Next question asked respondents if they would find an Interactive Map search feature useful. There was a short description of the feature and short animated video about how it is used included. The respondents would assign a value on a scale from 1 to 5. The lower the value the less useful is the feature, the higher the value the more useful the feature is. Based on the given information, almost 50% of people would find this map very useful. Around 25% of respondents had a neutral opinion about this feature and minority of people would not find it useful at all.
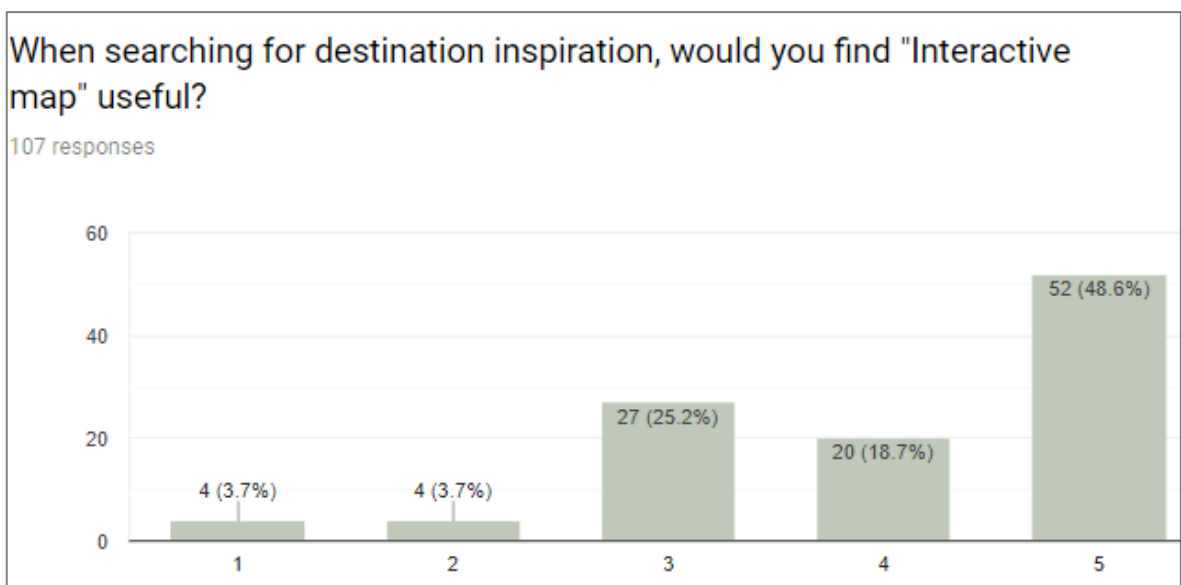
Figure 26: Survey – chart 17 (personal collection)

In the last question, the Nomad search feature was presented with a short description about its purpose and functionality and short animated video showcasing the Nomad search. Respondents were then asked a simple question whether they would use the Nomad search feature. Seventy percent people answered yes, around 9% answered no and 20% said that they would consider it, but they need to stick to their travel dates.
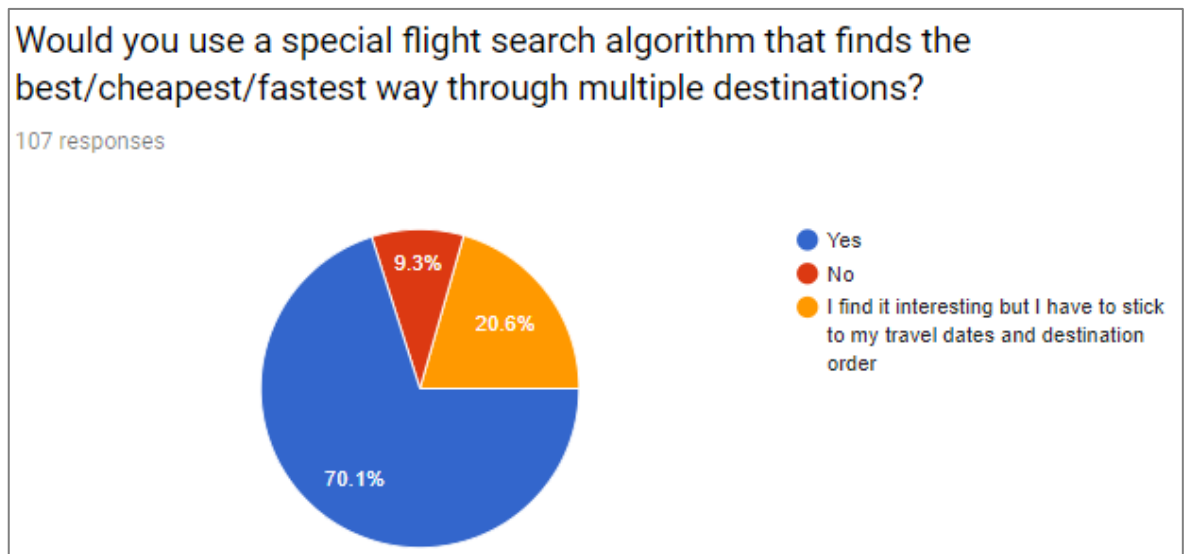

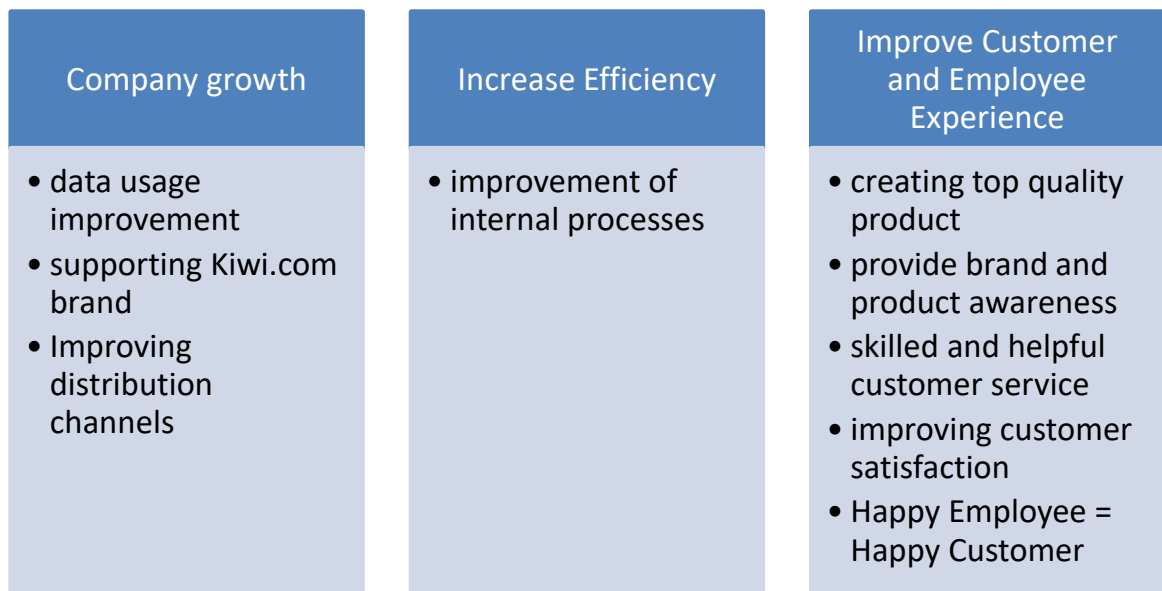
Figure 27: Survey – chart 16 (personal collection)

9.1 Research limitations

There is a limitation in data interpretation from this survey. All the markets, except Europe, did not receive enough data in order to become statistically significant. Therefore, the results from this survey must be taken only as a possible ground for the hypothesis. All marketing campaigns should be properly tested and evaluated based on data that has been collected and analyzed through professional analytical tools.

10 MARKETING COMMUNICATION STRATEGY

Marketing communications strategy proposal is based on the findings from different analysis concluded in previous chapters in this thesis. The marketing strategy will outline recommended segmentation, targeting, positioning, and marketing communication mix in order to increase the revenue growth of the company.

10.1 Objectives

Kiwi.com's uses OKRs methodology to define and map companies short or mid-term objectives. There are three focus areas that the company wants to progress in:

Company growth	Increase Efficiency	Improve Customer and Employee Experience
• data usage improvement • supporting Kiwi.com brand • Improving distribution channels	• improvement of internal processes	• creating top quality product • provide brand and product awareness • skilled and helpful customer service • improving customer satisfaction • Happy Employee = Happy Customer

Figure 28 Focus areas (personal collection)

Company growth objective can be achieved by greater product sales or service income, or by increasing the profitability of the operation by minimizing costs. Increased efficiency can be done by using smart internal tools for product planning and release, improved cross-team collaboration, improved internal communication.

Customer and Employee satisfaction is achieved by creating a favorable work environment and company culture, providing intensive training for customer care representatives, communicating brand and product values to customers through marketing channels and creating great user experience through design and innovations for people using Kiwi.com website or app.

The marketing communication strategy should be aligned with the company's overall strategy. The marketing communication objectives are listed in the table below and support each of the company's strategic focus.

The marketing department can use Balanced Scorecard framework in order to better understand the importance and significance of each objective within the overall business strategy for a long-term strategy.

Table 23: Marketing objectives (personal collection)

Company mission: Making travel better		
Four perspectives	**Company's focus**	**Marketing objectives**
Financial	Company growth	1| Increase direct bookings 2| Increase retention and long-term loyalty
Processes	Increase efficiency	3| Create efficient processes for team collaboration and cross-team collaboration
Customer	Improve Customer & Employee experience	4| Increase customer engagement with ads or content on social media 5| Increase customers' understanding about main functions of the product
Learning & Growth	Improve Customer & Employee experience	6| Skill and knowledge development of marketing team members 7| Maitaining favorable team culture

10.2 Segmentation

Kiwi.com products and services are available globally to a great number of demographically, behaviorally and geographically differentiated customers who have access to the internet and electronic devices and credit or debit cards. Kiwi.com collects and analyzes a big amount of data about customers behaviors, demographical data, and website traffic channels.

10.2.1 Country

The top 10 countries by a number of new website visitors are displayed in table 24. The United States is a country with the highest total number of all new website visitors and those visitors create 14% of total bookings. Germany is a market bringing lots of new visitors to the website, but those visitors create only 4.43% of total bookings. The conversion rate is

much higher for visitors coming from the United Kingdom (6.47%) and France (4.9%) compared to Germany.

Table 24: Top 10 markets (personal collection)

	Country	New Users	% Total bookings contribution
1	United States	26,243,771	14.54%
2	Germany	18,072,250	4.43%
3	United Kingdom	6,453,788	6.47%
4	France	5,544,741	4.90%
5	Spain	3,615,830	3.58%
6	Czechia	3,227,498	2.21%
7	Russia	2,638,421	2.85%
8	Italy	2,447,466	2.18%
9	Ukraine	2,220,539	1.01%
10	Mexico	1,834,182	1.58%

The rest of the traffic is distributed without big differences between Spain, Czechia, and Russia. Russia also creates quite a high percentage of the total bookings (2.18%) in comparison to the number of total visitors. Ukraine and Mexico bring around 2 million new website visitors each. Mexico shows a better conversion rate as the percentage of bookings those new visitors create (1.58%) is higher than the percentage (1.01%) of Ukraine market segment.

Kiwi.com has globally used website and there is not a market that significantly prevails among others. The transaction power from all countries worldwide is distributed evenly in small percentages. The only exception is the USA and UK where the traffic and conversion rate it the highest.

10.2.2 Age and Gender

Internal data from Kiwi.com company website shows that average customers age is 35.6. In the table below we can see that the biggest customer age group is 25-34 also called Millennials. Second and third largest age customer groups are 18-24 (Generation Z) and 35-44

(early born Millennials) and each of them generates around 3,500,000 bookings. We can also observe that Baby boomers' generation (age 55+) has also an active presence among Kiwi.com's customers.

