Business Consultancy Report

Bachelor of International Marketing

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Abbreviations used in the Report

- GG: Go Gateway
- KU: Kingston University

Executive Summary

The purpose of this consultancy report is to address whether or not the gap year provider Go Gateway (GG) can expand into the UK market and if so which approach should be employed. GG is a provider of study abroad programs, and has a strong market share in their niche in Norway with a good understanding and knowledge of the countries they operate in. The company has yet to explore opportunities in the UK market and aims to operate in its gap year industry. Methods of analysis consist of primary and secondary research through a quantitative and qualitative approach. Theoretical frameworks have been employed, before recommending a final course of action.

The conducted research demonstrates that the gap year industry is fragmented, with many small - medium sized firms and few large ones. There is an established norm in the UK to enter university straight after completing college. However, gap year tourism has gained a wide recognition in recent years, particularly in British society, and the term "gap year" is becoming increasingly accepted. Young people today are investing more of their money in travelling, compared to previous generations. Findings also show that the majority of students would prefer travelling through an organisation. GG's unique selling point is their study abroad program, which gives the company an opportunity to differentiate themselves in the UK.

GG should expand by seeking niches through a "piggyback" mode of entry, while targeting 17-19 year olds from the middle class who have academic goals. The company has to adapt their price to the competitive market. To reach this age group, intensive marketing communications tools has to be used to create brand awareness. Additionally, they should investigate opportunities to expand their product portfolio, both in destinations and programs to satisfy the consumer needs in the UK.

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Introduction

The research group consists of five exchange students from Norway. The group attended Kingston University (KU) through an exchange program with BI Norwegian Business School and was permitted to choose a Norwegian company called Go-Gateway (GG). The company has facilities in many countries, but only offers its services to Norwegian students. With a new concept aimed to involve students of other nationalities, the company seeks to identify the possibility of establishing a presence in the UK market.

When proceeding with the consultancy report, the group had regular contact with the company's CEO through email and Skype to ensure that the work being done was seen as valuable to the company. The research methodology was a mixture of exploratory and descriptive research with the use of quantitative and qualitative research methods.

The purpose of the report is to figure out if it is possible for GG to expand into the UK market and what this process entails. It is important to specify that the term “gap year” when referred to in this report, is specifically a gap year abroad and through an organisation. Opportunities and challenges are related to brand awareness and existing organisations. These will be addressed later in the report. The consultancy group has been forced to limit the scope of the report due to the restricted time and resources. This will be elaborated on later.

Although implemented in the module «BS6704 International Business Practice», the consultancy report will also be assessed as a dissertation at BI Norwegian Business School. The consultancy report has been assigned a great deal of time and effort, which is why the research group is confident that GG will find the information applicable.

Acknowledgements

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1.0 Background

1.1 Client Profile

1.1.1 Philosophy

´Gateway's mission is to provide talented, career focused, curious and adventure seeking students with easy, safe and excellent ways of pursuing their dreams.´ (Go-Gateway, 2016).

GG was founded by the Norwegian entrepreneur Petter Sorum in 1993. Since then, more than 20.000 students have travelled with the organisation. GG aims to help students, primarily between the age of 17 and 19, develop themselves academically and personally by offering opportunities for them to explore a foreign country while also acquiring academic experience and developing individual skills (Go-Gateway, 2016).

After having focused primarily on Norwegian students, the company now aims to broaden their target market and offer services to students of all nationalities. Offering an alternative view of learning, GG cherishes the importance of exploring different cultures. They aim to help students acquire new skills in networking-, language- and communication. These skills are transferable to any work-situation and help students build future employment profiles. GG is a safe and easy solution for gap year-takers with precautions in place to make sure students are looked after every step of the way.

1.1.2 Facilities

GG originally started in Oslo, Norway, where they had their headquarters until 2015. Since then, the Oslo office has been closed and they are now operating out of New York (NYC). The organisation offers different programs at each location, which last over the course of at least one semester. Students can choose from 16 different study programs in Bali, Paris, Cape Town, NYC or Los Angeles (LA) (Appendix 8.4).

