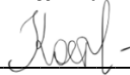Federal State Institution of Higher Professional Education

Saint-Petersburg University

Graduate School of Management

TRANSFORMATION OF THE TRAVEL MARKETPLACE BUSINESS MODEL FOR GLOBAL MARKET

Made by

the 4th year student

of bachelor program,

Anna A. Kostyleva

_____

Scientific Advisor,

Bachelor of International

Management Program

Diana M. Dmitrieva

_____

Saint Petersburg

2024

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STATEMENT OF SUBSTANTIVE CHARACTER OF THE COURSE PAPER

I, Anna A. Kostyleva, the 4th year student of Graduate School of Management of SPbU, International Management bachelor program, confirm that there are no elements of plagiarism in my final qualified work called *"Transformation of the travel marketplace business model for global market"*, which is performed for public defense in June, 2024.

All direct loans from printed and electronic sources as well as from presented earlier course projects and graduate works, candidate and doctoral dissertations have corresponding references.

I am aware of the regulation of the educational process existing at Graduate School of Management according to which the detection of plagiarism (direct borrowing from other sources without corresponding references) is the basis for setting a non-satisfactory mark for the annual course project.

_____Anna A. Kostyleva

25.05.2024

INTRODUCTION

The object of the research of this thesis (hereinafter referred to as Company A) is the business unit of a big travel tech company, that has been successfully operating in the Russian market for more than 15 years. It is a platform-aggregator for easy and reliable online booking of excursions, the main users of which are Russian-speaking tourists. The main function of the platform is to help tourists and activity providers to find each other by collecting all offers and products in one place, that is, in the simplest and most convenient way for users. That is, Company A is a Russian service marketplace for searching and booking tours and excursions, and the features of the business are as follows:

- It is an IT platform for placing advertisements.
- It has been operating for more than 15 years on the Russian market.
- Company A revenue is 680 mln. RUB for 2023.
- The main function of the platform is **to help tourists and guides to find each other** by collecting all offers and products in one place in the most user-friendly way.

In 2022, the company decided that it was big enough to start considering entering the international market. While analyzing the external environment and the geopolitical crisis, the company decided to enter the international market under a new name and brand, leaving no visual associations with the Russian positioning. It is important to note here that both business units (Russian and European ones) operate based on the same IT product, that is marketplace, so **the logic of functioning is almost identical**. And there is a developed business model only for the Russian market, while the business model for the unit which is supposed to operate on the global market is still undefined. The point is that the global travel tech market is rapidly growing and changing[1], so Company A does lack the knowledge of the global environment and its ever-evolving trends to be ready to adapt its business to global conditions outside of its home country.

Managerial Problem Statement

Company A needs to transform its existing business model and adapt it to the global competition.

Object & Subject of the Research

Thus, **the object** of this study **is the travel marketplace**, the international business unit of Company A that is created for global development based on the experience of operating in the Russian market.

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[1] Business Research Insights. "Travel Technology Market." https://www.businessresearchinsights.com/market-reports/travel-technology-market-110253.

And **the subject** of the research **is the business model** for the international business unit so that it can operate efficiently on the global market.

Relevance of the Study

In a rapidly changing travel tech environment, companies must monitor market development and its trends in order to understand what changes should be introduced into the business model so that it can stay competitive and efficient market player.

The relevance of this study is explained by the following points:

- The Global Travel Tech Market Size & Competition: it is valued at US$ 6 billion and is predicted to reach a market size of US$ 13 billion by the end of 2033.[2]
- Travel Tech Market is rapidly changing: the digital trends are shaping the travel industry in 2024.[3][4]
- The company's goal is to make its business international and become a competitive player in the global market.

Goal

Based on the identified managerial problem, it can be stated that the goal of this work is to develop recommendations for **the transformation of the existing business model** of Company A in order to adapt it to the global travel tech market.

Objectives

In order to achieve the goal, the following objectives need to be accomplished:

1) To analyze the existing business model that allows Company A to operate successfully in the Russian market.
2) To analyze the global market and identify trends in its development that affect the travel tech industry and all its participants.
3) To identify the elements of the existing business model that require transformation in accordance with the development trends of the global travel tech market.
4) To analyze theoretical approaches for the transformation of the company's business model.

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[2] Fact MR. "Travel Technologies Market." https://www.factmr.com/report/travel-technologies-market.
[3] LinkedIn. "Travel Technology Market 2024-2032." https://www.linkedin.com/pulse/travel-technology-market-2024-2032-industry-afpuf.
[4] Dept Agency. "Digital Trends Shaping the Travel Industry in 2024." https://www.deptagency.com/insight/digital-trends-shaping-the-travel-industry-in-2024/.

5) To conduct in-depth comparative analysis of competitors and benchmarking with best practices.

6) Based on the identified trends that are changing the travel tech industry, to develop a set of recommendations that will transform the existing business model of the company to the global market.

Work Structure

In order to successfully accomplish all set objectives, I need to collect both qualitative and quantitative data. I will be analyzing secondary information about the travel tech market, as well as using primary data, which I will be uploading for analysis by parsing, that is the process of analyzing and extracting relevant information from raw, unstructured data obtained through web scraping[5], or requesting directly from the company.

The structure of the paper consists of three chapters. The first chapter provides an in-depth overview of the rapidly changing and evolving travel tech market, as well as a comparative analysis of competitors to identify best practices in the global market. Also, the first chapter discusses a detailed and in-depth description of the company's operations. Chapter two discusses the research design and methodology of the study. The third chapter is the final stage, as it is the chapter where management recommendations are developed to transform the current business model of the company in order to adapt it to the global market.

As a theoretical part for writing this paper, I have studied more than 50 recent articles and public speeches on the changing travel tech market in 2024. All statements used in this paper have been confirmed by relevant sources. Moreover, I attended the ITB Berlin Convention in March 5-7, 2024, during which I also received the latest information about the market changing and its forecasts. For a general understanding of how marketplaces work, I consulted the book "The Business of Platforms: Strategy in the Age of Digital Competition, Innovation and Power" by Michael A. Cusumano, Annabelle Gawer & David B. Yoffie. I also consulted information sources such as Statista[6] to analyze statistical data.

As a result, this consulting project will have practical relevance to the management of Company A, which has started its operations in the international market relatively recently. A developed transformed business model that is appropriate to the market will allow the company to

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[5] Zenscrape. "What Is Data Parsing in Web Scraping? Examples." https://zenscrape.com/what-is-data-parsing-in-web-scraping-examples/#:~=Data%20parsing%20refers%20to%20the,data%20fields%20for%20further%20use..

[6] Statista. https://www.statista.com/.

gain a sustainable competitive advantage and carve out a niche for itself in a highly competitive market.

PART 1. COMPANY AND INDUSTRY REVIEW

1.1 Comprehensive Overview of the Company Operations

1.1.1 The definition of the marketplace activity & its value for customers

The object of the research is an Estonia-based online travel marketplace that is designed to connect travelers with local guides in various cities and countries. In other words, it is an aggregator platform for easy and reliable online booking of tours and excursions, different activities, and experiences around the world. It is supposed to collect all offers in one place and help tourists and guides to reach each other in the most convenient way.

Thus, the platform simplifies travel planning and enhances convenience for travelers by providing them with the opportunity (1) to search for activities based on preferred destination, date, type of experience, and other preferences, (2) to check reviews and ratings from other travelers to get more information about chosen products, (3) to securely book the activity the user likes, and also (4) to get timely and helpful responses from customer service if there are any questions. So, the reasons to use the booking platform are the following:

- o **Security.** Tourists are secured by the service as all the providers on the platform are verified.
- o **Quality Tourists Can Trust.** All products meet high quality standards and are backed by number of reviews, so tourists know they are getting the best.
- o **Variety of Experiences.** The platform offers tourists different activities in different cities in one place.
- o **Convenient Search.** Tourists can choose the destination, date, type of experience, and other preferences to find exactly what they like.
- o **Flexibility.** Tourists can cancel their reservation for free one day before the event and choose different payment methods.
- o **Award-Winning Support.** If tourists have any difficulties or questions, they can always contact the customer service for support.

The platform is no less useful for the suppliers, that is, the organizers of tours and excursions. Company A allows the activity providers to easily develop their business and attract customers around the world through the marketplace marketing tools. They spend less time managing their business, do not look for tourists on their own and pay more attention to the development of their product, that

is tours and excursions. Activity providers also get access to the specifics of the market (market prices, new trends, etc.), which helps them to be competitive.

1.1.2 The analysis of the traffic types on the marketplace

At first, it is important to clearly understand what the company earns from. Once again, the marketplace is an online storefront that attracts the attention of tourists in one place. The main function of such an activity is to show the product to a large number of tourists and sell it in the most convenient way. Thus, it is necessary to determine what kind of views a marketplace can collect and understand how its traffic works:

1) **Organic or SEO traffic.**[7] SEO (Search Engine Optimization) traffics is the views of visitors who come to the target site from search engines. In other words, search engine traffic brings visitors who reach a website by clicking on search results leading to that specific page. This type of traffic denotes visits that are not paid for, contrasting with paid traffic, which involves clicking on sponsored search results or ads. In fact, the search engines are the most significant source of traffic, as this channel potentially reaches the largest number of users (that is, every person can become one of the site visitors through the search engines); moreover, it is the cheapest traffic channel compared to any other if it is developed enough to engage in the first positions in the search engine results. So, the features of this traffic channel are the following:

   ADVANTAGES

   - **Cost Effectiveness.** Low cost of attraction per visitor. Moreover, the costs are spread over a longer period of time and are usually lower than paid traffic.
   - **Customer Trust.** The site from the top of the search engine results is much more trusted, since the high positions of the web resource tell target visitors that the search engine recognizes the site as relevant.
   - **Sustainability**. The number of visitors from search engines is stable, it may be subject to only minor seasonal fluctuations.
   - **Target Group Approach**. By optimizing the content to specific keywords, SEO specialists can ensure that the website is found for relevant search queries. In contrast, targeting the audience with paid traffic presents challenges as there is a lack of direct control over who views the ads (in fact it depends on the type of the ads).

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[7] Wolf of SEO. "What Is Traffic?" https://wolf-of-seo.de/en/what-is/traffic/.

- **Branding**. SEO increases brand or product awareness in the long run. In other words, people find the site for relevant search queries, which means search engines recognize the site as relevant. Of course, paid traffic can bring views faster, but for long-term branding and image building, it is of lesser importance.

DISADVANTAGES

- **Slow Results.** It often requires weeks or even months for SEO optimizations to reflect in search engine results. In contrast, paid traffic typically delivers results more rapidly.
- **High Competition.** SEO is a highly competitive field - with millions of websites competing for the visitors and views in search engine results pages (SERPs), it can be challenging to rank highly for popular keywords and phrases. Businesses and websites invest significant time and resources into optimizing their websites for search engines, making it even harder to stand out from the crowd.
- **No Guarantee of Results.** Unlike paid traffic, where it is possible directly control the visibility by bidding on keywords and targeting specific audiences, SEO offers no guarantees. Even with meticulous optimization efforts, there's no assurance that your website will rank highly in search engine results or attract significant organic traffic. Search engine algorithms are constantly evolving, and factors influencing rankings are numerous and complex, making it impossible to predict or guarantee specific outcomes.
- **Constant Monitoring.** SEO requires ongoing monitoring and adjustment. Search engine algorithms change frequently, and what works today may not be effective tomorrow. Therefore, maintaining and improving search engine rankings requires continuous monitoring of website performance, keyword rankings, competitor activity, and algorithm updates. This necessitates a significant investment of time and resources to stay aware of changes and adjust SEO strategies accordingly.

In general, SEO traffic can provide the necessary flow of users for successful business development. It is an effective strategy for drawing increased website visitors, and it offers a cost-efficient method to enhance search engine rankings and drive more traffic. Furthermore, it serves various purposes such as **boosting website traffic, establishing brand presence, and soliciting customer feedback**. However, this method of getting views is a long and painstaking work that really takes a lot of time and does not guarantee results. Therefore, at the initial stage of business development, SEO optimization is a very difficult to be implemented, since search engines promote more filled and older websites in the search results that have existed for a long time and continue to function successfully.

2) **CPC traffic**.[8] CPC (Cost-per-click) is contextual advertising, that is, the output of a search engine on a query marked "advertising". Money for such advertising is paid for every click.
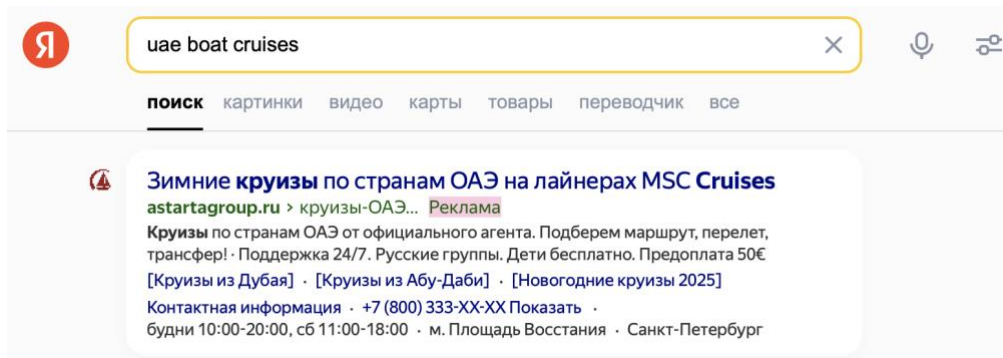
Figure 1. CPC Ad Example

Advertisers usually use a cost-per-click model with a predefined daily budget for their campaigns. Once the advertiser's budget limit is reached, the ad is automatically withdrawn from the website's rotation for the rest of the billing cycle. For example, if a website charges $0.10 per click, the advertiser would be billed $100 for 1,000 click-throughs.

It is important to mention that the majority of publishers use a third-party service to connect them with advertisers. One of the largest entities facilitating this connection is Google Ads, which operates through a platform known as Google AdSense[9]. So, for an advertising strategy, people often turn directly to a search engine (for example, Google). Google Ads intelligent algorithms analyze and predict the results of an advertising campaign, which makes **it possible to buy ads with a specific strategy.** In the picture below, it is seen that there are four different CPC strategies all of which have unique defined purpose: (1) Maximum conversions, (2) Target price per conversions, (3) Maximum conversions value, and, finally, (4) Target return on investment in advertising.

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[8] Investopedia. "Cost Per Click (CPC)." https://www.investopedia.com/terms/c/cpc.asp.
[9] Google AdSense. https://adsense.google.com/start/.

	Maximum conversions	Target price per conversion	Maximum conversion value	Target return on investment in advertising
The purpose	Get as many conversions as possible within the specified budget	Get as many conversions as possible at the target price	Get conversions of the highest possible value within a given budget	Get as many conversions as possible within the specified target return on advertising investment
Overview	• The entire budget is spent. • There is no target return on investment. • Conversions for which rates are optimized are equally important for your business.	• Target return on investment has been set. • Conversions for which rates are optimized are equally important for your business.	• The entire budget is spent. • Conversions are not equally important for your business. • There is no target return on investment.	• Target return on investment has been set. • Rates are optimized for the different value of conversions for your business.

Figure 2. Example of GoogleAds Strategies[10]

Thus, CPC traffic allows companies to get views quickly, but it always costs some money. The cost of advertising varies depending on the specifics of search queries, but in general it is considered the most expensive traffic channel.

3) **Affiliate traffic**[11]. Affiliate traffic refers to the visits and clicks directed to the digital platform by affiliates, which could include other websites, mobile apps, blogs, etc. These affiliates display ads in various formats such as text, banners, videos, and provide a link that redirects visitors back to the platform, thereby registering a click. When a user's click results in a lead or a purchase on the website, the affiliate responsible earns a commission or a fixed payment for that specific action. It's crucial to consider the geographical origin of visitors to tailor offers accordingly.

So, affiliate traffic is attracting customers from third-party services through advertising integrations, inserting links to other sites, and so on.

Types of partners in Company A (Russian business unit):

1. Other tour aggregators (for example, Extra Guide[12]) – *about 20% of affiliate traffic*
2. Information portals (for example, Kudago[13]) – *about 20% of affiliate traffic*

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[10] Google Ads Support. "O Google Ads." https://support.google.com/google-ads/answer/6268637?hl=ru.
[11] Deepankar Deeps. "What Is Digital Affiliate Traffic?" LinkedIn. https://www.linkedin.com/pulse/what-digital-affiliate-traffic-deepankar-deeps-ceo-botman-#:~=Affiliate%20traffic%20is%20basically%20traffic,%2C%20mobile%20games%2C%20blogs%20etc.
[12] ExtraGuide. https://extraguide.ru/.
[13] KudaGo. https://kudago.com/.