Table 25: Age segmentation (personal collection)

	Age group	Generation	New Users	Number of bookings	Conversion rate (bookings/users) x 100
1	25-34	Millennials	6,942,641	694,997	10.01%
2	18-24	Generation Z	3,897,336	312,815	8.03%
3	35-44	early Millennials	3,469,870	297,125	8.56%
4	45-54	Generation X	2,088,881	169,128	8.10%
5	55-64	Baby Boomers	1,401,610	104,631	7.47%
6	65+		785,287	56,450	7.19%

Kiwi.com has an almost equal number of male and female visitors who purchased a flights ticket. The proportion is represented in the table below.

Gender	Transactions ▼ ↓	Transactions
	1,669,401 % of Total: 31.28% (5,337,246)	**1,669,401** % of Total: 31.28% (5,337,246)
1. ■ male	**882,126**	52.84%
2. ■ female	**787,275**	47.16%

Figure 29 Segmentation based on gender (internal data)

10.2.3 Psychographic segmentation

Psychographic segmentation considers customers motivations, lifestyle, hobbies, beliefs, and more unique attributes. This kind of segments can be broad and generic but also very niche with a high level of focus on the target audience.

Travel industry segments can be categories into several groups based on the topic or main activity in the destination for example adventure tourism, nature tourism, cultural tourism, pleasure tourism, health tourism, recreational tourism, business tourism, visiting a friend and family tourism, religious tourism, event tourism.

According to the World Travel Monitor survey, the type of holiday with the biggest market share was

- Sun & Beach (29%)
- City Trips (29%)
- Touring (18%)
- Countryside and Mountains (8%)
- Cruise (3%)

(statistics were presented at ITB Berlin 2019 conference, data from the survey are from 2018).

Another approach for marketers to understand their customer groups is to create personas. Personas represent various customer types based on an assumption on how they would use product or service. Personas are very often used by UX designers and graphic designers in order to deliver the best possible personalized user experience for the customers. In the travel industry the most popular personas to be used are

Escapists – Looking for adventures and breaking the stereotype. Highlighting and showcasing the best destinations for adventure travels, active vacation, emotional appeal on the need to avoid missing out an experience.

Learners – Tend to investigate lots of information before the trip. Mention interesting facts about a destination (history, culture, etc.) or interesting event.

Planners – Planning an entire trip in advance including tours and activities, research lots of information online. Sharing tips and tricks at the destination or providing a destination's checklist.

Dreamers – Interested in travel but in a consideration phase, thinking about their next trip. Inspiring them through sharing information about new beautiful destinations, travel brands, cool activities.

(Linkedin.com, © 2015)

10.2.4 Behavior

In 2017 Kiwi.com conducted deep clustering analysis about its customers. The customers were then segmented into 25 groups which had different attributes in common. Those attributes were for example price per passenger, the distance between the origin and destination airport, trip type, days in destination for roundtrips, days to departure, repetitive routes, num-

ber of people on booking, the age of customers on booking and frequency of booking life-time. Behavioral customers segmentation is being primarily used for email campaigns. The behavioral segments are part of thesis append

10.3 Targeting

Kiwi.com is a global company, meaning that its products can be accessed from any place in the world with an internet connection, electronic device, and possibility of online payments. It is possible to target customers globally. In order to stay aligned with the marketing objectives the targeted customer segments should meet certain criteria:

1) Segment needs to be within the top ten markets
2) Segment needs to be within the ones with the largest number of bookings
3) Segment needs to be within the age group that creates the most bookings
4) The market allows further market share growth and the cost for advertising isn't too high (based on average CPC – cost per click)
5) The segment should generate enough revenue to create positive ROI for the marketing investment
6) The segments should be approachable through online marketing

The internal data about customer segments, top age groups, and markets need to be combined with general knowledge about each market (economy, people's behaviors and preferences of media, etc.).

10.4 Positioning

Brand or products positioning statement includes a brief description of Kiwi.com's target market and how Kiwi.com brand and product want to be perceived and experienced.

Creating a brand or product positioning can be done by answering three simple questions:

1) Who are Kiwi.com's customers?
2) What benefits do Kiwi.com product and service offer to the users?
3) Who are Kiwi.com's competitors? – Defines how Kiwi.com's competitors are positioning themselves compared to Kiwi.com.

Kiwi.com was made by people who loved traveling but wanted to stay on budget. Kiwi.com is often associated with cheap prices. However, the brand should not be positioned based on the price point, since Kiwi.com is an airline and ground transportation tickets re-seller that

ads margins to the tickets. Many online travel agencies position themselves as providers of cheap tickets.

Kiwi.com's biggest advantage is their smart technology, with useful product features (Nomad, Interactive map, Bagdalf etc.) and services like Kiwi.com Guarantee or 24/7 customer service available in 13 languages. Kiwi.com is an agile business and it innovates its products constantly closely evaluating the customer's demand and competitor's offers. Kiwi.com strives to support travelers and make online reservation accessible to everyone.

Kiwi.com brand can be positioned as:

For enthusiastic travelers, Kiwi.com gives the power back to people to choose their own journey by combining smart technology and excellent customer care that is trusted, honest and accessible for everyone.

11 MARKETING MIX

Marketing mix aligns all aspects of Kiwi.com supplies to customers.

11.1 Product

Kiwi.com's overall product characteristics are summarized in *Table 26*.

Table 26: Product characteristics (personal collection)

1	Kiwi.com Guarantee	If customer is covered by the Kiwi.com Guarantee and there's a schedule change, cancellation, or delay that affects your trip, we'll either buy you an alternative flight to your final destination, or offer you an amount to be refunded.
2	24/7 Customer Service	Customer service is available in 13 languages, operating 24/7
3	Advanced search tools	Options to choose from search filters like time and days of depature or arrival, airlines, type of transportation, number of layovers, layover airport, possibility to retunr from a different airport, type of class,
4	Hashtags	advanced search options that enables users to choose destiantions by topic, for example "beach" "ski" "winter sport" "city break"
5	Multicity	Search option to visit multiple cities. Addition to one-way and return tickets.
6	Nomad feature	Using its powerful algorithms and proprietary data, Nomad feature is able to search for the cheapest route possible between cities on the dates that a traveller wants to leave and return.
7	Interactive map feature	Map that shows prices of flight tickets to airports displayed on the map. It also allow user to click on a country or a city on the map and ad the place as new departure, arrival or stopover. The map also enables radius search, which extend the radius of departure or arrival destinations to up to 250km. For example traveler from Brno, does not have to check flights to London from each of the airports around him (Viena, Prague, Barcelona, Krakow, Brno), but simply extend the radius circle to 250km and the search results will show him what is the best airport within the radius to depart from in order to ge to London.
8	Non-lata destinations (local bus or train stations)	Local bus or train station that does not posses the IATA code were also added to the search. Users can now also search and book buses and trains with flights.
9	Mobile app	Kiwi.com is also avaialble as an app both on Android and iOS systems.
10	Bagdalf	Feature in the mobile app that uses augmented reality to measure dimensions of travelers' baggage
11	More than 15 billion travel combinations	
12	Hotels, car rentals, holidays and other verticals	

11.2 Price

Kiwi.com is a re-seller of the tickets from direct providers (airlines, bus and train companies. Kiwi.com biggest pricing advantage is done through virtual interlining.

Kiwi.com product features and services are for free and customers can use the search and reservation and customer service for free. Kiwi.com ads a markup on each flight in order to create profit and keep the business growing.

Kiwi.com will, however, introduce premium customer service, where users can purchase a special customer service package. There are three levels of customer service:

1) Standard package – free of charge, customer representatives are available 24/7 in 13 languages, no special features for reservation management included

2) Plus package – price 9.99EUR, includes standard support, no added cancellation fee, SMS confirmation

3) Priority support – price 19.99EUR, no added cancellation fee, SMS confirmation, 20EUR amount Travel Voucher

Figure 30: Premium packages (Kiwi.com internal materials)

Kiwi.com also offers a Paid line. It's a new phone number for those customers who haven't purchased premium or plus package, however, want their call to be prioritized. Kiwi.com will charge an additional fee for the connection, on the top of operator fees. For the moment priority paid line is available only in EN.

11.3 Place (Distribution)

Kiwi.com is available online globally through its own website and mobile app. In addition to this Kiwi.com has partnered with metasearch business such as Skyscanner, Kayak, Momondo, Google flights, Liligo, Aviasales, and many others. Kiwi.com has white-label partnerships with Lastminute.com or Stansted airport (stanstedairport.kiwi.com). This means that Kiwi.com brand visuals are placed everywhere on the partner's website and the domain ends with ". kiwi.com". Reservation management is only available on partners website and it is also co-branded.

Kiwi.com will offer its services through partnerships with tourism boards around the world providing them with flight search content and helping their destinations get more tourists. Other online travel agencies are booking flights with Kiwi.com for their customers. Kiwi.com is an itinerary supplier for those travel agencies.

11.4 Promotion

Marketing communication of Kiwi.com is taking place only through online channels and PR. Kiwi.com does not invest and promote its services through offline marketing such as TV advertising, radio advertising, outdoor advertising, sponsoring. The only offline communication that Kiwi.com actively engages in is attending travel related top-class conferences and fair trades, where it tries to close more partnerships with strategic content distributors, or technology providers.

11.4.1 Online marketing channels

Kiwi.com is using multiple online marketing channels to promote flight routes and services as well as to increase brand awareness. The channels are managed by different marketing team members.

Paid Search

Paid search channels help customers find Kiwi.com when they are using search engines. Kiwi.com is advertising its services through following search engines: Google, Bing, Yahoo, Yandex (in Russia), Baidu (China). Paid search is based on the PPC model – pay-per-click – which means that advertisers (Kiwi.com) pay for the ad when a customer clicks on it and lands on the website.

Because of this, for example, Google tries to serve only relevant paid search results to the customers. Advertisers are entering an online auction, where they bid different amounts for specific keywords. The winning bid is not only the one that is the highest one, but also the one who offers the most relevant content towards the user's search query.

Kiwi.com currently bids mostly for branded keywords – which means that when a user is searching for Kiwi.com specifically and uses words that are related to Kiwi.com brand (for example kiwi flights, kiwi.com to London, etc.) a paid search result promoting Kiwi.com should appear on the top of all the results.
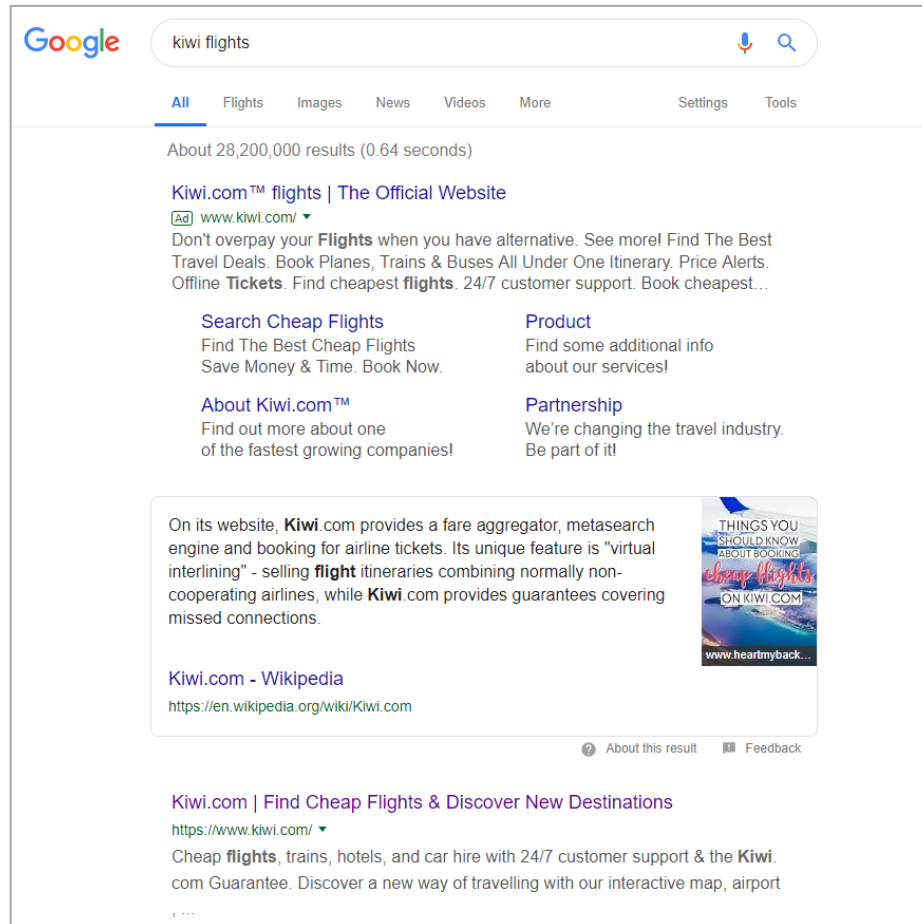
Figure 31: Google search results (Google © 2019)

Branded keyword campaigns are usually the most profitable ones, because people who are searching for such a specific phrase, brand name and the product, are also those who want to search and purchase a flight.