Figure 1: GGs facilities illustrated (MapCustomizer, 2017)

1.1.3 Financial Status

In 2014 and 2015, GG underwent a complete restructuring of the business, which implies that the company revenues consist of license fees from businesses abroad that promote abroad studies for both Norwegian and foreign students. The restructuring of the business frameworks has resulted in some downturn in revenues, however the organisational structure and operating structure has reduced cost dramatically. Early numbers from 2016 showed surplus that would imply that the restructure is successful and that it will withstand future fluctuations in the market. The board expressed that a surplus of at least £96.000 was within reach in 2016 (Gateway Education, 2015). This tells the consultancy group that the company has sufficient funds to establish itself in the UK and open up for foreign students. Below GGs income statement is demonstrated (internal sources).

Exchange rate (NOK/GBP)		0,096		
Income Statement		**2015**		**2014**
Total costs	£	1 687 672,00	£	3 603 436,88
Operating profit/loss	£	344 101,73	£	389 644,68
Financial costs	£	37 051,08	£	40 043,18
Net financial	-£	9 015,55	-£	17 366,61
Net profit/loss	£	335 086,18	£	372 278,07
Total equity and liabilities	£	620 196,01	£	1 828 099,88

Figure 2: Income Statement Go-Gateway 2015

1.1.5 The Value Chain

Support Activities:

Human Resource Management:

GG is a small company and has a total of 5-6 full-time employees with years of experience. They recruit new employees by identifying their core values to determine their organisational fit. This is done by an informal interview and often through looking at references. GG has tried motivating employees through financial incentives in the past, however the company found that motivation through ownership and loyalty has been more effective.

Infrastructure:

GG has an informal management culture with short power distance between CEO and directors. There is an office in each destination, with headquarters located in NYC. Each office is lead by a director who has knowledge about the market in their respective destination and who is closely communicating with the CEO.

Primary Activities:

Marketing and Sales:

The company promotes learning and gaining new experiences in a safe environment. GG has a reputation of having academic programs of high quality, which is demonstrated through website-advertising.

Service:

Students evaluate GG´s study abroad program based on welfare and experiences. The first evaluation is a start-up evaluation to continuously improve their program, and the final evaluation consists of questions about the destination, school and general experience that the company utilises to improve for future travellers.

1.2 Objectives for International Business

GG's objectives have been unclear in the past. Therefore, new and clear objectives have been created for the company's potential expansion into the UK market.

1.2.1 Overall Aim/Objective

- To establish whether there is an opportunity for GG to expand into the UK market through identification of the industry, its characteristics and incumbents.

1.2.2 Short-term Objectives

- To identify segments in the target market through primary research conducted in the London area.
- To identify a possible entry mode into the UK market.
- To identify new potential travel destinations and products that can assist in targeting UK students.

1.2.3 Long-term Objectives

- To recruit 2.000 students annually by the year of 2022.
- To achieve a margin of 8% (net profit of approx. £1.9 million).
- To recruit local students in countries which are geographically and culturally further away from home country (non-European).
- To become a global company through international expansion.

1.5 Key Opportunities and challenges for international strategy and international business

1.5.1 Key Opportunities

- GG offers an academic gap year, which will differentiate them from UK competitors.
- As an organisation, GG offers a safe and structured alternative for young students seeking adventures which could be a positive factor in their decision-making.
- The restructuring of the business in 2015 has decreased the company's total equity and liabilities and improved the organisational structure and costs of the business.
- GGs business and market “know-how” will potentially help them to enter a new market with a competitive advantage.

1.5.2 Key Challenges

- Considering their low brand awareness in the UK, it might be difficult for GG to establish themselves among UK students.
- Different cultures and governmental financial support for UK students can have a negative impact on students’ decision-making.
- Incumbents in the market might hold a strong position that could imply that GG might face difficulties when entering the UK market.

