



## Teaching case study: Travel agency DAEN

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**Abstract:** The research case study deals with travel agency DAEN. It presents the company, the main competitors and also tries to answer the question "What is the position of travel agencies in today's world". The response to the COVID-19 pandemic and its impact on the company's business is also an integral part.

**Keywords:** travel agency, COVID-19, competition, personas

### Predstavenie firmy

DAEN s.r.o. is a family company whose main activity is the operation of a travel agency, personal road motor transport. The travel agency CK DAEN has been operating on the Slovak tourism market for over 27 years, where it is one of the smaller travel agencies. The main activity of DAEN s.r.o. is an organization of wellness stays. These also include spa and medical stays, ski stays, stays for schools, stays for seniors, cultural stays, and stays with elements of an active vacation. The main destinations of the travel agency include the Czech Republic, Hungary and Slovakia. DAEN s.r.o. on the basis of long-term experience, he can also prepare a tailor-made holiday to other tourism destinations. Additional activities include providing additional travel insurance, car rental, transfers, air tickets, tickets, visas or booking tickets for sports and cultural events.

The starting company that operated a travel agency was PROSPERITA Travel. It was part of the BROUK s.r.o. company, which was granted a concession to operate CK services in 1997 and operated as an in-house travel agency. The DAEN travel agency was established through the merger of several companies. In 2010, there was an opportunity to buy the company CK DAEN, which was founded in 1994 in Plzeň. Its original concept was set up in a similar way, so the management found it appropriate to buy this travel agency and thus expand to clients "from the outside", because until then they had only focused on corporate clients. The DAEN brand was known, they decided to perform under this name. In 2013, another company joined by purchase, and that was CK ERLI, a specialist in Hungary. They considered this move appropriate because they wanted to expand their offer with another destination.

From an administrative point of view, the operation of a travel agency is significantly different from that of a travel agency. In general terms, it is the fact that, unlike a travel agency, a travel agency is not authorized to sell tours and cannot mediate the sale of a tour for another entity that is not a travel

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agency. The travel agency only mediates tours. The travel contract is concluded by a travel agency, so the travel agency acts as an intermediary.

A travel agency (according to international terminology tour operator) is a legal entity that, based on the concession and Act 159/1999 Coll. entitled to:

- organize, offer and sell tours and offer and sell individual tourism services,
- organize combinations of tourism services and sell them to other travel agencies for the purpose of further business,
- mediate the sale of individual tourism services for another travel agency, travel agency or other entity,
- mediate the sale of a tour for another travel agency,
- sell things related to tourism (e.g. tickets, printed guides, souvenirs, etc.).

When establishing a travel agency, the entrepreneur must have professional qualifications. The entrepreneur also needs to obtain a trade license with the business object of "operating a travel agency". The travel agency must also meet professional qualifications according to Act No. 455/1991 Coll. for a licensed trade and a license must be issued by the trade office.

When setting up a travel agency, it is necessary to obtain a business license with the subject of business "production, trade and services" and the entrepreneur must meet the general conditions for running a business.

Unlike a travel agency, a travel agency is obliged to have bankruptcy insurance for the entire period of its activity. The travel agency, on the other hand, only has the obligation to provide the customer with information that the travel agency is organizing the trip.

The company has 6 employees and several external collaborators, which makes it a small company.

The company has 2 female managers. The detailed organizational structure of the company is shown below (see Diagram 1). DAEN s.r.o. is insured against bankruptcy with insurance company Slavia, a.s.

The headquarters of the company and its place of business are located in Prague 10 - Hostivař, Daliborova Street 161/26, approximately 30 minutes by tram from the center of Prague. The business is easily accessible by car and public transport.

Scheme 1 Organizational structure of DAEN s.r.o.



Source: www.daen.cz

The company DAEN s.r.o. is presented primarily via the Internet and websites. It currently has 2 domains registered: www.daen.cz (see Figure 1), letemsvetem.daen.cz (see Figure 2). The company is also active on social networks, especially on the Facebook page (CK Daen - Beyond the limits of your dreams) and Instagram (ckdaen), where 2-3 posts appear per week.