However, the branded keyword strategy should not be the only activity for paid search campaigns. Kiwi.com should also advertise for flight routes (flights London to New York) and other phrases related to travel in order to receive more traffic and acquire new customers. Although the return of investment can be low due to low conversion rates, in long term period this type of strategy will help with better brand awareness and attract more people to the website who can convert later when they recall the website they've visited.

According to Kiwi.com internal data paid search brings in average 57 000 new visitors per month to the page and 1 900 in average/month purchase a flight ticket.

Organic Search – SEO

Organic search can be improved by better SEO optimization of Kiwi.com website. Currently, Kiwi.com website has rather low positions in organic search results – this means that

Kiwi.com website content would appear organically on 3rd – 4th page of Google search results. The aim is to improve page SEO optimization in order to improve ranking and position of the search result to the first page.

Table 27: Search result position (personal collection)

	Keyword	Position	URL	Number of Results
1	best beaches europe tripadvisor	30	https://www.kiwi.com/stories/tripadvisor-reveals-worlds-best-beaches-2019/	21600000
2	cheap flights to manila	38	https://www.kiwi.com/	85
3	flights to lima peru	38	https://www.kiwi.com/en/cheap-flights/lima-peru/cusco-peru	5810000
4	lcc flight list	39	https://docs.kiwi.com/	623000
5	boeing 787 speed per hour	39	https://www.kiwi.com/stories/virgin-atlantic-787-dreamliner-breaks-speed-record/	1160000
6	top best airlines in the world	47	https://www.kiwi.com/stories/best-airlines-world-revealed-skytrax-world-airline-awards/	321000000
7	ryanair passenger numbers	48	https://www.kiwi.com/stories/lufthansa-knocks-ryanair-second-becomes-europes-biggest-airline/	829000
8	india will be a superpower	49	https://www.kiwi.com/stories/why-india-becoming-air-travel-superpower/	10300000
9	cheap flights to mexico	50	https://www.kiwi.com/	100
10	cheap tickets to chicago	50	https://www.kiwi.com/	83

There are general tips on how the SEO of a website can be improved. One of them is more technical which requires using H1 and H2 header tags in the body of the website content, which helps to emphasize content structure and key topics. On the Kiwi.com website itself, there is not much space for creating SEO friendly content, as it is primarily used for searching and booking flights
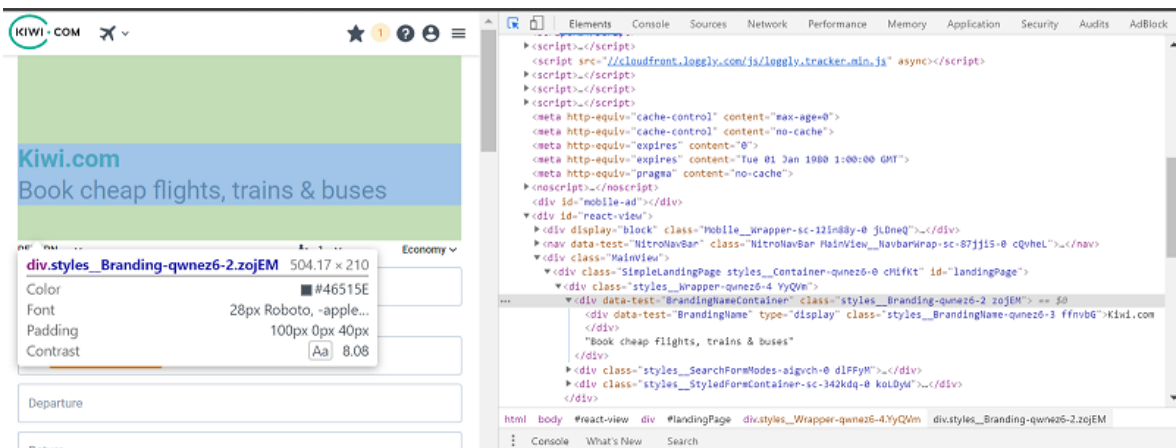

Figure 32: Screenshot of Kiwi.com page (personal collection)

As we can see on the picture above (see Fig. 31), Kiwi.com page title does not include any of the tags (for example: <h1 class="page-title-heading"> Book cheap flights, trains & buses</h1>). Not including header tags into the page content makes it difficult for Google algorithm to scan through the page content and understand if the website is relevant to the user's search query.

Tagging images that website uses also help Google engine to read and understand the relevency of the website. Each image should be tagged with an HTML image tag:

<img src="image.jpg" alt="image description" title="image tooltip">
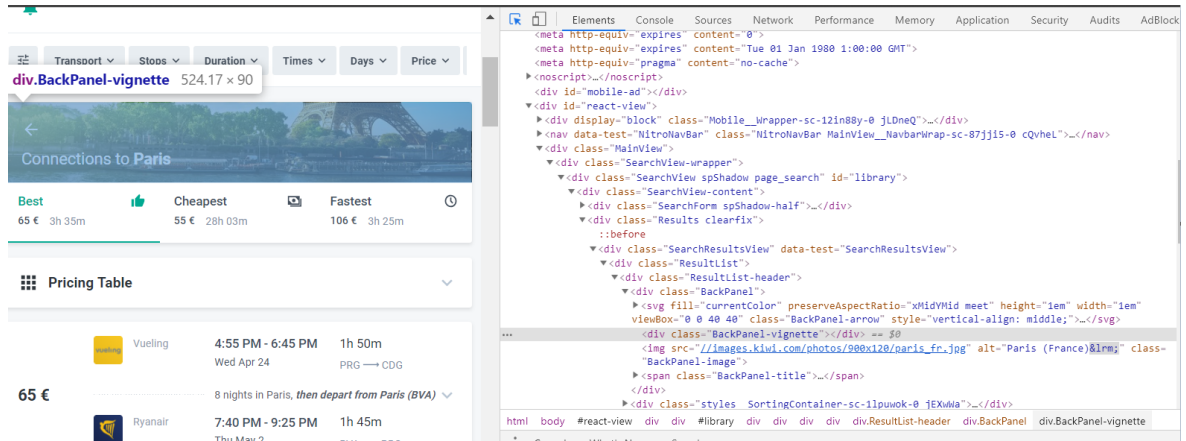

Figure 33: Screenshot of Kiwi.com page (personal collection)

As we can see on the screenshot above Kiwi.com uses simple HTML image tag and provides very brief information about what is on the image and what is the purpose of it. This image can be described as "Paris view on Eiffel Tower Back panel image" after the alt= and just a simple "Paris" after the title=.

Other factors as users bounce rate (percentage of visitor who leaves the website after viewing only one page), the time the visitors spend on the website, the number of pages they go through, page speed, correct links are another very important factors that Google takes into consideration, when evaluating relevancy and quality of your website.

Kiwi.com has slow website speed load, on average the website loads in 8.4 seconds. The reason for this is the big amount of data that are being processed every second in order to find and deliver the best search flight results. According to two independent website speed analytical tools (Page Speed Insights from Google and GTmetrix) the main improvements should be: leverage browser caching (reduce the time period for how long a user browser should keep images, CSS and Java Scripts stored locally), defer unused CSS (removing un-used style rules), enable text compression, avoid multiple page redirects.
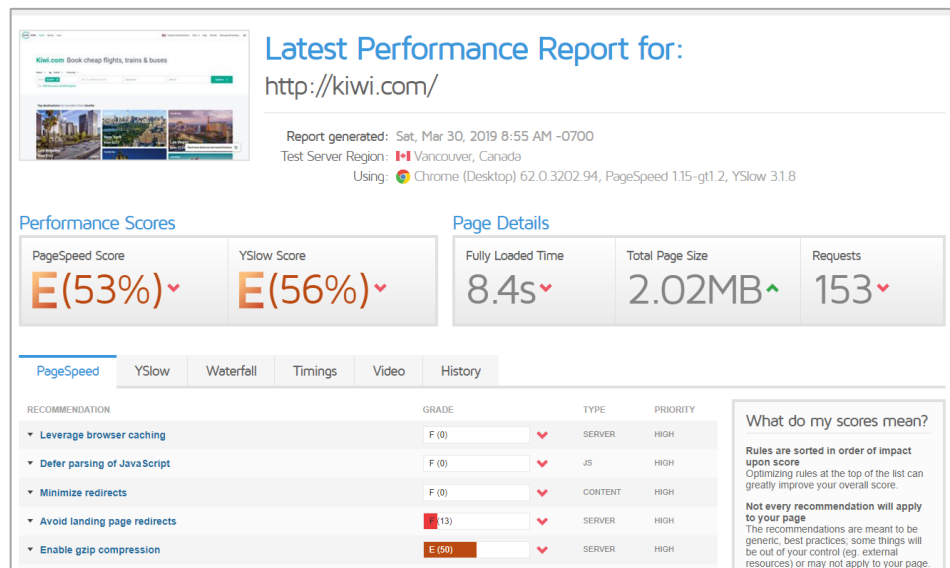
Figure 34: Page speed results (GTmetrix, © 2019)

A bounce rate from organic search is only 31% on Kiwi.com website and around 53% from all other sources. An average number of pages which a user interacts with on Kiwi.com website is 4.43 when the user comes from organic search results and 2.76 from all the channels.

Writing SEO content is the key element for receiving good Google ranking and driving more organic traffic to the website. There are several tools that can help creative teams to create SEO friendly content by recommending suitable and relevant keywords for a certain topic.

Kiwi.com serves online content that is related to travel on three different places that have big potential for SEO content. Kiwi.com Helpcenter, Kiwi.com Stories, Kiwi.com destinations landing pages.

Kiwi.com Helpcenter is an online knowledge base for customers, who are looking for more information regarding their reservations on Kiwi.com. This section includes also general and very useful information about traveling, like baggage policy, check-in, what are low-cost carriers and more. This information is highly relevant to travelers and can receive a good position among other search results.

Kiwi.com Stories is a blog where the latest travel trends, destination information, and travel related news are being shared. The blog is available in English and Spanish language. The Stories are a good source of organic traffic (70 000 new users average per month) thanks to their relatable content and promotion through social media channels. Kiwi.com stories are available at kiwi.com/stories.

Kiwi.com Destinations are landing pages created specifically for marketing campaign purposes in order to bring customers more in-depth and relatable content about destinations, travel deals and events. The landing pages were not optimized for the organic search, in the beginning as the main source of traffic was from specific email campaigns and display advertising campaigns. However, there is a plan to do SEO audit and optimization soon. One example of such a page can be found at kiwi.com/stopovers/dubai.