3. Thematic sites and blogs – *about 20-30% of affiliate traffic*
4. Arbitrageurs, cashbacks, mobile apps – *about 5-10% of affiliate traffic*

4) **Email traffic**. Email traffic is generated by email marketing campaigns. It holds significant value as it originates from existing leads and customers, making it one of the most valuable sources of traffic to the website. It does not require large costs and covers a really big number of users. However, among the disadvantages, it is important to note that the conversion of orders from email traffic is significantly lower than that of other channels.

5) **Digital Marketing traffic.** Targeted traffic refers to users who show genuine interest in products and services. In simple words, this is targeted (personalized) advertising on social networks. For example, slides in stories on Instagram.
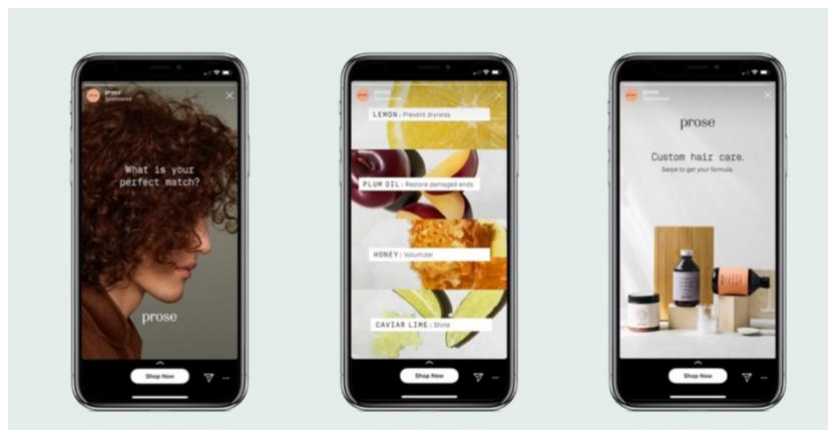
Figure 3. Sponsored Instagram Ad Example

In digital marketing, the main goal of all brands is to precisely target the right audience. The problem is that a person goes to social networks for recreation, music, etc., they can be attracted by bright photos and videos about travel, but it is difficult to keep in the same moment, because in general any excursions and trips are planned, that is, they are not bought "in the moment". Thus, the task sounds like this: to attract the attention of a "warm" person who is going somewhere or wants to go on an excursion or could only think about it.

For a clearer representation of traffic, I have compiled a comparative table. Each traffic channel is evaluated according to each criterion. The criteria are compared on a scale from 1 to 5, where 1 is very low and 5 is very high:

Traffic Channel	Speed of Getting Views	Cost	Conversion Efficiency	Level of Competition	Level of Control	Personalization Capability	Long-term Sustainability
SEO Traffic	3	3	3	5	2	3	5
CPC Traffic	5	5	5	4	4	3	2
Email Traffic	4	2	3	2	3	3	4
Affiliate Traffic	2	2	4	3	3	3	3
Digital Marketing Traffic	4	2	3	4	2	4	3

SEO Traffic Explanation:

- **Speed of Getting Views (3):** SEO traffic takes time for organic growth. It is not a fast process.
- **Cost (3):** Investments in SEO are not too high, and the results are visible for a long time – this justifies the investment, especially in the long term.
- **Conversion Efficiency (3):** Organic search attracts high-quality traffic with a high level of interest; however, many people use search engine just to surf the Internet and plan their tripping in the future. It means visitors view the websites but do not buy anything.
- **Level of Competition (5):** The competition in SEO is very high, especially for popular search queries.
- **Level of Control (2):** SEO results depend on many factors, including changes in search engine algorithms that cannot be directly controlled by SEO-specialists.
- **Personalization Capability (2):** SEO content is mostly optimized for search engine algorithms, there is no special personalization.
- **Long-term Sustainability (5):** Well-optimized content can maintain high positions in search results and attract traffic for a long time.

CPC Traffic Explanation:

- **Speed of Getting Views (5):** Ad campaigns start driving traffic immediately after launch.
- **Cost (5):** CPC advertising are quite expensive, especially for competitive keywords and niches.
- **Conversion Efficiency (5):** Conversion efficiency can vary based on ad quality and landing page. However, in fact, only specific chosen pages that have already been worked out are transferred to advertising, so the conversion rate for advertising traffic is always higher than, for example, for organic traffic.
- **Level of Competition (4):** Competition in CPC advertising is quite intense, especially in popular niches.
- **Level of Control (4):** Advertisers have full control over budget, keywords, audience, and other campaign parameters.
- **Personalization Capability (3):** CPC ads are quite highly personalized based on targeting options and ad creatives.
- **Long-term Sustainability (2)**: CPC campaigns require ongoing investment, and results can diminish if not maintained, so the level of long-term sustainability is low.

Email Traffic Explanation:

- **Speed of Getting Views (4):** Email campaigns usually require time for data collection and analysis; however, if the data is collected, email lists and engagement are getting nurtured, so email campaigns can drive traffic right after launch.
- **Cost (2):** Sending emails are relatively inexpensive.
- **Conversion Efficiency (3):** Well-segmented and personalized email campaigns can have high conversion rates; however, in fact email conversion rates are relatively low.
- **Level of Competition (2):** Competition in email marketing is also lower compared to other channels, but it is difficult to be accurately estimated.
- **Level of Control (3):** Email campaign results can be controlled depending on the chosen strategies and analytics tools.
- **Personalization Capability (3):** Email campaigns are quite personalized with segmentation, dynamic content, and triggered messages.
- **Long-term Sustainability (4)**: Email lists and engagement can be nurtured over time, leading to sustained traffic and conversions.

Affiliate Traffic Explanation:

- **Speed of Getting Views (2):** Attracting traffic through affiliate programs take some time; it is one of the slowest traffic channels, after organic traffic channel.
- **Cost (2):** Depends on the terms of partnership with affiliates. This is considered a not expensive traffic channel relative to others due to the fact that partners most often take a commission for each successfully completed transaction, that is, a sale of promoted touristic product.
- **Conversion Efficiency (4):** Depends on the quality of affiliate programs and partners, loyal partners usually work with above average conversion, at least above SEO conversion.
- **Level of Competition (3):** Competition in affiliate programs depends on the niche, on the geographical direction.
- **Level of Control (3):** Affiliate program results are less predictable due to the dependency on partners' actions.
- **Personalization Capability (3):** Affiliate traffic can be somewhat personalized depending on partnerships and promotional strategies; however, the level of personalization capability usually is moderate or even lower.
- **Long-term Sustainability (3)**: This traffic channel sustainability depends on the stability and effectiveness of partnerships, so it may be potentially high, but it takes time.

Digital Marketing Traffic Explanation:

- **Speed of Getting Views (4):** Social media posts can quickly grab audience attention. Currently, there are more and more opportunities, because people can take advantage of "trends", thanks to which they will be able to reach a significant part of users. It is worth noting here that in this case, not all users will be the target audience, so the conversion rate is expected to be low.
- **Cost (2):** Social media advertising can be both expensive and affordable depending on the platform and targeting settings.
- **Conversion Efficiency (4):** Well-targeted and engaging social media ads can result in high conversion rates.
- **Level of Competition (4):** Competition in social media advertising usually is intense due to the large user base and advertisers.
- **Level of Control (2):** Social media advertising effectiveness can depend on numerous factors including platform algorithms and user engagement.
- **Personalization Capability (4):** Social media ads and content are highly targeted and personalized based on user demographics, interests, and behaviors.

- **Long-term Sustainability (3)**: Social media algorithms and trends change over time, requiring ongoing adaptation for sustained results.

In general, *it is important to understand that in simple words, the company trades traffic*. As described above, each traffic channel has its own specifics, advantages, and disadvantages, each of the channels requires detailed study and takes up a different amount of both financial and human resources. The share of views from different traffic channels also should be considered. So, the traffic distribution of the Russian unit for an approximate understanding of the way the marketplace functions is the following:

- 75% is SEO traffic.
- 15% is CPC traffic.
- 5% is Affiliate traffic.
- Less than 5% is others.
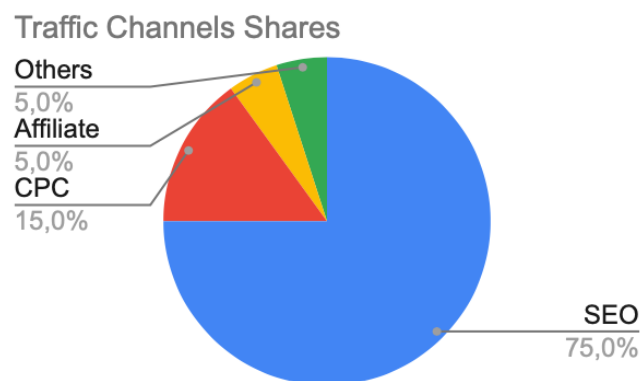
Figure 4. Traffic Channels Shares in Parent Company.
Source: created by the author, based on the company representative's interview

This chart demonstrates the fact that Russian business unit is mostly earning from organic traffic (SEO traffic), as Company A is already one of the most competitive players on the Russian market and it holds a leading position in the search results. The company has been operating for more than 15 years, so the struggle for the first positions in the search output after many years of experience is not a problem – SEO-specialists work only to maintain positions in the top, but not ahead of the competition. The new business unit of Company A, which operates on the international market cannot yet work in the same way, because it does not have the proper reputation to be on the first positions in the search engine – these positions are occupied by the leaders of the global market that will be considered below.

1.1.3 Investigation of the current marketplace business model

Marketplace revenue model

It is important to understand that marketplaces are companies operating in an online environment. So, marketplace is **a technology company that produces an information product**, and it earns money by promoting products posted on its platform. As trading platforms, they use various business models to make a profit. However, it is believed that the best revenue model for most is to charge **a commission on all successful purchases on the website[14]**. It means that sellers and buyers can utilize the business platform for free and only pay when they derive value from it, and the marketplace generates revenue from each successful transaction, charging a percentage of the transaction value as fees.
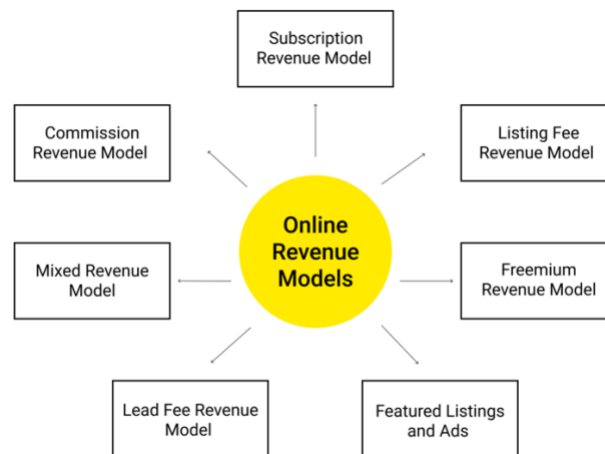
Figure 5. Marketplace Revenue Models[15]

Company A uses Commission Revenue Model. In this case, the platform may impose charges on either the seller or the buyer, or it may collect commissions from both parties. Company A takes commissions from sellers, that is the event organizers, only.

Marketplace operating model

As it was already mentioned above, the main function of the marketplace is the user-friendly transfer of information between the supplier and the buyer. Thus, schematically, we can identify 3 main figures involved in the business processes of the marketplace:

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[14] Sloboda Studio. "Online Marketplace Revenue Models." https://sloboda-studio.com/blog/online-marketplace-revenue-models/
[15] DevTechnosys. "Marketplace Business Models." https://devtechnosys.com/insights/marketplace-business-models/
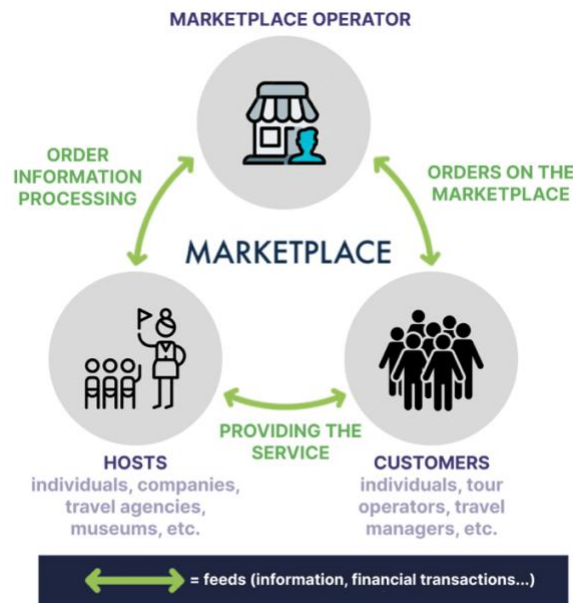
Figure 6. *Travel Marketplace Operations Scheme.*
Source: created by the author, based on the company representative's interview

The diagram demonstrates how suppliers (hosts), buyers (customers) and the marketplace itself interact with each other. To make it clear, the description of the travel marketplace operating model is as follows: in a marketplace operations scheme involving a marketplace operator, customers, and hosts, there are several key interactions - transactions and service delivery itself. (1) The marketplace operator provides a platform where customers can browse and select services offered by various hosts. Customers place orders through the platform, specifying details and preferences. The marketplace operator handles payment processing and sends order confirmations to customers, providing support throughout the process. (2) Hosts manage their service listings on the marketplace, detailing descriptions, pricing, and availability. When an order is placed, the marketplace operator notifies the host with all necessary information. Hosts confirm their ability to fulfill the order. Payments to hosts are processed according to the platform's schedule. (3) During service delivery, hosts and customers communicate directly to coordinate specifics. After the service, customers can rate and review the host on the marketplace platform. Any issues are resolved collaboratively, with the marketplace operator mediating if necessary.

Thus, information flows continuously between all parties, with the marketplace operator managing order details and financial transactions. Data security, privacy, and compliance with legal requirements are maintained, ensuring a user-friendly and reliable platform. By managing these interactions, the marketplace ensures a positive experience for customers and hosts.

17

Marketplace Process Chain Network (PCN)[16]

    Due to the fact that the main function of the marketplace is transferring information between trading participants, it is necessary to understand in detail how activity providers, customers, and the service itself interact at different stages and to clearly define the service delivery process. Thus, in order to explore customer-provider-service interaction, the Process Chain Network (PCN) of Company A was developed:
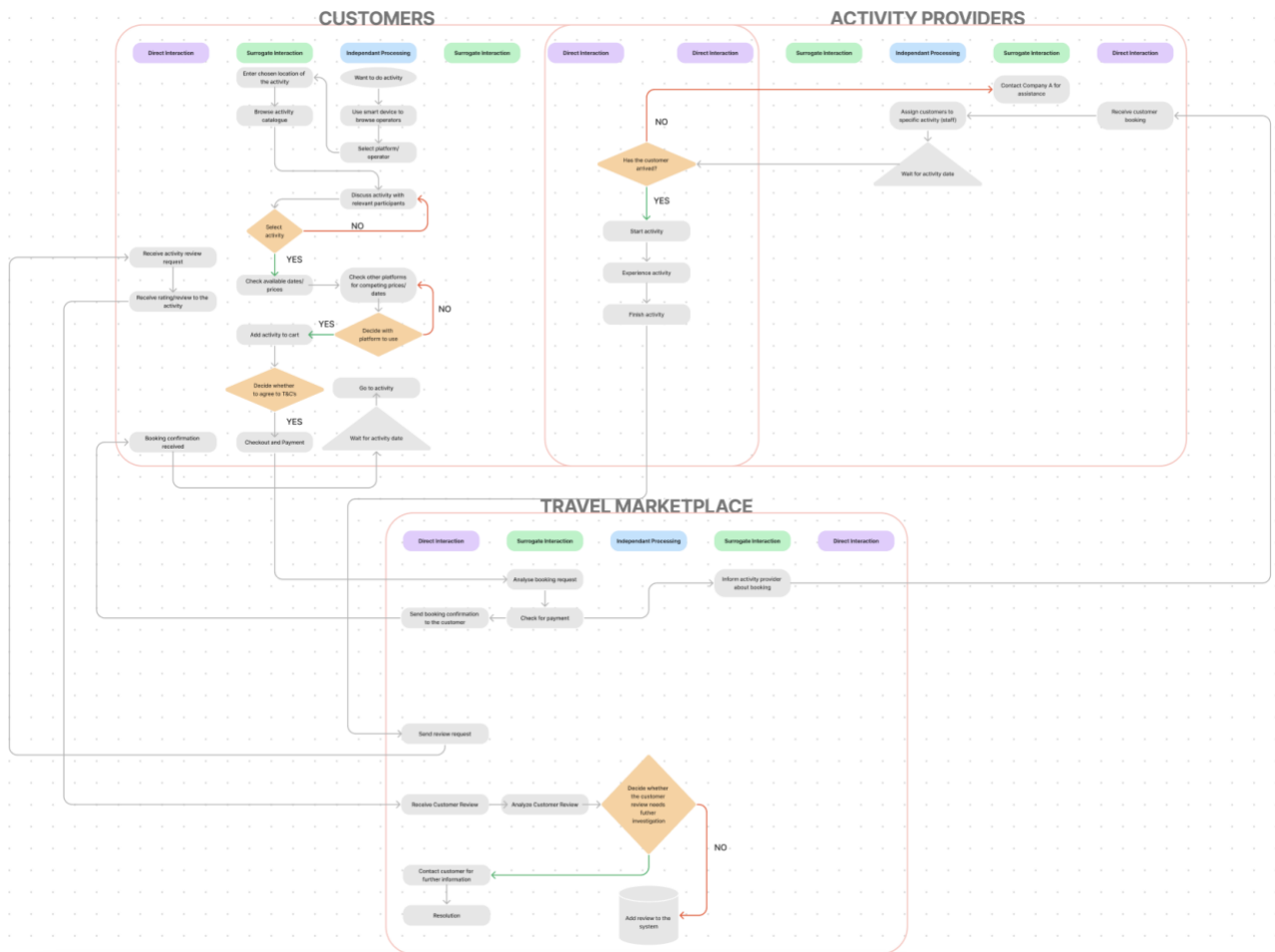
***Figure 7.** Process Chain Network (PCN).[17]*
Source: created by the author, based on the company representative's interview