2.0 Research Methodology

2.1 Research Question

Is there a possibility for Go Gateway to recruit UK students, and if so, what would this process entail?

2.2 Planning the Research

To obtain knowledge about the research area, an exploratory and descriptive method of research was implemented. This enabled the group to gain knowledge of both the market and the typical gap year taker. The information gathered from secondary data influenced the choice of theoretical frameworks and analytical models. Qualitative methods, such as a focus group with a phenomenological approach, were conducted to identify the consumer-motivation. Once completed, the researchers could establish realistic objectives and determine the course of action.

The qualitative research gave an understanding of the market. To gain further knowledge of the research area, a descriptive method of research was employed through quantitative methods. A survey was conducted to determine a proper target audience and demonstrate available possibilities. The survey was distributed to students on the KU campus and online. The questionnaire featured alternatives with both closed and open questions, as well as Likert scale. Using the latter method generates easily quantifiable answers and makes drawing a conclusion easier for the researchers (Gripsrud, Olsson and Silkoset, 2010).

2.3 Sources of Error

It is important to highlight any errors related to the research as they might have an impact on the reliability and validity of the final results. Most of the data was collected at Kingston University, which implies that the results might not apply for the population as a whole. Using convenience samples, mostly females were receptive to participation which is not necessarily representative of the population.

Figure 3: Relationship Between the Population and Sample Frame (Gripsrud, Olsson and Silkoset, 2010).

The moderators might have subconsciously affected the implementation of descriptive methods, and group influences needs to be accounted for when interpreting the results. Despite being given a definition at the beginning, some respondents misunderstood the definition of a gap year in this particular survey. Additionally, question 15 was unclear for some respondents when they were asked to rank reasons for doing a gap year from 1-5. Combined, this could affect the validity of the survey.

3.0 Research Findings

3.1 Secondary Research

3.1.1 Target Market

The millennial generation is the largest generation in the UK, with a current population of 7.96 million people, however the age group of 16 to 25 is in a decline, as shown in figure 4 (IBISWorld, 2017). King (2010) found that most gap year takers are from the middle class and female. There is an increasing number of people recognising that pursuing a degree is not the only option, straying away from the traditional norm of going straight to college after high school (17 to 19 year olds). In 2014, 27.000 students chose to take a gap year, during which they either travelled, did charity work or gained work experience, before enrolling in their university courses (Keynote, 2016). Mintel (2016) found that the unemployment rate among 18 – 24 year olds has decreased by 6.5% during recent years. The age group was found to be price sensitive, as they rated price as the most important factor in their purchasing decisions (NUSServices, 2010).

Figure 4: Population growth (IBISWorld, 2017).

3.1.2 Competitor Analysis

To obtain a greater understanding of success factors for companies in the gap year industry, two leading gap year providers were chosen for analysis.

Figure 5: The Leap: Chosen because of rapid market growth and their multi-continental operation.

Figure 6: Real Gap Experience: chosen because they are UK's most experienced gap year travel company and its diversified product.

The analysis of competitors, shown in figure 5 and 6, illustrates their level of competitive advantage leading to success in the industry. The Leap and Real Gap Experience, both offer volunteering and work abroad. This raises the question of whether GG should look into offering these products as well, in order to evolve and gain market share in the long run. On the other hand, these competitors do not offer study abroad programs, which is a unique selling point that GG can use to differentiate themselves. When analysing the competitive environment further, it was discovered that many gap year organizations were members of an association called Year Out Group (2017). This association is a not-for-profit organisation that helps young people and their advisors find out more about options available during a gap year. The benefits of becoming a member of Year Out Group is that they provide statistics, contribute in advertising and help organisations reach their target market.