Social Media paid advertising and organic posts

Social Media offers a great opportunity to communicate with Kiwi.com's audiences, inspire travelers and introduce them product benefits through both organic posts and sponsored ads. Kiwi.com is currently active on these social media platforms:

Facebook page (@kiwicom247) followed by over 450 000 people and serves both as a platform where articles from Kiwi.com Stories blogs are being shared and a platform that announces current travel situations (airline strikes, canceled flights) and informs customers about the next steps.

 Instagram page (@kiwicom247) is followed by over 80 000 people and the content consist of inspirational pictures from destinations from all around the world as well as pictures taken by Kiwi.com employees themselves during their travels wearing Kiwi.com branded shirt.

Twitter profile (@kiwicom247) is followed by over 5 000 people and similarly to Facebook page the blog articles and travel announcements are being shared there.

Social media gives the advantage to create brand awareness and engage with customers. On the other hand, customers tend to share their negative feedback in the comment sections in order to claim reimbursements. Kiwi.com has a dedicated customer service team that responds to every comment and helps the customers solve the problem.

Kiwi.com is currently running several campaigns on Facebook and Twitter, preparing to explore travel segments through the campaign on Snapchat (18-24) or Quora (30+). Campaigns are oriented on lower funnel customers and most of them are retargeting campaigns. The retargeting campaign, in general, shows the highest ROI due to high conversion rates, but unfortunately on the long run, does not increase brand awareness and brand equity.

Advertising on social media offers an opportunity to bring new users for the Kiwi.com website and mobile app. There are almost 2 billion active users on Facebook, average user spend

7 hours per month on Facebook and each session lasts on average about 20 minutes. (Fredericgonzalo.com, © 2018).

Facebook Ads manager platform allows advertisers like Kiwi.com to use detailed targeting based on psychographics, demographic, behavioral and geographical audience segmentation. It's necessary to have creative and captivating ads which appear on various placements across Facebook and Instagram because users' attention span is less than two seconds. If they don't find the content interesting, entertaining or relevant to them, they will move to another content.

Kiwi.com is using very simple ads made by carousel functionality with direct links to Kiwi.com search page and generic destination images.
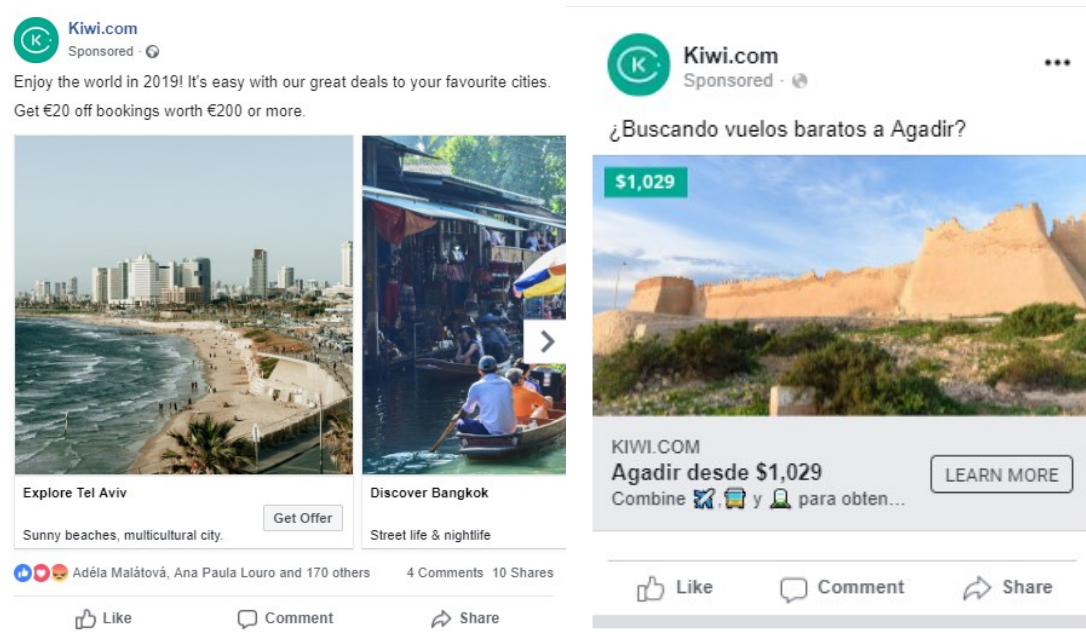
Figure 35: Example of Kiwi.com Facebook ads (internal materials)

In the past Kiwi.com was also using video ads targeting niche markets or to inspire travelers to use Kiwi.com website to search their flights with. Kiwi.com is always trying to react to the current time of year, seasonality, special occasions and events and serve the ads accordingly on the social media platforms.
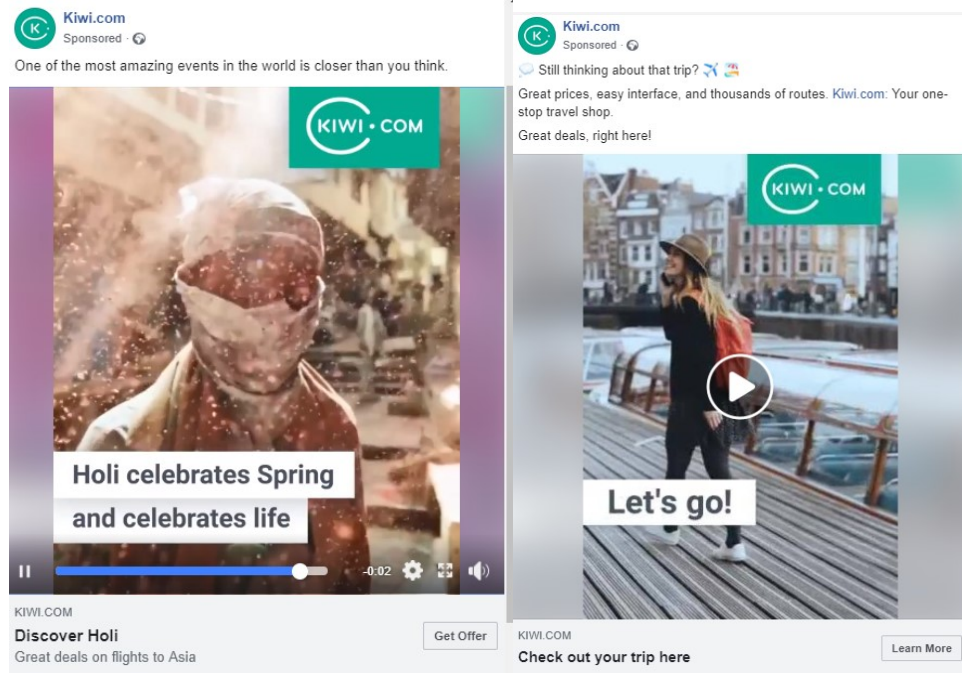
Figure 36: Video ads on Facebook (internal materials)

Kiwi.com is also present on Twitter where is currently running retargeting campaigns for users who downloaded a Kiwi.com app but haven't booked any flights yet. The campaign is generic, and the messaging aligned with travel seasonality.
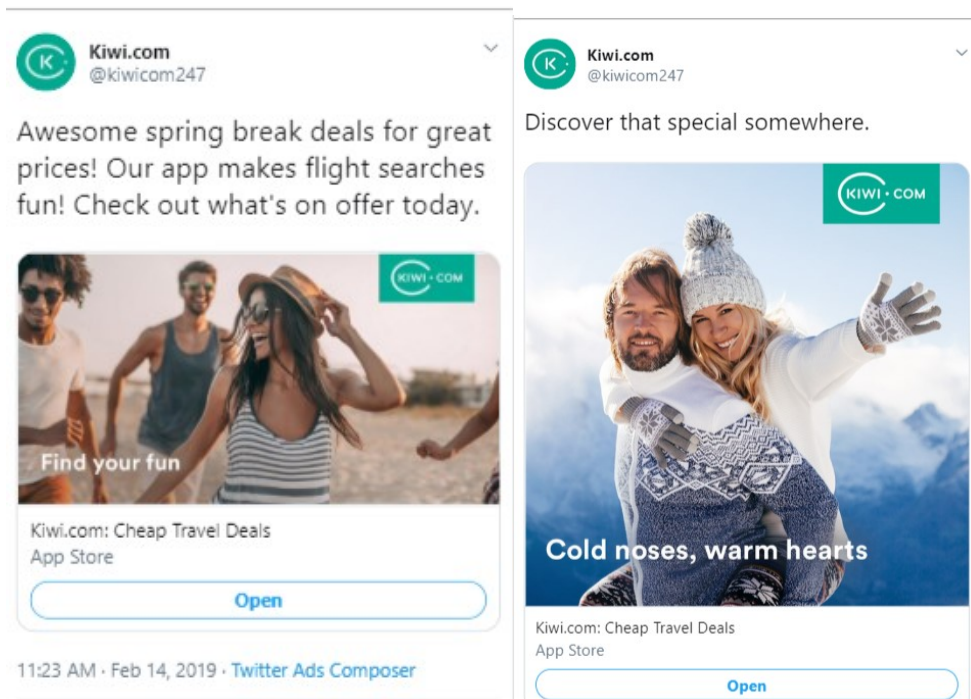
Figure 37: Examples of Twitter ads (internal materials)

Display advertising includes all forms of online advertising through banners placed on publishers' websites (for example idnes.cz, theguardian.co.uk and more) but also on social media. Social media advertising was described in previous paragraphs, and so they won't be included in this one.

Kiwi.com cooperates with several digital marketing agencies, that take care of display advertising on a global level. Most of the advertising includes dynamic retargeting, which means that a user is being targeted by a banner with specific flights and prices that the user was previously looking for on Kiwi.com website.

Similarly, to paid search activities, dynamic retargeting is the most profitable activity, because it targets users in lower funnel. However, it does not contribute to overall brand awareness. It also does not bring new traffic as it is only aimed at users who already visited the website. Dynamic retargeting should be therefore used as an activity supporting main user acquisition and brand awareness campaigns.
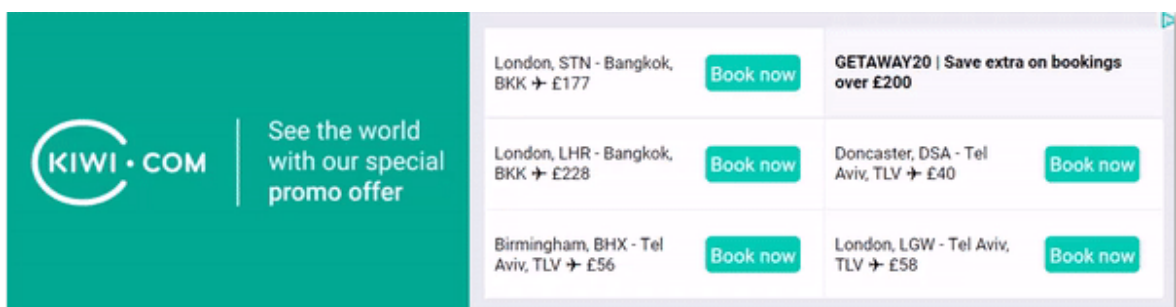
Figure 38: Example of an online banner with a retargeting offer (internal materials)

Kiwi.com does not engage in any other form display advertising other than dynamic retargeting. This is since display advertising has the lowest conversion value and therefore the low return of investment. However, as the survey suggested, travelers would consider booking a flight through an agency that was promoted to them via online banner, but only in a case, the offer is relevant to them.

This form of targeting might be possible with programmatic advertising or working directly with publishers through media buying platform (like for example Double Click from Google later renamed to DV360). Programmatic based digital marketing agencies are collecting data from a large number of websites about customers and their behaviors.

