German Customer Acquisition Strategy

Focusing on the use of innovative Online-Marketing-Tools designed for the Tour Operator Luis Tipan Travel / Ecuador

MANUEL ROSENTHAL

Version 3

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Preface

This graduation project is an essential and mandatory part of the Bachelor Programme *Vitality Management and Tourism* which has been pursued for the last 4 years at the HZ University of Applied Sciences Zeeland in Vlissingen, Netherlands. As a matter of fact, this research thesis is of great importance regarding the accreditation of the Bachelor in Business Administration (BBA).

I would like to kindly thank everyone who supported me throughout the entire research phase. Firstly, I would like to give special thanks to my University Supervisor, Mr. Roovers, who has given me fruitful and supportive advice during the various phases of the research project. Secondly, I would like to express my thankfulness and appreciation to my company tutor, Mr. Tipan, who provided me with important company data and professional discussions concerning the research topic.

At the very last, I would like to thank the employees, as well as all partners of Luis Tipan Travel Ltd. which have given me the opportunity to enter into constructive discussions with them regarding the travel industry and their experiences. This did not only increase my industry knowledge, but also influenced my graduation report in the most positive way.

Vlissingen, May 2015

Manuel Rosenthal
Abstract

This research thesis was compiled by Manuel Rosenthal, a student who is studying Vitality Management and Tourism at the HZ University of applied Sciences Zeeland in Vlissingen, the Netherlands. The student carried out his internship at Luis Tipan Travel Cia. Ltd., a tour operator located in Quito, Ecuador.

The purpose of this research was to develop a feasible customer acquisition strategy by making use of innovative online-marketing tools in order to contribute to the clients’ main objective of reaching and attracting German tourists. The rise of the internet and the rapid increasing technological advancements create plentiful opportunities for tour operators to communicate, promote, attract and gain access directly to potential customers. Therefore, an extensive theoretical framework has been conducted in order to set the context for the research.

Furthermore, tourists increasingly use social media sites such as Facebook, Twitter, and YouTube as well as experience sharing platforms such as Trip Advisor to exchange experiences or gain knowledge on a specific destination or travel package. As a consequence, consumers gained considerable power over promoting or degrading a destination. This is an important factor to realize since online-marketers in the tourism industry have access to consumers’ ideas, preferences and visions and thus, by using this newly unique set of information, are able to position itself ahead of their competition by offering individual and tailor-made products for its customers.

Nowadays, companies operate during the age of information. The ones who understand the important possibilities the internet creates as well as following the societal marketing approach, will have higher chances of succeeding compared to the ones who are not familiar with the use of the online environment. In light of this, the research investigates this contemporary and relevant subject further. The plan includes the following analyses of the 5 constructs namely:

- German tourism market
- German consumer behaviour
- Ecuadorian tour operators
- Internal environment
- Online-marketing tools

The findings show that Germany has the most outbound travel trips worldwide. Consequently, German tourists are a profitable group to target. The competitor’s analysis revealed that the client’s rivals do not use the full potential of online-tools where its visitors can create their own tours as well as making them visible to other visitors in order for them to join. In light of this, the research revealed that an implementation of an optimized online-tool would provide the client with a unique selling point.
<table>
<thead>
<tr>
<th>Word / Abbreviation</th>
<th>Description / Meaning</th>
</tr>
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<tbody>
<tr>
<td>DMU</td>
<td>Decision making unit</td>
</tr>
<tr>
<td>DR</td>
<td>Desk research</td>
</tr>
<tr>
<td>e.g.</td>
<td>A Latin abbreviation “exempli gratia” which means for example</td>
</tr>
<tr>
<td>Etc.</td>
<td>Et cetera</td>
</tr>
<tr>
<td>FUR</td>
<td>German Research Community Vacation and Travel (Forschungsgemeinschaft Urlaub und Reisen e.V)</td>
</tr>
<tr>
<td>GfK</td>
<td>Organization for consumer and market research (Gesellschaft für Konsum-, Markt- und Absatzforschung e.V)</td>
</tr>
<tr>
<td>ITB</td>
<td>International Tourism Exchange (Internationale Tourismus Börse)</td>
</tr>
<tr>
<td>IPK International</td>
<td>International Tourism Consulting Group</td>
</tr>
<tr>
<td>Long-haul flights</td>
<td>A term for intercontinental flights.</td>
</tr>
<tr>
<td>LTT</td>
<td>Luis Tiplan Travel Cia. Ltda.</td>
</tr>
<tr>
<td>OS</td>
<td>Online survey</td>
</tr>
<tr>
<td>Outbound travel</td>
<td>Any travel destination that is outside of the home country</td>
</tr>
<tr>
<td>SEA</td>
<td>Search Engine Advertising</td>
</tr>
<tr>
<td>SEO</td>
<td>Search Engine Optimization</td>
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<tr>
<td>SEM</td>
<td>Search Engine Marketing</td>
</tr>
<tr>
<td>Short-haul flights</td>
<td>A term for national and continental flights</td>
</tr>
<tr>
<td>SMART</td>
<td>Usually objectives and sub-questions should be defined in a smart way: (S)pecific, (M)easurable, (A)ttainable, (R)ealistic, (T)imebound</td>
</tr>
<tr>
<td>SWOT</td>
<td>Marketing tool used to evaluate and assess the (S)trengths, (W)eaknesses, (O)pportunities and (T)hreats of a business</td>
</tr>
<tr>
<td>TO</td>
<td>Tour Operator</td>
</tr>
<tr>
<td>UNWTO</td>
<td>United Nations World Tourism Organization</td>
</tr>
<tr>
<td>USP</td>
<td>Unique Selling Proposition</td>
</tr>
<tr>
<td>VIR</td>
<td>Association of Internet Travel Distributors, Germany (Verband Internet Reisevertrieb)</td>
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1. Introduction

This research project is segmented into 6 main parts which are as follows:

- Introduction
- Theoretical framework
- Methodology
- Results
- Discussion
- Conclusion and recommendations

The first chapter introduces the company profile in order to get familiar with the organizational structure, target market and products that the client Luis Tipan Travel Cia.Ltd. (LTT) offers. Furthermore it describes the background to the research, the underlying problem with the accompanying objectives and the main research question. Lastly, the scope and limitations of the graduation assignment are laid down.

The second chapter, namely the theoretical framework, outlines existing theories and information of prior research that are relevant to the main question. It is a summary of existing research and concepts concerning the topic. Therefore, it is regarded as the knowledge basis for gathering related information appropriate for executing the research. Lastly, the sub-chapter “conceptualization” deals with information on defined constructs with its connecting independent and dependent variables that are broken down into measureable units. Hence, the research will receive feasible results.

The third chapter assesses the specific research methodology which is used to acquire the results. In this section, the population and sample are identified, as well as the data collection method. Furthermore, constructs and variables are operationalized enabling to precisely measure and receive viable results. Moreover, the data analysis method is explained along with the reliability and validity of the research results.

The fourth chapter shows the varying results obtained from the following different research units:

- Market environment
- Internal environment
- Consumer environment
- Online marketing tools

The fifth chapter concerns the discussion in which the results of the theoretical framework are compared with the obtained results. At last, chapter 6 deals with the conclusion and recommendation. This round off the research report and provides the client with ideas on improving and adapting the current business.
1.1. Company description

The company profile describes important facts, as well as information regarding target groups.

History

Mr. Tipan attended the National Polytechnic Institute of Mazatlan and studied at the Environmental ministry to become a naturalist guide. In April 2005 he founded Luis Tipan Travel Cia. Ltda., a tour operator (TO) located in Quito, Ecuador. Mr. Tipan provides services for tourists in terms of consulting and organizing customized travel packages. LTT collaborates with other tour operators on a commission basis.

Legal form

The legal form is a Compañía limitada (“Cia. Ltda.”) and this is a typical Private Limited Liability Company and is comparable to a Dutch “Besloten vennootschap met beperkte aansprakelijkheid” (BV). Like a BV the Ecuadorian Cia. Ltda. is a suitable vehicle for an individual like Mr. Tipan who wants to run its business with limited liability. The limitation is marked by the authorized, issued and paid-up capital of the respective company which must, in case of an Ecuadorian Limitada, at least amount to 200.00 USD (World Bank Group, 2014).

Organizational structure

![Organizational chart](image)

Figure 1: Organizational chart, authors own, 2014

Mr. L. Tipan and Mr. J. Tipan are responsible for managing daily business operations. In general, the organization is divided into 3 main departments. Ms. Quiroz is responsible for administrative work such as answering telephone calls, making bank deposits and general office work. Finance and Accounting is managed by Mr. Aguirre. Mr. J. Tipan is supervising several interns who are engaged in selling tours, customer correspondence & interaction.
(direct contact, telephone and E-Mails) and promotional activities such as distributing flyers.

Products & Services

LTT offers daily or weekly tours for tourists with varying aspirations. Whether tourists are craving for exploration and relaxation, cultural aspirations or even adventure and fitness, LTT provides or mediates trips with professional and bilingual guides. During high season, an estimated amount of 40 tours are sold per month, whereas during low season 20 tours are sold. High season goes from May until September and low season between October and April.

LTT does not own jungle lodges or boats on the Galapagos Islands; therefore, the trips offered to these places are always based on commission arrangements with other tour operators. The daily trips such as climbing, trekking etc. are planned and offered by LTT, however, the transportation and bilingual guides are outsourced which leads to a share of generated revenues.

The list of daily and weekly tours which LTT provides can be found under appendix I.

Target Market

The overall target market can be characterized into the following types of travellers:

- Male and female adults between 18 and 55 years
- Fit and energetic to be able to accomplish the aforementioned physical activities. Of course, not all tours require the same level of physical fitness. Certain tours are suitable and therefore attractive for the older generation e.g. Galapagos tours
- Existing clients range from young backpackers, couples, group of friends or families to adventure seekers
- Geographic region from majority of existing customers:
  - Europe (Germany, Austria, Switzerland, France, England, and the Netherlands)
  - United States
  - South America (Colombia)

Natural environment of Ecuador

The natural environment of Ecuador delivers numerous opportunities for LTT to offer its tours. The Amazonas provides space for jungle tours as well as to deliver customers a unique experience such as sleeping in Eco-lodges and enjoying tours through the primary and secondary rainforest. Besides the Amazonas, the Andes mountain range brings about vast possibilities of hiking, cycling and enjoying breath-taking views. Lastly, the jewel of Ecuador, are the Galapagos Islands. They consist of several small islands that are home for countless animal and bird species, and thus results in a high demand for travellers. A graphical representation can be seen in appendix II.
The next graph is based on the documentation of the nationalities that booked a tour at LTT between May and November in 2014.

![Number of Tourists at LTT between May-Nov](image)

**Figure 2: Number of customers at LTT, authors own, 2015**

The figure illustrates that 26 German customers have been documented between May – November. Interestingly, Germans are on the fourth place behind Americans, French and Colombians. Because German travellers are an important target market for LTT and the fact that the client desires to expand its German customer base, the research focuses on German tourists.

1.1.1. Mission statement
LTTs mission is to create memorable/unforgettable experiences for tourists by always adopting a customer-centric approach and thus, to deliver superior quality and tailor-made services.

1.1.2. Vision statement
LTTs long-term vision is to build a unique, competitive business with the focus of not only acquiring and satisfying its customers, but more importantly to create a regular customer base by offering sustainable and tailor-made tours.

1.2. Background to the research
The rise of the internet and the rapid increase of technological advancements result in numerous opportunities for TOs to gain access directly to potential customers as well as to promote its products. Nowadays marketers have easy access to consumer preferences or
opinions about certain products or services as customers make use of social media or experience sharing sites. As a consequence, it is of paramount importance to obtain these valuable data as a means of targeting the desired group as effectively as possible and therefore to create a competitive advantage (Stojković, 2013, pp. 77-78).

Furthermore, the internet provides more possibilities to create awareness. For example search engine marketing (SEM), which includes search engine optimization (SEO) as well as search engine advertising (SEA), is a popular online-marketing tool that can help drive more traffic to a certain website and thus create awareness and in the best case leads to a sale. The internet does not have any borders. Place and time are irrelevant and TOs nowadays can compile travel packages via the internet. Nowadays even, tourists might avoid using TOs because planning and developing own packages with direct suppliers are possible and cheaper. TOs need to communicate their importance as a valuable information aggregator that can compile unique and tailor-made tours by following a customer-centric approach.

1.3. Problem statement
Vast technological advancements pose great challenges for TOs. The number of possible solutions to promoting oneself is growing and it becomes increasingly difficult to stay contemporary. Usually TOs lack the required knowledge and expertise to implement marketing measures. Therefore, it is important to harness the information and acquire the necessary knowledge in order to use these opportunities (Euromonitor, 2007).

The fact that the client is a small-scale TO that lacks online-marketing knowledge as well as free cash flow available for implementing marketing tools, the identification of suitable online-marketing tools with its implementation should not be seen as a problem, but more as a challenge. Nevertheless, the proposed solutions shall not be out of reach and taking existing resources of the client into account in order to increase feasibility.

1.4. Research objectives and aims
The objectives are built around 2 elements:

- Analysis of the 5 research constructs
- Demonstration of relevant promotional activities to enhance customer acquisition

The main objective is to provide insightful information to LTT on the new promotional possibilities that are created through the internet (digital environment) in order to attract more German tourists. In order to do so, the 5 constructs are analysed comprehensively. The collective outcome resulting from the analyses of the constructs will deal as a foundation to reveal successful, sustainable, competitive and attainable promotional tools for the acquisition of German tourists.

In order to successfully reach the elements of the main objective, the research objectives are specified per construct. These aims can be found in appendix III.
1.5. Main research question

How can the small-scale Ecuadorian tour operator Luis Tipan Travel best promote itself to attract and acquire German tourists?

1.6. Sub questions

In order to help answer the main search question in a concise manner, sub-questions per construct are established.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Sub-questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>German travel market</td>
<td>What is the attractiveness of the German travel market in terms of size, growth and the long-haul market for Ecuador?</td>
</tr>
<tr>
<td>German consumer behaviour</td>
<td>What is the behaviour of German tourists on travel, booking, motivation and the use of the internet during the planning of holidays as well as at the destination?</td>
</tr>
<tr>
<td>Ecuadorian TO market</td>
<td>How is the competitive environment of the Ecuadorian TO industry and what are the strategic strengths of the direct competitors?</td>
</tr>
<tr>
<td>Luis Tipan Travel</td>
<td>What are the internal resources (financial and human capacities e.g. expertise) of the client for the adoption of promotional tools to acquire German tourists?</td>
</tr>
<tr>
<td>Online-marketing tools</td>
<td>What types of online-marketing tools are suitable to attract German tourists?</td>
</tr>
</tbody>
</table>

Table 1: Sub-questions per construct, authors own, 2015

In case the reader wants to get a detailed overview of the various aspects each construct covers, a list of questions can be found in appendix IV.

1.7. Research ethics

Ethics is a very important part of this research. In fact, one must comply at all times to ethical norms and standards of humanity. The research will not misuse secondary data in the form of plagiarism. It will be ensured that correct referencing techniques according the American Psychology Association will be applied (APA).

Furthermore, information regarding the interviews and the company is treated in the most confidential manner as possible throughout the entire research phase. This means that acquired information is not made public and the protection of the rights of people is respected.

In order for the reader to see the values the researcher adopts during the execution of the entire research project towards the HZ University of Applied Sciences and LTT, the figure can be found in appendix V.
1.8. **Scope and limitations**

The scope and limitations defined the possible areas of measurement for this research project, as well as its boundaries. Limiting aspects are composed of time, money, constructs and language. Due to the limited availability of time, the research is narrowed down into relevant constructs in order to get qualitative results in an efficient manner. The different aspects are explained in depth in appendix VI.

Furthermore, it should be noted that the author’s selection of suitable marketing tools is restricted due to a lack of financial assets available. The client LTT has not much capital (free cash flow) in place, therefore it did not make sense to focus and analyse advertising models that cannot be afforded.
2. Theoretical framework

The following chapter consists of three sub-chapters namely the literature review, theories and models and lastly the conceptual model. The literature review outlines the main constructs and underpins them with theories which were found in scientific articles, online journals and books. The next section describes relevant marketing models and developments that occurred throughout the last decade within the tourism and tour operator industry. Finally, the sub-section conceptualization explicitly defines and depicts the constructs and variables.

2.1. Literature review

Tour operating industry and its significance

The Commission of the European Communities state “Tour operators are businesses that combine two or more travel services (e.g. transport, accommodation, meals, entertainment, sightseeing) and sell them through travel agencies or directly to final consumers as a single product (called a package tour) for a global price” (Commission of the European Communities, 2001, p. 45).

It becomes apparent that TOs have successfully communicated their importance within the tourism market. The fact that tourists are uncertain of the quality of the packages while TOs are experts who can provide pre-knowledge and insightful information regarding specific holidays means that demand for TOs can be expected (Calveras, 2006, p. 3). Furthermore, the increasing trend of individualization results in the ongoing demand for tailor-made travel packages (Holloway, Humphreys, & Davidson, 2009, p. 590). TOs are known to be flexible and adapt to the changing demands of the tourists.

The potential of the German tourism industry

Market research from the German association of the Research Community for Vacation and Travel (Forschungsgemeinschaft Urlaub und Reisen/FUR 2014) illustrates the lucrativeness of the German market (FUR, 2014). The following statistical measures that were elaborated by FUR are grounded in the latest publication of the Association of Internet Travel Distributors in 2014 (Verband Internet Reisebetrieb/VIR 2014).

In 2013, nearly 78% of the German population booked at least one holiday trip for five days or longer. The high intensity of two thirds of the population maintains on this level since the mid-1990s. Moreover, the number of tourists, travel packages and turnover reached an all-time high. In fact, the turnover for longer travels is increasing by 0.8 billion € conversely to shorter travels (2-4 days) which experience a decrease in turnover of 0.9 billion €. Travelling is part of Germany’s consumption depot given that only 12% of people did not travel within the last three years. This is a contributing factor for the high stability of the entire demand (VIR, 2014, pp. 28-29).
In conclusion, the aforementioned statistical data shows that German tourists spend a noteworthy amount of money while travelling, thus they are an attractive market for tour operators globally.