    In general, a process chain network diagram is a flowchart that assesses the interaction between a service provider and a customer.[18] This type of analysis focuses on strategically designing

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[16] Pearson. Foster 1e Information Systems. https://www.pearson.com/content/dam/one-dot-com/one-dot-com/us/en/higher-ed/en/products-services/course-products/foster-1e-info/pdf/sample-chapter--ch04.pdf

[17] Figma. "Process Chain Network (PCN)." https://www.figma.com/file/i9c7IyvYBD6whpsGn8DosF/Process-Chain-Network-(PCN)?type=whiteboard&node-id=0-1&t=PGsJOgli7OUUfsSQ-0

[18] Course Sidekick. "Information Systems." https://www.coursesidekick.com/information-systems/4025826

company processes to enhance the interaction between the company and its customers. To clarify, this analysis can be divided into two main points:

1) A process chain is a series of steps that achieve a defined goal through sequential events.
2) The network consists of entities involved in a particular process chain, making decisions about different parts of the process. Each process entity operates within a specific domain, which can be categorized into three types:

   o **Direct interaction** implies process steps that involve person-to-person interaction between entities.
   o **Surrogate interaction** occurs when there is no direct interaction between entities, but one entity interacts with the resources of another.
   o **Independent processing** occurs when the entity acts directly on its own resources (which it owns or controls), constituting independent interactions.

Thus, Company Process Chain Network (PCN) includes 3 entities: (1) customers, (2) activity providers (hosts), and (3) the travel marketplace itself. All interactions are clearly presented in Miro board, the link to which is attached to the picture above. Understanding all the interactions between the figures, it will be easier to offer some recommendations of the marketplace business model transformation on the specific stages of the Process Chain Network.

1.2 External Environment Analysis & Competition

1.2.1 The study of the global travel tech market statistics

When analyzing the market, it is important to understand that the share of online sales in the travel industry is continuously growing and continues to increase as technology advances and consumer habits change.
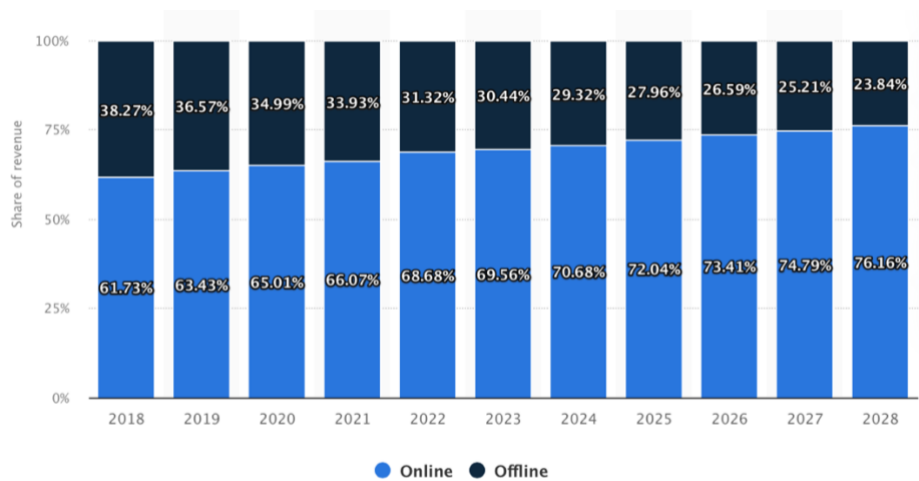
Figure 8. *Revenue share of sales channels of the travel and tourism market worldwide from 2018 to 2028*[19]

The following reasons can be identified for the continuous and inevitable growth of online sales:

1) Online booking offers consumers **convenience and accessibility**. They can search and compare various accommodation, tour, and ticket options from the comfort of their homes, at their own convenience.

2) The internet provides a **wide variety** of information about various hotels, flights, tours, and other travel services. This allows travelers to choose the most suitable options for them from a variety of offers.

3) Many online platforms offer **competitive prices and special offers**, which makes online booking more attractive to consumers as they can easily compare prices and choose the best deal for them.

4) Online platforms usually provide **reviews and ratings** from other travelers, which helps consumers make informed decisions when choosing travel services.

5) The **proliferation of smartphones and mobile apps** allows consumers to book and pay for travel services anywhere and anytime.

Considering these factors and statistics, it can be concluded that the share of online sales in the tourism industry will continue to grow in the future.

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[19] Statista. "Sales Channels: Travel & Tourism Worldwide - Forecast."
https://www.statista.com/forecasts/1239068/sales-channels-travel-tourism-worldwide
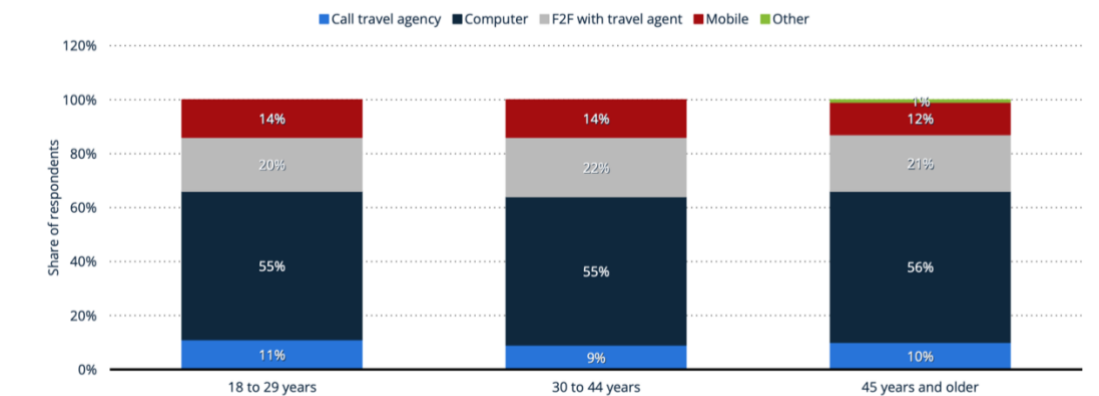
Figure 9. Main Channels People Use to Plan & Book Travels[20]

It is also interesting to consider the way in which people search and book something for traveling. According to statistics, people of different ages show very similar habits: only about 10% call a travel agency, more than 50% use a computer to search on their own, about 20% of travelers contact a travel agent directly, that is, face to face, and only a little more than 10% use a cell phone to book. I would like to note here that travel agencies are indeed no longer in demand. While some people continue to seek individual advice from travel agents, **the majority of people use their computer and phone to do their own searches**. Moreover, it is worth considering that **such habits are observed among all ages**.

Next, it is important to consider what kind of travel products and services people book online. One might assume that people who choose their tickets, accommodation, entertainment and more would like to do so in one place, as it would shorten their search. The statistics below may be interesting in considering this.

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[20] Statista. "Preferred Channels for Holiday Booking Worldwide by Age."
https://www.statista.com/statistics/1296602/preferred-channels-for-holiday-booking-worldwide-by-age/

Share of respondents

Hotels	34%
Flight tickets	20%
Car rentals	13%
Vacation apartment or house	11%
Ride sharing / carpooling (long distance travel)	6%
Bus tickets (long distance)	5%
Package holidays	5%
Train tickets (long distance)	5%
Cruises	4%
Campervan / motorhome rentals	3%
None of the above	43%

Figure 10. The share of different travel product online bookings[21]

The graph above depicts the fact that nowadays travelers book a variety of services but mostly they book online such travel products as hotels, flight tickets and car rentals. The most interesting point here to consider is that every trip is a combination of travel products – people need to get to their destination, think about where to live, and also be able to move comfortably around the unfamiliar area that they chose to travel (car rentals, taxi, etc.).
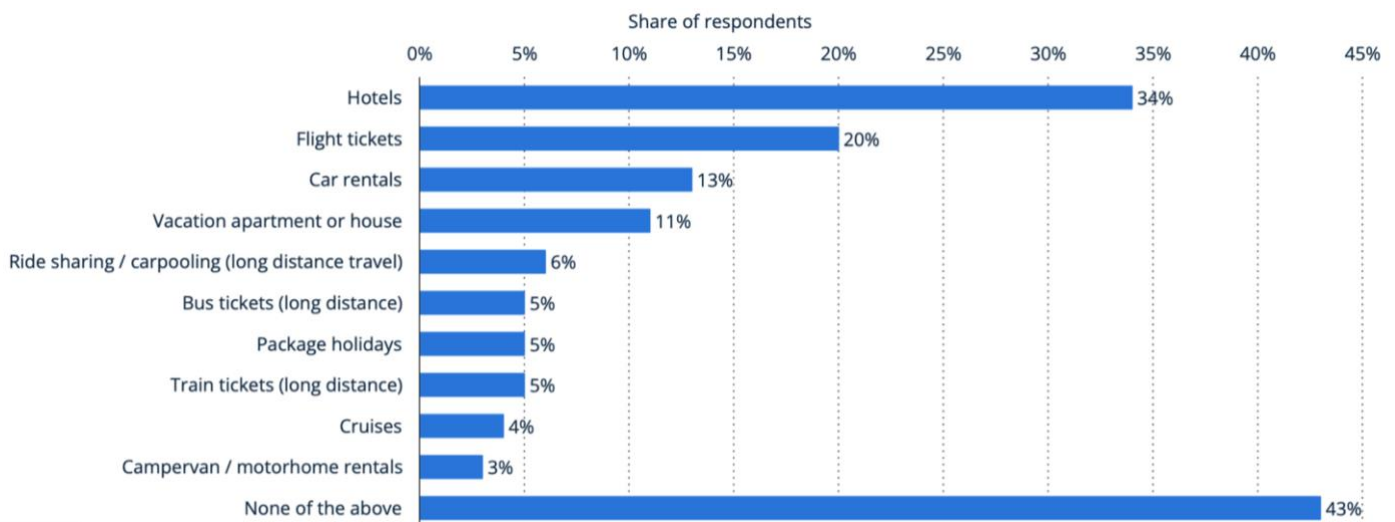
1.2.2 Research of travel tech trends & innovation opportunities in 2024

In 2024, businesses will begin putting generative artificial intelligence (AI) into practice, even though 2023 was the year that it just made headlines. Almost without warning, technology has evolved from mysterious science-fiction prop to a commonplace instrument that functions silently in the background. Even if generative AI seems to be the main topic of discussion in tech circles, there are a lot of other developments in the field of travel and technology that will have an impact on how travel agencies operate in the years to come.[22]

"The industry's technological toolkit is brimming with innovations – chatbots that understand nuanced requests, AI that understand recommendations, AR and VR for immersive previews, and blockchain for seamless, secure transactions – that are redefining that travel experiences."

© Anthony Karakkal, Chief Business Officer, Travel, Transport & Hospitality Markets

In 2024, **personalized travel will be the norm**, and **technology will be essential to creating unique experiences**. As technology advances, more complex solutions that satisfy the needs of

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[21] Statista. "Travel Product Online Bookings in the US - Forecast." https://www.statista.com/forecasts/997095/travel-product-online-bookings-in-the-us

[22] Phocuswright. "Travel Innovation and Technology Trends 2024." https://www.phocuswright.com/Travel-Research/Technology-Innovation/Travel-Innovation-and-Technology-Trends-2024

today's travelers – who want individualized, eco-friendly, and frictionless experiences – come to light. The travel experience is being redefined by a plethora of technology advances available to the sector, such as chatbots that can comprehend complex inquiries, AI that refines recommendations, AR, and VR for immersive previews, and blockchain for safe, easy transactions.

So, it is reasonable to define the main travel tech trends that exist in 2024[23] and influence the industry:

1) **AI (artificial intelligence) and ML (machine learning) as the architect of intelligent travelling**

Significant progress in digital transformation across industries is driven by AI and ML. In 2024, we may expect to witness growing usage of AI-powered solutions for predictive analytics, tailored customer experiences, and automation of business operations. ML algorithms will become more complex, enabling businesses to extract meaningful insights from large volumes of data with greater accuracy. Indeed, artificial intelligence (AI) is revolutionizing the travel industry as well. It can automate customer service processes with ease and personalize travel arrangements. AI will be the mainstay of travel in 2024, automating and customizing travel experiences in ways that were not possible in the past: AI-powered travel chatbots provide immediate client support and itinerary tools that simplify travel planning; digital assistants accelerate the planning process by offering personalized recommendations and real-time trip updates. This is further improved by generative AI, which rapidly creates comprehensive itineraries that guarantee travelers enjoy a smooth and personalized journey.

2) **Hyper-personalization**

Another important trend is the hyper-personalization of travel experiences, particularly for travelers in loyalty programs. Based on their past travel habits, travel technology platforms assist clients in customizing their travel itinerary. Travel agencies are starting to see how much this customized strategy boosts sales and fosters enduring customer loyalty. Travelers are receiving offers that make them feel personalized and familiar thanks to hyper-personalized promotions and campaigns, which make every journey an unforgettable experience. A significant use-case for hyper-personalization that will gain traction is attribute-based shopping for members of loyalty programs, along with customized upsells to them.

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[23] BW Hotelier. "Top 5 Travel Tech Trends in 2024." https://bwhotelier.businessworld.in/article/Top-5-Travel-Tech-Trends-in-2024/22-02-2024-510653/?trk=article-ssr-frontend-pulse_little-text-block
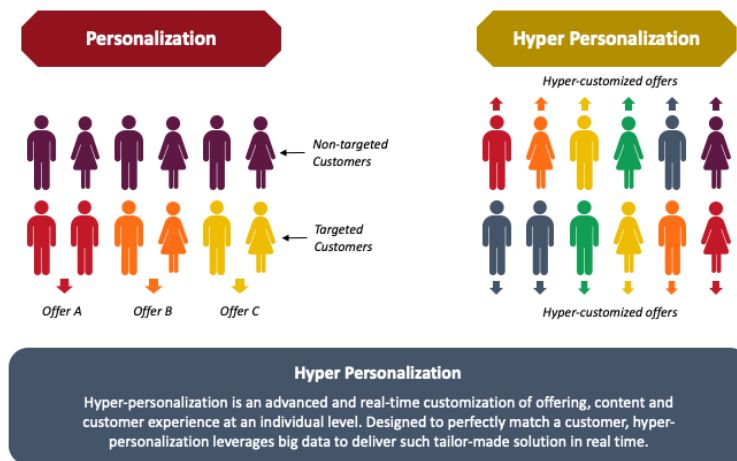
Figure 11. Hyper-Personalization Scheme[24]

Personalization has become more crucial than ever, transitioning from basic customization to advanced hyper-personalization. A Salesforce survey in 2021 revealed that 52% of customers anticipated personalized experiences, and by 2023, this figure increased to 65%. Additionally, PWC reported a notable rise in American consumers willing to share personal data for enhanced services, from 63% to an impressive 82%.[25]

The influence of personalization extends well beyond the stages of planning and booking. It involves creating authentic connections with customers throughout their travel experiences, maintaining continuous engagement, and delivering appropriate messages at optimal moments.

3) Security and privacy of the digital journey

Strong data protection procedures are essential as travelers depend more and more on digital platforms for their travels, sharing exponentially more personal data. In order to meet this requirement, travel agencies are including cutting-edge cybersecurity protections. The use of encryption technology is becoming commonplace, guaranteeing the safe transmission and storage of personal data, including passport information and travel preferences.