Those customers are then put into a special segment, which can later be targeted with a relevant offer from an advertiser. For example, digital agency know that customer wants to travel to Bali because he visited a couple of websites about Bali, he checked accommodation

in Bali. The next website, which this user will visit, would display a banner from advertiser like Kiwi.com with information about the flight to Bali with a limited special offer. These kinds of banners can also be dynamic and change their content according to what is relevant to the user at a given moment.

The last form of display advertising is through ad networks that enable Kiwi.com search flight content on relevant smaller travel websites.

Email marketing is being used for promoting specific flights or just inspiring customers for their next trips. There is a CRM system in place that collects valuable data and email addresses about Kiwi.com's customers who opted-in for receiving promotional emails.

Email campaigns are being built around carefully created scenarios in the CRM system, that triggers sending email campaign in a case a certain event is triggered. As an example of such a scenario is an abandoned cart campaign. A reminder email is sent to a customer, who left a booking page after filling out his contact details but did not purchase the ticket. The email informs the customer about the route he was planning to book and if it is selling out.

Email campaign is also aligned with seasonal changes for travel booking (summer holiday, spring break, etc.). Marketing email as a channel also promotes and upsell ancillary partners' services and products as well as Kiwi.com's verticals.

Figure 39: Example of marketing email campaigns (internal materials)

Affiliates and partnerships are part of Kiwi.com marketing communication mix too. Kiwi.com collaborates with a big number of affiliate partners, that helps with Kiwi.com brand awareness and content distribution. Part of the affiliate network are websites that offer cashback on purchased flights or promo codes for new bookings. Travel blogs that promote Kiwi.com and explain in better detail how Kiwi.com products work. Travel related websites that aggregate the cheapest flight offers to their customers. Affiliate partnerships are based on cost-per-action payout model. There is a platform through which new affiliate partners can register and be part of Kiwi.com affiliate program.

Another form of marketing partnership that is offered by Kiwi.com is providing co-branded content and online marketing support to tourism boards and travel institutions worldwide in order to help them raise awareness of their destination and increase tourism arrivals. Part of these partnerships is creating co-branded landing pages, dedicated email campaigns, display advertising, and paid search support.

Public Relations is a promotion activity that is created both organically and through PR agencies. Kiwi.com earned a lot of recognition in many serious media outlets thanks to its rapid growth and innovative technology. Most of the media coverage came from Czech media, but Kiwi.com was presented also through various, travel industry or business-oriented newspapers and magazines. Paid PR agencies are based in the United Kingdom, the Czech Republic and Spain. They work very closely with Kiwi.com's internal PR team in order to deliver enough media coverage for Kiwi.com by mentioning it through travel related articles.

11.5 Marketing strategy proposal and plan

Based on the results from SWOT analysis, marketing mix and survey the marketing strategy proposal and plan is created. Company's mission, brand proposition, and target segments and the company's goals are taken into consideration and aligned with the marketing objectives.

11.5.1 Product improvements

Kiwi.com already offers a large variety of product features and services. In order to maintain a good competitive position, the product needs to be innovated and improved constantly. Benchmarking of products offered by selected competitors and identifying strengths and opportunities in SWOT analysis, three product improvements are suggested in order to maximize the product value for the customers.

Door to door transportation

With adding more content to the search – all available locations all around the world – and partnering with more local ground transportation providers and taxi services or Uber Kiwi.com can offer a complex product where a traveler can book their full itinerary at once or add additional trips to their existing itinerary through reservation management. For example, a person is traveling from London to New York and booked only flights. After the reservation is confirmed, 3 days before departure a customer will be looking for the best transportation to the London airport. He goes to Kiwi.com app or website and search connections between Salisbury and Stansted airport. Kiwi.com app offers him train and shuttle or taxi connections. Customer books preferred connection. At the arrival in New York, the customer wants to look for a connection from a JFK airport to his hotel room. He opens up a Kiwi.com app and adds his current location (JFK airport arrival hall) and his hotel address. Kiwi.com shows him possible connections including shuttles or subway and taxi. In a case the subway or local transportation cannot be purchased online, Kiwi.com will notify the customer about this but shows him time table and directions to the station. The customer decides to order Uber from the Kiwi.com app.

Kiwi Buddy app feature

Kiwi Buddy app feature helps travelers on their journeys and after arrival at the destination. The feature is part of reservation management in the Kiwi.com app. It provides travelers with useful information about the weather forecast, flight delays, interesting events, local public transport timetables, and ticket prices, recommended places to eat, drink coffee or party. It can also provide user-generated information about activities, good places to visit, experiences, etc.

Kiwi.com customers would themselves create and share content about tips for interesting things to do or see, things to avoid. This content can be shared similarly to Instagram or a Pinterest feature, where people could add a picture or short description of the activity they participated in and inspire others.

Users could find the best activity for them by using filters like date, time of day, characteristic of an activity (fun, relax, active, etc.) or budget. A sponsored content about local business and promotion of events by Kiwi.com Kiwi Buddy is also an option. This will help

Kiwi.com to provide more relevant content to the travelers and help upsell products from their ancillaries' partners.

Kiwi Inspiration

Website or an app feature which would help customers who can't decide where they would like to travel, by offering and inspirational content. In order to get personalized inspiration, a user can answer several questions and narrow down the possibilities.

This needs to be done by an entertaining and interactive way. For example, a solo traveler wants to change an environment after a breakup and explore something new and get a different perspective on the situation. He thinks traveling is a good option but hasn't decided where to go yet. He opens a Kiwi Inspiration page where he can find an interactive animated survey-like search page. He chooses from options that describe his situation and preferences.
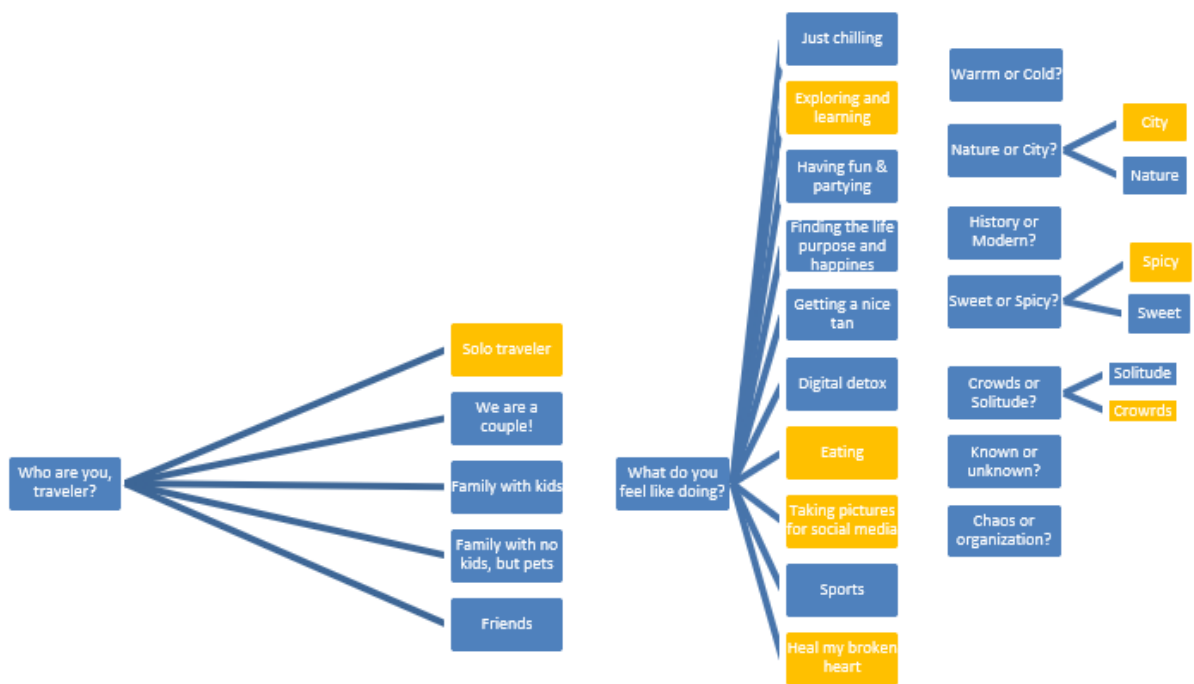
Figure 40: Treemap (personal collection)

At the end of the short survey, he would be given suggestions and recommendations for the destinations where he can travel to (for example Beirut, Tel Aviv, Kolkata, Bangkok, etc.)

Kiwi.com can also collect the data about the users and understand their preferences, lifestyle, and behavior. This would be another place to upsell ancillaries or other verticals like hotels, car rentals or holiday packages.

Cruises

Kiwi.com offers customers a big range of travel possibilities except for cruise ships ticket reservation. Most of the competitors are already offering such a possibility. Cruises can be included in the travel content (alongside with flights, buses, trains, and taxi) or they can be offered as a separate vertical next to hotels and car rentals.

11.5.2 Price improvements

Kiwi.com might in the future be able to negotiate better prices from the direct providers in order to keep the prices competitive. Kiwi.com is now more established online travel agency with a great volume of tickets being bought from airlines directly on a daily basis.

Kiwi.com already apply low margins on the flights, which might cause some customer to leave the website and go and buy the tickets directly with airlines. In order to lower the margin, even more, Kiwi.com should diversify its revenue stream not only by vertical services offers (hotel, car rentals, etc.) but also through marketing channels and possibly become a publisher displaying relevant ads or promoting co-branded content for the customers.

Another option is to introduce a paid service which would guarantee a full refund of the unused flight ticket. This feature might be preferred by customers, who are forced to buy flight tickets long time ahead due to visa application processes, that are not always guaranteed.

11.5.1 Place (Distribution)

There are no new improvements suggested for distribution. Kiwi.com gains its customers mostly from distribution channels such as metasearch websites or other online travel agencies or white-label partnerships.

11.5.2 Promotion

Kiwi.com is already engaged in many online marketing channels and PR. In the previous chapter we saw, that Kiwi.com needs to improve its product awareness but also increase the number of sales and remain profitable. The suggested marketing strategy will be described in the next chapter.

11.6 Marketing communication plan

11.6.1 Increase direct bookings

First marketing objective was to increase direct bookings, which would make Kiwi.com less dependent on big metasearch websites. This can be done through brand and product-oriented awareness campaign. This campaign, through integrated marketing communication, demonstrates product and service values relevant for travelers and increase customers trust in Kiwi.com brand.

Marketing communication plan for the brand and product awareness campaign includes numerous channels: SEO content, paid search, video, programmatic display campaigns, social media pages, and social media paid campaigns, PR, affiliate and social media influencers.

SEO content

Kiwi.com needs to fix the technical aspect of SEO on the main Kiwi.com search website. Special SEO content should be available directly on Kiwi.com website domain, in the upper menu bar. Content will be inspiring with informational about destinations or special festivals and events. There is an opportunity to gain an extra revenue stream by collaborating with partners like travel institutions or airlines to create co-branded content. SEO friendly travel-related content will improve Google ranking for Kiwi.com website and put Kiwi.com in a better position among search results.

Paid search campaigns

Paid search campaigns focused on the upper funnel and mid-funnel traffic in order to increase market share and drive more traffic to the Kiwi.com website.

Based on an internal data analysis, create a list of top competitive routes of all times, that Kiwi.com offers and in addition to that create a list of top competitive routes based on seasonality.

The launch of campaigns for top competitive routes of all times for North America, Europe, Australia, Saudi Arabia, Japan, South Korea on Google Ads, Yahoo and Bing. For the Russian market on Yandex and on Chinese and Taiwanese market on Baidu. These campaigns will be permanent and optimized towards a number of weekly traffic.

Provide in-depth analysis about travel seasonality trends across different regions worldwide in order to understand where people like to travel and when they book the flight tickets.

Based on the local travel seasonality trends, launch route-based campaigns in markets North America, Europe, Australia, Saudi Arabia, Japan, South Korea, Russia, China, and Taiwan on suitable platforms.