**Customer centricity and its importance**

The amount of potential customers in a specific market determines the attractiveness for any organization to operate or enter it. Knowing that potential customers are in a given market segment is one aspect, but knowing how to target them is another highly challenging factor that determines success. Customer centricity means that organizations align its entire business processes around customers. Consequently, needs, wants and desires are uncovered and focused on in order to gain insightful information on consumer behaviour.

As Piercy (2002) suggests why organizations ignored an entirely customer led approach is mainly because organizations have difficulties to gain insight into detailed consumer behaviour (Swarbrooke & Horner, 2007, p. 7). Nowadays, technological advancements facilitate the analysis of consumer behaviour as lots of customer information is stored in the world-wide-web.

**Marketing and consumer behaviour**

In the past, Marketing created demand and marketers are experts in persuading consumers to purchase, however still lacking the real knowledge of consumers’ complex buying processes. This view on marketers goes even further. Vance Packard describes in his book “*The hidden persuaders*” an alarming manipulative aspect within marketing (Swarbrooke & Horner, 2007, p. 8). During the time when companies were product oriented with little to no focus on consumers, the need of analysing consumer behaviour was not the decisive factor for success. Whereas nowadays customers can compare products easily due to the advent of the internet and therefore the consumer concept becomes increasingly important.

At present, the focus shifted to the marketing/societal concept where organizations shape their business activities according to consumer wants and needs. This is especially crucial for organizations operating in the tourism industry (Fyall & Garrod, 2005, p. 39). In order to achieve this, it is of vital importance to establish means to reveal these specific desires. This valuable information on consumer behaviour can form the basis for predicting current and future consumption patterns. Consequently, a suitable marketing strategy can be developed that both suits the consumer and the company.

A pre-requisite for establishing opportunities is consumer knowledge as it enables marketing strategies that can be tailored to meet consumer needs. Consequently, companies are able to create value for its customers and form long lasting relationships while receiving value in return (Kotler, Armstrong, Wong, & Saunders, 2008, p. 29). Due to the rapid technological advancements, the amount of customer data available to marketers through online platforms is gigantic. Proper analytic procedures are required which can be analysed through
numerous software programme suppliers.

Additionally, the age of information brings about vast opportunities to measure the performance of websites. There are several suppliers and the most known is Google with its analytical tool. To name a few, areas that can be measured are:

- Optimized landing pages to enhance retention
- Conversion rates to see which customers engage in a purchase
- Detailed statistics on generated traffic

At the present time, companies not only operate in a physical, but also in a digital environment. Therefore, it is essential for businesses to try to implement effective online-marketing tools that suit the general marketing strategy in order to survive in this competitive environment. A positive link is seen between the effectiveness of a marketing programme and the capability to predict and adapt to varying consumer affections. Companies that are able to predict and adapt to these changing preferences are able to execute a superior marketing programme compared to competitors who lack this insight (Lee, Naylor, & Chen, 2011).

A growing number of potential customers use the internet / e-enabled environment for information gathering. As a result, the objective of attracting, converting and retaining customers by achieving loyalty can be defined as being more complex. This is mainly because the internet-mediated world provides customers with fast options of comparing similar products through search engines (Duparcq, 2010, pp. 69-70). This means that existing customers can nowadays switch to competitors with little to no effort.

**Consumer decision-making process**

According to Edwards (1954), Von Neumann & Morgenstern (1944), analysing consumer behaviour is crucial to find the factors that influence the decision making of consumers (Smallman & Moore, 2010, p. 401). A past study asserts that many people gather lots of information and based on their examination choose the most suitable option from the set of choices. This is done by closely comparing pros and cons and when the benefits outweigh negative aspects, a purchase is made. This aligns with the research of Wahab, Crampon, and Rothfield (1976) in that the tourist tries to maximize profitability during the complex process of information gathering, evaluation of data and planning prior to decision making (Smallman & Moore, 2010, p. 401). Moreover, Decrop (2006), Sirakaya & Woodside (2005) outline that the tourism industry has the highest amount of consumers that are not only deeply involved during their information search, but also outline and compare their options closely (Smallman & Moore, 2010, p. 402).

Therefore, decision making is a complex process consisting of five steps namely needs recognition, information search, evaluation of alternatives, purchase decision and lastly post-purchase behaviour. In addition, it is influenced by numerous variables namely cultural,
social, personal and psychological factors (Kotler, Armstrong, Wong, & Saunders, 2008, p. 184). A study conducted by Pettigrew (1973) and Pfeffer (1981) shows that most decisions are made in a social context (Smallman & Moore, 2010, p. 402). Moretti (2011) supports this idea and adds that reference groups such as family, friends, neighbours and work colleagues are contributing to the consumption behaviour of the individual in question (Wu, Zhang, & Chikaraishi, 2013).

Knowing consumer behaviour such as gaining useful insight into the decision making process, booking behaviour etc. is paramount to be able to effectively create consumer awareness by using appropriate marketing strategies including online-marketing tools. Marketing strategies vary and thus can be applied depending on the product or service offered, or the form of business such as business to consumer (B2C), business to business (B2B), or the position of a company in a certain market segment.

**Trends and developments**

The digital era does not only create new possibilities for TOs to communicate and promote their service & product, but also provides options for tourists to optimally engage in direct sales through the website. The so-called computer reservation system provides a quick and effective service at low costs compared to traditional manual systems. This system can be linked directly between operators and agents so that agents can save time while advising potential customers (Holloway, Humphreys, & Davidson, 2009, p. 583). According to the *International Tourism Consulting Group* (ITB) travel trends reports in 2012 and 2013, 54% of travellers engaged in online booking (International Tourism Consulting Group, 2012-2013).

Furthermore, the internet provides new opportunities for suppliers, TOs and travel agents to increase customer awareness as well as offering direct booking for its customers. This contributed to changes in booking behaviour in the German market. In fact, according to the bar chart of FUR, 77% of the entire German population had internet access in January 2014. Moreover, between 2000 and 2014 a substantial increase of 35% in online booking has been realized (VIR, 2014, p. 34). This shows that the internet gained great popularity within the German tourism market.

Another trend where strong growth rates are recorded is seen in website and mobile booking services (Bremner, 2013, pp. 4-5). In Germany, the use of smartphones increased considerably. In fact, in 2011 8% of the German population had smartphones, whereas in 2013 already 41% were equipped with smartphones. This is of importance insofar, as already in 2013 approximately 34% of German tourists used the smartphone for gathering prior information on the destination and 27% used it at the destination (VIR, 2014, p. 53). Therefore, TOs must take these developments into account and make sure that they offer booking services on their website, as well as on smartphones.

In addition, consumers increasingly use social media sites such as Facebook, Twitter, and YouTube or experience sharing sites such as Trip Advisor to exchange experiences or gain
knowledge on a specific destination or travel package. The internet also optimizes former mouth to mouth propaganda via Forums. As a result, consumers gained considerable power over promoting or degrading a destination. Subsequently, this valuable information contributes to the decision making of purchasing a package. From the Adventure Tourism Development Index, it can be seen that the largest marketing investments made by TOs in 2011 were in search engine optimisation (SEO) and social media (Adventure Travel Trade Association, 2011, p. 4).

Search engine marketing (SEM) is a useful tool to increase the awareness in search engines such as Google. It is composed of search engine advertising (SEA) and SEO, where the advertising aspect uses advertising banners on the top or the side of a search engine. The SEO deals with optimizing search engines in a way that websites land on the first or second page of a search engine. The difference between the two is not only due to their functionality, but SEO is free of charge, whereas SEA comes with a cost.

Moreover, suppliers in the tourism industry have access to consumer preferences from social media sites and other online portals and thus, are able to offer individual, tailor-made products for its customers. Moreover, online intermediaries such as Google offer its users information on flights and hotels throughout the search process. Additionally, Google offers its clients online-marketing tools such as SEO and SEA, which contributes to increasing awareness by promoting certain product offerings. This facilitates the search in order to find an appropriate solution for the potential customer of the client. In the future, suppliers will start to collaborate more frequently with Google or other virtual intermediaries (VIR, 2014, p. 66).

Statistical results on the use of social media in 2013 for actively posting and for information gathering about a destination has been outlined by FUR. 36% of German tourists shared their experiences on social media pages and 81% used social media sites to gather information on specific destinations (VIR, 2014, p. 38).

Lastly, adventure holidays are gaining in popularity. This is seen also in elderly travellers who become increasingly active due to early retirement packages and longer life expectancies (Holloway, Humphreys, & Davidson, 2009, p. 558).

Concerning the German travel market trends, holiday planning and booking is usually done at the end of the year. According to the leading German Trade Magazine for Tourism and Business Travel, 65% of German tourists start to plan their holidays during December for the upcoming year. In fact, a 5.8% rise in booking has been achieved for May until October. The months that have the most bookings so far in 2015 are July and August (FVW Tourism and Business Travel, 2015). Furthermore, a trend of more long-haul and all-inclusive holidays is expected for the year 2015.

The stable economic situation of Germany results in tourists being optimistic about their financial situation. Most plan to spend the same amount as in 2014, whereas 12% plan to
invest more on holidays. The German market research institute GfK expects high growth in all-inclusive packages due to the devaluation of the Euro which will increase the destination costs in dollar-based countries. Therefore, travellers assume a cheaper price if purchasing Euro denominated all-inclusive packages in for e.g. Germany rather than paying tours in Dollar based countries due to exchange rate losses. In fact, last year the TOs experienced a 12% increase of all-inclusive packages (FVV Tourism and Business Travel, 2015).

2.2. Theories and models
This chapter outlines the models and theories which have been used in order to effectively analyse the research topic.

Market analysis

*The 5 forces model of Porter* provided good insight into the competitive environment of the industry as well as gave insight into opportunities and threats. The examination of these forces revealed the overall industry attractiveness. (Porter, 2008, p. 3).

![Figure 3: Porter’s 5 forces model](http://bit.ly/1eaMZwO)

German consumer behaviour analysis

Here, no specific model has been used; however, a *survey* has been conducted in order to gather and analyse relevant information. Regarding the analysis, the process of coding has been adopted.
Internal analysis

The *SWOT analysis*, developed by Albert Humphrey, is a strategic management tool which has been applied in order to assess strengths, weaknesses, opportunities and threats which are relevant to LTT.

The *USP analysis* is an effective marketing tool which helped to reveal the unique selling proposition of the client. In this way, factors have been revealed that could provide the client with a competitive advantage over other market players.

Online marketing analysis

The potential use of *SEM* has been analysed namely two important elements: SEO and SEA. Furthermore, two *customer centric online concepts* have been proposed and analysed. The evaluation of these website-based concepts forms the building block of possible ways to attract and acquire prospects.

2.2.1. Conceptualization

![Conceptual model, authors own, 2014](image)

The conceptual model was a good and illustrative way of planning out the research in terms of defining the concept, constructs, independent and dependent variables. It contributed to maintain on the right track throughout the entire research phase.
3. Methodology

The data collection method involved three systematic steps.

1. **Implementation of empirical research method** by acquiring relevant experience and knowledge on the daily operations of the TO. A baseline study has been executed to get an idea on the available assets, the sales process, the design of the website and internal processes of the client etc.

2. **Comparison of findings** with general accessible data by applying desk research, open and closed question survey and interviews

3. **Analysis and evaluation** of findings by using analytical tools e.g. bar charts, pie charts and tables

The Venn diagram established by Saunders et.al (2007) displays the research onion. It provided a decent overview on the research approach, type, data collection method and the associated analysis techniques.

![Diagram of research onion]

**Figure 5: Research onion, authors own, 2014**

The **first outer layer** of the onion described the research approach. The fact that the research builds upon existing theories and models and does not focus on establishing a new theory, the research followed a deductive approach.

The **second layer** assessed the research type. The type of research is regarded as being qualitative in nature and therefore the results are descriptive rather than predictive. Moreover, the consumer analysis counts as a major analytical part to discover behavioral patterns.
The third layer outlined the data collection method. Due to the nature of the varying sub-questions per construct, the research incorporates different data collection methods. Desk research was used to collect additional information, expert interviews to gain internal and market data, an online survey regarding the consumer behavior analysis and a case analysis in the form of benchmarking in relation to the competitors were conducted.

The time horizon of the research (fourth layer) can be defined as cross sectional, due to the fact that the research was conducted during a pre-defined time frame (6 months). Moreover, the research will not be conducted a second time as usual with longitudinal studies.

3.1. Identified population and sample
The research consisted of 1 population:

1. Ecuadorian TO industry

The population was narrowed down into 3 attainable and relevant samples. The following figure shows the samples of the population that were analysed with its associated sampling technique.

Samples of the population

![Population samples and sampling technique](image)

The figure illustrates that the stratified purposive sampling technique was used in order to successfully gain access to the three samples. The sampling technique is regarded as
stratified because each sample required to be approached in a different way so that it could be measured in an effective manner. The 3 samples were consciously chosen and each sample needed to be stratified into their own unique analytical parts. The fact that each sample formed a vital part to answering the main question, the research analysed each stratum as an independent sub-population (sample).

Sample 1 consisted of a total sample size of 66. However, it can be seen that a smaller sample size (20) derived from the larger one (66), because 2 separate surveys with closed and open questions were conducted. Concerning the open-question survey, 20 of the 38 Facebook respondents from the closed questions were chosen in order to gain deeper insight into the travel motivation and the positive and negative aspects for choosing TOs.

3.2. Data collection method
The table below illustrates the specific methods that were used for collecting data per sub-question with the associated construct.

Abbreviation: DR=Desk research, OS=Online survey, CQ=Closed question, OQ=Open question

<table>
<thead>
<tr>
<th>Sub-questions</th>
<th>German travel market</th>
<th>German consumer behaviour</th>
<th>Ecuadorian TO industry</th>
<th>LTT</th>
<th>Online-marketing tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DR</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>2</td>
<td>DR</td>
<td>DR (CQ)</td>
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<td></td>
<td>OS (CQ)</td>
<td>OS (OQ)</td>
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<tr>
<td>3</td>
<td></td>
<td>Interview</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>DR</td>
<td></td>
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<tr>
<td>4</td>
<td></td>
<td></td>
<td>Interview, observation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td>DR (Articles, Online marketing book)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Data collection method per construct, authors own, 2014

German consumer behaviour

The collection of appropriate and sufficient data for the German consumer behaviour analysis seemed difficult. At first, the survey was created with Microsoft Word and 120 copies were distributed in 12 hostels/hotels. After one month, there was no response. A major disadvantage that could have led to the no response rate was that the respondents could not fill in the survey via an online link. Moreover, a total of 32 questions as well as the frequent use of open questions could have contributed to a decreased motivation.

After this was realized, the survey was created with a free survey developing software called SurveyTool in order to provide respondents with the option to fill it out online. Consequently, the 12 hostels/hotels were visited again and the new survey with 23 questions
was handed out. Closed-ended questions were used to ensure that the results per question reached a level of saturation and thus could be analysed. The information was gathered from primary sources. After the 1st month 12 and after the 2nd another 16 responses were obtained. As a matter of fact, this was not enough to reach a level of saturation. Therefore, an additional way of increasing the response rate has been realized by making use of the social media site Facebook. The online-link was sent to 80 German friends who are known to travel and are between 18-55 years old. In fact, 38 responses were collected which greatly contributed to the overall response rate of 66.

Concerning the second survey, this aimed at collecting qualitative data which consisted of 2 open questions. It was distributed among the 38 Facebook respondents to maintain the sample and the first 20 responses were chosen for the analysis. The fact that the respondents have conducted the first survey already, the motivation to fill out 2 open questions was positive. The desired rate of 20 responses has been achieved after 3 days.

In order to increase the response rate for future research, the link can be posted to site of the German Alpine Association or any sites or forums where one can reach German travellers.

The explanation for the other constructs can be found in appendix VII.

3.3. Operationalization and data analysis method

German consumer behaviour

The author conducted research into the behaviour of potential customers. Important areas of measurement were the following:

- Preference of short versus long-haul destinations
- Amount of short versus long-haul flights
- Avg. duration of holidays
- Months travelling & expenditure levels
- Booking behaviour at TOs, flights and hotels
- Preferred payment method at TOs
- Reason & motivation to travel
- Use of social media and experience sharing sites
- Influence of reference groups
- Smartphone use for information gathering

The information was gathered mainly through online surveys. Surveys are a good way of transforming qualitative elements such as preference into quantitative measures. The first survey entailed only straight-forward closed ended questions. Furthermore, nominal questions have been used to get insight into the amount and ordinal questions to rank importance and preference levels of activities and areas in terms of a Likert scale.

The second survey applied coding for the data analysis method. 2 open questions were
examined concerning travel motivation and the reason for using or not using TOs. The chronological steps were the following:

1) Transcription of raw data to reveal correlations and themes
2) Determining the relevance & deleting unnecessary data
3) Data reduction by open coding (labelling & joining together synonyms)
4) Axial coding (finding categories for different labels)
5) Allocation of categories to the underlying objective of the questions

The table in appendix VIII provides the reader with an overview on how the independent variables are operationalized as well as the data analysis method used. Additionally, the explanation of the operationalization and data analysis method for the rest of the constructs can be found under this appendix as well.

3.4. Reliability and validity

According to Joppe (2000), a research is reliable if the results will be consistent at some point in time and can be re-used in a related methodological setting (Golafshani, 2003, p. 598). Another contributing factor of reliability laid in the choice of data collection methods. The method of triangulation has been used and thus it contributed to the reliability of research results.

German travel market

The information on the German travel market was collected through an interview with Mr. Tipan. Desk research has also been used to back up the results. Consequently, the use of numerous scientific articles, reports from well-known touristic organizations and industry-related reports were used to achieve a possible point of saturation. Besides, the data that was gathered needed to be valid as well. Due to the use of specific industry-related reports and known relevant organizations, the data should be trustworthy.

German consumer behaviour

Desk research and online surveys have been used to gather the necessary information. Likewise with the previous construct, the desk research entailed information from scientific articles, reports and reliable organizations whose data can be regarded as trustworthy. Next to desk research, an online survey with 66 respondents added credibility to the consumer analysis results. However, it needs to be made clear that the results cannot be allocated to all German tourists, but should be seen more as a decent indication rather than making generalisations. The data was directly obtained from German tourists who contributed to the validity.

Ecuadorian TO market

Desk research was used the same way as previously explained; therefore the information was reliable and valid. Moreover, an in-depth interview was executed with Mr. Tipan. Due
to the combination of the two methods, primary and secondary information has been gathered. The reliability was partly depending on the industry-related knowledge of Mr. Tipan.