3.1.3 PESTEL Analysis

Political	• Brexit-related uncertainties
	  ○ Difficult for companies to establish facilities (The Guardian, 2016)
	• Rise in tuition fees has resulted in a decline of students taking a gap year (The Guardian, 2015)
	• UK government investment in apprenticeship schemes and work-based placements
	• UK education controlled by government policies
	  o Budget changes might affect students decision-making
	• Abolition of university admissions cap
	• Government policies encourage volunteering among young adults (King, 2010)

Economic	• Currency fluctuations in the British Pound (The Telegraph, 2017)
	  ○ Might affect how UK citizens allocate their money and if parents are able to support travelling children
	• Changes in allocation of student grants (KeyNote, 2016)
	• UK recession
	  ○ Businesses faced closure and job losses
	  ○ High youth unemployment
	  o Leads people to seek other alternatives such as a gap year (KeyNote, 2016)

Social	• Millennials
	  ○ Save and invest money in travelling (Mintel, 2015a)
	• Consumers question ROI of higher education due to economic uncertainty (Mintel, 2011)
	• Decline of 5% in undergraduate students (UCAS, 2017)
	  ○ Students are recognising that pursuing university straight after college is not the only option
	• Gap year = increasingly accepted term
	  ○ 19 year old applicants up 20%
	• Norm among UK students to head straight to university still present with 47% of all prospective applicants (KeyNote, 2016)

Technological	• Uptake of gap-year students have increased in the last 20-30 year (Parker *et al*, 2015) • Technology improves the application process for studying-abroad
Environmental	• No direct impact that concerns the gap year industry

Legal	• All UK travel businesses must adhere the 1992 Package Travel Regulations (Legislation, 2017)
	  ○ Insurance for travellers
	  ○ Refund policies

3.1.4 Main Trends in the Industry

There is an increasing demand for authentic local experiences and activity packed tours, where millennials seek to learn and interact with other cultures. A decrease in mobility to Europe is resulting in other destinations such as Australia to increase in popularity (Findlay, King, Stam and Ruiz-Gelices, 2006). There is an increase in students travelling to Asian countries to study or work (British Council, 2017). Mintel´s (2015b) data on long haul destinations support the previous findings, demonstrating that the most popular destinations to visit are Australia, the US and the Asian Pacific.

The Organisation for Economic Co-operation and Development (OECD) has estimated that the world's population of international students will be up to eight million in 2025, a growth rate of 60%. Thus, the demand for higher education is increasing and will continue to increase in the future (ICEF Monitor, 2015). In 2014 employers hired more interns compared to the year before, demonstrating a growth of 56% (Tankersley, 2014).

3.1.5 Deferred Applications

Information provided by the Marketing and Communications Directorate (2017) at KU demonstrated that taking a gap year is becoming an increasingly popular choice among students. In 2016 there were 990 deferred applications and since then 2% of total applications annually. In 2014 there were 1.094, which implies that students are choosing a gap year over studying. In 2016, 40% of the total KU applicants considered taking a gap year. A Student Tracker performed on students at KU demonstrated the number of 12th year students considering a gap year had risen by 3% from 2015 to 2016 and 13th year students had risen by 6%. Collected data suggested that arts students were more likely than science students to take a gap year as 39% responded positively to taking their whole degree abroad and 50% responded positively to taking a gap year or doing volunteer work abroad.

3.1.6 Porter's Five Forces

Figure 7: Porter's Five Forces Demonstrated

The threat of new entry is moderate due to low barriers to entry and high marketing and brand differentiation. Many of the gap year providers offering package deals have a cancellation fee to minimise the risk of customers switching from one company to another, making the power of buyer low. However, despite the differentiation of what each organisations offer, the incumbents still belong to the same category, making switching costs low and buyer power high. Therefore, the overall buyer power is moderate. Due to high level of fragmentation in supplier industries the power of supplier is low. The threat of substitution is considered moderate to high because of the similar products and services offered in other industries. Considering the high fragmentation in the gap year industry and that there is nothing preventing companies from gaining a leading position in the market, the competitive rivalry is high. Price competition among UK organisations offering travel destinations to gap year students is stable and assumed to be competition based. To gain a competitive advantage, gap year organisations need to have a strong brand name and strengthen positive customer relations (Appendix 8.5).