Create a campaign bidding for travel-related generic and specific keywords in North America, Europe, Australia, Saudi Arabia, Japan, South Korea, Russia, China, and Taiwan on suitable platforms.

Video branded campaigns

Create a series of short product explanatory videos showing the travelers the main benefits of Kiwi.com website (interactive map, nomad, mobile app, etc.) alongside with a positive emotional appeal – excitement to travel. The ad needs to be a maximum of 15 seconds long, dynamic, entertaining to be able to captivate the attention of a user. Video ads will be running on:

- YouTube and Facebook for targeted audiences of 18 – 35 in North America, Europe, Australia, interested in travel.
- Snapchat for audiences 18 – 24 in Saudi Arabia and North Africa, interested in travel
- TikTok for targeted audiences of 18 – 24 in Japan, South Korea, China, Taiwan, interested in travel

Each video needs to be localized for a specific language of the market.

Social Media – organic content

Sharing an interesting, eye-catching, entertaining and relevant information related to travel through interesting pictures or videos. Increase post engagement by creating contests for travelers or asking them to share their experiences of the worst flight they had, the best vacation they had, where they are traveling next, etc. Rewarding them with flight vouchers or other prices.

Targeted audiences are all followers on Kiwi.com social media pages and their friends.

Localized pages with relevant content will be created for Kiwi.com's strongest markets, France, Germany, Spain, Czech Republic in order to increase engagement of customers who do not speak English.

Social Media – paid campaigns

Campaigns on various social media platforms (Facebook, Twitter, Quora) optimized for bringing new traffic to the Kiwi.com website. Creative ads would promote specific destinations, flight routes with a price. Only advertise competitive prices or offer discounts through promo codes. Campaigns must be aligned with holiday seasons, special occasions and events.

- Targeting large audiences of potential travelers, travel interests and behaviors, look-alike audiences, aged 18 – 35 in the USA, Europe, Australia, Canada through Facebook, Instagram, Twitter.
- Targeting large audiences of potential travelers, travel interests and behaviors, look-alike audiences, aged 18 – 35 in Russia, Latin America through Instagram.
- Targeting large audiences of potential travelers, travel interests and behaviors, look-alike audiences, aged 18 – 35 in Emerging Markets through Twitter.

Programmatic acquisition campaigns

Dynamic banners promoting popular destinations, displaying price and offering a special discount. Banners are distributed through digital marketing agencies, placed on travel-related publishers and with relevant content for the users.

- Targeting potential travelers worldwide all ages

Public Relations

Introducing Kiwi.com main product benefits in travel-related media, popular magazines, and newspapers around the world. Because there is enough of PR presence in Spain, UK, Czech Republic, the PR should be focused on USA, Latin America, France, Saudi Arabia, Australia and Asian countries like Japan, South Korea, China, Indonesia, Bali, Thailand, Philippines, etc.

Affiliates, influencers and travel institutions partnerships

Expanding affiliate networks to new regions, especially in Emerging markets and East Asia countries, Australia, where Kiwi.com does not have a big presence among supported by affiliates.

Finding and collaborating with smaller niche influencers that specialize in travel-related content. Possibly influencer that is also tech-savvy who would emphasize the technical benefits of the Kiwi.com website and mobile app.

Partnering with travel institutions, event organizations would increase the level of trust in Kiwi.com brand and gain more customers in the long run. Kiwi.com can offer co-branded content and campaigns for the institutions in order to promote the event or destination.

11.6.2 Increase retention and long-term loyalty

Email campaigns

Email campaigns with relevant and relatable content that re-activate customers based on their travel preferences. Example: a traveler who booked a round trip to beach destination last year will be re-activated with an email reminding them that now it is a good time to buy tickets for their summer holiday this year.

Retargeting campaigns

Dynamic retargeting campaigns offering customers flight deals that they were searching for on Kiwi.com website. Targeting people with different look-back windows starting from 0 – 7 days, 8 – 16 days, 17 – 30 days who did not book flights with Kiwi.com. The last group,17 – 30 days, is given a promo code to encourage them to book a flight.

Banners for these campaigns consists of images and prices that are dynamically changing passed on what each user was searching for on Kiwi.com web.

Dynamic retargeting campaigns are running on publishers' network and on Facebook and Twitter. The campaign is not only re-activating Kiwi.com website users but also users of Kiwi.com app.

Targeted are all users who engaged with Kiwi.com website or app, chose a flight to book, but then did not finish the purchase and left the page or app.

Loyalty Scheme

Customers are collecting points for each of their bookings. The points are assigned based on mileage. For each number of points, customers are being rewarded with Kiwi.com credits that can be used for his future flight, hotel, bus, train or taxi service bookings. Customers can also be rewarded with special discounts or offers to tourist attractions or good restaurants at the destination.
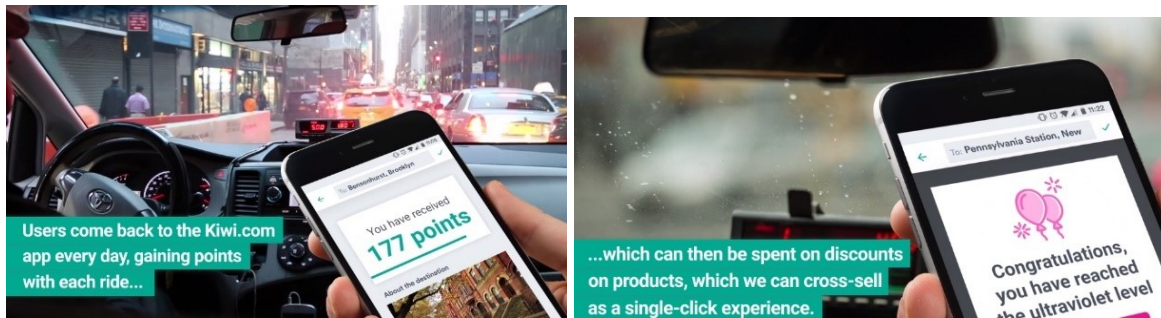
Figure 41: Loyalty scheme example (internal materials)

Brand Ambassador program

Creating a brand ambassador program for frequent travelers that would like to promote Kiwi.com product and services would increase brand awareness and trust. Brand ambassador can be any traveler who would post content on their social media, blogs or video channel that includes positive mentions about Kiwi.com and tips and tricks on how to use the service.

Brand ambassadors would earn points for each mention on the online channels and receive rewards like travel vouchers, tickets to events, special travel gadgets, loyalty points or free accommodation at a selected destination. The more engagement (likes, shares, comments) each Kiwi.com mention would receive on the social media, the more points the brand ambassador would receive.

Brand ambassadors can be also part of referring a friend program, where they can give custom promo codes paired with their friends' email address. When their friend uses this promo code, the brand ambassador will receive more points.

Brand ambassadors can also contribute with their own articles, pictures or videos for Kiwi.com Stories blog or Kiwi.com social media pages.

Figure 42: Example of content from Kiwi.com Brand Ambassador

(Adela Malátová, © 2018)

11.7 Marketing campaign timeline

The strategic project of an integrated marketing campaign is planned to be initiated in Q4 2019 during winter months. This phase is covering preparations and campaigns set up for each channel and each target markets.

During Q1 2020 campaigns on all channels are launched. Campaigns are running for two months in total. The third month is dedicated to campaign success evaluation and review of the campaigns set up for Q2.

During Q2 more markets are added to programmatic display campaigns and social media campaigns. Creatives for video branded content are updated and inform about loyalty scheme launch that is planned for Q2. The campaigns are running for two months and during the third month, the marketing strategy is being reviewed and updated.

Table 28: Marketing strategy timeline (personal collection)

Marketing objective nr. 1 - Increase direct bookings

Brand and product awareness done through integrated marketing communication mix that demonstrates product and service values relevant for travelers

Q4 2019	Q1 2020	Q2 2020
Technical SEO audit and fix & preparing SEO friendly content	Preparing and publishing SEO friendly conent on campaign customized landing pages	
Launch paid search campoings in all markets for generic and specific keywords	Continue with generic and specific keywords. Launch all routes campaings.	Continue with generic and specific keywords. Launch all routes campaings. Launch seasonal routes campaings
Preparation of different variations of video branded content. Setting up channels for video.	Launch campaing on Youtube, and social media with first video ad. Campaing for maximum two weeks in 4 markets	Launch campaing on Youtube, and social media with other video ad. Campaing for maximum two weeks different 4 markets.
Preparation of programmatic display campaigns.	Launch of display advertising campaigns in 4 markets promoting top seasonal routes with special promotion discounts.	Launch of display advertising campaigns in 8 markets promoting top seasonal routes with special promotion discount.
Preparation of campoing briefs for social media and their relevant audiences in selected markets	Launch of campaing promoting Kiwi.com product (video content). Launch of campaings promoting the most popular destinations targeting travel interests and lookalike audiences. Learn and evaluate process	Continuing with campaings promoting the most popular destinations targeting travel interests and lookalike audiences. Creatives needs to change
Preparation of social media posts plan and strategy, analyzyng trends and what conent people engange the most with on social media	Publishing posts on localized Kiwi.com's Facebook pages based on the prepared plan, in addition to that quickly react to certain important events and adjust accordingly	
Onboarding new affiliates and starting cooperation with influencers.	Working with affiliate partners in 4 markets. Cooperations with 2 - 3 influencers with big audience in 4 markets.	Expanding affiliates to more markets, finding smaller influencers for niche travel audiences in emerging markets.
PR activations, press mentions, media outtreech in markets in which the online campaings will be launched in for following Q1 and Q2	Supporting ongoing online campaigns with PR mentions and interviews. One more PR major stunt for media and partners.	

The timeline for second marketing objective, increasing retention and long-term loyalty, is also planned for three quarters, starting Q4, 2019. Email marketing and dynamic retargeting campaigns will be launched already in Q4, 2019 in order to increase retention of users who already visited or booked flight tickets through Kiwi.com website. For the same quarter, two bigger and long-term projects are initiated. One of them is the loyalty scheme program which will take six months to develop (Q4, 2019 – beginning of Q2, 2020).

The same timeline is estimated for the brand ambassador program. Both projects would require hiring new employees in order to manage tasks specific to them and integrating suitable software to handle loyalty points and register brand ambassadors.

Table 29: Marketing strategy timeline (personal collection)

11.8 Development of Processes and Learning and Growth within the Marketing team

Company's focus consists also from marketing objectives that are indirectly connected to a marketing communication strategy that was described in previous chapters. Those objectives are from Balanced Scorecard framework focused on Processes and Learning and Growth of the marketing team as a single business unit.

The objective from processes perspective is aimed to create an efficient process for team collaboration and cross-team collaboration. Marketing team consists of twelve employees that are divided into four smaller sub-teams. The sub-teams are responsible for four areas: performance marketing (display advertising, remarketing, paid social media, PPC), retention marketing (e-mails and notifications), partnerships & affiliates, marketing insights (analytics, market research).

11.8.1 Processes: Increase team efficiency

Marketing team closely cooperate with many departments: internal analytics teams, front-end developers, creative and user-experience (web design) team, localization team, PR team, product innovation, and development teams. Additionally, the marketing team also uses a couple of external agencies for digital advertising or designing creatives.

Execution of each campaign requires preparation and planning where all teams are partially involved by delivering necessary information or creatives for the campaign. Because all other teams work towards their own KPIs, serving internal client's (marketing team) request has lower priority and marketing team must wait a long period of time for the delivery.

In addition to this, miscommunication about the requirements is occurring due to insufficient knowledge of cross-team responsibilities, internal processes, and knowledge about the specific field of work. For example, certain campaign requires marketing team to request a product feed (list of flight routes with images, prices and other attributes) from internal analytics team. The campaign is promoting the most popular routes.