**Luis Tipan Travel**

The information about this construct has been obtained through an in-depth interview with Mr. Tipan, as well as through general conversations and daily observation during the internship.

**Online-marketing tools**

The relevant information on this aspect was gathered mainly from one source. Normally, in order to fulfil the aspect of reliability, the same results would need to be found in different books or sources (consistent data). In light of achieving the reliability quota, the author made use of additional desk research. Furthermore, the book was written by certified professors that lecture at the *Kellogg School of Management* and therefore the data was estimated to meet the expectation of reliable and valid results.
4. Research results

4.1. Market analysis
The research showed that the top spenders in international tourism are Chinese, Germans and United States citizens. Statistics revealed that German tourists’ expenditure in 2012 amounted to 83.8 billion $ (UNWTO, 2013, p. 13). Consequently, the German travellers are an attractive target group for tour operators.

Furthermore, recent sector developments showed that this objective is promising. Firstly, an on-going trend within the German Travel Market is the increase of adventure seeking tours. LTT meets this growing trend, since hiking, cycling, water-rafting and exciting jungle tours are offered. Secondly, the internet has established itself as the main purchase platform that results in seamless information exchange throughout continents. These measures result in a great opportunity to achieve the clients’ objective in terms of reaching and attracting German travellers.

The German travel market is very lucrative for destinations since it has the most mature and valuable outbound travel market in the European Union, as well as the biggest expenditure per travel (Wehmeyer + Heinrich, 2014). The fact that the objective is to promote LTT by attracting more German tourists leads to great relevancy of the German outbound travel market. In detail, information on the long-haul tourism market (intercontinental flights) is of even greater importance, because Ecuador in relation to Germany is regarded as a long-haul destination.

4.1.1. German travel market size, growth and outlook
As already stated in the Theoretical Framework under The potential of the German tourism industry, it became evident that the German travel intensity in year 2013 reached an astounding 78% (FUR, 2014, p. 2). Furthermore, the magazine G+J Media Sales revealed that the German travel intensity increased again in 2013. The high growth is due to a powerful economic trend, solid wage development and a steady situation in the employment market. The following figure illustrates this clearly (G+J Media Sales, 2014, p. 1).
Most valuable for LTT is to elaborate the German outbound travel market as far as it is related to the tour operation business in Ecuador.

The **German outbound travel market** is expected to maintain a continued positive development, according to the results of the annual survey of the *World Travel Monitor* for 2013. In fact, German tourists engaged in 335 million outbound and domestic trips in 2013 which is a 2% increase compared to last year (Hoteliers, 2014). A positive growth solely in outbound travel was not recorded since years. According to Mr. Freitag, the head of the *International Tourism Consulting Group* (IPK), Germany realized for the first time since years a trend towards achieving an increase in outbound trips and a decrease in the ever positive growth of trips within Germany (Hoteliers, 2014). The German outbound travel market increased in the number of trips and retail sales for the fourth succeeding year (Euromonitor, 2013).

A figure showing the countries worldwide with the most outbound travel trips (in millions) in 2010 can be found in appendix IX. In fact, the German outbound travel achieved a share of 20% of the global outbound travel (Statista, 2010).
The future prognosis of FUR shows that Latin and South America in general will gain an increased share of the **German long haul market**. In detail, the interest increased by 81% between 2004 and 2016, which accounts to 11 million tourists. In order to provide the reader with an overview on the future interests of the other continents, the following figure depicts the result forecasts per continent (FUR, 2014, p. 7).

![Figure 8: Future prognosis of long haul destinations, FUR, 2014](image)

In 2013, the World Tourism Organization revealed that Peru, Colombia, Ecuador and Paraguay achieved increasing international tourist numbers. In contrary, a drop in tourists travelling to Argentina and Venezuela was realized. In fact, Ecuador demonstrated a continuous growth in tourist figures in previous years. According to the *Ministry of Tourism*, the country listed a total of 1,366,269 international tourists in 2013. This shows a rise of 7.42 percent compared with the 1,271,901 tourist arrivals in 2012 (International Tourism Consulting Group, 2014, p. 3). The research report on the economic impact of travel and tourism in Ecuador forecasted 1,406,000 international arrivals for the year 2014 and even expects 2,273,000 tourists by 2024. This would be an astounding increase of 61.86% during a time span of ten years (World Travel and Tourism Council, 2014, p. 9).

With relevance to **LTT**, it is interesting to know the number of German tourists travelling to Ecuador. First of all, it can be said that German tourists are fascinated by long-distance travel. Furthermore, it is mentioned that the long haul destination market increased by 5% in 2013. In addition, the research executed by the foundation of future studies revealed that the long haul market in Germany for South American countries is continuously on the upswing (G+J Media Sales, 2014, p. 4).

On a European perspective, with 28,486 tourists in 2013, Germany ranks second on the amount of tourists visiting Ecuador. When comparing this to the overall tourists per country, tourists from Germany are an important target market because in the overall perspective it ranks on the 8\(^{th}\) position. The first two countries with the highest number of tourists travelling to Ecuador are Colombia with 344,363 followed by the USA with 250,785 (International Tourism Consulting Group, 2014, p. 3).
4.1.2. Porter’s five forces model on Ecuador

Competitive Rivalry

Due to the numerous TOs in Quito, Ecuador competition is fierce. This is mainly due to the strategic touristic location of Quito as it offers various activities in the surrounding area. The service offers among the TOs are similar or even the same. The form of competition can be regarded as perfect due to the many competitors that often provide the exact same products with same or similar prices. TOs can be seen as a commodity unless one has a unique selling proposition (USP) for example a lodge or yacht which provides a competitive advantage.

Bargaining power of buyers / tourists

The buyers of travel packages have an increased buying power. In Quito, it is very common that tourists visit numerous tour operators to compare prices and services. Consequently, the bargaining power of tourists is relatively high. However, the price difference among the TOs is negligible; therefore price is not a decisive factor for tourists to book a tour. Furthermore, the tourists do not have high switching costs, which means that they can change the TO with no extra costs. High switching costs negatively influence the buyers’ motivation to change the supplier. However, due to fierce competition amongst the TOs, the buyer has the ultimate decision to change the supplier and find the most suitable operator in terms of money, time and service.

Bargaining power of suppliers

Conversely, suppliers of travel packages do not have any bargaining power. This is mainly explained by the amount of TOs that are spread throughout the entire city, but located very close to each other. As a result, the buyer has a lot of different options to choose from, therefore has a higher bargaining power than LTT.

Threat of new entrants

According to Mr. Tipan, more TOs enter the market since years as a result of the new president Mr. Correa who invested heavily in infrastructure and in the promotion of tourism. Consequently, the production capacity is increased, but the consumer demand is not increasing and thus the profits among the TO’s are reduced. This downside effect became dramatic when the recession started in the end of 2008. Especially a decrease in the number of European and American tourists from 2009 until present is perceived.

Furthermore, in December 2014 a new law was implemented which had a negative impact on TOs; especially the ones which do not collaborate with international agencies experienced a decrease in customers. After this law, TOs need to charge a 12% increase in prices for the Galapagos tours. Travel agents or operators that collaborate with international agencies to receive customers or who directly sold national or international flights were not as negatively affected as operators that are depended on walk-in customers. As a result, this
new rule is a barrier to entry for TOs that focus their services in offering Galapagos tours.

**Threat of substitutes**

A threat to Ecuadorian TOs are foreign TOs that collaborate directly with Ecuadorian hotels. Foreign TOs need to charge a higher price for the same tours Ecuadorian TOs offer due to governmental legislation. However, most of the time foreign tourists trust their TOs operating in their home country and therefore are willing to pay a higher price. In addition, tourists prefer all-round carefree travel packages in which all tours, accommodation and flight tickets are purchased in one package. This poses a threat to local TOs that are dependent on walk-in-customers.

**4.1.3. Competitors analysis & benchmarking**

As mentioned before, many TOs offer the same products with same itineraries and similar prices (perfect competition). The selection of competitors for this analysis was chosen on the basis of their location. All of the TOs are located within a distance of 2-3 kilometres from LTT. Two tables have been drawn up and can be found in appendix X. They illustrate the following:

- Key table which includes abbreviations and measurement rankings used in the competitor analysis table for facilitating the readers understanding
- Competitor analysis table

This competitor analysis table demonstrated that all TOs are similar regarding the duration of tours offered (ranging from daily tours to 1 week- and 2 week tours). Moreover 4 out of 5 offer similar products/services with same to similar prices as LTT.

Important differences compared to LTT were seen in the usage of search engine tool bars (3/5) namely *Tierra Verde, Ecomontes* and *Positiv Turismo*. Likewise, 3 out of 5 TOs make use of the online-marketing tool SEO.

Moreover, the analysis revealed that all competitors apart from Positiv Turismo own a type of asset like yachts, lodges, SUVs irrespective to the size of their business. This increases the value of the company as well as profits in the long term. All TOs offer their customers with the opportunity of credit card payments, unlike LTT. This comes with a negligible fee that must be paid to the credit card provider, but on the other hand, the tourists are often insured and it is a save and expected transaction procedure. Lastly, it is noted that all of the TOs listed in the table employ full time employees. In contrary, LTT only employs interns which rotate on a half year basis and therefore always need time to become acquainted with the daily operations.

The fact that LTT offers its website visitors with a chat option is advantageous from a competition point of view. This is a helpful and customer-oriented online-tool which allows visitors to get immediate responses to their questions. It is seen as an enhanced way, in
In summary, the competitor analysis discovered that the competitors have a more advantageous position compared to LTT. The factors listed might seem negligible, but it has to be noted that the majority of the TOs in Quito are micro companies. The fact that LTT desires to enlarge its business, it needs to digress from the strict low-budget policy by implementing the aforementioned services its competitors already offer.

4.2. Internal analysis

4.2.1. SWOT analysis

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Strong, reliable collaboration partners (suppliers and TOs)</td>
<td>➢ Limited market knowledge of the German tourism industry</td>
</tr>
<tr>
<td>➢ Strong relationship with existing customers ➤ customer retention and word-of-mouth promotion</td>
<td>➢ Limited knowledge on the German consumer behaviour</td>
</tr>
<tr>
<td>➢ High level of expertise in customer consulting and the creation of tailor-made travel packages</td>
<td>➢ No contracting partnership</td>
</tr>
<tr>
<td>➢ Ideal office location (Foch plaza: Hotspot for tourists)</td>
<td>➢ Lack of manpower</td>
</tr>
<tr>
<td>➢ Positive customer reviews on Facebook and Trip Advisor</td>
<td>➢ Lack of own resources e.g. lodges, guides, transport, boats</td>
</tr>
<tr>
<td>➢ Natural, sympathetic and hospitable business culture that positively projects to the customers</td>
<td>➢ Lack of marketing expertise and online-advertising</td>
</tr>
<tr>
<td></td>
<td>➢ Lack of financial assets for the realization of costly online-advertising processes</td>
</tr>
<tr>
<td></td>
<td>➢ LTT solely provides cash payment methods</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Collaboration opportunity with a German TO or mountaineering association to serve as a marketing channel</td>
<td>➢ Environmental protection</td>
</tr>
<tr>
<td>➢ Promoting the constitutional right given to nature (to respect societal demands)</td>
<td>➢ Increasing cost of national park entry fees ➤ increase price of tour and travel packages</td>
</tr>
<tr>
<td>➢ Installing credit-card payment system at the shop</td>
<td>➢ New political rules affect TOs and travel agents in that clients have to pay a 12% increase in price for Galapagos tours (Travel agencies are not as negatively affected as TOs because they have often direct clients from other countries or sell national or international plane ticket)</td>
</tr>
<tr>
<td>➢ German travellers make use of online booking ➤ offering direct payment methods on website</td>
<td></td>
</tr>
</tbody>
</table>
4.2.2. Resources and capacities

An expert interview with Mr. Tipan has been conducted to uncover relevant internal and financial data, as well as to reveal his motivation concerning the possible implementation of online marketing concepts and the motivation to invest in assets. Furthermore, it provides general information regarding the company culture. The Interview can be found in appendix XI.

People

The team of LTT is relatively small and consists mainly of Mr. Tipan. Mostly during high season, his brother J. Tipan and his spouse Ms. Quiroz help in selling and administrative tasks. Interns are seen as a great help for promotional activities such as the distribution of flyers and writing the daily promotional e-mails or even making bank deposits. The internal business environment is undergoing constant changes because the interns rotate after couple of months. It is of great value to have fixed employees within the business that you can trust and rely on. However, LTT employs only interns for administration and selling tours as they do not need to be paid. This is in line with the low-budget policy it follows.

Assets

Mr. Tipan is very well connected within the tour operating scene in Ecuador. He has profound knowledge on the existing TOs, travel agencies, airlines, guides and transport services in and around Quito, but lacks online-marketing knowledge. Furthermore, LTT has no financial assets available which results in restrictions during the selection and evaluation of feasible and relevant online marketing tools. As it stands, LTT outsources most of its business processes for e.g. the transportation, guides and accounting. Nevertheless, it has one car which can take up to 4 tourists and therefore only designed for smaller groups. For offering Galapagos and Amazon tours, Mr. Tipan engages in commission-based arrangements with other TOs since he does not own a lodge or a boat. With regards to the motivation of LTT to invest in an asset, it became evident that in the near future, it aims to invest in a jungle lodge.

Financial aspect

The expert interview revealed that LTT has the desire to expand in the near future in a jungle lodge. Despite not having free cash flow available, it does not plan to acquire a bank loan due to the approximately 7% interest rate it would need to pay off. Mr. Tipan is of the opinion that his business will not generate enough profit in order to re-pay the loan as well as the fees of the interest rate. It became evident that LTT plans to accumulate the required money for the lodge through personal savings. In addition, LTTs reason for not implementing convenient credit card payment option is the fact that it does not want to pay the extra fee the bank incurs. Based on these examples, it becomes evident that LTT follows a
low-budget policy with a low entrepreneurial risk approach.

Social media and SEM

LTT has a high social media presence. This affords time and Mr. Tipan understands that his Facebook, Twitter and Trip Advisor account require maintenance and continuous updates. Every day he spends roughly 2 hours to manage, promote, talk and answer questions for tourists. Concerning search engine marketing, LTT is motivated to make use of SEO because it only requires time and no investment. The fact that SEA needs continuous investment; it will not use this tool to increase awareness.

Customer-acquisition concepts

LTT is generally motivated to implementing both online-concepts because there are tourists that prefer attending pre-organized tours unlike others, who prefer to plan their own itinerary. Furthermore, one concept solely focuses on day tours, whereas the other only focuses on tours between 2-7 days. The fact that both concepts address different wishes of the tourists, LTT is motivated to implementing them on its website. However, it needs to know the implementation costs and whether it requires maintenance and if, how much this would cost.

4.2.3. USP analysis

The USP analysis showed that the client does not uniquely distinguish itself from the competition. Therefore, an important part of the research was to create a unique selling proposition for the client by taking the opportunities in the e-enabled environment into account.

The research proposed the following USP:

- Provide prospects with the opportunity to create their individualized tour via a website tool
- Expand the product line by offering unique services, which others don’t

It must be noted that LTT has a unique point of weakness, because it does not offer credit card payment options. This is a negative aspect which is unacceptable for its customers, especially for the ones who need to withdraw more than a thousand dollars for the Galapagos tours. Currently, tourists need to visit several cash machines and especially in a country where robbery against tourists is not uncommon. Not forgetting that most tourists expect an all-round carefree package, especially from a TO, and are used to pay any extra charges for credit card payments.
4.3. Consumer analysis

4.3.1. Closed survey questions

The total response of the survey amounted to 66 German tourists between the ages of 18-55. The survey is divided into four main investigative parts.

- Travel behaviour
- Travel motivation
- Booking behaviour
- Online behaviour

Travel behaviour

The survey revealed that 39.4% of tourists prefer short-haul, whereas 60.6% prefer long-haul holiday destinations. This shows a clear demand for long-haul destinations. In fact, 24.2% engaged in more than 6 long-haul flights during their lifetime. Concerning the average duration of the holidays, 54.6% make a 2 week holiday and 24.2% make holidays for 3 weeks. Furthermore, the months in which the respondents were travelling the most can be seen in the table below.

<table>
<thead>
<tr>
<th>Months</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>January-February</td>
<td>6.06%</td>
</tr>
<tr>
<td>March-April</td>
<td>4.55%</td>
</tr>
<tr>
<td>May-June</td>
<td>16.67%</td>
</tr>
<tr>
<td>July-August</td>
<td>51.52%</td>
</tr>
<tr>
<td>September-October</td>
<td>9.09%</td>
</tr>
<tr>
<td>November-December</td>
<td>12.12%</td>
</tr>
</tbody>
</table>

*Table 3: Travel behavior per month, authors own, 2015*

This table illustrates that more than half of the respondents travel during July and August. The months with the second and third highest percentages are May-June (16.67%) and November-December (12.12%). The last measurement under the rubric travel behaviour was the expenditure excluding the costs of the airplane ticket and accommodation under the pretence of a two week stay in Ecuador.
The pie chart demonstrates various expenditure levels among the 66 respondents. It can be seen that 78.8% (52) of the tourists have a cash availability between 400.00 € and 1200.00 €. Furthermore, 16.7% (11) only have between 100.00 € and 400.00 € to spend, but this can be seen as a negligible amount when comparing this to the 78.8%. Even 4.5% (3) have more than 1200.00 € available for tours and other activities within the 2 week stay in Ecuador. In general it becomes apparent that the majority has a decent amount of cash available.

**Figure 10: Tourists expenditure levels, authors own, 2015**

Travel motivation and important activities

The respondents decided on the following four activities in relation to the level of importance from most to least important:

- Visiting cultural attractions
- Doing physical activities (hiking, water rafting, climbing, mountain biking etc.)
- Experiencing fauna & flora
- Relaxing & Swimming

The activity that received the highest level of importance is visiting cultural attractions. The second most important is engaging in physical activities. This clearly demonstrates that relaxing & swimming is not as important to German tourists as it was couple of years ago. Adventure tourism as well as the affinity towards cultural attractions seems to play an increasing important role.