3.1.7 SWOT Analysis

Strengths	Weaknesses
• Strong brand • Safe alternative to gap year studies (appeals to parents) • Social media presence • Differentiated from competitors • Industry "know-how"	• Lack of knowledge about the UK market • Low awareness of GG in the UK
Opportunities	**Threats**
• Economic growth and stability in the UK • Increased acceptance for taking a gap year • Increased number of deferred applications at UK universities • Rise in university tuition fees leading students towards a gap year (Key Note, 2016) • Increasing number of young people taking time away from university (Key Note, 2016) • Millennials increasingly invest money in travelling (Mintel, 2015a)	• Economic downturn • Threat of substitution • Unexpected political changes • Scrapping of maintenance grant • Abolition of cap on university admissions • Established norm in the UK to head straight to university after college (Key Note, 2016) • Independent travellers

The SWOT analysis demonstrates that GG has a strong brand name in their home country and that they offer a safe alternative for young students travelling abroad. However, they lack knowledge of the market and have low brand awareness among UK students, which could make it difficult to enter the market. In the last year there has been an increase in the number of deferred university applications, which implies that more students are taking time off between A-levels/College and university. This combined with the recent rise in tuition fees and high unemployment rate might lead more students to pursue a gap year abroad (KeyNote, 2016). The recent scrapping of maintenance grant to UK students and abolition of cap on university admissions makes room for more students to enter universities. The perhaps biggest threat is the established norm in the UK to head straight to university after college (KeyNote, 2016). This makes it increasingly difficult for a foreign company to establish significant brand awareness among UK students.

3.2 Primary Research

Primary research was conducted to gain a greater understanding of the "UK gap year" in relation to students. The survey consisted of 104 respondents, while the focus group had 8. Although the majority was familiar with the term, only 19% had taken a gap year. This was consistent with findings from the focus group, where only one of eight participants had taken a gap year (Appendix 8.3). The questionnaire demonstrated that students who had previously taken a gap year were highly differentiated in terms of activities pursued.

Figure 8: Activity in Gap Year demonstrated

The ratio of students who had travelled with an organisation during their gap year and those who had not was approximately equal. Of those who answered "Yes" (52%), all recommended travelling through an organisation. Participants in the focus group highlighted that travelling with an organisation was preferred due to the high level of professionalism and control, as well as being a safer alternative to travelling alone.

3.2.1 Parental Approval

The questionnaire demonstrated the importance of parental approval when deciding to take a gap year, with the majority reporting that parents had a moderate to great deal of influence, especially in terms of financial support. This was consistent with findings from the focus group,

which identified financial support, saving up money beforehand or receiving government grants as crucial in decision-making (Appendix 8.3).

3.2.2 Decision-Making Criteria

In the questionnaire: life experience, price and safety were identified as the most important criteria when deciding whether or not to take a gap year. Surprisingly few rated gaining academic experience as an important factor, which is something GG should consider when advertising their programs. Several participants in the focus group reported internships and volunteering as known activities in a gap year, while none reported an academic gap year as an option (Appendix 8.3).

Figure 9: Important Criteria

3.2.3 Knowledge of GG

98% of the respondents had never heard of GG. However, when presented with information about the company the majority agreed that GG seemed like a safe alternative they would be willing to consider if they were to take a gap year.

3.3 Destinations and Products

Considering the responses to GGs different facilities, L.A. and NYC could be promoted to UK students in the first phase as these destinations were preferred.

Figure 10: Preferred Destinations

UK students identified US, Asia Pacific, France and Australia as preferred destinations, which was consistent with findings from the focus group. GG offers study abroad programs in US, Asia Pacific and France. Research suggests that if GG considered expanding to new destinations in the future, they would reach more customers and differentiate themselves. Australia is one of the preferred destinations and also not culturally far away from the UK. If Australia were to be chosen as a new destination, GG would have to investigate opportunities in terms of offering study abroad programs there in a long term.

