

# Travel towards new markets

**eSky – the travel agent from Katowice has developed a unique model of the foreign expansion, which allows shortening the time between the decision and the start of selling to just two weeks. The key to success is using the innovative proprietary solutions developed in new markets. Łukasz Neska**

The main business of the eSky Group is intermediation in the sale of airline tickets on the Internet. This area currently represents 90% of income in our company. Three years ago, we extended our offer to the possibility of booking an accommodation, and also to other additional services related to the current activity of the company, such as travel insurance. It allowed us to significantly improve the operational and financial results.

However, the main factor that distinguishes the eSky Group from the competition is not the company's offer – it doesn't sell its own products, but the services of air carriers, hotels and tourist companies. The key competence of the eSky Group is combining its own technological solutions with the ability to enter new markets in an efficient way. This combination gives very good results, which are visible in better financial effects and growing number of clients.

During 14 years of operations, the eSky Group has entered the markets of 30 countries, reaching a total number of 5,5 million users and obtaining a long-lasting cooperation with over 30 international partners. Today, we offer airline tickets for 860 air connections all over the world and accommodation in 1.1 million hotels. The total value of transactions concluded through our websites exceeded PLN 1.1 billion. Services of the eSky Group are used by customers from over 250 countries and dependent territories, including even one person from North Korea.

We currently consider Brazil to be the most important market in which we've been operating since 2011. This Portuguese-speaking country represents of our sales. Poland is in second place where we have nearly of global sales and of European sales. Bulgaria and Romania were the first directions of our expansion, and then we even reached Turkey. In recent years, we've developed our expansion by entering up to 13 countries of South America, where the Spanish language prevails, and this is the direction we consider the most prospective this year.

After years of presence in foreign markets, we've learned that in some countries it's not necessary to open a representative office or register a company to start selling.

This is how we worked at the beginning of our activities, entering the markets of Romania, Bulgaria and Brazil. However, in some countries, the establishment of a company is necessary in order to gain access to local payment and billing systems, but this is not a rule. Therefore, in most cases we limit our actions to creating local domains because many clients prefer national websites. There are also clients that we can reach without creating local websites, because English-speaking people often use our global domains – eSky.com and eDestinos.com.

We remember that although we live in a globalized world, each market has its own specificity. This is the reason why apart from the global domain, we translate websites and run marketing campaigns in local languages, including local determinants. However, the technology is universal. That way, we can manage particular national domains from the head office in Poland or from operational hubs located in Sofia, Bucharest and Porto Alegre. This attitude translates into the employment structure. Half of over 500 employees are employed in Poland and 100 of them are engineers in the head office in Katowice.

Thanks to the centralization and unification of IT solutions, entering the new market by our company is largely automated, because we've built universal modular segments that our administrators can combine without programming skills. This allows us to shorten the time between the decision to enter the market and the sale to just two weeks. After creating modular and repetitive solutions, we only need to translate the website, integrate the payment system and start activities that generate traffic on the website, such as SEM. Everything else is done automatically. Even mapping of new offers takes place without human intervention.

## **LESSONS FROM FAILURE**

Technology and the ability to manage large data sets is the first and basic factor that distinguishes us from other online travel companies that take part in the process of selling airline tickets and accommodation.

We receive millions of inquiries from our customers in an hour, and we have to answer them within 3-4 seconds. If we don't provide the customer with specific information related to air connections or accommodation during this time, the potential buyer will go to a competitive company. That's why we focus on innovative solutions and consider ourselves a technology company that uses data to help individual and business clients organize their travels. We concentrate on developing the technology that makes it easier for clients to prepare their trip. It distinguishes us from other airline websites or tour operators, which focus mainly on the sale and organization of own services or package products.

In 2008, when I joined the eSky team as a person responsible for marketing, the company had technological solutions that allowed to start an international competition. The first market where we started selling airline tickets in the same year was Bulgaria. An interesting fact is that we chose this market because our website was based on a new Bulgarian application. We were convinced that in the local market it would operate as well as in Poland. A year later, we launched sales in Romania. In both of these markets, we registered local companies needed to make online payments and copied our business model which was based on collecting commissions from airline tickets sold via a computer. We immediately found a huge demand, which was confirmed by the

first effects of marketing activities on a large scale, primarily on the Internet. We even had an amazing situation in Romania. Right after starting our website in the morning, we had to limit our marketing activities at noon because the call center personnel couldn't keep up with ongoing customer service. Today, thanks to ten years of experience, we are able to more precisely predict the demand and prepare for it, but then we were surprised by the success of our offer.