The bar chart below illustrates the number of respondents and their choices of preference regarding four different natural attraction sites (areas) within Ecuador.
Figure 11: Preferred choices for respondents, authors own, 2015

It becomes obvious that 25 of the respondents chose the Galapagos Islands as their first choice. The Andes Mountains ranked second with 28.2% (19), followed by the coast with 19.7% (13). The natural attraction site with the lowest percentage of 14.1% (9) was the Jungle. Through conversations with tourists, it became evident that most tourists who prefer to visit the Amazonian Jungle do this mostly in Peru, Colombia or Bolivia.

**Booking behaviour**

With regards to the booking behaviour, it became evident that the tourists have a divided motivation for booking all-inclusive packages. To be precise, 54.6% never book these packages, whereas 40.9% book all-inclusive tours occasionally. Only 4.6% of respondents make use of these tours often. Flights are mostly booked through travel search engines (62.1%) e.g. Swoodoo and Skyscanner. However, there is still a demand for booking flight tickets directly at the airlines (33.3%), in contrary to travel-agencies that offer all-inclusive packages are experiencing the lowest percentage (4.6%). Concerning the purchasing of hotel tickets, these are primarily booked via special websites for hotel booking only (51.5%) e.g. Booking.com and HRS. The second highest purchasing platforms are again travel search engines (27.3%). The lowest percentage is achieved through direct bookings at hotels (15.2%). To sum it up, the respondents use to a large extent travel search engines as their channel for purchasing flights as well as for booking hotels.

Furthermore, the respondents make use of TOs at their holiday destinations. In fact, 33.3% use them relatively often, 56.1% book tours frequently and only 10.6% stated that they never use TOs. The next pie chart displays the preferred payment methods at TOs.
The pie chart indicates a technological shift in the mode of preferred payment. It illustrates that the demand for cash payment (30.3%) is still existent; however the highest demand can be seen in credit card payments (42.4%). It is notable that the demand for online payment (16.7%) makes up slightly more than half of that of cash payment. This, together with the demand for smartphone apps (6.1%) shows that many respondents are using the opportunities of the digital environment.

The last area of measurement for the booking behaviour concerned reference groups (family, friends, neighbours, business colleagues) and whether they have influence on the decision of choosing a holiday destination. The results revealed that the respondents are often influenced through the social environment. To be precise, 62.1% are influenced, 33.3% are sometimes influenced and only 4.6% do not let themselves influence by their social environment.

**Online behaviour**

The online behaviour was measured on internet usage for information gathering. In fact, 74.2% used the internet to compare products (tours, hotels, destinations) on price and service. An astounding percentage of 63.6% of respondents use TripAdvisor or other experience sharing sites and forums to receive prior knowledge about their destinations. One quarter of the respondents said they sometimes make use of these sites which amount to 25.8%. The least percentage consists of the tourists who never use these platforms which results to 10.6%. Using these platforms and actively sharing are two different aspects.
50% never share their personal experiences, 48.5% share both negative and positive experiences and 1.5% only share negative experiences.

Sharing the experiences on social media sites such as Facebook or Twitter, result in a similar outcome. Respondents who never share their experiences consist of 31.8%. In contrary, 60.6% share both negative and positive experiences. Sharing only negative experiences result in 1.5% and posting only positive experiences result in 6.1%.

Moreover, 77.3% use the smartphone at the destination to receive information on tours and activities. When comparing this to the use of smartphones for gathering information on the destination before the travel starts, a negligible amount of 9.1% was achieved. This demonstrates that the use of smartphones for obtaining information increases drastically at the destination. This online behaviour, together with the preferred payment method shows that many respondents are contemporary consumers that use the opportunities the technological advancements offer.

4.3.2. Open survey questions
This survey, unlike the previous one, provided in-depth qualitative data regarding travel motivation as well as the positive and negative reasons for using TOs. The process of coding assembled similar labels into their category. Each category has their unique set of reasons. The transcript of raw data and the coding process can be found in appendix XII.

Question 1

What is your motivation to travel? It can be anything that triggers you. Think of different occasions, different places you visited and why.

The next figure shows that the motivation to travel was split up into 7 parts. The numbers below each category represents the frequency of labels.
The top 3 categories with the highest number of labels are culture, recreation and nature. The majority of the respondents travel due to the cultural aspect of experiencing new customs and people. Another category that was mentioned relatively often was recreation, especially linked to stress, escaping the daily life and relaxation. Additionally, nature plays a key role. The respondents travel motivation based on nature revolved around the general exploration of the nature and being able to see different animals.
Question 2

*Why or why not do you use tour operators?*

![Diagram](image)

**Figure 14: Positive aspects of using TOs, authors own, 2015**

The figure illustrates that the categories with the highest labels are tour types, information and organization. Respondents use TOs depending on the tour type. To be more precise, the results showed that TOs are used when the need for customized tours or bundled holiday packages is existent. Moreover, collecting information on local activities and becoming acquainted to a place are driving forces to visit a TO. Another important category is the organizational aspect. TOs are experts in planning that are able to develop a tour in a relative short period of time. The time saving component is an important criterion for choosing TOs.
Figure 15: Negative aspects of using TOs, authors own, 2015

Figure depicts 4 categories of why the respondents choose not to visit TOs. A personal desire for being less dependent as well as disliking mass tourism contributes to a reserved attitude towards the use of TOs. Moreover, the internet is used as a convenient alternative to TOs. The next category provides insight into the respondents’ attitudes. It can be observed that respondents question them due to a lack of transparency and trust. Furthermore, the TOs only offer the products that achieve the highest commission and neglect a customer-centric approach.
4.4. **Online marketing analysis**

4.4.1. **Website optimization**
Having analysed a study regarding the German online travel market from the *Association of Internet Travel Distributors*, it became apparent that a new, structured and attractive website is of paramount importance, especially in light of attracting German tourists as they use the Internet via mobile devices (laptop and mobile phone) at the destination. It is also of utmost importance to optimize websites in a professional manner especially for small enterprises such as LTT. The client did not fulfil this demand at all because the website was unstructured with many spam comments and therefore it was unattractive for its visitors.

After informing Mr. Tipan about the benefits of a proper website, he took the opportunity and realized that he needed to invest into the development of a professional website. The researcher explained that a structured website increases the conversion rates. However, this can only be achieved when the visitors can skim through the product offerings in a structured, but also attractive way for e.g. by making use of pictures, easy linkages etc. Lastly, search engine marketing (SEM) does not only contribute by increasing the traffic to the website, but more importantly converts the visitors into buyers by advertising links based on various revenues models.

4.4.2. **Search engine marketing (SEO and SEA)**
The investigation, especially the competitor’s analysis, revealed that 3 out of 5 competitors make use of SEO. The expert interview with Mr. Tipan showed that he does not use SEO to increase the websites visibility during the search process of potential customers within the search engines. As a result, the website of LTT does not rank under the top 3 pages within a search engine and therefore makes it harder for tourists to find the page.

Moreover, desk research into this matter revealed that SEO is a form of search engine marketing (SEM) which is composed of another function namely SEA. Similarly with SEO, it does not directly increase the websites visibility in the search engine rankings, but it increases traffic to the website via sponsored links or pay-per-click advertisements. These are found on the top and the right side of the page. The main difference between the two is that SEO is for free (organic search results) but time consuming to implement, whereas SEA requires payments (Norman, 2013).

In conclusion, SEO and SEA are important measures to increase the tourist’s awareness and drive them to the website in order to increase the conversion ratio.

4.4.3. **Customer acquisition concept**
A customer acquisition concept has been designed whereby two approaches have been analyzed and described. Detailed information can be found in appendix XIV.
5. Discussion

Market & consumer results

In 2013 nearly 78% of the German population booked at least one holiday trip for five days or longer. Especially the turnover for longer travels increased, whereas for shorter travels it decreased. The consumer analysis is in accordance with this result because 78.8% of respondents’ average holiday duration is between two and three weeks. The respondents with one week holidays only achieved a negligible share of 13.6%.

With regards to the preferred months of travel, both the survey and the *German trade magazine for Tourism and Business Travel* revealed that the majority of German tourists make holidays during July and August. A similar outcome in relation to short or long-haul destinations can be observed. The magazine discovered an increasing trend for long-haul holidays, which is in line with the results of the survey as it discovered a 20% higher demand for long than short-haul destinations.

Despite these findings, it can be observed that German tourists favour to make holidays in their home country, followed by Spain. This means that the majority engage in short-haul holidays, but the demand for long-haul destinations is slowly on the upswing. Furthermore, studies show that German tourists tend to engage in many short holidays, rather than one long holiday.

A study executed by the VIR revealed that the internet has gained great popularity among German tourists; it researched an increase of 35% in online booking in 2014. These results are in line with the research results. Precisely, flights are mostly booked through travel search engines. Hotel tickets are primarily booked via travel search engines e.g. Booking.com and HRS. Additionally, the increasing use of the internet can be seen in the technological shift of preferred payment methods of the respondents at TOs. Although the demand for cash and credit card payment still have the largest share of 72.7% combined, it is noteworthy that the demands for online payment together with smartphone apps achieved 22.8%. This shows that many respondents are using the digital possibilities. The internal analysis discovered that LTT does not even offer the customers with credit card payments. Moreover, it became apparent that all benchmarked competitors make use of this payment method.

A correlation between the increasing use of the internet and convenience exists. The internet offers comfort as it allows to effortlessly plan and book straight from home. Some years ago it was conventional that people only have access to the internet at home via laptops, whereas today it is common to be “online” 24/7 through smartphones. Nowadays, when people leave the house, café or the office, a wireless connection is not required because it is conventional to be able to receive internet via the mobile carrier. Consequently, the internet gained great popularity for information gathering, planning, comparing prices, booking and sharing experiences.
The analysis of the open-questions revealed a similar outcome concerning the use of the internet. The internet increasingly becomes important as an informational source that allows flexible, independent and convenient planning of own tours. This might be the case but likewise it cannot be neglected that some respondents use TOs to minimize their organizational effort. This might be the case for elderly people who are not familiar with the internet or people with a packed agenda et cetera.

Furthermore, several studies found that purchase decisions are made in a social context. The results of the survey are similar, because only 4.6% of respondents are not influenced by family, friends, neighbours and business colleagues. A lot of decisions are made in a social context because individuals put trust into and value the positive experiences of their friends more than promises and special offers coming directly from holiday providers.

However, concerning all-inclusive holidays, the results are different. The market research institute GfK is expecting high growth rates as a reaction to the European crisis which decreases the value of the Euro. Consequently, destination costs in dollar-based countries will increase. Even in 2014, TOs experienced a 12% increase in all-inclusive packages. In contrary to the survey, when the respondents were asked whether they book all-inclusive packages, only 4.6% answered with yes. In general, the demand for all-inclusive packages is decreasing, but the study of GfK based its assumption and justified it solely on the basis of the falling Euro. The assumption of GfK is only correct for the short term or in other words until the Euro is not stabilizing, the demand for all-inclusive tours will increase slightly.

With regards to the online behaviour, the majority of the results are comparable to the outcome of the survey; nevertheless a difference in results was achieved in the use of smartphones for obtaining information.

Several results as outlined in the theoretical framework indicate that German tourists use the internet via laptops or even through the use of smartphones. According to the Adventure Travel Trade Association, German tourists increasingly use social media sites as well as experience sharing sites to exchange or receive knowledge on a specific destination. These findings are in compliance with the consumer analysis of this report. A surprising percentage of 63.6% of respondents use social media platforms, experience sharing sites and forums to receive prior knowledge about their destinations. Concerning active sharing, around half of the respondents share their experiences on these sites.

Furthermore, strong growth rates have been reported in smartphone usage. Interestingly, the VIR found that a higher percentage of German tourists use the smartphone before they travel rather than at the destination. In contrast, the survey revealed that tourists use it more at the destination. The results of the survey seem more logical and a possible reason could be that tourists travel with smartphones, but prior to departure prefer to gather relevant information via their laptops because it is more effective and efficient to use.
Online marketing tools

**SEO**

Existing research showed the increasing importance of SEO. The fact that an ever increasing amount of tourists make use of the internet, key success criteria for TOs can be linked to the use of SEO. Therefore, to fully harness the benefits and be part of the new digital era, it is critical that LTT must adopt this online measure.

**Create your own tool**

Through the results of the theoretical framework, it becomes obvious that the trend for individualisation gains importance. With reference to the book “The business of tourism” an increasing trend of individualisation demands tailor-made travel packages. This shows that even seven years ago, the trend of personalisation started already. Tourists prefer when companies adopt a customer-centric approach. This matches with the statements of almost all respondents of the survey.

In fact, 90.9% favour the concept of a website-tool that enables potential customers to create their own tailor-made tour. This shows that the trend is still existent. Consumers have the urge to create their own product and service offering to meet specific and unique demands. Therefore, consumer generated content such as the online creation tool becomes highly important to acquire and retain customers, as well as to gain valuable insights into customer preferences. Both online-concepts have the same idea but are diverse in its setup, as one can see below.

### Concept 1

<table>
<thead>
<tr>
<th>Benefits for customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Choose the day</td>
</tr>
<tr>
<td>➢ Choose the tour</td>
</tr>
<tr>
<td>➢ Free tour (Pre-requisite: Acquire minimum 5 other customers)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Itinerary is always fixed</td>
</tr>
<tr>
<td>➢ Smaller choosing pool compared to second concept</td>
</tr>
</tbody>
</table>

### Concept 2

<table>
<thead>
<tr>
<th>Benefits for customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Choose the days</td>
</tr>
<tr>
<td>➢ Create the tour &amp; itinerary</td>
</tr>
<tr>
<td>➢ Large choosing pool</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ None</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits for client</th>
<th>Benefits for client</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ LTT would be the first in the TO scene to offer this website-tool</td>
<td></td>
</tr>
<tr>
<td>✓ Customer engages in customer acquisition to reach a minimum amount of tourists to realize the tour, as well as to earn a free tour</td>
<td></td>
</tr>
<tr>
<td>✓ Word-of-mouth increases general customer awareness (new, exciting, possible free tour)</td>
<td></td>
</tr>
<tr>
<td>✓ Low implementation cost</td>
<td></td>
</tr>
<tr>
<td>✓ LTT would be the first in the TO scene to offer a “consumer – generated concept”</td>
<td></td>
</tr>
<tr>
<td>✓ Customer engages in customer acquisition to reach minimum of necessary tourists for realization of tour</td>
<td></td>
</tr>
<tr>
<td>✓ Word-of-mouth increases general customer awareness (new, exciting)</td>
<td></td>
</tr>
<tr>
<td>✓ User generates content → Gain customer insight → Reveal preferences</td>
<td></td>
</tr>
<tr>
<td>✓ To be the first offering customer-created tours</td>
<td></td>
</tr>
<tr>
<td>✓ Great potential to discover customer preferences</td>
<td></td>
</tr>
<tr>
<td>✓ Low implementation cost</td>
<td></td>
</tr>
</tbody>
</table>

### Disadvantage

✓ Challenging with regards to organisational planning (Complexity of tours)

---

**Table 4: Benefits and disadvantages of the concepts, authors own, 2015**

Concept 2 (Create the tour) is more beneficial than concept 1 in terms of revealing customer preferences since the tours are fully created by the customers. This is especially beneficial for LTT as it allows to adjust its service offerings accordingly. Despite the fact that this concept requires an increased organizational effort for LTT because the itineraries are more diverse, complex and the duration is longer, it shall be expected that these tours yield a higher profit. From the perspective of the customers, concept 2 restricts them from choosing from a larger choosing pool of tours. Nevertheless, both concepts are surely attractive; however, LTT could start by implementing a trial test run for concept 1 in order to see market reactions.
6. Conclusion and recommendations

6.1. Conclusion

German market

The German travel market as a whole is an attractive and profitable segment to target due to a high level of expenditure and a continuous increase in travel intensity. Despite the fact that the home country is still the number one destination for German tourists, it is interesting to see that the demand for long-haul destinations especially for Latin or South American countries is increasing slightly. Insofar LTT can be convinced to focus on German tourists.

Ecuadorian competitors

The tour operating scene in Ecuador is dominated by fierce competition. Precisely, it is regarded as being perfect. Therefore, it becomes clear that the client must improve in order to keep the standard. It needs to make use of the consumer friendly credit card payment method like all benchmarked competitors. Positive aspects are the chat option on the website, as well as the high social media presence.

Internal data

The internal data analysis revealed important details about the client. LTT is a micro company with few employees and a limited amount of financial & physical resources. On the one hand, it follows a strict low budget policy in terms of not implementing convenient payment options (credit card) and applying for bank loans. This surely is not in line with the desired expansion of the business such as investing in fixed assets. An expansion policy would require either additional equity or loan applications to be able to finance the growth of the business.

German consumer behaviour

LTT needs to realize that the internet is the most important medium being used by potential German customers for not only gathering information on destinations & activities, but as well to book flights, hotels and tours. Especially social media and experience sharing sites are increasingly used to exchange experiences on destinations, hotels and even on tours at TOs. Moreover, booking flights and hotels via travel search engines also gain in popularity. Even smartphones are used as a means to be connected to the internet. With regards to the travel motivation, culture, nature and physical activities are important, unlike many years ago which was primarily about relaxing and swimming. Concerning the preferred choices regarding the four different natural areas within Ecuador, the respondents chose the Galapagos Islands as their first and the jungle as their last option.
Online marketing tools

It shall be noted that the results of the online-marketing analysis cannot only be applied to German tourists as the trend for individualization is a generic desire of all tourists. Consequently, the customer acquisition concepts namely Choose your tour and Create your tour can be applied for all travel agencies and TOs, regardless the country of operation. The fact that the concept is construed in a way that motivates tourists to engage in selling their own tours, results in a win-win-situation between the TO and its customers. Moreover, the first concept clearly shows an increase in acquired customers and hence profits are increased. It should be noted that the calculations were based on realistic assumptions.

Throughout different research phases (theoretical framework and results), it turned out that the proposed web-based acquisition concepts undermine the increasing trend of individualization among consumers. In addition, LTT improved the website to a professional and customer friendly standard. However, it does not use the free-of-charge SEO to increase website traffic and hence increase the conversion ratio.

6.2. Recommendations

The most important aspect that the competitor analysis, as well as the researcher’s observation during the internship revealed is that LTT lacks own assets, unlike its competitors irrespective to the size of their business. This is very important as this would increase the value of the company as well as profits in the long term. In light of LTTs long-term vision to grow bigger, this should be seen as a role model because desiring something and actually being willing to engage in the implementation are two different approaches.