Based on research and background information, GG could establish new products and increase their portfolio to enhance their position in the UK market. In order to compete and expand, they must seek to evolve as a company. The UK market consists of many players and many potential customers choosing to take a gap year. Research demonstrates that an increased amount of alternative is available when pursuing a gap year. Additionally, internship programs are popular among students in the UK and are offered by many gap year organisations. Furthermore, primary research demonstrated that students worked (71%) during their gap year, which indicates that they might be willing to choose an internship program. An internship program could be a potential new product for GG as it is consistent with what they offer today.

3.3 Main Actions

3.3.1 Short Term Actions

- To seek membership in Year Out Group.
- To target UK students aged 17 - 19.
- To create brand awareness through intensive marketing, using communication tools.
- To establish facility in a new destination.

3.3.2 Long Term Actions

Having established the company in the UK market, the long-term actions for Go Gateway are:

- To conduct further research on the opportunities that exists *outside* of Europe.
- To consider new products and destinations based on demand in existing markets.
- To deliver high-quality programs which will increase the number of customers through positive word-of-mouth.

4.0 Recommendations

After having completed both primary and secondary research, the consultancy group recommends that GG expand their offer to UK students. Although there are many players in the market, GG differentiates themselves from competitors, because no one offers a similar product. “Gap year” is becoming an increasingly accepted term among UK students, and statistics demonstrate that more people are choosing this direction. The low barriers to entry combined with GGs industry “know-how” gives the company a unique opportunity to enter the market.

4.1 Solberg's Nine Windows

		Industry globalism		
		Local	*Potentially global*	*Global*
Preparedness for internationalization	*Mature*	3. Enter new business	6. Prepare for globalization	9. Strengthen your global position
	Adolescent	2. Consolidate your export markets	5. Consider expansion in international markets	8. Seek global alliances
	Immature	1. Stay at home	4. Seek niches in international markets	7. Prepare for a buyout

Figure 11: 9 Strategic Windows (Solberg, 1997)

The gap year industry is a potential global industry. It consists of multi-domestic markets, which exist independently from each other. Solberg (1997, pp. 10) suggests that "...the firm may consider entering foreign markets gradually, with limited concern about competitive retaliation, and with a marketing strategy adapted to the individual situation in each market." GG has a low market share in key markets and a low international sales ratio, but have significant market share in their home market and high control of their modes of operations. They are classified as relatively immature, moving towards adolescent, in their preparedness for internationalisation. The company should expand in international markets, but focus their attention on niches.

4.2 Marketing Mix Recommendations

Implementing the recommended marketing mix will help build a strong brand name, strengthen positive customer relations, generate word of mouth and build credibility for GG in the UK.

4.2.1 Place

By using piggyback as a mode of entry through Year Out Group, GG can gain access to statistics and benefits in advertising to reach the target market.

4.2.2 Price

GG offers a range of study abroad programs to Norwegian students and the price is adjusted accordingly. As for the UK market, the gap year industry is identified with a price sensitive age group as they rated price as the most important criteria in deciding whether to take a gap year (NUSServices, 2010). GG should therefore adapt their price to the UK competitive market so the price is seen as affordable for UK students.

4.2.3 Product

GG differentiates themselves with their unique academic programs and therefore have a chance of success in niche markets. However, in order to grow as a company, new programs and destinations should be considered. Establishing an internship program should be investigated as it is a popular activity in the UK and offered by many organisations. Based on primary research this is also a program that would be consistent with the programs GG offers today. This would be a short-term action to implement. As for long-term actions, Australia is the preferred travel destination among UK students and GG should therefore obtain knowledge of this market, before considering whether to establish a new facility there.

4.2.4 Promotion

To gain brand awareness, GG should target 17-19 year olds in the UK by promoting themselves through Year Out Group, as well as investing in intensive marketing with an emphasis on social media. They should consider investing in influencers like bloggers and YouTubers, as well as promoting at colleges. Adding to this, their international website needs to be improved to be consistent with the Norwegian website. Based on primary research, the consultancy group recommends highlighting L.A. and NYC when advertising to the target market.