Perhaps, that wrongly estimated demand led us to erroneous conclusions, resulting in a significant change in strategy. Instead of continuing the territorial expansion, we decided to stay in the same position and expand our offer. We wanted to become an aggregator of tourist services in Poland and started to integrate tourist and travel packages. We began to transform from a technology company into a tourist company. Our business model was more and more similar to companies, such as Travel Planet or Wakacje.pl, where the share of technology is negligible. We received the first warning signals after a few days from the start of the new offer and reconstruction of the business model, but we didn't lose hope and persistently continued our strategy.

We decided to include tourist packages in our offer, to expand the product offer on the domestic market and strengthen our position. However, during the integration and after the implementation, we realized that the process of operating tourist reservations was completely different from the process of operating flight reservations. Most transactions were operated manually, and the chance of entering new markets was virtually nil.

We've lost a few months and a lot of money trying to become an intermediary in the tourist offer. However, the waste of time and money was also a valuable lesson for us - we focused on flexible project management. Today the terms "agile", "scrum" and "sprint" are extremely popular, but 10 years ago they were completely abstract. For us, however, these new methods of project management have become a way to test new solutions and markets, with protection against the loss of time and money. Therefore, in the next activities we decided to use the "agile" method.

According to this method, we've created new solutions or service with minimal functionality that is suitable for showing to customers. We launch it immediately, directing it to a specific group of users.

When the solution works in a specific area, we develop it, improve it and direct it to an increasing number of customers. In this way, using the iterative method, we come to completely functional solutions. This model of operation means that projects are never completed - with the development of technology, expectations of the customers are changing. The agile method allows us to keep up with these expectations and stay ahead of the competition.

With such a flexible approach to project management, the ability to quickly collect information and the ability to analyze the collected data and draw the right conclusions is extremely important. Unfortunately, the applications available on the market weren't compatible with the specificity of our activities. After the attempt of becoming a tour operator, we've returned to the roots and have become a travel e-commerce that sells various products on the Internet but doesn't create its own.

We decided to develop our sales process to perfection and to find an advantage over the competition in that field. However, in order to make it, we had to learn more about clients. Our programmers created their own tools for collecting quantitative and quality data. Instead of

focusing on the evaluation of products, we focused on the client's behavior while browsing the offer. Apart from the quantitative data, we also used the application recording the user's interactions while using our website. Thanks to that knowledge, we could improve all the inconvenience associated with the sales process. Among the barriers, sometimes we could find surprising details such as the appearance of the page, a button placed in a wrong place or - in the case of foreign language websites - a description translated in a wrong way, and even the wrong colors.

When analyzing the behavior of the client, we could often observe that from the perspective of local markets, the skill of copywriting in a given language is extremely important. Undoubtedly, we needed the support of native speakers. However, there are some differences between countries, and in the Spanish-speaking countries it is easy to get the title "gringo", and this will certainly cause the failure of each company. That's why it's very important to be careful - especially in communication in social media - so as not to insult or lose potential clients. Sometimes even one single word used in a wrong context can be the reason why the client closes the website, thinking that someone wants to offend or embarrass him. We had an interesting case in Brazil, where many clients resigned when they had to choose the gender. Why didn't users want to choose the "Mr." or "Mrs." section? It turned out that the sex in Brazil is related to the indication of marital status. That's why an unmarried woman didn't want to choose the "Mrs." option and she was looking for "Miss." When she couldn't find it, she decided to leave the website with irritation. After correcting this completely unexpected inaccuracy, sales increased by several dozen per cent. It also happened that the change of two sentences resulted in the increase of positive responses to the offer from 2 to 40%. There are definitely more of these local conditions.

## **LESSONS FROM SUCCESS**

After an unsuccessful transformation into a tourism company, we've come back to the territorial expansion, but this time we had a new experience in collecting and analyzing large data sets and had knowledge about effective project management methods. We started to think about the choice of further directions and in the beginning, we considered entering other European countries. However, when we looked around in a wider perspective, it turned out that instead of doing the same thing 10 times, we can reach another area that is similar to Europe at the same time. Brazil was the country that attracted our attention - there are over 200 million potential customers who speak the same language - Portuguese. This country is completely different from Europe, from time zones, through cultural aspects, consumer behavior, or even technological aspects. The potential was so huge that we decided to focus on this market.

Entering the Brazilian market required us to be totally involved in the organization, because this country is not only completely different from Europe, but also full of cultural and technological surprises. The key to success was to adapt our solutions to the shopping habits of Brazilians. In Poland and all over Europe, people often do shopping on the Internet. In 2010 when we were preparing to reach the new market, our market was dominated by computers, and the market in Brazil was dominated by mobile shopping. It's a kind of technological leap resulting from the low level of cable infrastructure in this country. Many Brazilians have never had contact with desktops and laptops or with a cable network. That's why we decided to choose a comprehensive expansion

of our website's mobile solutions. In European markets, there was no need to develop our application in the mobile area, but in Brazil, without a mobile application available on smartphones, we didn't have any chance to attract customers. We've added an innovative mobile version of the site, and as a result, today we are the only major non-Brazil booking service that has entered and stayed in this country. Although attempts made by large companies from Western Europe and the United States, nobody managed to achieve such success.