The fact that LTT follows a strict low-budget policy since years is contra-productive during a time of desired expansion. Therefore, it is of utmost importance to digress from this policy as it impedes other aspects that need to be taken into consideration such as offering credit card payment options or employing full time employees. It goes without saying that these implementations would come with a cost, but are essential if LTT desires to expand. Fund raising concepts need to be created whereby equity and debt instruments need to be identified in a professional manner. Investment schemes for micro businesses might be taken into consideration. A helpful online measure that does not require any monetary investment (only time investment) is SEO. LTT should take this opportunity in order to increase customer awareness during the search process and to eventually turn potential consumers into customers. This measure should be treated as an additional online possibility to being present on social media and experience sharing sites. This must be taken into account in order to reach a competitive edge and achieve long-term success in the rapid increasing digital environment.

From the consumer analysis it became evident that LTT should specialize on adventure tours (rafting, mountain biking, hiking, and climbing) by starting to invest in specialized equipment for these tours and maximize profits in this field due to the stable demand. It
would not be necessary to purchase all kinds of assets for all tours, but it should start with this segment. Microcredits might be a good financing option in order to purchase equipment for the adventure tours (bikes, climbing equipment etc.). After that, a possible investment into a jungle lodge might be considered since Mr. Tipan has personal savings and therefore would reduce the interest rate if a bank loan needs to be used.

Another valuable recommendation is the implementation of the “Create your own tour” and “Choose your own tour” concept on its website. The fact that LTT has a well visited website which - when it was newly implemented- acquired 100,000 visitors within the first 3 months, the tools would be effective because firstly LTT would be the first TO in Ecuador that offers this innovative tool. Secondly, the idea for both concepts follows a unique customer-centric approach because it puts customers first.

In addition, these concepts are developed in a way that individual customers would engage in customer acquisition which would increase awareness among the touristic scene especially in Quito. In fact, many backpackers know each other from the hostels (tourist community). Thirdly, the approach of the second concept leads to consumer-generated content which is very useful in gaining insightful information into consumer preferences.

In light of the brief financial analysis, the research recommends LTT to start by implementing the first concept, since it would be a profitable investment. Once the first one is fully implemented it will provide the client with a decent indication whether the tourists appeal to this concept. If this is successful, the second concept shall be implemented as well.

This research project can be used as a basis for new research into the various financing and investment programme the public and private sector offers. The Ecuadorian government or particular investment banks that specialize in fund raising programme could be discovered and analysed and well-established business plans could be written.
List of sources


46. Norman, *SEA vs. SEO: Which Online Marketing Option is Right for You?*, 2013, webpage Article Archives
Bibliography


## Appendices

### Appendix I: Products and services of LTT

<table>
<thead>
<tr>
<th>Product/Tour</th>
<th>Tour type</th>
<th>Activity type</th>
<th>Available price</th>
<th>Share in overall turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galapagos island tours with boat (5 days, 4 nights)</td>
<td>Commission arrangement: LTT receives 100.00$ for every mediated customer</td>
<td>Relaxation, Exploration</td>
<td>Economy class: 1,000.00$ - 2,000.00$; Tourist class: 2,000.00$ - 3,000.00$; Superior class: 3,000.00$ - 4,000.00$; First class: 4,000.00$ - 5,000.00$; Luxury class: 5,000.00$ - 6,000.00$</td>
<td></td>
</tr>
<tr>
<td>Amazon jungle tours</td>
<td>Commission arrangement: LTT receives 100.00$ for every mediated customer</td>
<td>Exploration</td>
<td>Itinerary 3 days: 180$; Itinerary 4 days: 220$; Itinerary 5 days: 260$; Itinerary 6 days: 300$</td>
<td></td>
</tr>
<tr>
<td>Daily tours</td>
<td>LTT</td>
<td>Conventional city tours, Adventure, Hiking</td>
<td>1 day: 45$; 2 days: 220$</td>
<td></td>
</tr>
<tr>
<td>Rafting</td>
<td>LTT</td>
<td>Sportive</td>
<td>Rafting trip: 100$</td>
<td></td>
</tr>
<tr>
<td>3 month programme</td>
<td>Commission arrangement: LTT receives 10% commission</td>
<td>1 month Spanish course, 1 month travelling, 1 month volunteering</td>
<td>3300$</td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>Commission arrangement</td>
<td>Hiking, Culture</td>
<td>4 days/3 nights: 690-2086$</td>
<td></td>
</tr>
</tbody>
</table>

Table 5: Daily and weekly tours, authors own, 2014
Appendix II: Natural environment of LTT

Figure 16: Natural environment of Ecuador, authors own, 2014
Appendix III: Research objectives per construct

**German market construct**

- To discover whether the German travel market is an attractive segment to target.
- To gain specific market knowledge regarding sector developments and trends within Germany in order to figure out if and how the organization can benefit from these changes.

**German consumer construct**

- To investigate the target market by analysing their behaviour and preferences about booking channels, payment methods, duration of the stay, money spent, the use of experience-sharing sites etc.

**Competitor construct**

- To analyse the competitive environment within the Ecuadorian market so that their strategic strengths can be revealed by using Porter’s five forces framework and a benchmark analysis with a view to possibly achieve a competitive advantage.

**Internal construct**

- To execute a well-defined internal analysis to assess existing financial- and physical resources, as well as capacities that are mandatory to achieve the objective of elaborating feasible marketing tools.

**Online-marketing construct**

- To elaborate online-marketing tools that will be feasible for the client e.g. taking the associated costs and required resources that are necessary to implement these tools into account.
Appendix IV: Detailed questions per construct

German market construct

1) What are the structure, size, growth and attractiveness of the German travel market?

German consumer construct

2) What is the target market?
3) What is the behaviour of German tourists during the planning of their holidays and while being at the destination?
   ➢ Booking channels for buying the flights or packaged (all-inclusive) holidays (Internet portals, TO’s, accommodation provider etc.)
   ➢ Booking channels to buy tours at the destination
   ➢ Money spent during the holidays (excluding flight and accommodation)
   ➢ Time of travel, duration of stay and motivation to travel
   ➢ With whom they travel (individually, with friends, family, business colleagues)
   ➢ Holiday provider used
   ➢ Awareness through an advertisement link
   ➢ Frequency of visits to Ecuador
4) What are the preferences of German tourists?
   ➢ Payment method for holidays and tours at the destination
   ➢ Short-haul or long-haul destinations
   ➢ Areas to visit in Ecuador
5) Do they make use of social media networks or any other experience sharing sites to receive prior knowledge on the destination?
6) How is the decision making build up among German tourists?
   ➢ Planning holidays and tours at the destination
   ➢ Influencers during decision making phase

Ecuadorian market construct

7) What are the main competitors within the Ecuadorian market and what are their strategic strengths?
   ➢ Porters five forces framework
   ➢ Benchmark analysis

Internal construct

8) Concerning the acquisition of German prospects, what are the internal resources (financial and human capacities e.g. expertise) of the client?
   ➢ Strengths, weaknesses, opportunities and threats (SWOT) analysis
   ➢ Unique selling proposition (USP) analysis
Online-marketing tools construct

9) What types of online-marketing tools are suitable to attract German tourists?
   - Search engine marketing: Search engine optimization (SEO), Search engine advertising (SEA)
   - Would the idea of consumer generated content in terms of allowing prospects to create their own tours make sense?
Appendix V: Ethical values towards the HZ and the client LTT

Figure 17: Ethical values towards the HZ and the client, authors own, 2014
## Appendix VI: Scope and limitations

<table>
<thead>
<tr>
<th>Scope of the research</th>
<th>Quantification of scope</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Time</strong></td>
<td>6 months</td>
<td>An important aspect of the research will be the data collection, given the limited time available for the research. Although a lot of information can be found in scientific articles, books, corporate brochures and magazines, the gathering of the information on consumer behaviour will depend on the participation of the German prospects as they need to fill in surveys and be available for interviews.</td>
</tr>
<tr>
<td><strong>Money</strong></td>
<td>0$</td>
<td>The company does not provide money for industry specific reports which could contribute greatly to the research findings.</td>
</tr>
<tr>
<td><strong>Research constructs</strong></td>
<td>5 elements and sub-questions</td>
<td>Due to the limited time available, the researcher decided to analyse 5 constructs namely the German travel market, German consumers, Ecuadorian TO market, internal environment and online-marketing tools.</td>
</tr>
<tr>
<td><strong>Language skills</strong></td>
<td></td>
<td>Important meetings could be held in English which is for both parties – the researcher and the client – profitable.</td>
</tr>
<tr>
<td><strong>Researcher</strong></td>
<td></td>
<td><strong>Researcher</strong></td>
</tr>
<tr>
<td></td>
<td>English: Very good</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Spanish: Good</td>
<td></td>
</tr>
<tr>
<td><strong>Mr. Tipan/employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>English: Sufficient/Barely</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Spanish: Excellent</td>
<td></td>
</tr>
</tbody>
</table>

*Table 6: Scope and limitations, authors own, 2014*
Appendix VII: Data collection method explanation per constructs

German travel market

For the analysis of the German market, the information was mostly collected from secondary sources. Desk research was applied which consisted of profound internet search on scientific research platforms such as Science Direct, Scirus, Elsevier etc. In addition, websites from tourism organizations were supportive, especially from organizations that are specialized in market research as for example VIR, UNWTO and FUR. This is mainly because it focused on current statistical measures. Furthermore, it provided up-to-date studies on the German travel market, the online travel market and even studies about mobile internet in order to acquire sufficient and important information on the subject under investigation.

Ecuadorian TO industry

The acquisition of Ecuadorian market data was mostly gathered through an in-depth interview with Mr. Tipan. Next to that, desk research was applied to further gain relevant information. Furthermore, the information on competitors was collected in promotional brochures, websites as well as through general conversations.

LTT

Relevant and reliable internal data was assembled through personal observation and expert interviews with employees and Mr. Tipan. The study expected to discover whether the employees’ competences were sufficient to cope with the changes in order to reach the new objective or if LTT has outsourced an IT specialist that is responsible for all online related tasks. In addition, it was expected to obtain an impression on internal processes such as the selling process in order to be able to provide the client with recommendations.

Online-marketing tools

Relevant information about online-marketing tools and strategies were found through desk research. In addition, the book on Internet Marketing Reaching Customers Anytime, Anywhere, Any Platform written by Patrick Duparcq was used for gaining up-to-date information on the possible online-marketing techniques that could be applied to the clients’ business.
## Appendix VIII: Table for operationalization and data analysis method per construct with explanation

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Independent variables</th>
<th>Operationalization</th>
<th>Data analysis method</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>German travel market</strong></td>
<td>Size, growth, outlook and future prognosis</td>
<td>Travel intensity, outbound market and long haul market (General &amp; Ecuador)</td>
<td>Bar charts, percentage distribution, percentage tourists, percentage tourist arrivals and percentage outbound travel trips in millions</td>
</tr>
<tr>
<td><strong>German consumer behaviour</strong></td>
<td>Travel behaviour</td>
<td><strong>Ordinal</strong> Average duration, short or long-haul, flight frequency, months travelling, expenditure levels</td>
<td>Tabular, pie chart and percentage distribution</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Ordinal</strong> All inclusive packages, hotel &amp; flights, book tours at TOs, payment method at TOs and social influence on decision-making Book tours at TOs</td>
<td>Pie chart and percentage distribution</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Coding</td>
</tr>
<tr>
<td><strong>Travel motivation</strong></td>
<td>Interval (Likert scale) 1st, 2nd, 3rd, 4th choice for visiting Ecuador in relation to type of activities Travel motivation</td>
<td></td>
<td>Percentage distribution Coding</td>
</tr>
<tr>
<td>Ecuadorean TO market</td>
<td>General industry competition</td>
<td>Nominal</td>
<td>Industry rivalry, bargaining power of German tourists, bargaining power of TOs, threat of new entrants, threat of substitutes</td>
</tr>
<tr>
<td>Competition</td>
<td>Nominal</td>
<td>Size, products/services, duration of tours, specialization &amp; differentiation, owned assets, prices (day tour), customization, credit card payment and website (language, chat option, design, search engine tool bar, social media sites, online-marketing tools, members and partners)</td>
<td>Benchmark analysis</td>
</tr>
<tr>
<td>LTT</td>
<td>Resources &amp; Capacities</td>
<td>Human resources, financial assets and online-marketing skills</td>
<td>Descriptive</td>
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<tr>
<td>Competences</td>
<td>Strengths, weaknesses, opportunities and threats</td>
<td>SWOT analysis</td>
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</tr>
<tr>
<td>Online-marketing tools</td>
<td>Implementation costs</td>
<td>Costs associated to website optimization, search engine marketing, customer acquisition concepts and maintenance</td>
<td>Numerical</td>
</tr>
<tr>
<td>Expertise</td>
<td>Access to IT specialist</td>
<td>Descriptive</td>
<td></td>
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<tr>
<td>Appealing to customer</td>
<td>Ordinal</td>
<td>Estimated increase in sales</td>
<td>Sales Forecast</td>
</tr>
</tbody>
</table>

Table 7: Table for operationalization and data analysis method per construct; authors own, 2015
German travel market

The market size and growth was analysed and expressed in numbers and percentages. Moreover, industry trends and developments were examined as well in a statistical measurement e.g. percentages or as qualitative terms in the form of a detailed explanation. As a result, it was expected to measure the attractiveness of the German market mostly in numerical terms. Furthermore, the market entry growth of German tourists into Ecuador has been displayed in numerical data.

Ecuadorian TO market

The construct Ecuadorian TO market has two main areas of measurement namely general industry competition and competitor’s analysis. Porters 5 force model has been used to measure the general industry competition (attractiveness).

Moreover, categorizing competitors on variables that entail numerical and qualitative data such as the target market, the target group, the amount of products and services offered and the unique selling proposition as well as the key performance metrics and website characteristics and comparing these to the client enabled the researcher to narrow down the list of competitors. This way, the researcher could focus on the most relevant competitors. For acquiring suitable information, the researcher used the benchmark analysis with the purpose to shape the strategy of the client in the most effective and competitive manner.

LTT

The fact that LTT wants to expand its customer base by attracting German tourists via online marketing tools means that the research needed to address necessary internal resources such as staff competency, flexibility and adaptability. The three mentioned variables of the internal resources were measured with the Likert scale. It ranges from poor, mediocre and good.

Online-marketing tools

This construct focused on elements such as implementation costs and the extent it is appealing to prospects. In addition, a certain level of expertise is required, which needs to be outsourced or in the best case, the employees have already the necessary competencies. These areas of measurement were measured on the basis of a Likert scale. The way the online tools are appealing to prospects is measured with a sales forecast.
Appendix IX: Global outbound travel trips in millions

Figure 18: Worldwide outbound travel, Statista, 2010
## Appendix X: Key and competitors analysis table

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Luis Tipan Travel</th>
<th>Tierra Verde</th>
<th>Ecomontes</th>
<th>Ecosportour</th>
<th>Tierra de Fuego</th>
<th>Positiv Turismo</th>
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<td><strong>Size</strong></td>
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<td>Type: Micro</td>
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<td>Type: Micro</td>
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<td>Galapagos Jungle</td>
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<td><strong>Differentiation</strong></td>
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<td>Galapagos</td>
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<td>Cuyabeno River</td>
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<td></td>
<td>Golondrina Yacht</td>
<td>Lodge and Hiking</td>
<td>Bus Driver</td>
<td>Yacht</td>
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<td>Cotopaxi: 45$</td>
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<td>Cotopaxi: 45$</td>
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<td>X</td>
<td>X</td>
<td>Customize your own tour, but only via an e-mail contact button -&gt; Other tourists cannot see the desired tour.</td>
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<td><strong>(tour planning)</strong></td>
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<td>French</td>
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<tr>
<td>Use of social media sites</td>
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<td>X</td>
<td>X</td>
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<td>YouTube</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of online-marketing tools</td>
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<td>X</td>
<td>SE (TO UIO)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Members displayed on website</td>
<td>Ministerio de Turismo</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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</tr>
<tr>
<td>Partners</td>
<td>Chile Hike</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Table 9: Competitors analysis table, authors own, 2014
Appendix XI: Expert interview with Mr. Tipan

Expert Interview with Mr. Tipan – General Manager

INTERVIEW QUESTIONS REGARDING INTERNAL AND FINANCIAL DATA

1) What is the structure of the company in terms of employment and responsibilities?

In general, it is my responsibility to manage the daily operations such as taking telephone calls, writing and answering e-mails, placing reservations, providing information and selling to tourists. Usually during high season, I employ Ms. Quiróz to do the administrative work while I am selling tours. Frequently I also employ interns, mostly Ecuadorian students who are studying tourism. I prefer students that are able to speak Spanish and English. It is very helpful because I do not need to pay wages. They are a good way of answering telephone calls, sending promotional e-mails and depositing money at the bank in case my brother J. Tipan has no time. When I have time, I supervise the interns, but in case I have no time, my brother will take care of that. Furthermore, the internal culture is friendly and open-minded. Lunch is always provided it is common that the team sits and eats together because it creates many interesting topics to discuss.

2) In the future, are you planning to invest in assets such as a transportation vehicle, jungle lodge, hiking and climbing equipment etc.?

At the moment I still have my car which can be used for a group of 4 tourists, so I am not planning to buy a new, bigger car because I want to have a lodge in the jungle and I need to save money. Here, I mean a similar lodge like the Samona lodge which consists of 5 pavilions for tourists. The required investment amounts to roughly 30,000.00 US Dollar.

3) In case you will invest in assets, how are you planning to finance these for e.g. via a bank loan, savings achieved through generated profit etc.?

I am not planning to apply for a bank loan, mainly due to the high interest charges of about 7%. In my opinion, I will not be able to pay back the lent amount and interest payments. That is why I am hoping to finance the lodge through personal savings. In general, I am trying to keep costs low. Because of this, I do not implement for example credit card payments due to the extra fees I need to pay to the bank.

4) Now that you have a well-established website that generates a lot of traffic, do you consider making use of search engine marketing (SEM)?