The capacity of blockchain technology to provide tamper-proof and transparent transactions is another reason for its adoption: it boosts confidence in the reservation and payment procedures. Artificial intelligence (AI)-driven threat detection systems are being used to constantly scan for unusual activity, offering real-time protection against any intrusions. Travel agencies are concentrating on compliance in light of GDPR and other privacy requirements, making sure that

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[24] SketchBubble. "Hyper-Personalization." https://www.sketchbubble.com/en/presentation-hyper-personalization.html
[25] DataArt. "From Customization to Connection: The Role of Personalization in Travel."
https://www.dataart.com/blog/from-customization-to-connection-the-role-of-personalization-in-travel

traveler data is handled securely and compliantly with international standards. Additionally, to provide an additional degree of security, biometric authentication techniques like fingerprint scanning and facial recognition are being included, especially in identity verification procedures. This considerably lowers the possibility of identity fraud while also streamlining border checks and check-in procedures.

4) The digital era is a roadmap for travel

Travel is changing as a result of the integration of AI, AR, hyper-personalization, and improved data security. Travel is now more effective, safe, and personalized to each person's tastes. It is imperative that the travel industry comprehends how technological advancements will impact travel in the future. In the future, the travel business must regard itself as a producer of experiences where technology and human dreams converge, rather than just a supplier of services. Developing a seamless, safe, and customized travel ecosystem that appeals to both the digital native generation and older generations is the aim.

5) Flexication is the way people travel now

The term "Flexication" describes how travel is changing, with more people choosing to stay longer and blurring the boundaries between business, play, and even education. Travelers now have the freedom to plan longer journeys that mix the convenience of working and learning remotely with the comforts of vacation thanks to the integration of technology. The length of bookings has significantly increased, with many choosing stays of a week or more, frequently stretching to a month or longer, to reflect this transition.

'Micro-trips' are also made easier by this new paradigm, which combines the simplicity of short-term rental booking with the flexibility of remote employment. Platforms that provide a variety of short trip options for travelers are powered by sophisticated algorithms.

Thus, looking ahead, the travel sector has a clear blueprint. Travel will continue to evolve because of the integration of AI, AR, hyper-personalization, and improved data security. As a result, travel will become more effective, safe, and customized to individual tastes.

1.2.3 Learning travel insights from the latest public presentations

Since the travel tech industry has been changing very rapidly over the past two years, a huge number of relevant speeches by representatives of leading companies who share insights are publicly

available. It is important to adopt this information and define **the most impressive travel insights in 2024**:

$\Rightarrow$ **Impressions are the foundation of traveling**

1) Spending on experiences is growing 2x faster than all travel spending.[26]
2) Millennials are the primary buyers, but Generation Z's share is increasing.[27]
3) 58% of Gen Z and Millennial travelers prefer spending on experiences to spending on things.[28]
4) Younger travelers book experiences before or along with flights and accommodations.[29]

Figure 12. *When travelers book their tours*[30]

It is important to note here that time to booking depends on the importance of the experience.
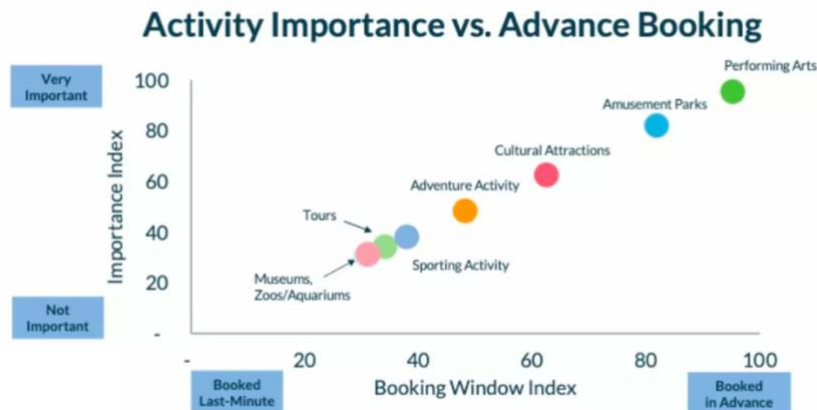
[26] YouTube. "KEYNOTE - Johannes Reck (Co-Founder & CEO GetYourGuide)."
https://www.youtube.com/watch?v=jFRrm7svkFs
[27] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[28] Arival. "Why Travelers Book Some Experiences Last Minute and Others in Advance." https://arival.travel/why-travelers-book-some-experiences-last-minute-and-others-in-advance/
[29] Arival. "Why Travelers Book Some Experiences Last Minute and Others in Advance." https://arival.travel/why-travelers-book-some-experiences-last-minute-and-others-in-advance/
[30] Arival. "Why Travelers Book Some Experiences Last Minute and Others in Advance." https://arival.travel/why-travelers-book-some-experiences-last-minute-and-others-in-advance/

Figure 13. Activity importance vs. Advance booking[31]

5) Impressions play an important role in choosing where to go (global market leader GYG notes that in January, an off-season month, it sees a lot of traffic from users researching information about a place they want to go).[32]

⇒ **Social networks**[33]

Indeed, the main driver of the growing importance of impressions is social networks, which are now used by almost everyone. People want to get impressions and memories that they can share. Nowadays, people really get inspiration to travel mainly from social networks.

1) More than 37% of travelers use social media as travel inspiration.[34]

2) The proportion of Generation Z buyers is increasing, who do not search for information on Google, but draw inspiration from short vertical videos on TikTok, Instagram and YouTube.[35]

3) Shifting the focus from *Destination-based travel* to *Passion- or Interest-based travel*.[36]

    - activity providers focus on the interests of the tourist
    - the organizers develop new experiences based on films
    - immersive experiences

4) The trends changing the top of the marketing funnel are (1) short videos, (2) influencers, (3) passion-based discovery.[37]

⇒ **Vertical search**

1) Previously, people searched for everything on Google, now they are switching to applications and services specializing in specific areas.[38]

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[31] Arival. "Why Travelers Book Some Experiences Last Minute and Others in Advance." https://arival.travel/why-travelers-book-some-experiences-last-minute-and-others-in-advance/
[32] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[33] YouTube. " KEYNOTE - Johannes Reck (Co-Founder & CEO GetYourGuide)." https://www.youtube.com/watch?v=jFRrm7svkFs
[34] Bokun. "Travel and Tourism Trends in 2023 for Tour and Activity Operators." https://www.bokun.io/travel-and-tourism-trends-in-2023-for-tour-and-activity-operators
[35] Arival. "The Future of Discovery in Travel and the End of the 38 Websites Rule." https://arival.travel/the-future-of-discovery-in-travel-and-the-end-of-the-38-websites-rule/
[36] Arival. "Where Matters Less Than Why: The Rise of Passion-Based Travel." https://arival.travel/where-matters-less-than-why-the-rise-of-passion-based-travel/
[37] Arival. "The Future of Discovery in Travel and the End of the 38 Websites Rule." https://arival.travel/the-future-of-discovery-in-travel-and-the-end-of-the-38-websites-rule/
[38] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84

2) In order for users to come to your service immediately, you need to give them such an experience that they don't need Google.[39]

3) Users should be able to find everything they need from you.

- GYG[40]: Every time users go on a trip, they have to open the GYG application from the Travel folder to find something to do.[41]
- Klook[42]: Our goal is to eliminate every pain point upon arrival at destination.[43]

4) It is possible to improve the search by predicting what the user needs, using domain knowledge, accumulated data, and machine learning.[44]

Example: knowing that the tourist has already been to NY, it makes sense to offer them something that they have not seen yet.

⇒ **Artificial Intelligence**

1) Companies invest in AI because it provides competitive advantages.

Example: GYG[45] invests in AI, especially in large language models (LLM).[46]

2) Examples of using generative AI:

- Selection of impressions (GYG[47] has 30% of requests to Customer Support in which users ask for recommendations).[48]
- Generation of covers and descriptions of activities in different languages.[49]
- Helping users write reviews.[50]

3) ML is used for ranking of products and personalization to show the most relevant offers.[51]

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[39] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[40] GetYourGuide. https://www.getyourguide.com/
[41] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[42] Klook. https://www.klook.com/
[43] YouTube. "Executive Interview: GetYourGuide & Klook - The Phocuswright Conference." https://www.youtube.com/watch?v=M75kJ5MoYPM
[44] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[45] GetYourGuide. https://www.getyourguide.com/
[46] CNBC. "Travel Firm GetYourGuide Raises $194 Million at $2 Billion Valuation." https://www.cnbc.com/2023/06/01/travel-firm-getyourguide-raises-194-million-at-2-billion-valuation.html
[47] GetYourGuide. https://www.getyourguide.com/
[48] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[49] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[50] Arival. "Arival 360 Orlando 2023 Highlights." https://arival.travel/arival-360-orlando-2023-highlights/
[51] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84

⇒ **Live communication[52]**

1) More than half of the impressions are still bought offline.
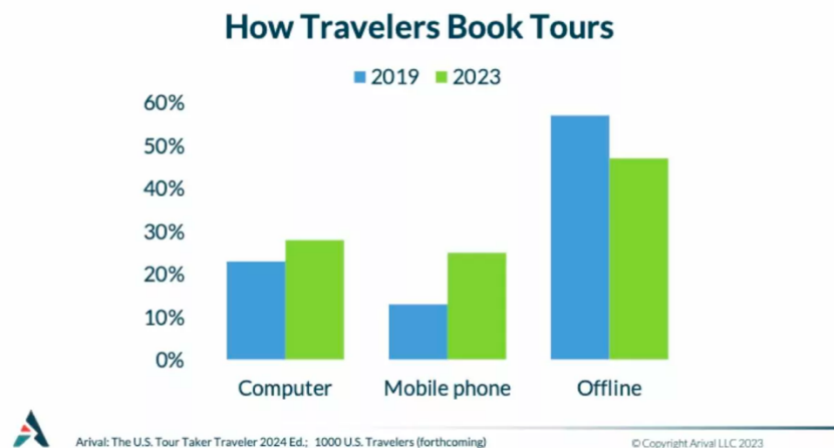
Figure 14. How travelers book tours[53]

2) Buying impressions is not buying a product.

Figure 15. What influences the purchase decision of tourists[54]

3) People constantly mention that they want to talk to someone.

4) It is worth considering optimizing communication through live chat.

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[52] Arival. "Arival 360 Orlando 2023 Highlights." https://arival.travel/arival-360-orlando-2023-highlights/
[53] Arival. "One Chart to Rule Them All: Why Travelers Choose One Experience Over Another."
https://arival.travel/one-chart-to-rule-them-all-why-travelers-choose-one-experience-over-another/
[54] Arival. "One Chart to Rule Them All: Why Travelers Choose One Experience Over Another."
https://arival.travel/one-chart-to-rule-them-all-why-travelers-choose-one-experience-over-another/

⇒ **Travel planning**[55]

1) 80-90% of people don't have a clear plan of what they want to watch.

2) Most people have a list of 2-3 places that they want to visit.

3) 50% of the time freely, this is a great opportunity.

4) One of the key success factors of GYG[56] is to cover all the key locations and offer an interesting experience beyond the main attractions.

⇒ **Good service**

1) The biggest factor determining users' loyalty to the platform is the experience they get on the spot.[57]

2) Standard bus tours and excursions give a poor user experience, interest in them drops.[58] Previously, tourists could not leave and study reviews about the tour, now they can, and it matters.

3) GYG[59] considers reviews when ranking, as they are interested in ensuring that tourists get the best experience.[60] Thanks to this, interesting and innovative tours become bestsellers. It is interesting to note that the most successful experience organizers usually started as individual guides or groups of guides.

4) According to surveys, 63% of people are willing to pay more for good service, 76% of customers will stop using your services after one negative experience.[61]

⇒ **Saving**

1) Due to rising prices, travelers plan their budgets more carefully and look for ways to save through discounts and loyalty programs.[62]

   - 63% of travelers will try to save through discounts and loyalty programs.[63]

[55] YouTube. "KEYNOTE - Johannes Reck (Co-Founder & CEO GetYourGuide)."
https://www.youtube.com/watch?v=jFRrm7svkFs
[56] GetYourGuide. https://www.getyourguide.com/
[57] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[58] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[59] GetYourGuide. https://www.getyourguide.com/
[60] YouTube. "Looking Ahead to Travel Experiences in 2030." https://www.youtube.com/watch?v=5yskVaMTy84
[61] Bokun. "Travel and Tourism Trends in 2023 for Tour and Activity Operators." https://www.bokun.io/travel-and-tourism-trends-in-2023-for-tour-and-activity-operators
[62] Regiondo. "Tourism Trends 2023: What Tour and Activity Providers Should Expect."
https://pro.regiondo.com/blog/tourism-trends-2023-what-tour-and-activity-providers-should-expect/
[63] Bokun. "Travel and Tourism Trends in 2023 for Tour and Activity Operators." https://www.bokun.io/travel-and-tourism-trends-in-2023-for-tour-and-activity-operators

- At the same time, people do not want to travel less - 46% in 2023 were going to travel the same amount, and 33% - even more than in 2022.[64]

2) The BNPL payment model is popular among the younger generation abroad, thanks to which it is possible to make expensive experiences more accessible to a wide audience.[65] At the beginning of 2023, 360 million people used BNPL, according to the forecast, by 2027 their number should grow to 900 million people.

3) After the pandemic, users have become more sensitive to cancellation policy.[66]

$\Rightarrow$ **Apps**

1) Users are increasingly relying on technology and applications at all stages of travel, including planning, booking and the journey itself.[67]

2) Users expect a good UX.[68]

3) Organizing a trip in different services can be difficult and time-consuming.[69]

4) It is expected that the services will begin to provide a travel experience from start to finish.[70] This will also give you the opportunity to take advantage of the general loyalty program.

1.2.4 PESTLE analysis: the way market trends influence companies and the industry

Having deeply studied the trends and prospects of the global travel market, it is possible to precisely identify factors for PESTLE analysis. It examines the impact of socioeconomic and legal environmental factors, evaluates the socioeconomic and technological trends that may affect the marketplace business model, its inception, and profit generation. All the factors of external environment are taken from the industry analysis above.

[64] Regiondo. "Tourism Trends 2023: What Tour and Activity Providers Should Expect." https://pro.regiondo.com/blog/tourism-trends-2023-what-tour-and-activity-providers-should-expect/
[65] Regiondo. "Tourism Trends 2023: What Tour and Activity Providers Should Expect." https://pro.regiondo.com/blog/tourism-trends-2023-what-tour-and-activity-providers-should-expect/
[66] Bokun. "Travel and Tourism Trends in 2023 for Tour and Activity Operators." https://www.bokun.io/travel-and-tourism-trends-in-2023-for-tour-and-activity-operators
[67] Regiondo. "Tourism Trends 2023: What Tour and Activity Providers Should Expect." https://pro.regiondo.com/blog/tourism-trends-2023-what-tour-and-activity-providers-should-expect/
[68] Roadbook. "Travel Trends 2023: Industry Insiders." https://roadbook.com/travel/travel-trends-2023-industry-insiders/
[69] Roadbook. "Travel Trends 2023: Industry Insiders." https://roadbook.com/travel/travel-trends-2023-industry-insiders/
[70] Roadbook. "Travel Trends 2023: Industry Insiders." https://roadbook.com/travel/travel-trends-2023-industry-insiders/

Table 2. PESTLE-Analysis

Factors of external environment	Influence on the industry	Influence on the company	Possible reactions of the company (adopt, prevent)
Political	What impact on **the whole industry**, in what perspective, what importance?	What impact on **the company**, in what perspective, what importance?	What can a **company can do** to minimize the impact or use the factor to its advantage?
1. Geopolitical crisis and political instability	- Travel restrictions and safety concerns can significantly reduce tourism and travel demand in affected regions; - Increased operational risks and potential disruptions to supply chains.	- Potential decrease in bookings and revenue from regions experiencing instability; - Need for contingency plans to ensure safety and continuity of operations.	- **Diversification of Markets**: to expand into more stable regions to mitigate risks associated with geopolitical instability in specific areas; - **Flexible Booking Policies**: to implement flexible booking and cancellation policies to reassure customers and encourage bookings despite uncertainty.
2. Regulations related to taxes, data privacy regulations, etc.	- Increased compliance costs and complexity due to varying tax laws and data privacy regulations across different regions; - Potential fines and reputational damage from non-compliance.	- Need for significant investments in legal and compliance infrastructure; - Adjustments to data handling and storage practices to comply with regulations such as GDPR[71].	- **Data Privacy Enhancements:** to invest in advanced data security measures and privacy management systems to protect customer information and comply with regulations;
3. Trade laws and regulations	- Trade barriers and tariffs can increase costs for companies involved in international trade; - Changes in trade agreements can open up or restrict market access.	- Increased costs of imported goods and services due to tariffs; - Potential loss of access to key markets if trade agreements are unfavorable.	- **Supply Chain Diversification:** to diversify supply chains to reduce dependence on any single market and mitigate the impact of trade barriers.
Economical	What impact on **the whole industry**, in what perspective, what importance?	What impact on **the company**, in what perspective, what importance?	What can a **company can do** to minimize the impact or use the factor to its advantage?
1. Inflation	- Increased operating costs for businesses across various sectors; - Reduced purchasing power of consumers that may affect demand for non-essential goods and services.	- Potential impact on pricing strategies and consumer affordability.	- **Cost Management:** to implement cost-saving measures such as optimizing operational efficiency or renegotiating supplier contracts; - **Pricing Adjustments:** to review pricing structures to reflect increased costs while remaining competitive in the market; - **Market Expansion:** to explore new markets or segments less affected by inflation to diversify revenue streams and mitigate risk.
2. Digital platform's potential to leverage economies of scale	- Digital platforms can streamline operations and reduce costs through automation and scalability; - Increased competition from digitally-native businesses with lower operating expenses.	- Opportunity to leverage digital platforms for cost-efficient customer acquisition, service delivery, and marketing;	- **Digital Transformation:** to invest in digital technologies and infrastructure to optimize processes and enhance customer experiences; - **Continuous Innovation:** to foster a culture of innovation to stay ahead of digital disruptors and continuously improve products, services, and processes;