Entering the Brazilian market has perfectly prepared us for a mobile revolution. Today, our websites around the world register more visits from mobile devices than from traditional computers. Even in Europe, there are markets where more transactions are made on smartphones than on traditional computers. This situation takes place, among others, in Romania, where basically everything happens by phone. Brazil has forced us to develop the mobile application, which is currently used by over three million people around the world and which has collected a lot of prestigious technology awards. Thanks to the expansion, we overtook the European market for 2-3 years and at a time when our direct competition began to develop mobile solutions, we were already involved in new areas that will be important in the next years.

The further directions of our research and development are largely derived from the Brazilian experience. This is the place where we've encountered with various types of scams and extortions over the Internet, on a scale that is unknown in Europe. The amount and variety of scams have motivated us to develop strong protective mechanisms that effectively protect us and our clients against cybercrime. Internet crime was one of the reasons for the failure of many foreign websites that went bankrupt when it turned out that most of the transactions concluded by their systems were frauds. Instead of hotels and carriers, the client's money went to criminals. It was something that has motivated us to create advanced verification and payment systems, which include not only the interaction with people but also the analysis of social media. The advanced, multi-layered protection system against fake transactions has allowed us to steadily develop in South American markets, and today also protects us all over the world.

After entering the Brazilian market, we decided to take another break, but this time we didn't want to change our business model, but we wanted to strengthen our position and improve our technological solutions. The process of entering, stabilization and adaption to a local market, including creating a mobile and protective systems meant that in Europe and Brazil, we were operating on two completely different technologies, and our application has grown so much that it lost its stability. That's why we decided to build everything from the beginning, using the latest solutions and our experience. We chose a modular system, in order to make it easier to enter new markets in the future. We wanted this system to be similar to the construction of a house made of blocks – instead of changing good solutions, every time we can choose only what exactly we need in the new market. Thanks to that, we could shorten the time of entering the new market, and in 2015 we started sales in 10 countries: in the Czech Republic, Slovakia, Hungary, Turkey and Spanish-speaking South America, for example in Peru, Panama and Dominican Republic, and now we are launching operations on the next markets of the region. In each of these countries we use the latest mobile solutions, and also use our protection systems developed in Brazil. The high level of our IT solutions and protective systems allows us to manage services in particular countries

"remotely", without opening branches there. In Peru, for example, we are in second place on the

market, without having an office there. We operate Peru from three places around the world: Brazil, Poland and Romania.

Today we are present in the markets of 30 countries, and 14 of them are Spanish-speaking countries. We consider this language group very prospective, and the potential we see in this group is even greater than in Brazil. That's why our priority directions for the coming years are the Spanish-speaking markets of South and North America, which we haven't yet reached. The main directions are Argentina, Uruguay, Chile and Ecuador, as well as Mexico and the United States. In the latter case, our target group is the Latinos minority, which is more than 15% of the population of this country, and in the southern states, such as California, Texas or Arizona, it exceeds even 30% of the population. Entering the English-speaking American market, where there is a huge competition, would be very difficult and expensive for us. We decided to not compete directly with the global leaders. Instead of this, we prefer to gradually attract new users from promising and niche regions, focusing on the attractive minority for us. We've successfully built Spanish-language website eDestinos.com in the markets of South America, so we have ideal tools and competencies which we can effectively use in the case of clients from Mexico and the United States.

The second direction of our expansion is Europe. So far, we've been operating in the Czech Republic, Slovakia, Hungary, Romania, Moldova, Bulgaria and have reached Turkey. Now we want to go to the north and west. In Europe, Polish customers are still the most important source of income, because our local market generates about one third of revenues on this continent. However, in the countries of Western Europe, a significant part of the transaction is concluded via our global eSky.com domain. Apart from Poland, most of our clients come from Germany, Great Britain and Ireland. We still want to strengthen our position in these markets, but we also intend to focus strongly on Spain, taking advantage of the fact that we are expanding in Spanish-speaking countries of America and we are working on a marketing campaign in this language.

An active presence on other continents gives us an additional advantage also when it comes to European clients, including Polish clients. South America is a popular tourist destination, and while operating in that region, we have direct access to unique offers of airlines, which later we can freely submit and present to our European clients. Thanks to this, our client can buy a trip with several airlines in one place and at a good price, for example from Rzeszow to Machu Picchu, with the guarantee that his money will go to the right account and he will reach the destination.

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