5.0 Limitations

Although the consultancy team is confident about the findings in the report, it is important to address the limitations. Because of the limited word count, the group was forced to limit its research scope. Frameworks and tools available had to be carefully selected, and some were eliminated from the report. The majority of the research was collected from students at Kingston University, and this study population might ultimately affect the outcomes of what the team could obtain. The consultancy group would have preferred to gather information from college students. However, it was not possible to gather information directly from this age group because of the ethical responsibilities involved and the time it would have taken to gather approvals in order to proceed. Although a well-known phenomenon, academic research about the gap year industry is scarce. Collecting relevant data proved difficult, especially when determining the reliability of the research. With the gap year industry being as differentiated as it is, it was difficult to identify key players in the market and each company's respectable market share.

The research group was not able to collect as much data as would have been preferred because of the time limitations of the project. In addition, the program used to make the questionnaire only allowed readings of approximately 100 respondents.

6.0 Conclusion

The aim of this report has been to establish whether Go Gateway should expand into the UK, and if so what this process would entail. The main challenge for GG will be to create brand awareness among UK students. However, there is an opportunity for GG to differentiate themselves with their study abroad program, which is their unique selling point, considering that this type of program is not yet offered in the UK. The biggest threat is the established norm in the UK of heading straight to university after college. Although, the rise in tuition fees has created a positive trend for the gap year industry, leading more people to choose a gap year over university. In addition, more students are choosing to spend their money on travelling. GG's USP combined with their industry know-how and the low barriers to entry gives the consultancy group reason to believe that the company can go through with this expansion and capture a significant market share in the niche that they are in. Research conducted in this report revealed that a large percentage of the target audience chose or would choose to work during a gap year and the most preferred travel destination is Australia. Furthermore, a membership with Year Out Group was identified as the best possible mode of entry. By taking these recommendations into consideration GG will increase their chances of success with a UK expansion.

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8.0 Appendices

8.1 Questionnaire Results

Q1 - Answer the following question according to this statement: "I like to travel"

#	Answer	%	Count
1	Strongly disagree	5.61%	6
2	Disagree	0.00%	0
3	Somewhat disagree	1.87%	2
4	Neither agree nor disagree	2.80%	3
5	Somewhat agree	8.41%	9
6	Agree	27.10%	29
7	Strongly agree	54.21%	58
	Total	100%	107

Q2 - Have you heard the term ´gap year´?

#	Answer	%	Count
1	Yes	99.07%	107
2	No	0.93%	1
	Total	100%	108

Q3 - Have you taken a year abroad (gap year) between secondary school and university

#	Answer	%	Count
1	Yes	19.44%	21
2	No	80.56%	87
	Total	100%	108

Q4 - What did you do during your gap year? (Multiple answer)

#	Answer	%	Count
1	Worked	71.43%	15
2	Travelled through an organisation	33.33%	7
3	Studied	38.10%	8
4	Volunteered	14.29%	3
5	Learned a new language	14.29%	3
6	Other, please specify	9.52%	2
	Total	100%	21

Q4_6_TEXT - Other, please specify

Other, please specify
Backpacking
Travelled and worked abroad

Q5 - In which country did you spend your gap year?

In which country did you spend your gap year?
England and Thailand
Thailand - it was not for a whole year however
Australia
canada
uk
UK
uk
Spain

England
Spain
US
New Zealand, Australia
Dubia
England, Hong Kong
China
Thailand
England, USA & Philippines
South Africa, Namibia, Botswana, Zambia, Malawi, Tanzania, Rwanda, Uganda, Kenya
America
France, China, England, Netherlands, Denmark

Q6 - Did you travel through an organisation?

#	Answer	%	Count
1	Yes	52.38%	11
2	No	47.62%	10
	Total	100%	21

Q7 - What organisation did you use?