DAEN s.r.o. has printed catalogues for 2020 Year-round holiday with a smile. Due to the COVID-19 pandemic, the catalogues for 2021 were not printed. All communication was concentrated in the online environment.

Like most companies (and not only in the tourism industry), CK DAEN also has a loyalty program for its regular customers.

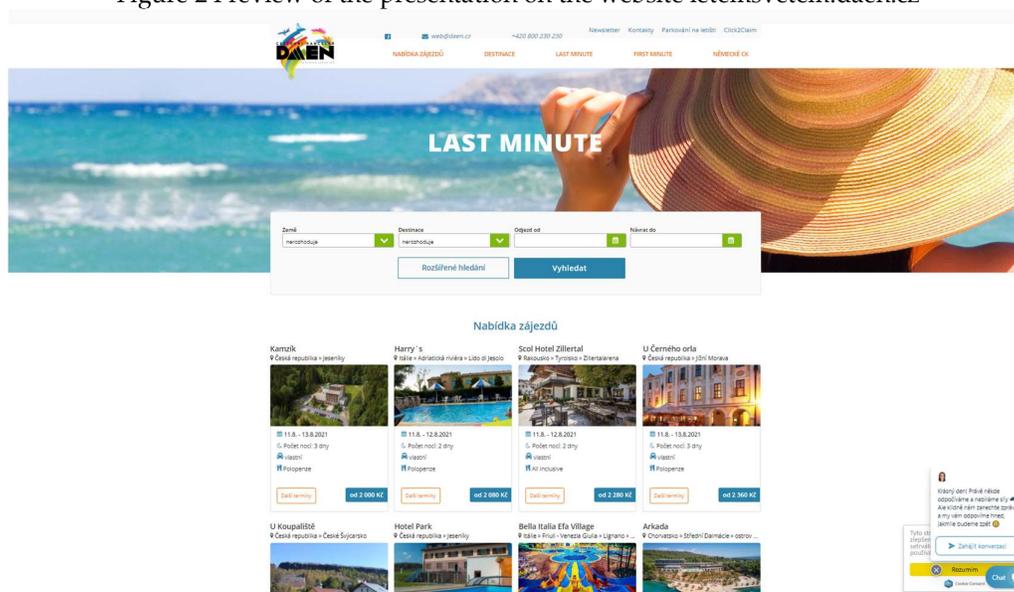
Figure 1 Preview of the presentation on the website www.daen.cz



Sourcej: www.daen..cz

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Figure 2 Preview of the presentation on the website letemsvetem.daen.cz



Sourcej: [www.letemsveten.daen.cz](http://www.letemsveten.daen.cz)

## Competitive analysis

In a highly competitive environment, the priority is to offer customers/clients a competitive advantage. The advantage is not a lower price, the advantage is innovation, something new and more interesting. It is also important to keep an eye on developments in the travel agency market, as we can learn a lot from the competition.

The defining elements of travel agencies are size and specialization. DAEN s.r.o. belongs to the smaller travel agencies with a narrower specialization on the Czech market. Compared to large and less specialized travel agencies, they have to limit their marketing and communication budgets and cannot afford to cut prices and provide discounts.

But what a small travel agency can influence, and sometimes even much better than a large one, is the organization of the tour/stay, the care of the client at the place of stay or the way of communication. A specialized and small travel agency does not just want to sell, it is an advisor, a guide when buying. It devotes more time to client care and offers a wider offer in a given destination than a large travel agency. A well-organized tour/stay is the best marketing. And the business and activities of DAEN s.r.o. are built on this.

The main competitive advantage of DAEN s.r.o. are human resources.

Table 1 DAEN, s.r.o.