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[71] GDPR.EU. "What is GDPR?" https://gdpr.eu/what-is-gdpr/

	What impact on **the whole industry**, in what perspective, what importance?	What impact on **the company**, in what perspective, what importance?	What can a **company can do** to minimize the impact or use the factor to its advantage?
		- Need for investment in technology infrastructure and talent to capitalize on digital opportunities.	- **Data Utilization:** to harness data analytics to gain insights into customer behavior and preferences, enabling personalized offerings and targeted marketing.
3. Currency fluctuations	- Currency fluctuations can impact international trade and investment, affecting businesses with global operations; - Exchange rate volatility may increase uncertainty and risk for companies engaged in cross-border transactions.	- Fluctuations in exchange rates can impact the cost of imported services, as well as revenue from foreign sales; - Currency devaluation or appreciation can affect competitiveness and profit margins in international markets.	- **Currency Hedging:** to implement hedging strategies to mitigate the risk of currency fluctuations, such as forward contracts or options; - **Diversification of Revenue Streams:** to expand into multiple markets or regions to reduce dependence on any single currency or market.
Social	What impact on **the whole industry**, in what perspective, what importance?	What impact on **the company**, in what perspective, what importance?	What can a **company can do** to minimize the impact or use the factor to its advantage?
1. High use of technology[72]	- Increasing reliance on technology for travel planning, booking, and sharing experiences (users expect a good User Experience (UX); - Emergence of new technology-driven business models and distribution channels in the travel industry.	- Need to adapt offerings and services to meet evolving consumer expectations for seamless, tech-enabled experiences; - Opportunity to leverage technology to enhance customer engagement, streamline operations, and gain competitive advantage.	- **Investment in Digital Technologies:** to develop user-friendly mobile apps, websites, and booking platforms to cater to tech-savvy consumers and provide personalized, convenient experiences; - **Integration of Emerging Technologies:** to explore opportunities to incorporate emerging technologies such as artificial intelligence, augmented reality, and virtual reality into products and services to enhance engagement and differentiate from competitors; - **Data-Driven Insights:** to harness data analytics to gain insights into customer preferences and behavior, enabling targeted marketing campaigns, personalized recommendations, and product innovations.
2. Customer empowerment[73]	- Shift in power dynamics towards consumers who have access to information, reviews, and peer recommendations (people became a meaningful part of product development); - Increasing demand for transparency, authenticity, and personalized experiences from brands.	- Need to prioritize customer satisfaction, engagement, and loyalty by empowering customers with choice, control, and influence over their travel experiences; - Opportunity to build trust and loyalty by listening to customer feedback, addressing concerns, and delivering value-added services.	- **Customer-Centric Approach:** to adopt a customer-centric mindset and organizational culture focused on understanding and meeting customer needs and expectations; - **Feedback Mechanisms:** to implement feedback mechanisms such as surveys, reviews, and social media monitoring to capture customer insights and sentiment, and use this feedback to drive continuous improvement; - **Customization and Personalization:** to offer customizable and personalized travel experiences tailored to individual preferences, interests, and budgets; - **Community Building:** to foster a sense of community among customers by creating opportunities for interaction, engagement,

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[72] Revfine. https://www.revfine.com/technology-trends-travel-industry/
[73] HiverHQ. https://hiverhq.com/blog/customer-empowerment

			and collaboration, such as online forums, loyalty programs, or exclusive events.
3. Always-on connectivity[74]	- Always-on access to the internet and mobile connectivity enables real-time communication, information sharing, and social media engagement during travel; - Growing demand for seamless connectivity and digital services throughout the travel journey;	- Need to provide reliable connectivity and digital services to meet the expectations of always-connected travelers; - Opportunity to leverage digital channels and social media platforms to engage with customers, promote brand awareness, and influence purchasing decisions.	- **Mobile-Friendly Platforms:** to optimize websites, apps, and booking platforms for mobile devices to accommodate the preferences and behaviors of mobile-first travelers; - **Social Media Engagement:** to actively engage with customers on social media platforms to provide assistance, share travel tips, showcase destination highlights, and respond to inquiries and feedback; - **24/7 Customer Support:** to provide round-the-clock customer support via multiple channels such as phone, email, chat, and social media to address inquiries, resolve issues, and provide assistance during the travel journey.
4. Shift towards experience-focused travel	- Growing demand for authentic, immersive, and experiential travel experiences over traditional tourist attractions and activities; - Rise of niche and specialty travel segments catering to specific interests, passions, and lifestyles.	- Need to diversify offerings and adapt to changing consumer preferences for unique and memorable travel experiences; - Opportunity to differentiate from competitors by curating distinctive, immersive, and culturally enriching experiences that resonate with travelers.	- **Experiential Offerings:** to develop and promote experiential travel packages and activities that allow travelers to immerse themselves in local culture, cuisine, and traditions; - **Specialty Tours and Activities:** to create niche and specialty tours catering to specific interests such as culinary tours, adventure travel, wildlife encounters, or wellness retreats; - **Storytelling and Content Marketing:** to use storytelling and content marketing to evoke emotion, inspire wanderlust, and communicate the unique value proposition of experiential travel offerings;
Technological	What impact on **the whole industry**, in what perspective, what importance?	What impact on **the company**, in what perspective, what importance?	What can a **company can do** to minimize the impact or use the factor to its advantage?
1. Changing business models driven by technology in online travel	- Traditional travel agencies face disruption from online travel platforms offering more convenience and competitive pricing;	- Need to adapt to evolving consumer preferences for online booking and planning; - Competition from agile startups and tech giants offering innovative travel solutions.	- **Digital Transformation:** to invest in digital technologies and platforms to enhance online presence and customer experience; - **Personalized Offerings:** to leverage data analytics and artificial intelligence to offer personalized travel recommendations and experiences; - **Value-added Services:** to differentiate from competitors by offering unique value-added services such as curated travel itineraries, destination guides, or loyalty programs.
2. Technological diffusion speed	- Rapid diffusion of technology accelerates industry-wide digital transformation; - Shorter product life cycles and faster innovation cycles due to increased	- Pressure to adopt new technologies and stay ahead of competitors to remain relevant in the market;	- **Continuous Innovation:** to foster a culture of innovation and experimentation to drive continuous improvement and stay ahead of the competition;

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[74] Murali, Bala. "Always-On Connectivity." https://www.linkedin.com/pulse/always-on-connectivity-bala-murali

	competition and technological advancements.	- Need for continuous investment in research and development to keep pace with technological advancements.	- **Talent Acquisition and Training:** to recruit and retain top talent with expertise in emerging technologies such as artificial intelligence, blockchain, etc.; - **Market Surveillance:** to monitor technological trends and market developments to anticipate shifts in consumer behavior and emerging opportunities for innovation.
Environmental	What impact on **the whole industry**, in what perspective, what importance?	What impact on **the company**, in what perspective, what importance?	What can a **company can do** to minimize the impact or use the factor to its advantage?
1. Climate/weather change	- Changes in weather patterns and climate conditions can impact travel destinations, seasonal demand, and tourism activities.	- Need to adapt offerings and operations to mitigate the impact of climate-related disruptions on travel experiences.	- **Diversification of Offerings:** to expand offerings to include destinations less vulnerable to climate-related risks, or develop alternative travel experiences that are less weather-dependent.
2. Public concern over sustainability	- Growing consumer demand for sustainable travel options and experiences; - Increasing regulatory pressure and industry standards for environmental sustainability in tourism operations.	- Need to align with sustainability goals and demonstrate environmental responsibility to meet consumer expectations and regulatory requirements; - Opportunity to differentiate from competitors and attract environmentally conscious travelers.	- **Adoption of Sustainable Practices:** to implement environmentally friendly practices throughout the value chain, such as energy-efficient operations, waste reduction, and water conservation; - **Certifications and Accreditations:** to obtain certifications such as Green Globe[75] to demonstrate commitment to sustainability and attract eco-conscious travelers.
Legal	What impact on **the whole industry**, in what perspective, what importance?	What impact on **the company**, in what perspective, what importance?	What can a **company can do** to minimize the impact or use the factor to its advantage?
1. Intellectual property law	- Protection of intellectual property rights is essential for innovation and competitiveness in the travel industry; - Unauthorized use of trademarks, patents, or copyrighted material can lead to legal disputes and reputational damage.	- Need to safeguard proprietary technology, branding, and creative content from infringement by competitors or third parties; - Opportunity to leverage intellectual property assets to create value and differentiate from competitors.	- **Intellectual Property Registration:** to register trademarks, patents, and copyrights to establish legal rights and prevent unauthorized use by others.
2. Data protection laws	- Growing concerns about data privacy and security require businesses to comply with strict regulations governing the collection, storage, and processing of personal data; - Data breaches and privacy violations can result in significant financial penalties, legal liabilities, and damage to reputation.	- Need to establish robust data protection measures and policies to ensure compliance with data protection laws and regulations; - Opportunity to build trust and loyalty with customers by demonstrating a commitment to protecting their privacy and personal information.	- **Data Privacy Compliance:** to implement data protection policies and procedures in accordance with relevant laws and regulations, such as GDPR; - **Data Security Measures:** to invest in cybersecurity technologies and protocols to safeguard against data breaches and unauthorized access to sensitive information.

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[75] Green Globe. https://www.greenglobe.com/

Political: One of the main political factors that Company A faces as the travel marketplace is (1) political instability in certain operating regions that pose significant threats to tourism and travel activities, directly affecting travel tech businesses. One more challenge faced by the travel marketplace is (2) adhering to diverse regulations that are set by governments across its operating countries (taxes, labor laws, data privacy, and other factors affecting its operations). For example, compliance with the General Data Protection Regulation (GDPR)[76] in Europe necessitates significant operational adjustments. Additionally, (3) as a multinational entity, the travel marketplace must navigate various trade laws governing international commerce, including tariffs, customs, and export restrictions. Any alterations to these regulations can substantially impact the company's operations. In general, political instability in certain regions may disrupt travel patterns, leading to fluctuations in demand and revenue for companies operating in those areas. Additionally, companies must navigate complex international relations and geopolitical dynamics that can impact cross-border trade, investment, and partnerships. Managing political risks and ensuring compliance with relevant laws and regulations are essential for companies to maintain stability and growth in the face of political uncertainty.

Economical: Economical factors wield considerable influence on the travel marketplace, its trajectory and prosperity. For example, (1) inflation can escalate operational expenses, thereby squeezing profit margins. (2) However, there is digital platform's potential to leverage economies of scale, that is, it affords to capitalize on economies of scale and mitigate cost escalation. Moreover, (3) currency fluctuations pose another challenge for the travel marketplace, given its potential global operations. So, if the US dollar appreciates against other currencies, the company's international could suffer. Companies must adapt to these economic shifts by implementing agile strategies, leveraging technology for cost savings and revenue generation, and proactively addressing the challenges and opportunities presented by economic changes.

Social: (1) Nowadays, we live in the world where most people are deeply connected to their devices and rely heavily on them. The high increase in using technology and devices pushes companies in travel industry to organize its online presence and make it work efficiently that is crucially important when operating in a highly competitive market. To do so, travel companies must generously invest in technological support teams to ensure the smooth functioning of its web platform and mobile app. Indeed, the technical support team should be extremely qualified in order to be able to fix any technical issue that company can face in the future. (2) The shift towards experience-focused travel means that travelers are increasingly prioritizing experiences over destinations when planning their trips. Rather than focusing solely on visiting a particular place, they seek out unique and immersive

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[76] GDPR Info. https://gdpr-info.eu/

experiences such as music festivals, for example. It is extremely important to understand how specific experiences drive trip planning, emphasizing the importance of tailored experiences over generic destinations.[77]

Technological: Technological factors represent the rapid pace of innovation and disruption within the travel industry. (1) Changing business models driven by technology, such as online travel platforms and sharing economy services, are reshaping the competitive landscape and challenging traditional business models. (2) The speed of technological diffusion enables companies to leverage digital platforms and data analytics for personalized marketing, customer service, and product development. Digital platforms' potential to leverage economies of scale allows companies to reach a wider audience and drive efficiencies in operations and distribution. Embracing emerging technologies such as artificial intelligence, virtual reality, and blockchain can further enhance customer experiences and create new revenue streams. Companies must stay abreast of technological advancements, invest in digital capabilities, and foster a culture of innovation to remain competitive in the digital age.

Environmental: Environmental factors highlight the industry's responsibility to sustainability and environmental conservation. (1) Climate change and its effects, including extreme weather events and rising sea levels, pose significant risks to travel destinations and infrastructure. Companies must adopt eco-friendly practices to mitigate environmental impacts and preserve natural resources. (2) Sustainability initiatives, such as eco-certifications and carbon offset programs, can enhance brand reputation and attract environmentally conscious travelers. Additionally, companies can engage in environmental conservation efforts, such as wildlife protection and habitat restoration, to contribute to the long-term health and resilience of travel destinations. By embracing sustainability, companies can demonstrate their commitment to responsible tourism and help safeguard the planet for future generations.[78]

Legal: Legal factors encompass the regulatory framework that governs business operations and intellectual property rights within the travel industry. (1) Intellectual property laws protect companies' proprietary assets, including trademarks, patents, and copyrights, from infringement by competitors or third parties. (2) Data protection laws regulate the collection, storage, and processing of personal data, requiring companies to implement robust measures to safeguard customer information and comply with privacy regulations such as GDPR. Companies must also navigate complex legal landscapes across different jurisdictions, ensuring compliance with relevant laws and regulations to avoid legal liabilities and reputational damage. Proactively addressing legal risks, such as intellectual

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[77] ITB Press Releases. https://www.itb.com/en/press/press-releases/news_14208.html
[78] Bokun. "The Thoughtful Traveller: Sustainability in Tourism." https://www.bokun.io/the-thoughtful-traveller-sustainability-in-tourism

property disputes and data breaches, through effective risk management strategies and legal compliance measures is essential for companies to maintain trust and credibility with customers and stakeholders.

Thus, through the in-depth PESTLE-analysis of the global environment, I have already been able to identify some recommendations in the last column that respond to factors in the current external environment. They will certainly be used for Company A business model transformation for the international market in Chapter 3.

1.2.4 Exploration of the major market players

The following market players were selected for competitive analysis:

- Get Your Guide[79]
- Viator[80]
- Airbnb Experiences[81]
- Klook[82]
- Fever[83]
- Headout[84]
- Tiqets[85]
- Musement[86]
- WithLocals[87]

These market players were chosen according to several criteria, the data for which was collected and uploaded by *data parsing*, *that is the process of analyzing and extracting relevant information from raw, unstructured data obtained through web scraping*.[88] The criteria are the following:

1) **Visitors**: to understand the overall scale of the competitor, it is necessary to look at the number of visitors each platform receives. This metric gives insight into the popularity and reach of

[79] GetYourGuide. https://www.getyourguide.com/
[80] Viator. https://www.viator.com/
[81] Airbnb Experiences. https://ru.airbnb.com/s/experiences
[82] Klook. https://www.klook.com/
[83] Fever. https://feverup.com/en
[84] Headout. https://www.headout.com/
[85] Tiqets. https://www.tiqets.com/en/
[86] Musement. https://www.musement.com/uk/
[87] Withlocals. https://www.withlocals.com/
[88] Zenscrape. "What is Data Parsing in Web Scraping? Examples." https://zenscrape.com/what-is-data-parsing-in-web-scraping-examples/#:~:text=Data%20parsing%20refers%20to%20the,data%20fields%20for%20further%20use.

the service. A high visitor count indicates strong brand recognition and a large user base, which are critical for market influence and revenue generation. This data can help identify the market leaders who have successfully attracted and retained a substantial number of users.