I am planning to ask Mr. Bósquez whether he can implement search engine optimization (SEO). You told me that this is for free and only takes away time. Because I paid the IT expert a one-time fee for the website, I think that he can include this as well. I don’t think that I will use search engine advertisement (SEA) because I need to pay money for that and I am really not convinced that this technique will increase customer acquisition. But as I learnt from you, SEO is very helpful so that the tourists can find my website.

5) With regards to the two online-tools, “Choose your tour” and “Create your own tour”, do you consider of implementing the two innovative features on your website? Please specify your answer.
I am motivated to install these features; however I need to know the implementation costs.

6) The implementation and maintenance of online marketing tools such as the two concepts requires an IT specialist who not only programmes this tool on your website, but also maintains it in case problems occur. Do you have access to an IT specialist who has the ability to programme and maintain this type of tool in a professional manner?

I have an IT specialist that did my website. I am pretty sure that is able to do it as well. For the maintaining, I have to talk about the prices because I am not sure how much there is to maintain.

7) Do you have free cash flows in order to cover the cost of installment, as well as any other unforeseen costs associated to this concept? (Paying the IT expert)

On average I achieve a net profit between $ 200-500 a year. That is why I need to talk to Mr. Bósquez, the IT specialist who also did the website, to talk about the price he would charge me for implementing this online-tool.

8) Throughout my research regarding the competitors’ analysis, it became apparent that not a single rival provides prospects with these two online concepts. In my view, both concepts will provide you with a strategic advantage over your competition in terms of increasing the acquisition of potential customers. Do you share my views?

Yes, the idea is interesting because there are several tourists, who like to go on an organized tour, but many like to plan their own itinerary. I know that many TOs offer customer-created tours online, but only by offering their customers to send an e-mail. As I understand it, your online-tool would enable customers to create tours on my website, but by making them visible for other tourists to join and that is the competitive advantage because this would increase the chances for the acquisition of customers. In my opinion, this goes especially for the first concept “Choose your tour” because the tourist will try to get the minimum of 5 other tourists for his chosen tour so that he/she can get the tour for free.

9) Which concept do you find more attractive?

I would like to realize both concepts on my website because the first is only about day tours and the second is between 2-7 days. I have many tourists that go on day tours, but there are also many who like to plan longer day tours with their own itinerary. I cannot really say which one I prefer, because both concepts address different wishes of the tourists.
Appendix XII: Results per question from closed-question survey

1) What is your favorite holiday destination?

<table>
<thead>
<tr>
<th>Countries</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>17</td>
</tr>
<tr>
<td>France</td>
<td>9</td>
</tr>
<tr>
<td>Turkey</td>
<td>7</td>
</tr>
<tr>
<td>Italy</td>
<td>6</td>
</tr>
<tr>
<td>Thailand</td>
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<td>Australia</td>
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<td>China</td>
<td>2</td>
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<td>India</td>
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<td>ECUADOR</td>
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<tr>
<td>United Arab Emirates</td>
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<td>UK</td>
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<td>Kap Verde</td>
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<td>Indonesia</td>
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<td>Slovakia</td>
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<td>Maldives</td>
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<td>Egypt</td>
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<td>Greece</td>
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<td>Tunisia</td>
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</tr>
<tr>
<td>Varies</td>
<td>1</td>
</tr>
</tbody>
</table>

2) What is your association with Ecuador?

<table>
<thead>
<tr>
<th>Countries</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galapagos Islands</td>
<td>18</td>
</tr>
<tr>
<td>Jungle</td>
<td>11</td>
</tr>
<tr>
<td>Coffee</td>
<td>9</td>
</tr>
<tr>
<td>Andes</td>
<td>6</td>
</tr>
<tr>
<td>Volcanos</td>
<td>5</td>
</tr>
<tr>
<td>South America</td>
<td>5</td>
</tr>
<tr>
<td>None</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
</tr>
</tbody>
</table>
3) What is the average duration of your holidays?

<table>
<thead>
<tr>
<th>66 responses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 week</td>
<td>9 (13.64%)</td>
</tr>
<tr>
<td>2 weeks</td>
<td>37 (54.55%)</td>
</tr>
<tr>
<td>3 weeks</td>
<td>16 (24.24%)</td>
</tr>
<tr>
<td>4 weeks</td>
<td>3 (4.55%)</td>
</tr>
<tr>
<td>&gt; 4 weeks</td>
<td>2 (3.03%)</td>
</tr>
</tbody>
</table>

4) Do you prefer short-haul or long-haul destinations?

<table>
<thead>
<tr>
<th>66 responses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-haul</td>
<td>26 (39.39%)</td>
</tr>
<tr>
<td>Long-haul</td>
<td>40 (60.61%)</td>
</tr>
</tbody>
</table>

5) How many long-haul flights to another continent did you do?

<table>
<thead>
<tr>
<th>66 responses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>19 (28.79%)</td>
</tr>
<tr>
<td>3-4</td>
<td>21 (31.82%)</td>
</tr>
<tr>
<td>5-6</td>
<td>10 (15.15%)</td>
</tr>
<tr>
<td>&gt;6</td>
<td>17 (24.24%)</td>
</tr>
</tbody>
</table>

6) During which months do you travel the most?

<table>
<thead>
<tr>
<th>66 responses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January-February</td>
<td>4 (6.06%)</td>
</tr>
<tr>
<td>March-April</td>
<td>3 (4.55%)</td>
</tr>
<tr>
<td>May-June</td>
<td>(16.67%)</td>
</tr>
<tr>
<td>July-August</td>
<td>34 (51.52%)</td>
</tr>
<tr>
<td>September-October</td>
<td>6 (9.09%)</td>
</tr>
<tr>
<td>November-December</td>
<td>8 (12.12%)</td>
</tr>
</tbody>
</table>

7) Reference groups such as family, friends, neighbors and work colleagues contribute to the consumption behavior. Do these reference groups have influence on your decision where you make holidays?

<table>
<thead>
<tr>
<th>66 responses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>41 (62.12%)</td>
</tr>
<tr>
<td>Sometimes</td>
<td>22 (33.33%)</td>
</tr>
<tr>
<td>Never</td>
<td>3 (4.55%)</td>
</tr>
</tbody>
</table>
8) Assuming a 2 week stay in Ecuador, how much money in total would you spend while being on holidays? (Excluding airplane ticket and accommodation) Numbers are expressed in Euro

| 66 responses |  
| 100-400 | 11 (16.67%) |
| 400-800 | 30 (45.45%) |
| 800-1200 | 22 (33.33%) |
| >1200 | 3 (4.55%) |

9) Do you book all-inclusive packages? (Flight, hotel, tours inclusive)

| 66 responses |  
| Yes | 3 (4.55%) |
| Sometimes | 27 (40.91%) |
| Never | 36 (54.55%) |

10) Where do you mostly book your flights?

| 66 responses |  
| Travel search engines (Swoodoo, Fluege.de, Skyscanner etc.) | 41 (62.12%) |
| Directly at airlines (Condor, TUI, Lufthansa etc.) | 22 (33.33%) |
| Travel agencies offering all-inclusive packages | 3 (4.55%) |

11) Where do you book your hotels/hostels?

| 66 responses |  
| Travel search engines (Swoodoo, Fluege.de, Skyscanner etc.) | 18 (27.27%) |
| Directly at hotels/hostels | 10 (15.15%) |
| Mostly included in all-inclusive package | 4 (6.06%) |
| Special websites for hotel bookings only (HRS, Booking.com etc.) | 34 (51.52%) |
12) At your holiday destination, do you book tours at Tour operators?

<table>
<thead>
<tr>
<th>66 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Sometimes</td>
</tr>
<tr>
<td>Never</td>
</tr>
</tbody>
</table>

13) If you book tours through Tour operators, what payment method do you prefer?

<table>
<thead>
<tr>
<th>66 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>I do not use Tour operators</td>
</tr>
<tr>
<td>Online payment</td>
</tr>
<tr>
<td>Cash payment</td>
</tr>
<tr>
<td>Credit card payment at Tour operator</td>
</tr>
<tr>
<td>Smartphone Apps</td>
</tr>
</tbody>
</table>

14) With reference to the given activities, please state your level of importance for each in terms of motivation to travel. Please note: You can ONLY select each importance level once

<table>
<thead>
<tr>
<th>Activity</th>
<th>Not important</th>
<th>Fairly important</th>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relaxing &amp; Swimming</td>
<td>19</td>
<td>16</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>Experiencing fauna &amp; flora</td>
<td>7</td>
<td>27</td>
<td>21</td>
<td>11</td>
</tr>
<tr>
<td>Visiting cultural attractions</td>
<td>8</td>
<td>11</td>
<td>19</td>
<td>28</td>
</tr>
<tr>
<td>Physical activities (hiking, water rafting, climbing, Mountain biking etc.)</td>
<td>20</td>
<td>12</td>
<td>16</td>
<td>18</td>
</tr>
</tbody>
</table>

15) If you visit Ecuador, please select your preferred choices for the following regions:

Please note: You can ONLY select each choice once

<table>
<thead>
<tr>
<th>Region</th>
<th>1st choice</th>
<th>2nd choice</th>
<th>3rd choice</th>
<th>4th choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galapagos Islands</td>
<td>27</td>
<td>16</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Andean mountains</td>
<td>20</td>
<td>17</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td>Jungle</td>
<td>10</td>
<td>19</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td>Coast</td>
<td>14</td>
<td>14</td>
<td>13</td>
<td>2.74</td>
</tr>
</tbody>
</table>
16) The internet provides users with the possibility to compare similar products (tours, destination, and hotel) on price, service and other important selection criteria. Do you compare your options closely order to maximize your profitability?

<table>
<thead>
<tr>
<th>66 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Sometimes</td>
</tr>
<tr>
<td>Never</td>
</tr>
</tbody>
</table>

17) Do you use TripAdvisor or other experience sharing sites or forums to receive prior knowledge about your destinations?

<table>
<thead>
<tr>
<th>66 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Sometimes</td>
</tr>
<tr>
<td>Never</td>
</tr>
</tbody>
</table>

18) Do you use your smartphone to gather prior information on the destination?

<table>
<thead>
<tr>
<th>66 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Sometimes</td>
</tr>
<tr>
<td>Never</td>
</tr>
<tr>
<td>I do not have a smartphone</td>
</tr>
</tbody>
</table>

19) Do you use your smartphone at the destination to get information on tours, activities etc.?

<table>
<thead>
<tr>
<th>66 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Sometimes</td>
</tr>
<tr>
<td>I do not have a smartphone</td>
</tr>
</tbody>
</table>

20) Do you share your personal experiences on TripAdvisor?

<table>
<thead>
<tr>
<th>66 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only negative experiences</td>
</tr>
<tr>
<td>Both</td>
</tr>
<tr>
<td>Never</td>
</tr>
</tbody>
</table>
21) Do you share your personal experiences on social media sites for e.g. Facebook, Twitter, and YouTube etc.?

<table>
<thead>
<tr>
<th>66 responses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Only positive experiences</td>
<td>4 (6.06%)</td>
</tr>
<tr>
<td>Only negative experiences</td>
<td>1 (1.52%)</td>
</tr>
<tr>
<td>Both</td>
<td>40 (60.61%)</td>
</tr>
<tr>
<td>Never</td>
<td>21 (31.82%)</td>
</tr>
</tbody>
</table>

22) If you use the search engine Google to look for a destination or flight, do you click on the advertisement that is displayed mostly on the right to receive more information on the offer?

<table>
<thead>
<tr>
<th>66 responses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sometimes</td>
<td>5 (7.58%)</td>
</tr>
<tr>
<td>Never</td>
<td>60 (90.91%)</td>
</tr>
<tr>
<td>I do not use Google</td>
<td>1 (1.52%)</td>
</tr>
</tbody>
</table>

23) Do you like the concept of a website-tool that enables potential customers to create their own tailor-made tour?

<table>
<thead>
<tr>
<th>66 responses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>60 (90.91%)</td>
</tr>
<tr>
<td>Maybe</td>
<td>6 (9.09%)</td>
</tr>
</tbody>
</table>
Appendix XIII: Transcript and coding data from open-question survey

Question 1

What is your motivation to travel? It can be anything that triggers you. Think of different occasions, different places you visited and why.

Transcript

1) I travel because I want to experience culture and traditions. Getting to know the animals and nature of different countries in different climates is very interesting. The earth has countless unique and beautiful places that I want to visit and therefore I travel. Another reason is that I get away from the everyday stress and same routine.

2) To free myself from the busy daily life to relax. To get to know new cultures, food, people and countries and to see new things. When one normally lives in a big city it is nice to get to a beach with different climate and people.

3) My motivation to travel is to get acquainted with different cultures. Moreover, you get to see different landscapes, plants and animals. The cultural aspect certainly is the main driving force behind my motivation.

4) To understand the world better. Travelling to other countries and collecting impressions is most valuable to understanding different ways of thinking throughout humanity.

5) Cultural experiences, seeing new places, relaxing, are getting away from daily life and responsibilities.

6) Curiosity, getting to know new cultures, people. Share cultures, Enjoy and discover the nature, broaden my mind and vision.

7) Cultural experience, exploring different kind of nature, getting in contact with other humans and escaping the daily life.

8) To escape from the daily routine and get some distance (job etc.) - to simply relax and calm down - to get to know new cultures, people, ways of living - to spend time with friends I don’t see that often.

9) My primary motivation is to learn new customs and to reset the mind from the normal life. I believe that when I visit unknown places, it contributes to enhance human understanding.

10) New experiences that I gain alone, or with a companion - time-off from stressful phases of life - attending a certain event (this could be a public event such as an exhibition or a personal one such as a wedding or a job interview in a foreign country) - visiting friends and family

11) I travel because I want to climb many mountains. I love hiking, especially in South America because the mountains are very high. Being able to climb a mountain gives me a feeling of joy and accomplishment. Also, I love to become acquainted with different languages and traditions.

12) I get to see numerous countries due to my business. I am a sales representative and
therefore I need to visit our customers to give them updates on their portfolio etc. On average I spend 2-3 days depending on the meetings, exhibitions or the severity of the subsidiary problem.

13) The thrill and excitement which is experienced once the destination is reached
14) I travel often to visit my parents’ house as well as visiting friends. I have many friends that are dispersed throughout the entire planet. Recently, I visited my friend in Ecuador for 3 weeks. My next visit will be in Bali to visit an old school friend.
15) I am a passionate diver that desires to dive in the most remote and beautiful areas on this planet. 5 years ago I flew to Sharm-el-Sheikh due to their breathtaking reefs.
16) Most of the time I make holidays in places that are designed for hiking and mountain biking. I love to combine nature with physical activities.
17) Seeing something different. Switch off the everyday life. Learning more about different countries and habits.
18) I am a passionate backpacker and that is why I travel mostly. Backpacking increases my awareness towards and the bond with nature. Besides that, I get to know many international people with same intentions.
19) I travel mostly because of the personal enrichment I receive through travelling to different countries. Also to restore energy levels and achieve physical and mental health.
20) Warm weather, relaxation and to have time for myself. Being surrounded with different nature and wildlife is also very interesting for me.

Open coding

<table>
<thead>
<tr>
<th>Number of response</th>
<th>Fragments of text</th>
<th>Labels</th>
</tr>
</thead>
</table>
| 1                 | I travel because I want to experience culture and traditions. Getting to know the animals and nature of different countries in different climates is very interesting. The earth has countless unique and beautiful places that I want to visit and therefore I travel. Another reason is that I get away from the everyday stress and same routine | ➢ Experiencing culture  
➢ Seeing animals  
➢ Escaping stress |
| 2                 | To free myself from the busy daily life to relax. To get to know new cultures, food, people and countries and to see new things. When one normally lives in a big city it is nice to get to a beach with different climate and people                                           | ➢ Knowing cultures  
➢ Different climate  
➢ Escape stress  
➢ Knowing people |
<p>| 3 | My motivation to travel is to get acquainted with different cultures. Moreover, you get to see different landscapes, plants and animals. The cultural aspect certainly is the main driving force behind my motivation | ➢ Knowing cultures  ➢ Seeing landscapes  ➢ Seeing animals  ➢ Seeing plants |
| 4 | To understand the world better. Travelling to other countries and collecting impressions is most valuable to understanding different ways of thinking throughout humanity | ➢ Understanding world  ➢ Collecting impressions |
| 5 | Cultural experiences, seeing new places, relaxing, getting away from daily life and responsibilities | ➢ Cultural experiences  ➢ Seeing new places  ➢ Relaxing  ➢ Getting away daily life |
| 6 | Curiosity, getting to know new cultures, people. Share cultures, Enjoy and discover the nature, broaden my mind and vision | ➢ Knowing cultures  ➢ Knowing people  ➢ Discover nature  ➢ Broaden mind &amp; vision |
| 7 | Cultural experience, exploring different kind of nature, getting in contact with other humans and escaping the daily life | ➢ Cultural experiences  ➢ Exploring nature  ➢ Knowing people |
| 8 | To escape from the daily routine and get some distance (job etc.)—to simply relax and calm down— to get to know new cultures, people, ways of living—to spend time with friends I don’t see that often | ➢ Escaping daily routine  ➢ Distance to job  ➢ Relaxing  ➢ Knowing cultures  ➢ Knowing people  ➢ Seeing friends |
| 9 | My primary motivation is to learn new customs and to reset the mind from the normal life. I believe that when I visit unknown places, it contributes to enhance human understanding | ➢ Learn new customs  ➢ Enhance human understanding |
| 10 | New experiences that I gain—alone, or with a companion— time-off from stressful phases of life—attending a certain event (this could be a public event such as an exhibition or a personal one such as a wedding or a job interview in a foreign country)—visiting friends and family | ➢ Gain experiences  ➢ Time-off from stress  ➢ Attend personal event  ➢ Attend business event  ➢ Visiting friends  ➢ Visiting family |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>
| 11 | I travel because I want to climb many mountains. I love hiking, especially in South America because the mountains are very high. Being able to climb a mountain gives me a feeling of joy and accomplishment. Also, I love to become acquainted with different languages and traditions. | ➢ Hiking  
➢ Learning traditions  
➢ Language |
| 12 | I get to see numerous countries due to my business. I am a sales representative and therefore I need to visit our customers to give them updates on their portfolio etc. On average I spend 2-3 days depending on the meetings, exhibitions or the severeness of the subsidiary problem. | ➢ Business trips |
| 13 | The thrill and excitement which is experienced once the destination is reached. | ➢ Experiencing thrill and excitement |
| 14 | I travel often to visit my parents’ house as well as visiting friends. I have many friends that are dispersed throughout the entire planet. Recently, I visited my friend in Ecuador for 3 weeks. My next visit will be in Bali to visit an old school friend. | ➢ Visiting parents  
➢ Visiting friends |
| 15 | I am a passionate diver that desires to dive in the most remote and beautiful areas on this planet. 5 years ago I flew to Sharm-el-Sheikh due to their breathtaking reefs. | ➢ Diving |
| 16 | Most of the time I make holidays in places that are designed for hiking and mountain biking. I love to combine nature with physical activities. | ➢ Hiking  
➢ Mountain biking  
➢ Nature |
| 17 | Seeing something different. Switch off the everyday life. Learning more about different countries and habits. | ➢ Switch off everyday life  
➢ Knowing countries  
➢ Learning habits |
I am a passionate backpacker and that is why I travel mostly. Backpacking increases my awareness towards and the bond with nature. Besides that, I get to know many international people with same intentions.