Target market	Families with children, seniors, disabled, corporate clients, groups and individuals
Pricing policy	We always sell at prices that the client could buy directly, so that we are not more expensive
Competitive strengths	Client care, personal approach, special offers
Weaknesses in the competition	Low budget for marketing and also for human resources
What they do better	They have a more sophisticated website, better technology, a bigger budget for marketing, a better financial background and also larger travel agencies have a better negotiating position with suppliers
Distribution	3 branches, more than 220 commission sellers
Promotion	Web, online marketing, catalogues, printed catalogues and leaflets, competitions, participation in trade fairs and sales exhibitions
Future development returning clientele	Focusing on personal advice and maximum service to our clients, building a loyal and returning clientele

Source: Own

Table 2 Competitor Travel agency Čedok

Target market	Families with children, seniors, disabled, corporate clients, groups and individuals
Pricing Policy	A strategy focused on perceived value by customers who are willing to pay extra for security. CK adheres to a pricing strategy that says that too low a price creates mistrust and too high will drive away potential clients to the competition. System of discounts
Competitive strengths	Widest range of travel services in the Czech Republic, long-standing tradition and stable position on the market, creation of very affordable tours (e.g. to Paris), dense network of branches, own coaches, prestigious award for the "Rhodes" image in the category CK, CK regularly ranks high in the prestigious TTG Travel Awards survey
Weaknesses in the competition	Reviews on the Internet speak in favour of the Central Committee, only the delegates are negatively evaluated and that in many cases. Frequent change of majority owner
What they do better	Several types of sightseeing tours - Nr. 1 on the market, Čedok mobile application, Čedog Children's Club
Distribution	More than 30 branches, more than 500 commission sellers
Promotion	Printed catalogues, prospectuses and leaflets, newsletters, websites, social networks, media advertising, charitable and sponsorship donations, organization of competitions, product placement
Future development	Čedok tries to follow all the good traditions of the brand, which belong to the family silver of the Czech economy.

Source: Own

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Table 3 Competitor ATIS, a.s. - Travel agency

Target market	Families with children, seniors, groups and individuals
Pricing policy	Strategy aimed at maximizing market share, discount system, acceptable prices
Competitive strengths	Long-standing tradition on the market, themed stays, stays with own transport, traditional awards such as "Best travel agency for stays in the Czech Republic" - TTG Travel Awards, Certificate of the Czech Service Quality System 2nd level 2019, Turist Propad Award 2016, 2016 Grand Prix Awards
Weaknesses in competition	Occasional client dissatisfaction associated with the COVID-19 pandemic
What they do better	A wide range of individualized products for a wide range of interest groups
Distribution	Cooperation with 1500 CK and CA
Promotion	Printed catalogue, clear website, social networks, participation in trade fairs and sales exhibitions
Future development	Continue to strengthen the relationship with our customers and annually bring to the market new products that are price-oriented and economically accessible to all social strata

Source: Own

Table 4 Competitor DCK Rekrea Ostrava

Target market	Families with children, seniors, corporate clients, groups and individuals
Pricing policy	Strategy aimed at maximizing market share, discount system, acceptable prices
Strengths in the competition	Long-standing tradition on the market, family-owned CK, wide range of offers, Certificate of the Czech Service Quality System 1st degree 2020, Invia Premium Partner 2019, TTG Travel Awards 2015 (3rd place), Vodafone Company of the Year 2016 (3rd place)
Weaknesses in the competition	None are apparent
What they do better	An offer of proven products with good marketability
Distribution	Partner for 800 CK and CA
Promotion	Printed catalogues, clear websites, participation in trade fairs and tourism sales exhibitions
Future development	The philosophy of the company is to know the needs of the customer and to constantly improve the quality of the services provided.

Source: Own

Since DAEN s.r.o. also offers individual tourism services, it is possible to consider spa.cz, lazne.net, booking.com or Travelking as competitors. Slevomat, which offers wellness, weekend and weekly stays in spa centres within the Czech Republic, or information technology, which enables individual hotels or other tourism entities to use the online reservation system, has a great impact on business (not only travel agencies).