2) **Number of languages on the website:** to understand the geographical reach and inclusivity of the service. A platform that supports multiple languages is likely targeting a diverse international audience, which is crucial for scalability and market penetration. By analyzing the number of languages available, it is possible to gauge the platform's adaptability to different markets and its ability to serve non-English-speaking users effectively. Moreover, availability for different languages is the extremely important point for SEO-traffic.

3) **Traffic distribution by country (according to Similarweb[89]):** to understand the geographical distribution of the platform's user base. By understanding which countries contribute the most traffic, it is possible to determine the regions where the service is most popular and identify potential areas for expansion. This information is vital for strategic planning, marketing efforts, and tailoring services to meet the needs of users in specific countries.

4) **The number of products, cities, and countries:** to understand the overall scale and scope of competitors, I analyze the number of products offered, as well as the cities and countries covered. This criterion indicates whether a platform focuses on specific regions or aims to offer a comprehensive global service. A diverse and extensive portfolio suggests a robust operational capability and a commitment to catering to a wide range of customer preferences and travel needs.

5) **Traffic channels:** to assess the traffic channels used by each platform and evaluate their marketing strategies and reputation. Understanding the balance and effectiveness of traffic channels can provide insights into the company's marketing prowess, brand loyalty, and overall user experience. It also helps in identifying which platforms are investing in organic growth versus those relying heavily on paid advertising.

By applying these criteria, we can comprehensively evaluate the market players, understanding their strengths, reach, and market strategies. This allows us to identify the leading platforms and benchmark their performance against others in the industry.

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[89] SimilarWeb. https://www.similarweb.com/ru/

Table 3. *Main Competitors on the Market*

Criteria	Get Your Guide	Viator	Klook	Fever	Headout	Tiquets	Musement	WithLocals
Number of visitors	19.5M	24.8M	25.1M	10.7M	1.7M	5.2M	1.2M	372K
Number of languages	19	36	27	11	7	18	10	1
Traffic distribution by country	35.3% - USA 8.4% - UK 5.4% - Canada 5.2% - Australia 3.2% - Germany 42.5% - Others	44.1% - USA 7% - UK 5.3% - Australia 5% - Canada 3.6% - Germany 35% - Others	23.6% - Taiwan 14.4% - Hon Kong 9.9% - Singapore 6.3% - Korea 6.1% - USA 39.7 - Others (mostly Asia)	34% - USA 16% - UK 12.5% - Spain 6.5% - Brazil, France 31% - Others	18% - India 15.3% - USA 9.2% - UK 7.4% - Italy 5.1% - Spain 45% - Others	15.4% - France 10.9% - USA 9.5%% - Italy 8.7% - Spain 6.7% - Germany 48.8% - Others	16.9% - Italy 12.8% - France 11.2% - USA 8.8% - Germany 7.9% - Spain 42.4% - Others	15.4% - France 10.9% - USA 9.5%% - Italy 8.8% - Spain 6.7% - Germany 48.7 - Others
Traffic channels	34.5% - direct 21.15% - organic 33.42% - CPC 4.22% - referrals 2.31% - email 2.16% - social	38% - direct 38% - organic 24% - CPC	33.56% - direct 50.53% - organic	40% - direct 25% - organic 20% - referrals	40% - direct 35% - organic 13% - CPC 5% - referral	42% - direct 24% - organic 14% - CPC 16% - referrals	22% - direct 45% - organic 18% - CPC	44% - organic 25% - direct 25% - CPC
Mobile application	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of products	75000+	300000+	100000+	1000+	400000+	4500+	55000+	2200+
Number of cities	300+	300+	400+	150+	150+	250+	450+	289+
Number of countries	50+	50+	40+	25+	40+	60+	80+	80+

This comparative analysis demonstrates the quantitative indicators of different competitors in the global market, whose experience and activities can be useful in determining the development path of Company A's international business unit. The players in the global market that provide similar services as the object of my research are Get Your Guide, Viator and WithLocals (the other companies selected for the analysis are also participants of the travel tech market, but they provide slightly different services). It is interesting to note that the first two players are leaders on the international market and have

many years of experience, while WithLocals is a relatively young and actively developing company. As a rule, leading companies are the quickest to adapt to new trends and changes in the market, so **it is worth considering their visual component of the site to assess which of the factors of the external environment these leading companies have already managed to work through** and which of them have found appropriate solutions to adapt to new conditions. Also, **the smallest player supplying similar services should not be underestimated - it is WithLocals**.

In this comparative analysis, it is worth noting that the leading companies Get Your Guide and Viator mainly collect traffic from USA and UK users. At the same time, it is interesting to note that WithLocals works mainly with traffic from Europeans - France, Italy, Spain, Germany, etc. It turns out that WithLocals is more focused on the European market, while the leaders are mostly focused on America. It can be assumed that the focus on the American audience implies an extremely saturated competition, in which it is invaluable to become a significant player, so **it is worth for Company A considering the choice of users from other countries and regions.**

In terms of traffic channels, Get Your Guide and Viator predominantly collect views directly from users - this means that when a tourist wants to book a trip, they don't use a search engine, but go straight to the website of one of these two companies. This indicates high user loyalty, as well as the strong reputation of the services. Viator collects more organic traffic - this is explained by the fact that the service offers users 36 languages, while Get Your Guide offers only 19 (as mentioned above, the more languages in which a site can function, the better search engines recognize the site as relevant to the user). WithLocals collects the most organic views, even though it functions in just one language – it is English. Nevertheless, the second channel of traffic for the company is also direct views from users, which also indicates high loyalty and reputation of the company.

All the analyzed companies have a mobile application, which is also quite important for the convenience of users, the services offer services in many cities and countries. It is interesting to note that Get Your Guide and Viator offer services in 50+ countries, while WithLocals does it in 80+.

So, I can conclude that Get Your Guide and Viator are extremely large to be considered direct competitors – their experience should be used as a reference point and inspiration. WithLocals is closer in essence to what Company A's international business unit is aiming for.

PART 2. METHODOLOGY AND THEORETICAL BACKGROUND

2.1 Methodology & The logic of the paperwork

Transformation of the business model calls for a methodical approach, a clear vision, and an openness to trying new things and picking up new skills. It will enable the company to adjust to shifting consumer demands, shifting market dynamics, and intensifying competition. The methodology of this work is as follows:

1) To study the concept of a business model and the ways of its transformation.
2) To analyze the existing business model.
3) Using the global travel tech market analysis, to identify elements of the existing business model that require to be transformed or added so that to adapt the company to the global market.
4) To describe the transformed business model and make practical recommendations for the company.
5) To assess the risks and costs for the new business model.

2.2 Theoretical background for each step of the methodology

2.2.1 Step 1: Defining the concept of a business model

As it was mentioned at the very beginning, the goal of this work is to develop a number of recommendations for the transformation of the existing business model of Company A in order to adapt it to the global travel tech market.

First of all, it is reasonable to make it clear why it is the business model that is considered as the subject of the research. According to Joan Magretta, **a business model is defined in terms of the value chain** or **the value network**:

> *"Part one includes all the activities associated with making something: designing it, purchasing raw materials, manufacturing, and so on. Part two includes all the activities associated with selling something: finding and reaching customers, transacting a sale, distributing the product, or delivering the service. A new business model may turn on designing a new product for an unmet need or on a process innovation. That is it may be new in either end."[90]*

> *© Joan Magretta, M.B.A., Ph.D., is an award-winning contributor to the Harvard Business Review*

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[90] Harvard Business Review. "What Is a Business Model?" https://hbr.org/2015/01/what-is-a-business-model#:~:text=Joan%20Magretta%2C%20too%2C%20cites%20Drucker,that%20explain%20how%20enterprises%20work.

In fact, there are two frameworks to comprehensively analyze company activities: the value chain and the value network[91]:

(1) **Value Chain**: it determines primary activities (e.g., production, marketing) and support activities (e.g., R&D, HR), suited for manufacturing firms.

(2) **Value Network:** it determines interconnected sets of activities, suited for service industries.

Since the travel marketplace does not create its own product and sell services, in this work I focus on **the value network**, or to be more precise, on *the process* **chain network**.

Moreover, I would like to mention that Joan Magretta, in her article "Why Business Models Matter," states that every business model must pass two crucial tests: the narrative test and the numbers test. (1) The narrative test requires that the business model tells a compelling story, explaining how the business operates, who the customer is, what they value, and how the company delivers that value. This is exactly what I am exploring in my work – analyzing the rapidly evolving external global travel tech environment and its trends to quickly adapt Company A to the growing expectations of online service users. (2) The numbers test involves ensuring that the profit and loss assumptions are accurate and feasible. This is an assessment of the necessary investments in the growth of Company A on the global market, so that it generates a profit. (3) The point is that if a business model fails to meet either of these tests, it is flawed.[92]

2.2.2 Step 2: Analyzing Company A business model

According to LinkedIn article "What are the first steps in transforming a business model?" 2023, there are defined actions in transforming a business model[93]:

1) To determine the value proposition of the company

Finding the business's value proposition is the first step in changing the business model. This is how the business sets itself apart from the competition and provides its target clients with a special advantage or solution. Therefore, it is now essential to comprehend the issues the business is resolving, the wants it is meeting, and the value it is adding for its clients. Tools like **the jobs-to-be-done framework** and **the value proposition canvas** are used to achieve this.

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[91] Medium. Naresh, Navinash. "Value Chain vs. Value Network." https://medium.com/@nareshnavinash/value-chain-vs-value-network-091602f15084

[92] Streetdirectory.com. "The Role of the Business Model and Strategy for Business." https://www.streetdirectory.com/travel_guide/10738/business_and_finance/the_role_of_the_business_model_and_strategy_for_business.html

[93] LinkedIn. "What Are the First Steps in Transforming a Business Model?" https://www.linkedin.com/advice/0/what-first-steps-transforming-business-model-mzmse
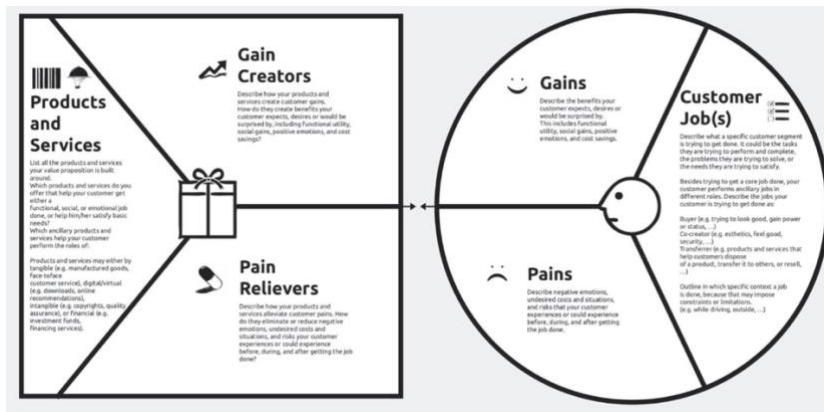
Figure 16. The Value Proposition Canvas Template[94]

The Value Proposition Canvas for Company A international business unit will be developed in the Chapter 3.

2) To define the current business model

The next step is to examine the present company business model and the way it delivers its value proposition. In other words, the rationale behind creating, providing, and obtaining value for the stakeholders and clients is known as the business model. In order to describe the current business model in terms of its essential elements, including the value proposition, key partners, key activities, key resources, customer relationships, customer segments, channels, cost structure and revenues, we can utilize tools like **the business model canvas** or **the lean canvas**.

Here, it is needed to assess *the degree to which the present business model supports the desired value proposition* and note its advantages, disadvantages, opportunities, and dangers.
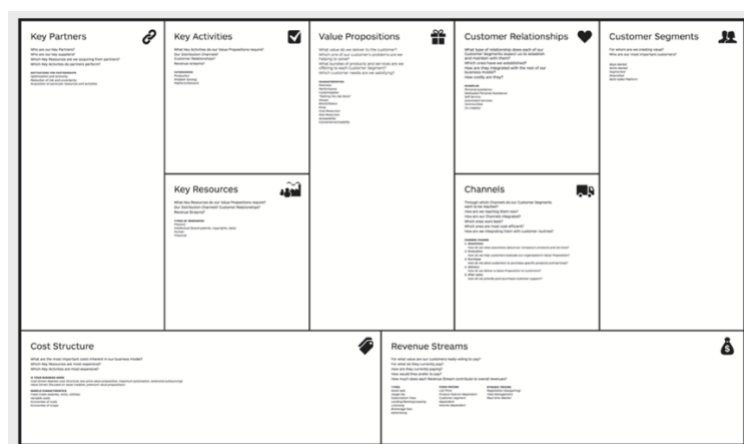
Figure 17. The Business Model Canvas Template[95]

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[94] Circular Academy. "Value Proposition." http://www.circular.academy/wp-content/uploads/2022/02/valueprop.pdf
[95] Strategyzer. "5 Tools for New Business Success." https://www.strategyzer.com/library/5-tools-for-new-business-success

The Current Business Model Canvas for Company A will be developed in the Chapter 3.

3) To explore new business model options

Investigating fresh alternatives for the business model that can complement or replace the current one is the third step. To generate and test alternative business model concepts based on multiple sources of innovation, such as **consumer requirements, market trends, technological advancements, or industry shifts**, there is the tools like **the business model innovation matrix** or **the business model pattern cards** that can be utilized. Here the company should think about how they may add, change, or remove components of the present business model, or combine or reconfigure existing ones, in order to generate greater value for the stakeholders and consumers. I would like to note here that I am going to explore new opportunities considering all six level of travelers' journey:

1) Inspiration
2) Planning
3) Booking
4) Pre-travel
5) Travel
6) Post-travel

Figure 18. 6-Level Journey Scheme

The 6-Level Journey Scheme for Company A international business unit will be developed in the Chapter 3.

4) To verify the accuracy of the assumptions

The next step is validating the assumptions regarding the potential new business model. At this point it may be reasonable to create and conduct experiments to assess the viability and desirability of the new business model ideas and to gather input from the stakeholders and customers. Examples of such tools **are the lean startup approach and the design thinking process**. The company should quantify and evaluate the outcomes of the research, iterate, and fine-tune the new business model possibilities until they choose the one that best suits the market and value proposition.

5) To implement and scale the new business model

The final step is to implement and scale the new business model. Here, we plan and carry out the changeover from the existing business model to the new one while managing the associated risks and obstacles by utilizing techniques like **the scaling lean approach** or **the agile project management method**. In addition, the organization must mobilize the resources and competencies required to implement the new business model, continue to monitor, assess, and refine the new business model considering its performance and effects.

So, above are the five levels for business model transformation that are outlined in the LinkedIn article "What are the first steps in transforming a business model?", 2023.

2.2.3 Step 3: Identifying the business model elements to transform

Based on the analysis of the external environment of Company A and the entire global travel tech market conducted in *Chapter 1*, at this stage it is necessary to correlate the current business model of the company with the existing environmental conditions of global travel tech market.

2.2.4 Step 4: Developing the practical recommendations

Practical recommendations will be determined as a result of the correlation of the current business model of the company with the conditions of the global travel market, which requires adaptation to new environmental conditions.

2.2.5 Step 5: Assessing risks

Evaluation of the developed recommendations in the format of calculations of financial investments in the development of the international business unit of the Company A.

PART 3. DEVELOPMENT OF RECOMMENATIONS

3.1 Applying analysis tools for recommendations development

3.1.1 The Value Proposition Canvas

In order to create the service that the customers really want to use nowadays, to consider their values and needs as well as the travel tech market trends that are observed in Chapter 1, the Value Proposition Canvas of the international marketplace is defined as follows:
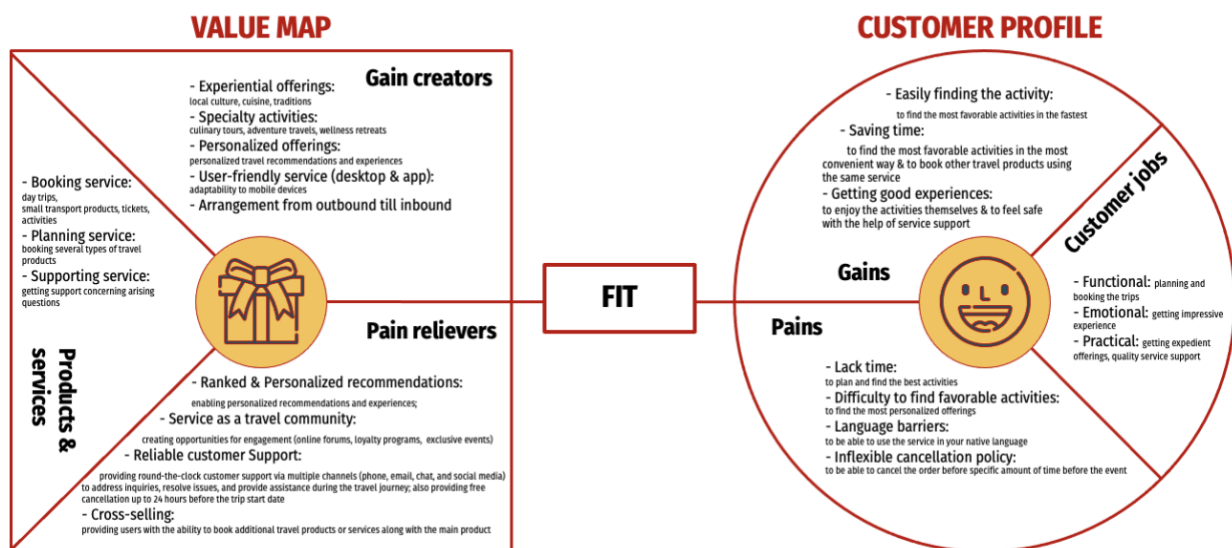

Figure 19. *Value Proposition Canvas for Travelers.*
Source: created by the author, based on the company representative's interview

The value proposition canvas consists of two blocks: (1) value map – the service description, and (2) customer profile – description of the user's needs.