Marketing department sends a request to the analytical team which asks them to provide product feed of most popular routes. This description is too vague for the analytical team because there are hundreds of other attributes that they need to take into consideration when writing the SQL query and pulling out desired data from the internal database. The request is, therefore, going back and forth between two teams until all requirements are clear.

Situations like this happen regularly which is inefficient and time-consuming. In order to improve the efficiency following steps are suggested:

1) Cross-team workshops – each team would prepare a presentation and short workshop about the scope of their work and present it to each other. Teams will learn in more detail how the team works and what is their knowledge.

2) Cross-team shadowing – series of shadowing workshops, where an employee from marketing team would join the teams from other departments for four hours a day once a week within a month period, in order to better understand the day to day activities.

3) Standard operation procedure (SOP) – create an SOP for the marketing team and each team they work with. The SOP will outline the most common requests, the point of contact for those requests and next steps.

4) Task management tool – choose one task management tool common for all the teams.

5) Project coordinator – appoint a project coordinator, who would be responsible for managing and maintaining the task management tool and help the marketing team to follow the SOP.

6) Regular meetings – start with regular meetings, where all stakeholders from all team would meet and present their progress on the specific tasks, identify blockers and update deadlines.

11.8.2 Learning & Growth: Improve Employee experience

Marketing department currently consists of three senior employees with more than 10-years' experience in the field, who are overlooking the sub-teams, and nine junior employees with experience ranging from 1 to 3 years in the field.

There are a lot of opportunities for junior employees for growth and gaining knowledge within their specialty. The junior employees are regularly attending customized workshops about the main tools they are using on a daily basis for campaign management, analytics, and reporting.

The employees are entitled to attend marketing conferences and lectures worldwide several times in a year. Senior employees are sharing their knowledge with junior employees by mentoring them on a daily basis, and by organizing a presentation about marketing and business-related topics on a weekly basis.

The learning and growth are set up sufficiently in the marketing team. The only identified weak point is that junior employees are young people who just finished or are currently finishing their studies, and Kiwi.com is their first employer. Junior employees did not have a chance to observe how marketing departments work in different companies. This kind of knowledge can help to solve a certain problem with processes, or campaign management, by simply applying the solution learned from the previous employer.

To improve this situation, Kiwi.com junior employees could participate in shadowing or short-term internships with other companies, especially with marketing agencies, or partnered Online Travel Agencies. This can work as an experience and knowledge exchange-sharing, where junior employees from the other company, could join Kiwi.com's marketing department and observe the processes too.

Maintaining a favorable team culture is another objective within the Learning and Growth perspective. Employees within the team must feel motivated in order to give a good performance. They also must feel heard and comfortable working with their colleagues. The marketing team is going for teambuildings on a quarterly basis. In addition to that, the team

culture is set up in a way where being open, sharing ideas, talking about problems is encouraged and appreciated.

The team culture or marketing team is based on good friendships, openness, creative problem solving with everyone's help involved and it's very democratic because everyone opinion is being heard and taken into consideration. The suggested improvements are small initiatives like birthday cakes for employee's birthday, or openly shared recognition of employee's initiatives or achievements both personal or related to their work.

11.9 Performance measurements, control, and evaluation

Marketing communication strategy plan is measured through selected metrics for each performance channel. The results are compared with Key Results (OKRs) which were selected at the beginning of the plan for each quarter. The company is using complex tracking set up with data-driven attribution modeling, which forwards the data into the company's internal database, Google Analytics 360 and the company's CRM system.

11.9.1 Main metrics for marketing communication

There are various metrics that are being used by marketing channels to evaluate campaigns performance. In relations to campaigns main goals several metrics were chosen:

- Position on a search results page
    - reflects the place in which a search result about the company was displayed on the search results page. The higher the position, the better the result.
- Cost per action (CPA)
    - campaign costs divided by the total number of actions (purchases)
- Return on Advertising Spend (ROAS)
    - Gross revenue from ad campaign divided by the cost of the campaign
    - ROAS value represents a ratio of investment (ad costs) and gain (ad revenue)
    - Example: ad revenue 10 000EUR / ad costs 2000EUR = ROAS 5EUR, ratio 5:1 every 1 EUR spend brings 5 EUR back.
- Click-through Rate
    - Total number of users who viewed the ad divided by the total number of users who clicked on the ad multiplied by 100, the total value is in percentage
- Bounce Rate

- Percentage or website visitors who leave the website after seeing only one page, the lower the percentage the better
- Post engagement (PE)
    - Total number of likes, comment, shares, and link clicks from users interacting with a post on social media
- Post engagement rate (PER)
    - Total number of impressions divided by the total number of post engagement
- PR Mentions
    - Number of times the brand was mentioned in media

11.9.2 Main metrics and proposed goal values for marketing communication

Each of the channels was assigned a goal metric value. Based on this value the monthly campaign performance should be reviewed and evaluated. If a campaign does not fulfill the desired value, it needs to be further optimized by testing different creatives, targeting different audiences. To prevent inefficient budget spending the main performance channels were assigned additional metrics – ROAS. These matrices will help understand whether the campaigns are bringing additional bookings and revenues to the company.

For video and programmatic advertising additional metrics – Bounce rate was selected. This metric will indicate if the video or display ads are relevant to the customers and if the high click-through rate isn't just accidental. The plan also contains *no values*, which means that campaign using this channel haven't begun yet and we do not have any data to start with. All the metrics and their values in the table below should help to achieve overall marketing goals.

Table 30: Main metrics and their goal value (personal collection)

	initial value	Q4 2019	Q1 2020	Q2 2020
SEO	avg. 45	avg. 30	avg. 10	avg. 3
Paid search	CPA= 200EUR, ROAS=1	CPA=150EUR, ROAS=2	CPA=80EUR, ROAS=3.5	CPA=70EUR, ROAS=4
Video	no values	CTR=0.8%, Bounce Rate 59%	CTR=1%, Bounce Rate 40%	CTR=1,5%, Bounce Rate 31%
Programamtic display	no values	CTR=0.1%, Bounce Rate 63%	CTR=0.23%, Bounce Rate 51%	CTR=0.42%, Bounce Rate 40%
Paid social media	CPA= 200EUR, ROAS=1	CPA=150EUR, ROAS=2	CPA=80EUR, ROAS=3.5	CPA=70EUR, ROAS=4
Affliates, Influencers	ROAS=1, PE=no values	ROAS=1.5, PE=min. 100 per post	ROAS=1.5, PE=min. 100 per post	ROAS=1.5, PE=min. 100 per post
PR	mentions min 4/month	mentions min 6/month	mentions min 6/month	mentions min 6/month
Dynamic retargeting	CPA= 40EUR, ROAS=1	CPA=35EUR, ROAS=1.5	CPA=20EUR, ROAS=2.3	CPA=17EUR, ROAS=3.4
Loyalty scheme	no values	no values	no values	500 users
Brand Ambassador	no values	no values	no values	PE= min 30 per post

Specifics activities within marketing communication campaign and internal marketing team contribute to overall marketing objectives that are aligned with company goals. The table below shows the key results that should be achieved by all activities together. This will ensure that the marketing campaigns are working towards the same goals.

Marketing communication campaign proposed in previous chapters won't only subsidize the two main financial goals: *Increase direct bookings* and *Increase retention and long-term loyalty.* It will also affect the goals mentioned in the customers perspective: *Increase customer engagement with ads or content on social media* and *Increase customers' understanding about the main functions of the product.*

This is mainly done through the ads creative messaging that is both focused on product features and destinations promotions, and content pieces that primarily help with organic search results positioning.

11.9.3 Main metrics and proposed goal values for processes, customer, learning, and growth perspectives marketing objectives

Marketing objective within the process's perspective has the following metrics (see. *Table 31*)

Table 31: Metrics and goal values
for processes (personal collection)

	Metrics	initial value	goal value
Cross-team workshops	number of workshops	0	6
Cross–team shadowing	number of hours spent on shadowing	0	16h/employee/team
SOP	number of SOPs for each team that marketing team cooperate with	1	6
Tasks Mangement Tool	number of taks management tools	0	1
Project Coordinator	number of projects the coordinator manages	0	x (all projects that are ongoing)
Regular meetings	number of regular meetings	1	x (for all projects that are ongoing)

The goal values for Project Coordinator and Regular meetings are defined by variable x which represents the total number of all ongoing project in given time. Project Coordinator will coordinate all projects and Regular meetings will be organized for all ongoing projects.

Marketing objectives within the learning and growth perspective have the following metrics and goal values (see *Table 32*)

Table 32: Metrics for learning and
growth processes (personal collection)

	Metrics	initial value	goal value
Shadowing or internship in external company	number of hours per employee	0	20 hrs
Birthday cakes or shared recognition	number birthday cakes, recognitions per employee	0	1

11.10   Summary of the Main Marketing Objectives OKRs

In the previous chapters, the main marketing objectives were defined with alignment to the company's primary focus and four perspectives of Balanced Scorecard framework. Each of the marketing objectives was further described through specific action points and the way the action points are done. Both action points and the way, tools or channels through which they are managed had metrics and goal values defined. These goal values help to control and achieve the overall Key Results defined in the table below (see *Table 33*).

Table 33: Main OKRs (personal collection)

Company mission: Making travel better						
Four perspective	Company's focus	Marketing objectives	initial value	Q4 2019	Q1 2020	Q2 2020
Financial	Company growth	1| Increase direct bookings	500 000 number of bookings	1.2	1.5	2
		2| Increase retention and long-term loyalty	2%	4%	8%	16%
Processes	Increase efficiency	3| Create efficient processes for team collaboration and cross-team collaboration	1 to 4 weeks	1 to 3 weeks	1 to 2 weeks	1 week
Customer	Improve Customer & Employee experience	4| Increase customer engagement with ads or content on social media	avg 4.5% /1M impressions	5%	6%	8%
		5| Increase customers' understanding about main functions of the product	misunderstanding of the products 38% of all complaints	decrease to 30%	decrease to 15%	decrease to 5%
Learning & Growth	Improve Customer & Employee experience	6| Skill and knowledge development of marketing team members	Self-Assesment score 5 out of 10	8 out of 10	9 out of 10	10 out of 10
		7| Maitaining favorable team culture	ESAT score 7 out of 10	8 out of 10	9 out of 10	10 out of 10

From the Financial perspective, the marketing objectives were defined as Increase direct bookings and Increase retention and long-term loyalty. The number of direct bookings and long-term loyalty was not defined by explicit financial figures, but rather by count. The company wants to increase the initial value of avg. 500 000 direct bookings 1.2 times in Q4 2019, 1.5 times in Q1 2020 and 2 times in Q2 2020. The current percentage of customers who purchase more than once with Kiwi.com is 2%. This value should grow to 4% in Q4 2019, to 8% in Q1 2020, to 16% in Q2 2020. The rapid growth of customer retention rate is estimated based on the launch of Loyalty program in Q1 2020.

From the Processes perspective the marketing objective is to create efficient collaboration and cross-team cooperation. This goal will increase efficiency and eliminate the long waiting time for the project essentials deliveries. The Key Result for this goal is therefore reduced

the average waiting time of the Marketing team for other teams to deliver requested tasks. Current waiting time is 1 to 4 weeks, which should be reduced to 1 week by Q2 2020.

From Customers perspectives, two Marketing objectives were defined: Increase customer engagement with ads or content on social media and Increase customers' understanding about the main functions of the products. Both of those objectives are closely connected to activities defined within goals from Company Growth focus. Increase direct booking and Increase customer retention are using marketing communication strategy which directly influences the objectives from a Customer perspective.

For example, creating SEO friendly content about popular destinations, improving SEO for Helpcenter of Kiwi.com, onboarding Social Media Influencers and Brand Ambassadors, create engaging organic content through social media channels and run explanatory videos during Video branded campaign will both Increase customer's engagement and understanding with the product. The Key Result for these two objectives is to increase post engagement to 8% by Q2020 and decrease the percentage of all customer service contacts and complaints that occurred because the customer misunderstood some of the product features or services.