I travel mostly because of the personal enrichment I receive through travelling to different countries. Also to restore energy levels and achieve physical and mental health.

Warm weather, relaxation and to have time for myself. Being surrounded with different nature and wildlife is also very interesting for me.

Table 10: Transcript for question 1, authors own, 2014

Results of open coding (64)

- Experiencing culture
- Seeing animals
- Escaping stress
- Knowing people
- Knowing cultures
- Different climate
- Escape stress
- Knowing cultures
- Seeing landscapes
- Seeing animals
- Seeing plants
- Understanding world
- Collecting impressions
- Cultural experiences
- Seeing new places
- Relaxing
- Getting away daily life
- Knowing cultures
- Knowing people
- Discover nature
- Broaden mind & vision
- Personal enrichment
- Restore energy
- Achieve physical health
- Achieve mental health
- Warm weather
- Relaxation
- Personal time
- Nature
- Wildlife
- Cultural experiences
- Exploring nature
- Knowing people
- Escaping daily routine
- Distance to job
- Relaxing
- Knowing cultures
- Knowing people
- Seeing friends
- Learn new customs
- Enhance human understanding
- Gain experiences
- Time-off from stress
- Attend personal event
- Attend business event
- Visiting friends
- Visiting family
- Hiking
- Learning traditions
- Language
- Business trips
- Experiencing thrill and excitement
- Visiting parents
- Visiting friends
- Diving
- Hiking
- Mountain biking
- Nature
- Switch off everyday life
- Knowing countries
- Learning habits
- Backpacking
- Increase bond with nature

Joining together synonyms (64) (38)

- Experiencing cultures VII
- Seeing animals III
- Seeing landscapes I
- Seeing plants I
- Escaping stress III
- Escaping daily life III
- Relaxing III
- Visiting friends III
- Different climate I
- Learning new customs III
- Exploring nature IV
- Knowing people V
- Distance to Job I
- Collecting impressions I
- Broadening mind and vision I
- Understanding the world I
- Seeing new places I
- Enhance human understanding I
- Gain experiences I
- Attend personal event I
Axial coding

Personal development

➢ Broadening mind and vision
➢ Understanding the world
➢ Collecting impressions
➢ Enhance human understanding
➢ Gain experiences
➢ Personal enrichment

Recreation

➢ Escaping stress
➢ Escaping daily life
➢ Relaxing
➢ Distance to job
➢ Experiencing thrill and excitement
➢ Restore energy
➢ Achieve mental health
➢ Personal time

Family & Friends

➢ Visiting friends
➢ Visiting parents
➢ Attend personal event
➢ Visiting family
➢ Knowing countries

Business

➢ Business trips
➢ Attend business event

Nature

➢ Seeing animals
➢ Seeing plants
➢ Exploring nature
➢ Seeing landscapes
➢ Different climate
➢ Seeing new places
➢ Increase bond with nature
➢ Warm weather
Culture

- Experiencing cultures
- Knowing people
- Learning new customs
- Language

Physical activities

- Hiking
- Diving
- Mountain biking
- Backpacking
- Achieve physical health

Categories of Travel motivation

- Personal development
- Recreation
- Family & Friends
- Business
- Nature
- Culture
- Physical activities
**Question 2**

*Why or why not do you use tour operators?*

**Transcript**

1) I use tour operators in countries where I have never been. If I visit countries within Europe, I do not use tour operators because I have my own car and also the internet offers me with planning my own tour. It takes up some of my time, but in the end I save money.

2) In dangerous, very different or hard to explore areas it is good to have someone around that helps you experience the best possible adventure. In cities, touristic expanded or quiet areas it is nicer to use no tour operator and to experience a tour on its own terms. It is less stressful and one is less dependent on someone else.

3) I actually did not make use of a lot of tour operators, but perhaps when I engage in long haul flights for holidays, I would make use of one. The reason for this is that everything is planned out for you. I don’t have to take care of planning a trip or excursion at the destination. I want to relax during my holidays.

4) If, then only to minimize research and organizational effort.

5) I tend not to use tour operators as there are usually higher prices involved with the bookings in comparison to direct bookings over the hotel, as well as non-refundable reservations. However, when in a destination that offers a variety of excursions then I will seek out TOs for information, not necessarily booking a tour directly over them if there is an alternative.

6) Not because: I like to be flexible, often more expensive (overseas tour operators), prefer to support local companies, trust and reliability.

7) To get tours that is planned by inhabitants of the specific region. I at least hope that this gives more insight into the local activities. Furthermore, I hope I will see places I would not have seen on my own.

8) Depends on the kind of trip. For simply relaxing at the beach tour operators most of the time have the cheapest and most convenient offers.

9) I only use tour operators when I am in a foreign country that I have never visited before to ensure the safety. Normally, in a save country, I plan my tours via the internet because it saves a lot of money.

10) I would use tour operators because: - price comparison - bundles (hotel + flight --> cost advantage) - variety of options (the trip can be customized to my need in terms of the location of hotel --> higher value) - new ideas that you would have not considered beforehand - convenience in payment - Zero Moment of Truth (ZMOT) --> in the past buying a product involved a chain with three steps in a sequence: 1. the potential consumer received a stimulus to buy for example and advert. 2. The customer would go a purchase the product. 3. After trying out the product he would realize the positive or negative experience. Today, tour operators (online) allow you as a customer to
read comments from previous users to help him choosing the appropriate product or service. I would NOT use tour operators because:

- lack of transparency (often misguided in regard to price or the value received from the final product)
- Many tour operators offer certain products that generate the highest commission for them and do not respond to the customers' needs
- personal contacts in the target location (no need for hotel)
- lack of willingness to provide personal information to an unknown party (credit card, place of residency)
- special offers on the websites of the actual supplier (for example in case of flights emirates airline has special prices for frequent fliers, in other words one cannot use the collected miles in through a tour operator)

11) Sometimes tour operators can be a good way of becoming acquainted with a place. I would definitely use a tour operator in a country that lacks safety and I have never visited before. Either to gather only local information or even to make use of a tour.

12) If I am on a business trip, I like using tour operators because with bundled tours I get to see the most in few days. It gives me a decent impression of what the country is like. Regarding my holiday trips, I do not use tour operators because I organize the tour via the internet which is cheaper.

13) I do not use tour operators as I do not like mass tourism, which I believe is sold by the tour operators mainly

14) I use tour operators because of the bundled carefree packages. It saves much time but also comes with a cost. I always use tour operators for dangerous tours such as hiking that requires the use of technical equipment.

15) In places that I am not familiar with, I tend to use tour operators because they have the local knowledge where it is most suitable to dive. If I know the place, I rather only borrow the equipment and go with my friends diving. If I am alone, I will use a tour operator because for diving it is best to do that in a group.

16) So far I have never used a tour operator before, but I would use one if i have lack of time to plan for myself.

17) Sometimes you have to go with tour operators. For example when you got not enough time to organize the trip by yourself. Or when it’s too dangerous to make it on your own (trekking in the mountains, risk of losing the path, dangerous animals)

18) I use tour operators because of the tailor-made tours they specifically can tailor to my needs and desires.

19) Tour operators are a great way to become familiar with an unknown destination in a relatively short period of time. They are flexible and can bundle different activities or entire holiday packages together.

20) Mostly for information gathering and because I can get a personalized tour.
Open coding

Labelling

The respondents answered this question with divided opinion. Therefore, the labels from the response fragments were separated into two parts namely positive or negative aspects for using TOs. The labels for the use of TOs are marked with a Y and against the use are marked with an N.

<table>
<thead>
<tr>
<th>Number of response</th>
<th>Fragments of text</th>
<th>Labels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I use tour operators in countries where I have never been. If I visit countries within Europe, I do not use tour operators because I have my own car and also the internet offers me with planning my own tour. It takes up some of my time, but in the end I save money</td>
<td>➢ In unknown countries (Y) &lt;br&gt; ➢ Planning via internet (N) &lt;br&gt; ➢ Save money (N)</td>
</tr>
<tr>
<td>2</td>
<td>In dangerous, very different or hard to explore areas it is good to have someone around that helps you experience the best possible adventure. In cities, touristic expanded or quiet areas it is nice to use no tour operator and to experience a tour on its own terms. It is less stressful and one is less dependent on someone else</td>
<td>➢ In dangerous areas (Y) &lt;br&gt; ➢ Experience best adventure (Y) &lt;br&gt; ➢ In touristic expanded areas (N) &lt;br&gt; ➢ Less stressful (N) &lt;br&gt; ➢ Less dependent (N)</td>
</tr>
<tr>
<td>3</td>
<td>I actually did not make use of a lot of tour operators, but perhaps when I engage in long haul flights for holidays, I would make use of one. The reason for this is that everything is planned out for you. I don’t have to take care of planning a trip or excursion at the destination. I want to relax during my holidays</td>
<td>➢ Planning (Y) &lt;br&gt; ➢ Relaxation (Y)</td>
</tr>
<tr>
<td>4</td>
<td>If, then only to minimize research and organizational effort</td>
<td>➢ Minimize research (Y) &lt;br&gt; ➢ Organizational effort (Y)</td>
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</tr>
<tr>
<td>5</td>
<td>I tend not to use tour operators as there are usually higher prices involved with the bookings in comparison to direct bookings over the hotel, as well as non-refundable reservations. However, when in a destination that offers a variety of excursions then I will seek out TOs for information, not necessarily booking a tour directly over them if there is an alternative.</td>
<td></td>
</tr>
</tbody>
</table>
|   | - Higher prices (N)  
|   | - Non-refundable reservations (N)  
|   | - Collecting information (Y) |
| 6 | Not because: I like to be flexible, often more expensive (overseas tour operators), prefer to support local companies, trust and reliability |
|   | - Like flexibility (N)  
|   | - Expensive (N)  
|   | - Support local companies (N)  
|   | - Trust (N)  
|   | - Reliability (N) |
| 7 | To get tours that are planned by inhabitants of the specific region. I at least hope that this gives more insight into the local activities. Furthermore, I hope I will see a place I would not have seen on my own |
|   | - Insight into local activities (Y)  
|   | - See unique places (Y) |
| 8 | Depends on the kind of trip. For simply relaxing at the beach tour operators most of the time have the cheapest—and—most convenient offers |
|   | - Relaxation tours (Y)  
|   | - Convenience (Y)  
|   | - Cheapest offers (Y) |
| 9 | I only use tour operators when I am in a foreign country that I have never visited before to ensure the safety. Normally, in a save country, I plan my tours via the internet because it saves a lot of money |
|   | - In foreign countries (Y)  
|   | - Ensure safety (Y)  
|   | - In save countries (N)  
|   | - Internet saves money (N) |
I would use tour operators because:

- Price comparison (Y)
- Bundles (Y)
- Cost advantage (Y)
- Variety of options (Y)
- Customized trip (Y)
- New ideas (Y)
- Convenient payment (Y)
- Read comments (Y)
- Lack of transparency (N)
- Commission driven (N)
- Lack of customer-centricity (N)
- Privacy issues (N)

- Price comparison (Y)
- Bundles (Y)
- Cost advantage (Y)
- Variety of options (Y)
- Customized trip (Y)
- New ideas (Y)
- Convenient payment (Y)
- Read comments (Y)
- Lack of transparency (N)
- Commission driven (N)
- Lack of customer-centricity (N)
- Privacy issues (N)

- Price comparison (Y)
- Bundles (Y)
- Cost advantage (Y)
- Variety of options (Y)
- Customized trip (Y)
- New ideas (Y)
- Convenient payment (Y)
- Read comments (Y)
- Lack of transparency (N)
- Commission driven (N)
- Lack of customer-centricity (N)
- Privacy issues (N)

- Price comparison (Y)
- Bundles (Y)
- Cost advantage (Y)
- Variety of options (Y)
- Customized trip (Y)
- New ideas (Y)
- Convenient payment (Y)
- Read comments (Y)
- Lack of transparency (N)
- Commission driven (N)
- Lack of customer-centricity (N)
- Privacy issues (N)
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>
| 11 | Sometimes tour operators can be a good way of becoming acquainted with a place. I would definitely use a tour operator in a country that lacks safety and I have never visited before. Either to gather only local information or even to make use of a tour. | ✓ Get acquainted with place (Y)  
✓ Lacks of safety (Y)  
✓ Gather information (Y) |
| 12 | If I am on a business trip, I like using tour operators because with bundled tours I get to see the most in few days. It gives me a decent impression of what the country is like. Regarding my holiday trips, I do not use tour operators because I organize the tour via the internet which is cheaper. | ✓ Business trips (Y)  
✓ Decent impression (Y)  
✓ Organize via internet (N) |
| 13 | I do not use tour operators as I do not like mass tourism, which I believe is sold by the tour operators mainly. | ✓ Dislike mass tourism (N) |
| 14 | I use tour operators because of the bundled carefree packages. It saves much time but also comes with a cost. I always use tour operators for dangerous tours such as hiking that requires the use of technical equipment. | ✓ Bundled carefree packages (Y)  
✓ Saves time (Y)  
✓ Dangerous tours (Y) |
| 15 | In places that I am not familiar with, I tend to use tour operators because they have the local knowledge where it is most suitable to dive. If I know the place, I rather only borrow the equipment and go with my friends diving. If I am alone, I will use a tour operator because for diving it is best to do that in a group. | ✓ Unfamiliar places (Y)  
✓ Local knowledge (Y)  
✓ Diving tours (Y) |
<p>| 16 | So far I have never used a tour operator before, but I would use one if I have lack of time to plan for myself. | ✓ Lack of time (Y) |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>Sometimes you have to go with tour operators. For example when you got not enough time to organize the trip by yourself. Or when it’s too dangerous to make it on your own (trekking in the mountains, risk of losing the path, dangerous animals)</td>
<td>No time to organize (Y)</td>
<td>Dangerous (Y)</td>
</tr>
<tr>
<td>18</td>
<td>I use tour operators because of the tailor-made tours they specifically can tailor to my needs and desires</td>
<td>Tailor-made tours (Y)</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Tour operators are a great way to become familiar with an unknown destination in a relatively short period of time. They are flexible and can bundle different activities or entire holiday packages together</td>
<td>Unfamiliar destinations (Y)</td>
<td>Flexible (Y)</td>
</tr>
<tr>
<td>20</td>
<td>Mostly for information gathering and because I can get a personalized tour</td>
<td>Information gathering (Y)</td>
<td>Personalized tour (Y)</td>
</tr>
</tbody>
</table>

Table 11: Transcript for question 2, authors own, 2014

Results of open coding

- In unknown countries (Y)
- Planning via internet (N)
- Save money (N)
- In dangerous areas (Y)
- Experience best adventure (Y)
- In touristic expanded areas (N)
- Less stressful (N)
- Less dependent (N)
- Planning (Y)
- Relaxation (Y)
- Minimize research (Y)
- Organizational effort (Y)
- Higher prices (N)
- Non-refundable reservations (N)
- Collecting information (Y)
- Like flexibility (N)
- Expensive (N)
- Support local companies (N)
- Trust (N)
- Reliability (N)
- Insight into local activities (Y)
- See unique places (Y)
- Relaxation tours (Y)
- Convenience (Y)
- Cheapest offers (Y)
- In foreign countries (Y)
- Ensure safety (Y)
- In save countries (N)
- Internet saves money (N)
- Price comparison (Y)
- Bundles (Y)
- Cost advantage (Y)
- Variety of options (Y)
- Customized trip (Y)
- New ideas (Y)
- Convenient payment (Y)
Read comments (Y)  
Lack of transparency (N)  
Commission driven (N)  
Lack of customer-centricity (N)  
Privacy issues (N)  
Get acquainted with place (Y)  
Lacks of safety (Y)  
Gather information (Y)  
Business trips (Y)  
Decent impression (Y)  
Organize via internet (N)  
Dislike mass tourism (N)  
Bundled carefree packages (Y)  
Saves time (Y)

Dangerous tours (Y)  
Unfamiliar places (Y)  
Local knowledge (Y)  
Diving tours (Y)  
Lack of time (Y)  
No time to organize (Y)  
Dangerous (Y)  
Tailor-made tours (Y)  
Unfamiliar destinations (Y)  
Flexible (Y)  
Bundled holiday packages (Y)  
Information gathering (Y)  
Personalized tour (Y)

Before the synonyms can be joined together, the labels are categorized into either positive or negative aspects for using TOs.
Positive aspects for using TOs

- In unknown countries
- In dangerous areas
- Experience best adventure
- Planning
- Relaxation
- Minimize research
- Organizational effort
- Collecting information
- Insight into local activities
- See unique places
- Relaxation tours
- Convenience
- Cheapest offers
- In foreign countries
- Ensure safety
- Price comparison
- Bundles
- Cost advantage
- Variety of options
- Customized trip
- New ideas
- Convenient payment
- Read comments
- Get acquainted with place
- Lacks of safety
- Gather information
- Business trips
- Decent impression
- Bundled carefree packages
- Saves time
- Dangerous tours
- Unfamiliar places
- Local knowledge
- Diving tours
- Lack of time
- No time to organize
- Dangerous
- Tailor-made tours
- Unfamiliar destinations