The value map includes the 3 following sections and each of them consists of corresponding points:

1. **Products & Services** (services offered to the user): (1) booking service – day trips, small transportation products, tickets, activities, etc., (2) planning service – booking several types of travel products in the same place at the same time, and (3) supporting services – getting support concerning arising questions during the booking or travelling.

2. **Pain relievers** (service features that describe how the product works and how it benefits the user): (1) ranked & personalized recommendations – enabling personalized recommendations and experiences, (2) the service as a travel community – creating opportunities for engagement (for example, online forums, loyalty programs, exclusive events, etc.), (3) reliable customer support – providing round-the-clock customer support via multiple channels (phone, email, chat, and

social media) to address inquiries, resolve issues, and provide assistance during the travel journey; also providing free cancellation up to 24 hours before the trip start date, and (4) cross-selling – providing users with the ability to book additional travel products or services along with the main product.

3. **Gain creators** (opportunities to improve the life of the one who uses a service with distinctive features): (1) experiential offerings – local culture, cuisine, traditions, (2) specialty activities – culinary tours, adventure travels, wellness retreats, (3) personalized offerings – personalized travel recommendations and experiences, (4) user-friendly service (desktop & app) – adaptability to mobile devices, (5) arrangement from outbound till inbound.

While the customer profile includes these 3 following sections:

1. **Customer jobs** (goals, needs, desires, motives, and emotions that influence the use of the service): (1) functional – planning and booking the trips, (2) emotional – getting impressive experience, and (3) practical – getting expedient offerings, quality service support.

2. **Pains** (fears, risks, and barriers of the user to make a mistake or omission): (1) lack time – to plan and find the best activities, (2) difficulty to find favorable activities – to find the most personalized offerings, (3) language barriers – to be able to use the service in your native language, and (4) inflexible cancellation policy – to be able to cancel the order before specific amount of time before the event.

3. **Gains** (results and benefits that the user will get by using the product): (1) easily finding the activity – to find the most favorable activities in the fastest way, (2) saving time – to find the most favorable activities in the most convenient way & to book other travel products using the same service, (3) getting good experiences – to enjoy the activities themselves & to feel safe with the help of service support.

Thus, **the products and services** include just *booking services* and *planning services* that allow customers to book various travel products simultaneously. Additionally, *supporting services* that help with any questions during the booking process or travel itself. **The pain relievers** that highlight features that benefit the user, are *personalized recommendations* and *the creation of a travel community* that is supposed to foster engagement through forums, loyalty programs, and exclusive events. *Reliable customer support* is also crucial here, offering round-the-clock assistance via multiple channels and providing the option for free cancellation up to 24 hours before the trip. Also, *cross-selling capabilities* that allow users to book additional travel products or services alongside their main purchase. **The gain creators** focus on *enhancing the user experience* with offerings that may showcase local culture, cuisine, and traditions, along with *specialty activities* like culinary tours,

adventure travel, and wellness retreats. *Personalized travel recommendations*, *a user-friendly service adaptable to mobile devices*, and *comprehensive travel arrangements* from outbound to inbound are also key features.

Customer jobs refer to the goals, desires, and emotions driving the use of the service, such as *planning and booking trips* (functional), *seeking impressive experiences* (emotional), and *wanting convenient and high-quality service support* (practical). **The pains** section addresses the user's concerns and barriers, such as *a lack of time to plan and find the best activities*, *difficulty in discovering personalized offerings, language barriers, and the need for flexible cancellation policies*. And **the gains** section highlights the benefits users will receive from the service, including *easily finding favorable activities quickly, saving time by booking various travel products conveniently, and enjoying safe and enjoyable experiences supported by reliable service*.

So, with the help of this tool the value proposition of the service is identified – it is the source that determines the promotion of the product on the market. Here, the main benefit and help factors are identified, which are entered into the user story and the service backlog. Overall, the value proposition canvas provides a detailed look at how the service meets customer needs, alleviates their concerns, and enhances their travel experience through comprehensive and personalized offerings.

3.1.1 The Current Business Model Canvas

Having defined the value proposition of the service, it becomes clear what common key features of the service should be outlined in the business model of the company that wants to successfully operate and develop in the global travel tech market. Since the goal of this paper is to provide recommendations for transforming the existing business model of the company, at this stage it is necessary to define the existing business model. To do so, I apply for the Business model Canvas instrument. So, below is the current business model canvas of the travel marketplace that by now operates on the Russian market only:

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
- Hosts (guides, activity providers, etc.) - Travel agents/affiliates - Search engines - Content/review creators - Others (maps, payment, etc.)	- Collecting tours and excursions in one place - Guiding travelers' journey - Customer support - Generating demand	*For tourists* - Self-service travel marketplace - Variety of collected tours & excursions - Fair reviews - Lower cost - In-location booking - Minimum risk *For hosts* - Income generation - Ad/sales channel - Build reputation - Ease of transactions - Ease of getting verified guests - Calendar, booking management - No boss - Ease of joining	*Tourists* - Trustworthy reviews - Satisfaction with travel experience, which is safe, secure, and fair *Hosts* - Commissions/costs - Ease of interacting - Transparency	*Demand Side Customers* - Loyal travelers and locals who always use the service they trust - Frequent independent travelers - Travel agent who plan and book the tours for their clients *Supply Side Customers* - Individual hosts - Host teams - Host companies - Travel agencies - Tour operators - Attractions, museums, etc.
	Key Resources - Content (excursions, tours, tickets, day trips, etc.) - Website & platform architecture - App - Brand - User data, analytics capabilities - Skilled staff		**Channels** - Website (mobile, desktop) - App - Ads channels - Affiliate channels - Direct emails - Social media channels - Word of mouth	

Cost Structure	Revenues
- *Fixed costs:* rents of offices, utility costs, salaries - *Variable costs:* commissions to affiliate partners, financial costs for promotion (sales, marketing), customer acquisition cost (CAC), transaction costs - Development & expansion	- It is free for suppliers, that is, activity providers, to public their products on the platform; - Brokerage fee (the company receives a commission fee for the intermediation of the service between activity provider and the customer) - Commission is agreed directly with suppliers (not less than 20%)

3.3 Developing the set of practical recommendations

Considering the analysis of the global travel tech market (Chapter 1) as well as the Value Proposition Canvas for Travelers (Chapter 3.1.1), according to the methodology, it is supposed to create the table to correlate (1) the current factors and trends influencing the market, (2) the potential stages in service processes for implementation of the recommendations (Chapter 1.1.3 Process Chain Network), and (3) the nature of the recommendations themselves. Before to do so, it is reasonable to conduct general vision of each stage of travelers' journey using the 6-Level Journey Scheme to see how technology is transforming it:
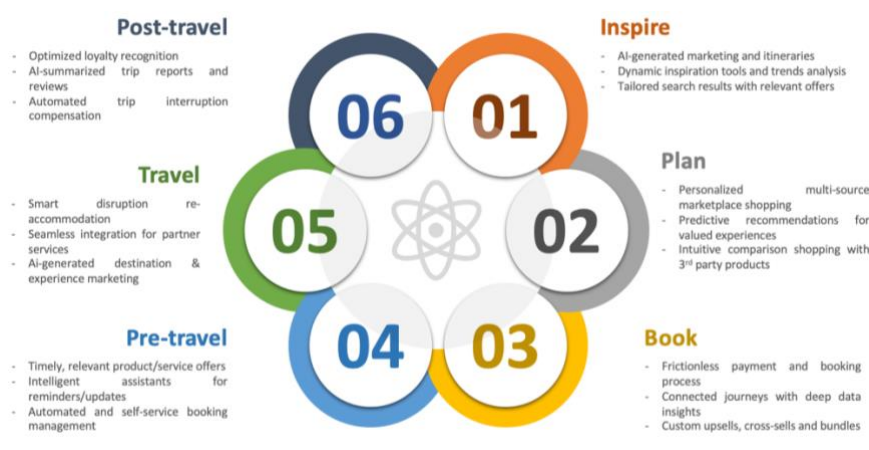

Figure 20. *The 6-Level Journey Scheme.*
Source: created by the author, based on the company representative's interview

Indeed, this 6-Level Journey Scheme is a comprehensive framework designed to enhance the travel experience by integrating advanced technologies and personalized services at every stage of the traveler's journey:

1st Stage – Inspire. This initial stage focuses on capturing the traveler's interest, it may be done through AI-generated marketing or customized itineraries. Dynamic inspiration tools and trend analysis help to identify what appeals most to the traveler. Tailored search results provide relevant offers, ensuring that the traveler is inspired with options that match their preferences and interests.

2nd Stage – Plan. Once inspired, travelers move to the planning phase, where they benefit from a personalized, multi-source marketplace. Predictive recommendations highlight valued experiences, and intuitive comparison shopping includes third-party products. This stage ensures travelers can plan their trips efficiently with a wide array of options tailored to their desires.

3rd Stage – Book. In the booking phase, the emphasis is on a seamless and frictionless payment and booking process. Deep data insights enable connected journeys, offering custom upsells, cross-sells,

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and bundles that enhance the overall travel package. This integration simplifies the booking process while providing additional value to the traveler.

4th Stage – Pre-travel. As the trip approaches, timely and relevant product and service offers are provided to the traveler. Intelligent assistants offer reminders and updates, while automated and self-service booking management tools allow for easy adjustments and modifications. This stage ensures travelers are well-prepared and informed before their journey begins.

5th Stage – Travel. During the travel phase, smart disruption re-accommodation tools help manage any unexpected changes. Seamless integration with partner services ensures a smooth experience, and AI-generated destination and experience marketing provides real-time suggestions and updates. This level ensures travelers have a seamless and enjoyable travel experience.

6th Stage – Post-travel. After the trip, optimized loyalty recognition rewards travelers for their journey. AI-summarized trip reports and reviews offer insights into their experiences, and automated trip interruption compensation addresses any issues that arose during the travel. This stage helps in maintaining a strong relationship with the traveler, encouraging repeat business and loyalty.

The 6-Level Journey Scheme is designed to create a smooth, personalized, and enjoyable travel experience from inspiration to post-travel, leveraging AI and advanced technologies to meet and exceed traveler expectations at every stage. Considering it, it is logical to move to the development of recommendations themselves:

Table 5. The development of recommendations

Factors & Trends in the Travel Tech Market *(from Chapter 1.2.3)*	Implementation Stage (6-Level Journey Scheme & PCN)	The Recommendations for BM transformation
Impressions are the foundation of travelling - Spending on e xperiences is growing 2x faster than all travel spending. - 58% of Gen Z and Millennial travelers prefer spending on experiences to spending on things.	**1ˢᵗ Stage of the Journey – INSPIRE** *(conducting thorough market research to identify popular experiences and tailor product development to emphasize unique and memorable travel experiences)*	Focus on selling experiences rather than just products – **to highlight the idea of memorable experiences, use call-to-action phrases** on the website phrases and in promotional campaigns. - **Call-to-action phrases:** to inspire travelers by the words like "Travel memories you will never forget" (Get Your Guide example) - **Content Marketing/Storytelling:** to use storytelling and content marketing to evoke emotion and communicate the unique value proposition of experiential travel offerings. - **Experiential/Specialty Offerings:** to create niche catering to specific interests (for example, culinary tours, adventure travel, etc.) and promote experiential travel activities that allow travelers to immerse themselves in local culture, cuisine, and traditions.
Vertical videos are the main sources of travel inspiration - More than 37% of travelers use social media as travel inspiration. - The proportion of Generation Z buyers is increasing, who do not search for information on Google, but draw inspiration from short vertical videos on TikTok, Instagram and YouTube.	**1ˢᵗ Stage of the Journey – INSPIRE** *(developing a robust content creation strategy focused on producing short, engaging vertical videos; implementing a targeted social media strategy to distribute these videos across platforms like TikTok, Instagram, and YouTube)*	Leverage vertical video content on social media platforms **to inspire and attract younger travelers**. - **Collaboration with Influencers**: to showcase experiences and promote memorable activities via inspiring short vertical videos by popular bloggers and celebrities. - **Social Media Engagement:** to actively engage with customers on social media platforms to share travel tips, showcase destination highlights, make specific

		offerings, and respond to inquiries and feedback.
People are still looking for live communication - More than half of the impressions are still bought offline. - Buying impressions is not buying a product. - People constantly mention that they want to talk to someone.	**2ⁿᵈ Stage of the Journey – PLAN (and others)** *(ensuring robust customer support options through various channels, including phone, chat, and in-person assistance; integrating these support options into the service delivery process to cater to customers who prefer direct communication)*	Offer robust live customer support options through phone and live chats to cater to those who prefer direct communication. - **24/7 Customer Support:** to provide round-the-clock customer support via multiple channels such as phone, email, chat, and social media to address inquiries, resolve issues, and provide assistance during the travel journey. - **Community Building:** to foster a sense of community among customers by creating opportunities for interaction, engagement, and collaboration, such as online forums, loyalty programs, or exclusive events.
People plan their budget and look for the ways to save money through discounts and loyalty programs - 63% of travelers will try to save through discounts and loyalty programs. - At the beginning of 2023, 360 million people used BNPL (payment model that is popular among the younger generation abroad), according to the forecast, by 2027 their number should grow to 900 million people.	**2ⁿᵈ Stage of the Journey – PLAN (and others)** *(developing and implementing attractive discounts and loyalty programs; integrate flexible payment options like BNPL into the checkout process to appeal to budget-conscious travelers)*	Implement and promote discounts, loyalty programs, and flexible payment options. - **Loyalty program development:** to develop the loyalty of customers by sharing discount offerings to keep them as a regular customer. - **BNPL payment-model:** to attract cost-conscious travelers.
People expect a good UX while planning and booking services - Organizing a trip in different services can be difficult and time-consuming.	**2nd Stage of the Journey – PLAN (and others)** *(investing in comprehensive UX design to create an intuitive and seamless booking*	Develop a seamless and intuitive **user interface that simplifies the booking process** and offers a comprehensive travel experience with **planning and**

- It is expected that the services will begin to provide a travel experience from start to finish.	*experience; ensuring all aspects of the travel experience, from planning to booking to post-travel support, are integrated into the platform)*	**cross-selling**. - **Customer-Centric Approach:** to adopt a customer-centric mindset and organizational culture focused on understanding and meeting customer needs and expectations. - **Investing in UX design:** to create a service that let people easily plan and book the trips that requires big resources of product management for the web. - **Expending the range of assortment:** to offer additional options that could complement the main purchase to allow travelers to more fully plan their time and trips.
Vertical search is growing - Previously, people searched for everything on Google, now they are switching to applications and services specializing in specific areas. For users to come to the service immediately, the service needs to give them such an experience that they don't need Google.	**3rd Stage of the Journey – BOOK** *(focusing on creating a highly specialized and user-friendly platform that provides a comprehensive travel solution; optimizing the platform to ensure users find everything they need without resorting to general search engines)*	Develop a highly specialized and user-friendly platform that provides **comprehensive travel solutions, ensuring users find everything they need** without leaving the service and develop customer loyalty. - **Data-Driven Insights:** to harness data analytics to gain insights into customer preferences and behavior, enabling targeted marketing campaigns and personalized recommendations. - **User-Friendly Service:** to optimize the website and to develop the app for mobile devices so that to accommodate the preferences and behaviors of mobile-first travelers.
Artificial intelligence (AI) and machine learning (ML) are revolutionizing the travel industry - GYG invests in AI, especially in large language models (LLM). - AI can help user easily select impressions, write reviews, etc.	**3rd Stage of the Journey – BOOK** *(investing in AI and ML technologies to enhance personalization, streamline processes, and improve product ranking; utilizing data analytics to continuously refine and optimize these technologies)*	Invest in AI and ML **to enhance personalization, streamline processes, and improve product ranking** of products that are promoted by the service. - **Personalized Offerings:** to leverage data analytics and artificial intelligence to offer personalized travel recommendations and experiences.