The Key Results for Marketing objectives connected to learning and growth of marketing team employees are defined through knowledge tests and ESAT scores. The knowledge test is a task prepared by a senior employee on a quarterly basis for a junior employee in order to evaluate the skills learned and identify knowledge gaps. The ESAT stands for Employee Satisfaction which is a survey distributed among employees on a quarterly basis. The higher the score the more satisfied employees are with their work, teams and work environment. Both Key Results should achieve full scores by Q2 2020.

12 COSTS AND RISK ANALYSIS

12.1 Costs Analysis

The calculation of budget for marketing campaign was calculated based on available information about costs for each channel. During the Q4 SEO, an audit will be done by a hired external agency. Following quarters, the company will only pay for SEO friendly content creation done by either an external agency or a dedicated employee.

The biggest budget will be needed for paid search campaigns, paid social media campaigns and video campaigns. These channels have the biggest potential to increase brand and product awareness and drive direct sales in the near future. Display programmatic campaigns will get smaller budgets due to their low conversion rates and users' blindness towards online banners.

PR costs represent agency monthly fees PR agencies that will help with Kiwi.com's media presence in main markets (the USA and Europe). The budget for affiliate and influencers partnerships represents a one-time pay-off fee towards selected publishers and influencers.

The dynamic retargeting budget has an increasing tendency towards Q2, 2020 as we assume that more new users will arrive at Kiwi.com page or Kiwi.com app from brand awareness campaigns and therefore more users will be retargeted.

 Costs for loyalty scheme represents fees for consultancy, software set up and license. The brand ambassador program budget is estimated on the lower value in the beginning, and it represents costs connected to rewards for selected brand ambassadors.

Table 34 Costs Estimation (personal collection)

	Q4 2019	Q1 2020	Q2 2020
SEO	€10,000.00	€2,000.00	€2,000.00
Paid search	€150,000.00	€150,000.00	€150,000.00
Video	*preparation phase*	€70,000.00	€70,000.00
Programamtic display	*preparation phase*	€5,000.00	€5,000.00
Paid social media	*preparation phase*	€30,000.00	€30,000.00
Affliates, Influencers	€5,000.00	€5,000.00	€5,000.00
PR	€15,000.00	€15,000.00	€15,000.00
Dynamic retargeting	€7,000.00	€10,000.00	€10,000.00
Loyalty scheme	€15,000.00	€15,000.00	€5,000.00
Brand Ambassador	*preparation phase*	*preparation phase*	€2,000.00
Totals	€202,000.00	€302,000.00	€294,000.00

Costs connected to projects from Processes and Learning and Growth perspectives are esti-mated according to average costs for chosen tools, monthly salary, and incentives for em-ployees (see *Table 35*)

Table 35 Cost estimation (personal collection)

	avg. cost	Q4 2019	Q1 2020	Q2 2020
Cross-team workshops	free	free	free	free
Cross – team shadowing	free	free	free	free
SOP	free	free	free	free
Tasks Mangement Tool	200EUR/monthly subscription	€600.00	€600.00	€600.00
Project Coordinator	1000EUR/monthly - gross salary	€3,000.00	€3,000.00	€3,000.00
Regular meetings	free	free	free	free
Shadowing or internship in external	free	free	free	free
Birthday cakes or shared recognition	15EUR/cake	€30.00	€45.00	€15.00
Totals		€3,630.00	€3,645.00	€3,615.00

The total project costs estimation represents:

- 205 630EUR for Q4 2019

- 305 645EUR for Q1 2020

- 297 625EUR for Q2 2020

Total costs for Q4, 2019, Q1 2020 and Q2 2020 is 808 890EUR.

The costs estimation does not include the salaries of current employees due to the confidential character the information. The salary estimation for Project Coordination is based on the industry average of the labor market within the Brno area.

12.2 Risk analysis

Risk analysis summaries possible risks connected to marketing communication project in Kiwi.com. The risks are identified and evaluated based on how likely they can occur and how big is their impact on the project. Each attribute is assigned a numeric value. The values are multiplied, and the biggest risks are identified.

Table 36 Risk Analysis (personal collection)

Risks	Likelihood			Impact			Totals
	low	medium	high	low	medium	high	
	0.15	0.3	0.5	0.25	0.5	0.75	
Project is not realized		X				X	0.225
Insufficient budget			X			X	0.375
Wrong timing for the release	X			X			0.0375
Technical difficulties	X					X	0.1125
Wrong deffinition of performance measurement metrics		X			X		0.15
Wrong data interpretation		X				X	0.225

The totals value determines the overall influence of each potential risk on the project. The influence is evaluated based on a scale:

Low risk – scale 0 – 0.1

Medium risk – scale 0.11 – 0.2

High risk – scale 0.21 and more

12.2.1 Risk elimination

High Risk

Insufficient budget is identified as the highest risk (score 0.375) for the project implementation. This risk can influence marketing communication project implementation because the activities connected to this project require big investments from the company. The investments must be justified by returns which are represented by gaining more customers, extending market share and increase revenues. Marketing management must present this project and the opportunity to high-level management of the company in order to persuade them about the potential returns and long-term benefits for the overall business.

The project is not implemented risk is closely linked to the insufficient budget. In case the budget is not approved by the company, the project won't be implemented. However, there are other factors that can influence this risk, such as shifting the company's focus and long-term strategy, prioritization of other projects, lack of experience and knowledge of employees within the marketing team.

Wrong data interpretation is considered as a high risk for the project due to the character of the marketing channels used for the marketing communication strategy. The project is focused on using performance marketing which requires lots of data input and interpretation of campaign results. Input data can contain bias information about customer segments, behavior, top performing products, and seasonality.

If those data are interpreted wrongly the performance campaigns (Paid search, Paid social media, Programmatic advertising, E-mail campaigns, etc.) can completely miss the correct target audience, market or suitable time of launch of the campaigns. On the other hand, if the campaign results contain wrong information (costs, revenue, number of transactions) the overall campaign report can be interpreted in the wrong way. This can cause wrong campaign optimization for wrong marketing channels, or stopping all activity for other marketing channels, or the whole project.

This risk can be eliminated by testing campaigns and channels over a time period, gaining statistically significant data results and comparing it with other data sources (internal analytical database vs. external analytical tool). This can help to observe the data and identified any potential data errors and their causes.

Medium Risk

Medium risks represent technical difficulties and wrong definition of performance measurement metrics. Technical difficulties can occur during the integration of tracking codes through tag management systems or directly on front-end code. Front-end code can interfere with certain types of 3rd party tracking scripts and cause bad performance of the website. To eliminate this risk, proper quality assurance testing must be done by dedicated employees before the tracking scripts are published. The wrong definition of performance measurement metrics can be eliminated by proper goal setting for each marketing channel.

Low Risk

Wrong timing for the release of the project was identified as low risk. The demand for flight tickets is almost equally distributed among the whole year, with a peak season in the first quarter of the year (from January to March) which continues to slow down during the second quarter. Therefore, the best timing for the project was determined with start in the fourth quarter in the calendar year (October to December) during which the preparation and low scale testing of the marketing activities is done. The full release of all activities planned for the highest season (Q1 – Q2). The elimination of this risk is to re-evaluate the historical internal sales data, see any deviation about sales seasonality and compare it with data from external statistics about seasonality and determine if the proposed project timeline was done correctly.

CONCLUSION

The aim of the Thesis was to create a marketing communication strategy proposal for the selected company that can be used to achieve the company's overall business objectives. In order to understand the necessary steps and main components of marketing communication strategy, the first part of the thesis was dedicated to the theoretical framework.

In the second part of the thesis, the theory was practically applied to different analysis and creation of specific marketing communication plan and additional components. The purpose of this thesis was successfully accomplished by formulating a detailed marketing communication strategy that is practically applicable to the company.

In addition to the marketing communication plan, improvements increasing team efficiency was formulated as having an efficient team and favorable team culture is equally important in order to succeed in achieving marketing objectives. The company can use results from individual analysis or whole marketing communication strategy proposal either as guidelines for their future marketing projects or implement it without additional adjustments.

There is an opportunity to elaborate on the current result of this paper. Quantitative analysis can be done using a bigger data sample with higher statistical significance in order to exclude possible data errors caused by the wrong sample of respondents. Similarly, it is possible to use more recent data for behavioral customer segmentation or extend the number of competitors in competitive benchmarking. Campaigns for marketing communication was planned for a period of nine months, but with better data input it is possible to create a plan for a longer time period. Those are the points that can be examined in future research.

After the company decides to implement a suggested marketing communication plan, it is important to measure all the metrics of individual action points and define if they successfully achieved marketing objectives and overall company goals. The key results of individual action points are recommended to be measured on a quarterly basis. In addition to this, the results should be measured again after 12 months period and compared to the results of the same period in the past (for example one year ago) to understand the year on year growth and determine the incremental impact of the campaign on overall sales performance.

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LIST OF ABBREVIATIONS

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CPA   Cost per action

CPC   Cost per click

CRM   Customer Relationship Management

CTR   Click-through-rate

ESAT   Employee Satisfaction

KPI   Key Performance Indicator

OKRs   Objectives & Key Results

OTA   Online Travel Agency

PE   Post Engagement

PER   Post Engagement rate

PR   Public Relations

ROAS   Return on Advertising Spend

ROI   Return of Investment

SEO   Search Engine Optimization

SOP   Standard operation procedure

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APPENDICES

APPENDIX P I: BEHAVIORAL SEGMENTATION PART 1

Multiple Bookers	Partners and Travel Agencies	The Partners	Kiwi.com partners, their bookers or automat book tickets	
		The Business Bookers	a lot of bookings for a lot of different people sometimes at the same time we guess this is a secretary who book flights	
		The Commuters	travel to the same destination really often we can guess they travel to work or home	
Loyalty people	Loyalty to Kiwi.com (travel with Kiwi.com quite often, without same destinations)	The Kiwi.com Explorers	young people (18 - 35) travel often and to the different places	
		The Kiwi.com Jet-Setters	people older 35 travel often and to the different places	

APPENDIX P II: BEHAVIORAL SEGMENTATION PART 2

Plan	The Vacationers (travel for vacation roundtrips, 2+ people or a family)	The Annual Travelers	travel in twos to near places, in age 25 - 55	
		Family Vacation Planners	family with at least one child on booking, roundtrips	
		The Older Vacationers	travel in twos to near places, people older 55	
		The Families	family with at least one child on booking, roundtrips	
	The Planners (explorers, hobbyists, weekend getaways)	The Mature Explorers	not often travelers, distant places, in age 26 - 55	
		The Mature Hobbyist	not often travelers, near places, in age 26 - 55	
		The Compulsive Planners	not often travelers, near places, in twos	
Price	The Deal Hunters (young and price sensitive people)	The Deal Hunters	in twos, best price	
		The Spontaneus Bookers	best price, travel alone	
		The Young City Hoppers	in age 18 - 35, best price, multicity	
		The Young Goal Makers	not often travelers, price sensitive, in age 18 - 25	

APPENDIX P III: BEHAVIORAL SEGMENTATION PART 3

Last-minute	*Last-Minute Travelers (book in 14 days before depature)*	The Last-Minute Travelers	book 1 week before departure at most	
		The Riches on the Spot	book 2 weeks before departure at most, high price	
		Lighting Professional Dealers	near places, book spontaneously, non-repetitive routes	
Other	*Alone Travelers (divided only by age categories)*	The Older Alone Travelers	book 1 week before departure at most	
		The Young Brand Skippers	young people in age 18 - 25, aren't in groups above	
		The Alone Travelers	in age 26 - 55	
		The Yuppy Trippers	not often travelers, in age 18 - 25, book 1 month before departure	
	The Others (aren't in previous groups)	The Couples	in twos, best price	
		The Others	everyone who is not in previous groups (teams, bands etc..)	