Negative aspects for using TOs

- Planning via internet
- Save money
- In touristic expanded areas
- Less stressful
- Less dependent
- Higher prices
- Non-refundable reservations
- Like flexibility
- Expensive
- Support local companies
- Trust
- Reliability
- In save countries
- Internet saves money
- Lack of transparency
- Commission driven
- Lack of customer-centricity
- Privacy issues
- Organize via internet
- Dislike mass tourism
- Flexible
- Bundled holiday packages
- Information gathering
- Personalized tour

Joining together synonyms

### Positive aspects for visiting TOs
- In unknown countries IV
- In dangerous areas II
- Experience best adventure II
- Planning I
- Relaxation
- Minimize research I
- Organizational effort I
- Collecting information III
- Insight into local activities I
- Relaxation tours
- Convenience I
- Cheapest offer
- Ensure safety II
- Price comparison
- Cost advantage
- Variety of options I
- Customized trips III
- New ideas I
- Convenient payment
- Read comments I
- Get acquainted with place I
- Business trips
- Decent impression I
- Dangerous tours
- Local knowledge I
- Diving tours
- Saves time III
- Flexible I
- Bundled holiday packages III

### Negative aspects for visiting TOs
- Planning via internet II
- Save money II
- In touristic expanded areas I
- Less stressful I
- Less dependent I
- Higher prices I
- Non-refundable reservations I
- Like flexibility I
- Expensive I
- Support local companies I
- Trust I
- Reliability I
- In save countries I
- Lack of transparency I
- Commission driven I
- Lack of customer-centricity I
- Privacy issues I
- Dislike mass tourism I
## Axial coding

### Positive aspects for visiting TOs

#### Tour type
- Customized trips
- Relaxation tours
- Dangerous tours
- Diving tours
- Business trips
- Bundled holiday packages

#### Information
- Collecting information
- Insight into local activities
- Local knowledge
- New ideas
- Read comments
- Decent impression
- Variety of options
- Get acquainted with place

#### Organization
- Planning
- Minimize research
- Organizational effort
- Convenience
- Saves time
- Flexible
- Experience best adventure

#### Safety
- In unknown countries IV
- In dangerous areas II
- Ensure safety II

#### Finances
- Cheapest offer
- Price comparison
- Cost advantage

### Negative aspects for visiting TOs

#### Personal desire
- Planning via internet
- Less stressful
- Less dependent
- Like flexibility
- Support local companies
- Dislike mass tourism

#### TO aspects
- Reliability
- Trust
- Lack of transparency
- Commission driven
- Lack of customer-centricity
- Privacy issues

#### Demographic
- In touristic expanded areas
- In save countries

#### Finances
- Save money
- Higher prices
- Non-refundable reservations
- Expensive
<table>
<thead>
<tr>
<th>Categories for the use of TOs</th>
<th>Categories against the use of TOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Convenient payment</td>
<td>➢ Personal desire</td>
</tr>
<tr>
<td>➢ Tour type</td>
<td>➢ TO aspect</td>
</tr>
<tr>
<td>➢ Information</td>
<td>➢ Demographic</td>
</tr>
<tr>
<td>➢ Organization</td>
<td>➢ Finances</td>
</tr>
<tr>
<td>➢ Safety</td>
<td></td>
</tr>
<tr>
<td>➢ Finances</td>
<td></td>
</tr>
</tbody>
</table>
Appendix XIV: Implementation report and plan

The implementation report consists of three main parts. Throughout the internship, which I did from May until November, I was able to be part of the change organization for the development of a new website as well as for the creation of a wine concept. Lastly, through observation and the competitors’ analysis, I was able to develop two innovative customer acquisition concepts; whereas the difference to the first two is that I only planned and developed a concept which still needs to be implemented.

Website optimization and development

During my internship at the Ecuadorian tour operator (TO) Luis Tipan Travel (LTT), I was part of the development process of an entirely new website. The idea was borne out of my recommendation that a professional website was contemporary and paramount during the digital age of information. At first, an improvement was planned but due to problems, which will be discussed later, this was not possible. Consequently, the idea that a new website was required was the start of the change process. The people involved were Mr. Tipan, the founder and general manager of LTT, Mr. Bósquez, the IT specialist and I.

LTTs old website was very unstructured and confusing; therefore it was unattractive for visitors. It was not clear what tours the company exactly offered. It conveyed the impression that the company offered everything ranging from Galapagos, to Jungle, mountaineering to daily and even 3 month programme tours. In addition it had many spam comments which were confusing and definitely made the site look unprofessional. I advised Mr. Tipan that it would be beneficial to improve the website. Therefore, I tried to make the necessary improvements. The fact that a former intern has created the website with the programme WordPress, resulted in great difficulties to become acquainted with the programme and thus, I was not capable to make the necessary adjustments. However, Mr. Tipan and I were aware that a new website was needed. Due to the fact that I like to develop websites with free website development platforms such as Beepworld or Jimdo and I have done it during a group project at the University, gave me enough confidence to take on this challenge.

Therefore, my primary responsibility was to develop a new, structured and clear website that would be attractive for LTTs visitors. I used the free website creation tool Jimdo. I must say that the task was not very complex but time-consuming. However, due to miscommunication from my side at the very start, Mr. Tipan did not want to implement my newly developed website because he needed to invest 15 dollars per month in order to make use of all relevant features such as to incorporate SEO, social media links, smartphone optimization, ad free site et cetera. Although he preferred my developed website over his
old one, he favored to pay an IT expert for a one-time fee to develop a website that entailed all features such as SEO, linkages, chat option and many more.

After I had created the website, many ideas were taken from it. I engaged as a consultant during the planning process with the IT expert and Mr. Tipan concerning the development of a professional website that only the expert could provide. Therefore, my role changed from being a website developer to a consultant for the IT professional Mr. Bósquez. The fact that I knew Mr. Tipan’s preferences and problems, my role was quite helpful for the IT expert. I was not only a consultant, but more importantly I bridged the communication between the two parties and guaranteed to achieve consensus.

My role included the following activities:

- Active participation in 4 meetings
- Developing a checklist with relevant features and preferences of Mr. Tipan
- Giving recommendations
- Reporting to Bósquez and Mr. Tipan
- Proof-reading the English text
- Translating the text for the entire website into German

My first task was to plan and organize Mr. Tipan’s ideas and preferences in a checklist so that the communication with Mr. Bósquez was unproblematic and straight to the point. Especially in their Latin American mentality where structuring and detailed planning are often replaced by normal conversations, this approach was acknowledged by all parties involved. Frequently, it occurred that Mr. Tipan had to consult customers while the meetings took place. As a result, my second task was mostly my responsibility to discuss with Mr. Bósquez his latest implementations which were always compared to my checklist. This ensured that not only the expert knew exactly whether he is on the right track, but more importantly provided Mr. Tipan with a detailed update on the latest changes. Furthermore, this ensured that the meetings were efficient and effective as the IT expert knew exactly what needs to be done and what was expected from him. The fact that I knew precisely what Mr. Tipan looked-for and sought, I could close the gap between the current situation - what the IT expert implemented already - and what was still missing.

After working for 1 month on the development of the new website, the result of the final product was positive and all parties involved were satisfied with the outcome. The new website cannot be compared to the old as well as to my developed website because the improvements were immense. The website is clearly represented, friendly, informative, and comfortable and has easy navigation. The entire structure is clear and the background picture with its associating colors is warm, welcoming and even fit with the logo. The absence of spam comments and the overall picture of the new website convey a
professional attitude. Moreover, it includes a chat option which is customer friendly, as well as illustrates comments of existing customers that share their unique experiences. These improvements are essential to keep visitors on the website and to possibly engage in a conversation to answer questions or in the best scenario to turn the visitor into a customer. The old website was like a puzzle and irritating. The first time I visited the old website, I wanted to close it immediately because there was no structure, interesting pictures and simply user friendly in terms of the search process. Customers want to see the offers and compare them easily. A website that does not entail these simple criteria cannot expect to win customers through this additional platform the technological advancements bring about.

**Development and organization of Wine tours**

Another process of implementation where I participated was the development of wine tours. This idea primarily originated from my cousin during a tour that was physically exhausting. He told me that it would be a very nice idea to incorporate a moment of relaxation after the tiring hike up the Quilotoa crater. This gave me the idea that physical exercise and relaxation in the form of drinking wine, which also adds a social component to the tour, go hand in hand. After having analyzed the competitors operating in Quito, it became obvious that only one TO offered wine tours. Consequently, I knew that this was a feasible idea and therefore I notified Mr. Tipan. He was interested in this idea and thus, it was my role to prepare, plan and organize in a way that Mr. Tipan can finalize the implementation process.

The parties involved in this change process were Mrs. Tasiguano, a vineyard employee and me. It shall be noted that Mr. Tipan was not part of the planning process, but at the end he was the only person that was able to realize the implementation. Consequently, he belongs to the change organization but did not actively bring in his ideas during the planning process. He gave me all the responsibility since it was my idea.

My first task was to discover a vineyard that is located close to Quito. This pre-condition confined the number of possibilities to one vineyard called Chaupi Estancia. My second task consisted of contacting employees. At first, this seemed difficult. Despite having a website with e-mail reference as well as a Facebook page, the employees of this vineyard did not reply for 1 month. I conducted more research on the web and I could only find one telephone number. I wrote a phone call protocol in order to be able to structure the call efficiently as well as to avoid confusion and misunderstandings. In the end, the number did not work. However, to my surprise, I received an e-mail from Mrs. Tasiguano. Due to re-structuring their business, the e-mails were not checked as usual. She seemed very interested and replied to all of my questions within a day. This also meant that Chaupi Estancia was starting to offer guided tours through their vineyard again including wine tasting. I was in close contact with Mrs. Tasiguano in order to obtain necessary information on the prices, time, frequency of guided tours per day, service, duration et cetera. Having all the relevant information, as well as knowing that Chaupi Estancia offered guided tours, I could start with my third task,
which was the development of an itinerary for a day tour. At first, I wanted to start the day with a hike of 2-3 hours, but because the vineyard is 1.5 hours away from Quito and a guided tour takes about 2.5 hours, it was better to exclude an additional hike.

After the itinerary was finished, I sent it to Mr. Tipan. He replied in a positive manner and told me that he will include this tour in its product portfolio once he finalized the planning with Mrs. Tasiguano. In order to do so, I gave him the contact details so that he can realize the implementation process. From then on, my role within the change organization was accomplished.

**Development of customer acquisition concepts**

After having gained relevant experience in consulting and selling tours, the researcher soon realized that lots of individual tourists entered the store. An estimated 80% of the time, LTT could not offer the tour to individual tourists due to the lack of other simultaneously interested people. This clearly demonstrated a need for online customer acquisition concepts to resolve this issue.

After overcoming the first barrier, a website that generates a lot of traffic (after first 3 months 100,000 visitors), the researcher thought about ways to effectively serve the many individual customers. Some competitors offer a feature that lets tourists design their own tour, but only by sending a private e-mail. However, offering a feature that provides website visitors with the chance to choose or create their own tour seems important. Furthermore tourists can join existing customized tours as these are made visible on the website. The research entailed the development of two concepts.

| First concept  
| “Choose your tour” | Second concept  
| “Create your tour” |
| --- | --- |
| Customer acquires customers by *choosing* his/her daily tour with fixed LTTs itinerary. | Customer acquires customers by *creating* his/her personalized tour. |
| **Characteristics** | **Characteristics** |
| ➢ Duration of event  
1 day | ➢ Duration of event  
2-7 days |
| ➢ Choosing pool  
Cotopaxi, Quilotoa, Otavalo, Mindo, Papallacta, Baños or Equator Line | ➢ Areas to select  
Galapagos: All islands  
Andes: Cotopaxi, Quilotoa, Baños etc.  
Coast: Montanita, Los Frailes etc.  
Jungle: Cuyabeno, Yasuni  
Cities: Cuenca, Guayaquil etc. |
| ➢ Itinerary  
Fixed according to LTT | ➢ Itinerary  
Flexible according to wishes of the creator |
| ➢ Price  
Fixed at 45.00$ | ➢ Price  
Variable |
### Benefits for customers

- Choose the day
- Choose the tour
- Free tour (Pre-requisite: Acquire minimum 5 other customers)

### Disadvantages

- Itinerary is always fixed
- Smaller choosing pool compared to second concept

### Benefits for customers

- Choose the days
- Create the tour & itinerary
- Large choosing pool

### Disadvantages

- None

### Benefits for client

- LTT would be the first in the TO scene to offer this website-tool
- Customer engages in customer acquisition to reach a minimum amount of tourists to realize the tour, as well as to earn a free tour
- Word-of-mouth increases general customer awareness (new, exciting, possible free tour)
- Low implementation cost

### Benefits for client

- LTT would be the first in the TO scene to offer a “consumer – generated concept”
- Customer engages in customer acquisition to reach minimum of necessary tourists for realization of tour
- Word-of-mouth increases general customer awareness (new, exciting)
- User generates content ⇒ Gain customer insight ⇒ Reveal preferences
- To be the first offering customer-created tours
- Great potential to discover customer preferences
- Low implementation cost

### Disadvantage

- Challenging with regards to organisational planning (Complexity of tours)

### Terms and Conditions

- Minimum 3 customers
- 2 days after registration window closes
- Customers must approach LTT 1 day after registration window closes
- Once registered and conditions for realization are met, customer are obliged to pay

### Terms and Conditions

- Minimum 6 customers
- 7 days after registration window closes
- Customers must approach LTT 2 days after registration window closes
- Once registered and conditions for realization are met, customer are obliged to pay

---

**Figure 19: Online-marketing concepts, authors own, 2015**

To underpin this concept, 91% of survey respondents favour the idea of a website-tool which enables prospects to create their own tailor-made tour. Due to the nature of the concepts, the sales forecast and adjusted income statement is based on concept 1. This is due to the fact that the second concepts duration of the events highly varies depending on the customers’
creation and thus an accurate sales forecast could not be executed. Therefore concept 1 was chosen for the basis of calculating the sales revenue increase, as well as the increase of the net profit margin.

Figure 20: Sales forecast for online concept 1, authors own, 2015
Income statement 2013 with adjusted figures

<table>
<thead>
<tr>
<th>INCOME STATEMENT</th>
<th>2013</th>
<th>Adjusted</th>
<th>2013</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in sales from daily tours generated through Concept 1</td>
<td></td>
<td>$ 3.825,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$ 27.857,05</td>
<td>$ 31.682,05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>$ 12.275,65</td>
<td>$ 12.275,65</td>
<td></td>
<td></td>
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<tr>
<td>Total sales (A)</td>
<td>$ 40.132,70</td>
<td>$ 43.957,70</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Costs and Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable cost concept 1</td>
<td>$ -</td>
<td>$ 2.295,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>$ 5.367,10</td>
<td>$ 5.367,10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service payments</td>
<td>$ 11.691,10</td>
<td>$ 11.691,10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operating costs/expenses (B)</td>
<td>$ 39.291,77</td>
<td>$ 41.586,77</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Wages</td>
<td>$ 9.796,29</td>
<td>$ 9.796,29</td>
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<td></td>
</tr>
<tr>
<td>Remuneration</td>
<td>$ 1.940,04</td>
<td>$ 1.940,04</td>
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</tr>
<tr>
<td>Social security</td>
<td>$ 2.006,61</td>
<td>$ 2.006,61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal expense</td>
<td>$ 913,50</td>
<td>$ 913,50</td>
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</tr>
<tr>
<td>Rent</td>
<td>$ 6.521,76</td>
<td>$ 6.521,76</td>
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<td></td>
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<tr>
<td>Public services</td>
<td>$ 457,69</td>
<td>$ 457,69</td>
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<tr>
<td>Other</td>
<td>$ 597,68</td>
<td>$ 597,68</td>
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<td></td>
</tr>
<tr>
<td>Total operating costs/expenses (B)</td>
<td>$ 22.233,57</td>
<td>$ 22.233,57</td>
<td></td>
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<tr>
<td>EBIT (A-B)=(C)</td>
<td>$ 840,93</td>
<td>$ 2.370,93</td>
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<tr>
<td>Corporate tax</td>
<td>22%</td>
<td>$ 185,00</td>
<td>$ 521,60</td>
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</tr>
<tr>
<td>Net Profit</td>
<td>$ 655,93</td>
<td>$ 1.849,33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NP Margin</td>
<td>1,6%</td>
<td>4,21%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 12: Income statement, authors own, 2015

The income statement illustrates the existing financial figures from LTT for the year 2013. The existing financial statement has been adjusted in terms of adding the estimated revenues generated through online concept 1. It can be seen that the possible implementation would
yield an increase in profits from 655.93$ to 1,849.33 $. In other words, the net profit margin would increase by 2.61%.

<table>
<thead>
<tr>
<th>Price and cost determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAILY TOURS</td>
</tr>
<tr>
<td>Cotopaxi</td>
</tr>
<tr>
<td>$ 45.00</td>
</tr>
<tr>
<td>Quilotoa</td>
</tr>
<tr>
<td>$ 45.00</td>
</tr>
<tr>
<td>Mitad del mundo</td>
</tr>
<tr>
<td>$ 45.00</td>
</tr>
<tr>
<td>Otavalo</td>
</tr>
<tr>
<td>$ 45.00</td>
</tr>
<tr>
<td>Avg. Sales Price / Cust</td>
</tr>
<tr>
<td>$ 45.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable Cost / Cust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
</tr>
<tr>
<td>30% $ 13.50</td>
</tr>
<tr>
<td>Guide</td>
</tr>
<tr>
<td>30% $ 13.50</td>
</tr>
<tr>
<td>Total Variable Cost</td>
</tr>
<tr>
<td>60% $ 27.00</td>
</tr>
</tbody>
</table>

Table 13: Price and cost determination, authors own, 2015

It shall be noted that the acquisition concepts cannot only be applied to German tourists as the trend for individualization is a generic desire of all tourists. Consequently, the concepts namely Choose your tour and Create your tour can be applied for all travel agencies and TOs, regardless the country of operation. The fact that the concept is construed in a way that motivates tourists to engage in selling their own tours, results in a win-win-situation between the TO and its customers. Moreover, the first concept clearly shows an increase in acquired customers and hence profits are increased. It should be noted that the calculations were based on realistic assumptions.

Being part of a change process was interesting especially when the change resulted from my recommendation. I felt liable which exerted pressure on me. The fact that I felt responsible in both cases increased the desire for top performance and as a result to produce a positive outcome. I was always motivated to work and to please my boss.