ML is used for ranking products on the marketplace and personalization.		- **Talent Acquisition and Training:** to invest in recruiting and retaining top talent with expertise in emerging technologies such as artificial intelligence, blockchain, etc.
The quality of service delivery has a direct correlation with tourist loyalty - The biggest factor determining users' loyalty to the platform is the experience they get on the spot. - Previously, tourists could not leave and read reviews about products and services, now they can, and it matters. - GYG considers reviews when ranking, as they are interested in ensuring that tourists get the best experience; hence, interesting, and innovative tours become bestsellers. According to surveys, 63% of people are willing to pay more for good service, 76% of customers will stop using your services after one negative experience.	**6th Stage of the Journey – POST-TRAVEL (and others)** *(implementing a comprehensive service quality management system that continuously monitors and improves service delivery based on customer feedback; incorporating reviews into the product ranking system to ensure high-quality experiences are prioritized)*	Focus on **delivering high-quality service** and continuously improve based on customer feedback – **to prioritize innovative and interesting tours** to become bestsellers. - **24/7 Customer Support:** to provide round-the-clock customer support via multiple channels such as phone, email, chat, and social media to address inquiries, resolve issues, and provide assistance during the travel journey. - **Feedback Mechanisms:** to implement feedback mechanisms such as surveys and reviews to capture customer insights and sentiment and use this feedback to drive continuous improvement. - **Optimized ranking system:** to collect data and rank all promoted by the service products with the help of AI and ML algorithms to make best products bestsellers and quickly reveal bad ones. **Customization and Personalization:** to offer customizable and personalized travel experiences tailored to individual preferences, interests, and budgets.

So, the recommendations for the long-term development of the marketplace in the global travel tech market are formulated and justified in the table above. However, in the progress of this paper recommendations for short-term development have also been discovered, and can be applied immediately:

1) Continuous use of paid traffic (CPC Traffic). At the initial stage of its development Company A needs to focus on paid traffic and its optimized operation, as this is the only channel that will allow the company to start functioning and earn reputation (1.1.2 The analysis of the traffic types on the marketplace). Of course, it is necessary to prioritize organic traffic growth as a long-term goal, but it is important to understand that search engines will not allow a site that is not visited by enough users to take the leading positions. In addition, the travel tech market is changing too rapidly, so players claiming a competitive position in the market must promptly follow trends to be ready to quickly adapt to the rapidly changing conditions of the global travel tech market.

2) Focus on a high average fee in working with paid traffic. The company has already worked with paid traffic last year, but the attempts became extremely unprofitable because the advertising costs were not recovered due to the low average fee. To raise the average fee, the company should run advertising for more expensive products or introduce cross-sales on the platform, that, according to market analysis, should be attractive to tourists, as users expect services as travel marketplaces to be able to book different components of their trips in one place, that is, on the same website. I would like to note here that both the first recommendation and the second one were successfully tested by the company – the results will be indicated below when evaluating the recommendations.

3) Active search for suppliers with whom it is possible to synchronize through the booking system. Expanding the assortment is an important task for a young travel marketplace. It turned out that on the global market there are booking systems (e.g., TourCMS, Bokun, etc.) that allow travel marketplaces to synchronize supplier data with the marketplace (this is called API-integrations) to automate all interactions between the marketplace and event organizers. There is no such possibility in Russia, so entering cooperation in the home country is a more challenging and longer process. Company A should focus on rapid expansion of its assortment to grow faster and earn a reputation. The conditions of the global environment prove to be relatively favorable in this matter. Thus, it is recommended to invest in recruiting and hiring developers to rapidly grow the assortment on the website, i.e., to quickly and immediately enter cooperation with suppliers through booking systems and API integration.

Considering the 6-Level Journey Scheme and the recommendations for each of levels proposed above, the new canvas of the business model transformed to the global travel tech market may appear as follows:

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
- Hosts (guides, activity providers, etc.) - Travel agents/affiliates - Search engines - Content/review creators - Others (maps, payment, etc.) - Technology partners (i.e., specialized APIs, AI, ML)	- Collecting tours and excursions in one place - Guiding travelers' journey - Customer support - Generating demand - Enhancing value proposition - Improving customer experience **Key Resources** - Content (excursions, tours, tickets, day trips, etc.) - Website & platform architecture - App - Brand - User data, analytics capabilities - Skilled staff - User experience - Global network - AI and ML algorithms	*For tourists* - Self-service travel marketplace - Variety of collected tours & excursions - Fair reviews - Lower cost - In-location booking - Minimum risk - Relevant offers (due to optimized ranking and personalization) - Wider range of offerings (experiences and specialty activities) - Source of inspiration - Travel planning - Third-party products (cross-selling) - 24/7 reliable customer support (reminders and updates to keep travelers informed, some unexpected changes) - User-friendly service for mobile devices - Various payment methods (i.e., BNPL) *For hosts* - Income generation - Ad/sales channel - Build reputation - Ease of transactions - Ease of getting verified guests - Calendar, booking management - No boss	*Tourists* - Trustworthy reviews - Satisfaction with travel experience, which is safe, secure, and fair *Hosts* - Commissions/costs - Ease of interacting - Transparency **Channels** - Website (mobile, desktop) - App - Ads channels - Affiliate channels - Direct emails - Social media channels - Word of mouth - Booking systems	*Demand Side Customers* - Loyal travelers and locals who always use the service they trust - Frequent independent travelers - Travel agent who plan and book the tours for their clients *Supply Side Customers* - Individual hosts - Host teams - Host companies - Travel agencies - Tour operators - Attractions, museums, etc.

		- Ease of joining - Global reach		
Cost Structure - *Fixed costs:* rents of offices, utility costs, salaries - *Variable costs:* commissions to affiliate partners, financial costs for promotion (sales, marketing), customer acquisition cost (CAC), transaction costs - Development & expansion - Technology development (R&D) - Investing in UX design - Investing in retaining top talent with expertise in AI and ML		**Revenues** - It is free for suppliers, that is, activity providers, to public their products on the platform; - Brokerage fee (the company receives a commission fee for the intermediation of the service between activity provider and the customer) - Commission is agreed directly with suppliers (not less than 20%)		

In this transformed business model, points that have been added or slightly changed compared to the original business model are highlighted in green.

In the Key Partners section, technology partners whose expertise is needed for IT business to implement and integrate artificial intelligence and machine learning into the company's operations have been added.

Two items were added to the Key Activities section: enhancing value proposition and improving customer experience; and user experience, global network, AI- and ML-algorithms were added to the Key Resources section.

The biggest transformation was made in the Value Proposition for tourists' section. Despite the fact that by investing in artificial intelligence and machine learning, the company automates its own processes and potentially reduces its resource costs, tourists as users of the service get the most important advantage - relevant offers (due to optimized ranking and personalization). This section also includes such items as (1) wider range of offerings (experiences and specialty activities), (2) source of inspiration, (3) travel planning, (4) third-party products (cross-selling), (5) 24/7 reliable customer support (reminders and updates to keep travelers informed, some unexpected changes), and (6) user-friendly service for mobile devices. It is also

important to note the BNPL payment method, which is preferred by a significant proportion of foreign youth, so a special point is given to various payment methods (i.e., BNPL).

Only one item has been added to the Value Proposition for hosts section - global reach. It means that suppliers who sell their services in different tourist cities have the opportunity to attract people from different countries, thanks to which they have access to a global audience (for comparison, at the moment the Russian marketplace is designed only for Russian-speaking users).

One of the most interesting points that was discovered as a result of the market analysis is booking systems in the Channels section. In Russia, the company receives bookings from all the channels listed in the table, but there is no such thing as a booking system on the home market. Tour operator reservation system (booking system) is a service that serves as an intermediary between marketplaces and direct service providers. The role of this intermediary is as follows: there are a huge number of suppliers and quite a large number of marketplaces on the market. To enable marketplaces to fill their website with assortment faster, booking systems (e.g., Tour CMS, Bokun, etc.) have been created, to which suppliers connect on their own initiative in order to receive more orders. Marketplaces at that time find suppliers directly in these booking systems and add them to the website. Thanks to the booking systems and data synchronization via API integration, data from the official website of the service provider is transferred to the marketplace website, which serves as a rather fast and reliable way to promote suppliers and grow marketplaces.

And finally, the Cost Structure section. Since most of the recommendations are related to the use of artificial intelligence and machine learning, it is necessary for the company to invest heavily in technology development, as well as to hire people who have expertise in this area. Also, in order to meet the high expectations of the tourist from the usability of the service and its website, the company needs to consider the share of costs on UX design.

3.4 Assessing the developed recommendations

In the progress of this paper, recommendations to transform the business model in order to adapt it to the global travel tech market were developed: recommendations for short-term and long-term business development are identified.

⇒ **Assessment of recommendations for short-term development**

Recommendations aimed at short-term business development are defined in detail above, so they are summarized in this subchapter as follows:

1) The business needs to continuously use paid traffic (CPC Traffic) and focus on optimizing it until the company is able to make money from organic traffic (SEO Traffic).
2) Focus on high average fee of sold services – advertising campaigns for more expensive products and cross-selling.

The proposed recommendations were considered by the company and successfully tested. The city of Budapest (Hungary) was chosen as a case study: an advertising campaign was launched on the city page in 2023, which was suspended after one month of losses. ROAS (Return on Ad Spends) did not exceed the value of 0.5 for six weeks (Table 5) because the advertising campaign was launched on a page with products that cost approximately 20 euros.

Table 7. Company A CPC Campaign Results (2023)

week	avg fee, €	avg commission	costs_cpc, €	fee_cpc, €	roas all
2023					
April, 1-7	6,7	0,16	4 639	1549,42	0,33
April, 8-14	6,7	0,16	4 269	1400,84	0,33
April, 15-21	7,1	0,19	6972	2337,87	0,34
April, 22-28	7,8	0,19	4 566	1700	0,37
April, 29-May, 5	8,4	0,19	5 599	2558	0,46
May, 6-12	6,7	0,19	6 513	1877	0,29

In April 2024, the company repeated the test in the city of Budapest, but this time the advertising campaign was launched not on the page of the entire city, but on the page with water activities and cruises in Budapest, which are inherently more expensive. In addition, the company tested cross-selling – options (1) with one drink, (2) three drinks and (3) an entire dinner while on the

ship were added to the cruises. According to the findings, over 74% of the bookings had one of the three additional options added, which significantly raised the average fee of sales (Table 6).

week	avg fee, €	avg commission	costs_cpc, €	fee_cpc, €	roas all
2023					
April, 1-7	6,7	0,16	4 639	1549,42	0,33
April, 8-14	6,7	0,16	4 269	1400,84	0,33
April, 15-21	7,1	0,19	6972	2337,87	0,34
April, 22-28	7,8	0,19	4 566	1700	0,37
April, 29-May, 5	8,4	0,19	5 599	2558	0,46
May, 6-12	6,7	0,19	6 513	1877	0,29
2024					
April, 1-7	8,0	0,21	873	767	0,88
April, 8-14	9,3	0,23	859	894	1,04
April, 15-21	9,6	0,23	927	958	1,03
April, 22-28	8,8	0,23	1 209	1 096	0,91
April, 29-May, 5	9,2	0,22	781	734	0,94
May, 6-12	8,5	0,23	1 821	1 524	0,84

In a year-to-year comparison, the above table shows that the average fee has increased significantly, bringing the company closer to its ROAS target value – the table shows that every week the index was close to 1 or more. It is important to realize that a high average fee is only one component that affects ROAS. The recommendations for long-term development identified in this paperwork will have a corresponding impact on other components – for example, on order conversion, which should become higher due to UX improvements and other upgrades.

Although the final result of this case study does not show profit, the company recognized it as a success, as the losses are minimized. Here it is worth noting once again that the travel marketplace, which is starting its operation on the global market, has no volume and no reputation now, so getting views and orders by other channels than paid traffic seems to be an extremely difficult and time-consuming task. To master other traffic channels, the company needs to start its functioning. "Starting to function in the global market with minimal losses, being a small player, is a good start," believe the company representatives.

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[96] https://docs.google.com/spreadsheets/d/15q13OBSpc59nwuZMBbYknv3-EFq32ADqXwZuSb6sg9c/edit#gid=0

$\Rightarrow$ **Assessment of recommendations for long-term development**

At first, it seems important to note that investment in travel companies is necessary to compete in the new conditions of the global travel tech market. This market is undergoing a revolution in which only those players who are able to keep up with trends and adapt to new conditions will survive. The travel tech industry is approaching the point where (1) intelligent automation, (2) advanced, real-time AI/ML at scale, and (3) highly personalized experiences will be widespread.
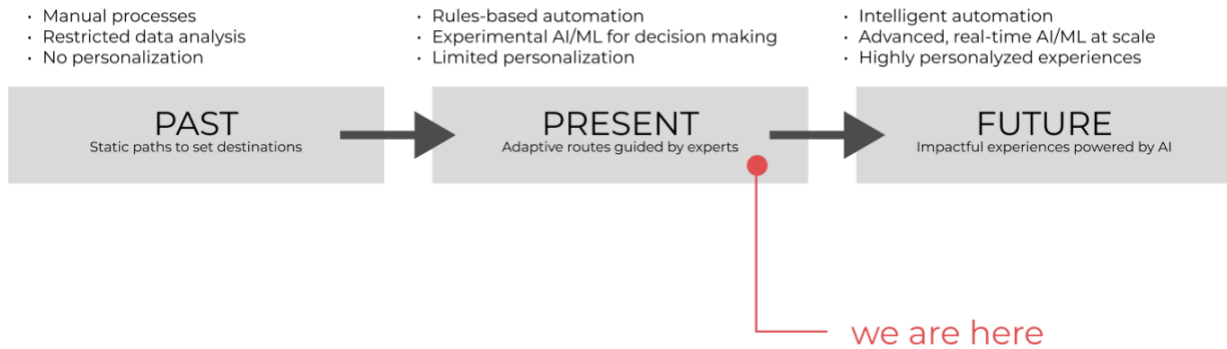

Figure 21. Evolution of the travel tech market.
Source: created by the author, based on ITB Berlin 2024 Convention Program

It is now extremely challenging to estimate in figures the expected results of the proposed investments, even roughly. The main idea is that these investments are unavoidable expenses for those companies that want to stay in the market, as artificial intelligence is transforming the industry and changing the rules of the game. So, although the international business unit of Company A is just starting its big ambitious journey, it has the potential for development and investments that the management can allocate due to its successful functioning on the Russian market. In addition, it is worth noting that all the results obtained can be easily and quickly adapted to the Russian market, which will give the company a big competitive advantage in its home country and accelerate the growth of both business units.

CONCLUSION

To sum up, this thesis is devoted to Company A, a Russian travel marketplace, as an object of the research, and its business model for functioning in the global travel tech market, as a subject of the research. It is worth noting here that Company A has been operating for more than 15 years in Russia and has significant profits, allowing it to invest in its development in the international market, which is now rapidly changing and transforming due to the widespread use of technology and artificial intelligence. Thus, the purpose of this research work is to develop a set of recommendations for the transformation of the company's business model to adapt it to the global travel tech market.

In the process of the research (1) the existing business model of the company, thanks to which the business successfully operates in the Russian market, was determined, (2) the global travel tech market was deeply investigated with the help of many articles and public speeches concerning the development of the travel industry (*Deep PESTLE-Analysis* was used as the main tool), also the major players and leaders of the researched market were examined in the comparative analysis. The obtained information about trends and changing conditions of the global travel tech market was collected in a table and correlated with six levels of travel journey (*The 6-Level Journey Scheme*), as well as *Process Chain Network (PCN)*, which displays each stage of interaction between 3 participants of the process: the travel marketplace itself, activity providers, and customers. As a result of the correlation of (1) *market trends* and (2) *stages of interaction* between process participants, it has been possible to develop recommendations at each individual travel-journey level.

In this thesis recommendations for short-term and long-term development of the company were proposed. Short-term recommendations were successfully tested on the example of the city of Budapest, Hungary. Recommendations aimed at the long-term development and growth of the company are extremely difficult to evaluate financially and efficiently, since the introduction of artificial intelligence into business processes is a new phenomenon that the fastest market players are now trying to master.

Thus, this consulting project resulted in practical relevance to the management of Company A, which has started its operations in the international market relatively recently. The concluding thought is that in times like these when market is changing rapidly, small new players have bigger chances to become competitive ones as all market figures and leaders are faced with uncertainty to which they need to adapt, which is never easy to do. The one who does it the fastest wins.

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