## Marketing research

### Conclusions from the questionnaire survey

- 87 respondents took part in the survey in the period June - August 2021.
- 60% of respondents look for vacation information on Internet search engines; 23.1% on social networks; 13.1% are inspired by their acquaintances and only 3.8% of respondents use a printed catalogue;
- 46.2% of respondents spend their holidays with their family; 35.3% with a partner and 16% with friends;
- 44.8% of respondents go on vacation twice a year; 40.2% of respondents once a year and 10.3% of respondents 3 times a year;
- 63.2% of respondents prefer vacations in the Czech Republic and abroad; 27.6% only in the Czech Republic and 9.2% abroad;
- 55.2% of respondents prefer to organize their vacation during the summer season; 40, 2% year-round and 4.6% within the winter season;
- 66.7% of respondents planned a vacation in 2021 and most of them (70%) within the Czech Republic;
- in the event that the respondents decided to vacation abroad - most of them chose Southern Europe and the Mediterranean;
- 62% of respondents choose a car as their mode of transport; 18.3% aircraft; 11.3% train and 8.5% bus;
- 49.4% of respondents belong to families with children and 27.6% are single.

It follows from the above that the main segment of Daen, s.r.o. there are families with children. It will therefore be appropriate to establish a specific persona for this segment (see the template below).

Conclusions from the interview - Ing. Jana Kurková, manager and director:

- DAEN, s.r.o. in her business, she analyses long-term opportunities and selects those she believes will bring the greatest profits, is careful not to spend more resources than she can afford to lose and is careful not to risk more money than she is willing to lose in connection with her original intention and at the same time not to get into financial difficulties.
- Entrepreneurial activity is adapted to the resources (finances, contacts, knowledge, etc.) available to the company. Thanks to its contacts, it partly obtains resources at low costs, and through close cooperation with people and organizations from the outside, the company is able to increase its capabilities. Partnering and developing alliances with other people and organizations plays an important role in the ability to provide a tourism service. Unfortunately, it does not have a developed strategy regarding the best use of its resources and capabilities, and it also does not research and select target markets and does not do a meaningful competitive analysis. The company needs to think more about its vision, it has not yet been formulated too clearly.
- The company tries to organize and implement control processes so that the company achieves the set goals and to design and plan production and marketing activities.

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Experiments with different products/business models are rather rare, and the company at least tries new ideas. He does not intensively try different approaches to find a working business model, rather he lets the business develop as opportunities arise. It is therefore a company that is flexible and takes advantage of opportunities that arise. Rather, it avoids procedures that would limit its flexibility and adaptability and tries to make use of a significant number of prior commitments and agreements with customers, suppliers, and other organizations and people.

- The management of the company is looking for innovative ideas and with its team it is also looking for new ways of finding things. The service that the company provides now is basically the same as 10 years ago. Unfortunately, a company is often not the first to market with a new service. On average, the quality of new products and services can be considered higher than that of competitors, of which the company has many. Compared to the competition, however, the company is not very successful.

### Target group, segments and personas

Market segmentation is a planning process that divides a large market into smaller homogeneous units (target groups) that differ from each other in their needs, characteristics and purchasing behaviour. In the second step, the company chooses the market segment that best corresponds to its mission and set goals.

Personas are used in more detailed analysis in marketing segmentation. This is a technique of describing a specific customer/client, his routines, interests, personal data (age, place of residence, family, personality, etc.), which are intended to help put yourself in his situation and better address him with a marketing campaign. Personas are useful when creating advertising texts and other marketing materials.

The most reliable and proven sources of data for creating personas:

- Google Analytics
- Social networks
- Observation of the competition
- Questionnaires, surveys
- Brainstorming in the team
- Group interview

Existing clients of DAEN would create a marketing persona - the ideal customer. It will mainly be based on questionnaire research, google analytics and also activity on social networks. It is important to come up with stories about what happens if, under the given conditions and in the given place, the persona of DAEN meets the service that the company provides.

## Cílová skupina, segmenty a persony

Jak definujete vaši cílovou skupinu?

pohlaví:  děti  ženy  muži věkové rozmezí:

rodinný stav:  národnost:

vzdělání:  příjem domácnosti:

bydliště:  Praha  100 tis. +  20-100 tis.  5-20 tis.  1-5 tis.  do 1. tis.

**Příklad pro Club-Mate:** ženy a muži, 18-40 let, žijící ve městě

Jaké máte cílové segmenty (podle motivace k vaší značce)?

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**Příklad:** Nápoj Club-Mate segmentuje svoji cílovou skupinu podle motivů ke konzumaci na: Individuality, Kancelářští, Studenti, Geekové a Řidiči.

Ke každému segmentu vytvořte jednu personu

jméno:	věk:	vzdělání:	bydliště:
rodinný stav:	povolání:	příjem:	
Co dělá ve volném čase? Jak vypadá její/jeho běžný den? Kdy a kde přichází do kontaktu s vaší značkou? Jaké problémy mu/jí vaše značka pomáhá řešit? Proč si vaši značku kupuje? Jakými argumenty ho/ji přesvědčujete, aby si vybral/a právě vaši značku?			

## Impact of covid-19

According to data from the Ministry of Local Development of the Slovak Republic, there were a total of 582 travel agencies as of June 16, 2022. Compared to 2019, they decreased significantly, their number was 851 this year.

Since the beginning of the crisis related to the Covid-19 pandemic, more than a hundred travel agencies have ceased operations. The Ministry of Regional Development of the Czech Republic has created the "Covid CK Guarantee" program, the purpose of which is to mitigate the effects of the covid crisis on tourism. As part of this program, travel agencies are offered a bank guarantee of 75% of the travel agency's required co-payment up to 30% of the limit of insurance coverage, but a maximum of CZK 4 million.

According to its study "on the skills of tomorrow's travel agents", Amadeus concluded that with the return to world travel, a trend in the form of more complex travel planning can be expected. A key role will be played by travel agencies, whose main goal will be to restore people's confidence in travel.

Nothing is more important than considering human contact and understanding as essential. A strong factor of success is precisely the team of workers because colleagues can give advice, help or support each other.

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Nowadays, technological development and digital skills are proving to be necessary, as this topic obviously also applies to the tourism industry. This is related to social networks, which are necessary for the smooth running of companies in the tourism industry. There is a need to build customer loyalty and reach out to potential new customers by regularly sharing content on Instagram, Facebook, Twitter and others.

In the position of a travel agency, it will be important to be able to adapt to constantly changing facts, to be able to react in the shortest possible time, to be always available and to provide reliable information to potential customers.

A new face in the top bodies of the Association of Travel Agencies of the Czech Republic is Petr Novotný of the travel agency Adventura, who says in an interview for TTG Czech: "I think that now it is important to persevere and keep a positive mind, not to give up. Secondly, to maintain a functional team at all costs, a company capable of returning to its original activity from day to day and communicating the whole situation well with clients. Withstand this crisis economically. In the coming years, be ready to respond very flexibly to all changes and, I hope, opportunities that this crisis will bring."

The Chairman of the Association of Travel Agencies of the Czech Republic, Ladislav Havel, also says in an interview for TTG Czech: "We envision a magical wave of a magic wand and a restart of the sale of tourism services. That's just our wishful thinking for now. The reality can be a very gradual start of sales, we can expect big changes in the structure of our customers' wishes. We will think about this when we have real certainty of legislative support, but also certainty of good interdepartmental relations. There will definitely be travel, the Czechs are a nation of enthusiastic, but also very experienced travellers, and they will (I hope) not let this theme take away from them. But if the Czech travel companies go bankrupt, they will simply go with a hundred foreign ones. But is that what we really want?"

### Questions

1. What do you see as the greatest competitive advantage of DAEN s.r.o. compared to its biggest competitors?
2. Would you find other CKs (or platforms) that could be perceived as competitors?
3. What segments does DAEN s.r.o. specialize in?
4. How would you proceed if you had to establish personas for DAEN s.r.o.?
5. How do you rate the quality of DAEN s.r.o.'s website and presentation on social networks?
6. Is there room for improvement? What would you recommend to a company in connection with the digitization trend?
7. How do you assess the position of travel agencies in the current world?

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