What organisation did you use?
CAA
Kingston university
SyG Educacion
Study China

RI
Kaya Volunteer
STA Travel, G Adventures
Camp america
Next step connection

Q8 - How did you hear about this organisation?

#	Answer	%	Count
1	Family/friends	44.44%	4
2	Organisation website	22.22%	2
3	Email	0.00%	0
4	Social Media	0.00%	0
5	Advertisement	0.00%	0
6	Other, please specify	33.33%	3
	Total	100%	9

Q8_6_TEXT - Other, please specify

Other, please specify
Through University
Gap year fair
School councillor

Q9 - Would you recommend travelling through this organisation?

#	Answer	%	Count

1	Yes	88.89%	8
2	If no, why?	11.11%	1
	Total	100%	9

Q10 - How influential were your parents in your decision to take a gap year?

#	Answer	%	Count
1	A great deal	22.22%	2
2	A lot	0.00%	0
3	A moderate amount	55.56%	5
4	A little	0.00%	0
5	Not at all	22.22%	2
	Total	100%	9

Q11 - How reliant were you on financial aid from your parents in order to take a year abroad?

#	Answer	%	Count
1	A great deal	22.22%	2
2	A lot	0.00%	0
3	A moderate amount	44.44%	4
4	A little	33.33%	3
5	Not at all	0.00%	0
	Total	100%	9

Q12 - How motivated were you to study during your gap year?

#	Answer	%	Count
1	A great deal	11.11%	1
2	A lot	33.33%	3

3	A moderate amount	11.11%	1
4	A little	22.22%	2
5	Not at all	22.22%	2
	Total	100%	9

Q13 - If you were to take a gap year now - which of these destinations would you prefer?

#	Answer	%	Count
1	Paris	16.16%	16
2	New York	37.37%	37
3	Bali	29.29%	29
4	Los Angeles	32.32%	32
5	Cape Town	18.18%	18
6	Other, please specify	34.34%	34
	Total	100%	99

Q13_6_TEXT - Other, please specify

Other, please specify
Sydney
South America
Korea or Germany
Auckland
New Zealand
Australia
Spain and Italy

Jamaica, Ghana, Nigeria, Egypt
Bangkok - Thailand
Toronto
New Zealand ,Australia
travel across America in general
Japan
South America (amazon rainforest)
South America
Tokyo
Asia
Barbados
seoul, Korea
seoul, Korea
South East Asian, South America and Indida
Dubai
Asia continent
Vancouver, Canada
Canada
Tokio
Oman
Hong Kong
India
India or across Asia.

Asia - South East
South America
California
Australia

Q14 - If you were to take a gap year now - what would you do?

#	Answer	%	Count
1	Work	54.55%	54
2	Travel through an organisation	26.26%	26
3	Travel on your own	47.47%	47
4	Study	21.21%	21
5	Volunteer	27.27%	27
6	Learn a new language	26.26%	26
7	Other, please specify	4.04%	4
	Total	100%	99

Other, please specify

Other, please specify
Get to experience other things in my field
Learn other cultures
travel, volunteer, start own company
travel with friends

Q15 - Arrange the following reasons for taking a gap year from least important (1) to most important (5)

#	Question	Not important		Less important		Indifferent		Important		Very important		Total
1	Price	4.04%	4	7.07%	7	16.16%	16	37.37%	37	35.35%	35	99
2	Safety	3.03%	3	13.13%	13	14.14%	14	39.39%	39	30.30%	30	99
3	Academic experience	16.00%	16	15.00%	15	35.00%	35	23.00%	23	11.00%	11	100
4	Cultural experience	2.02%	2	6.06%	6	12.12%	12	52.53%	52	27.27%	27	99
5	Life experience	0.00%	0	0.00%	0	8.08%	8	38.38%	38	53.54%	53	99

Q16 - How important are the following criteria when making a decision about a gap year?

#	Question	Not important		Less important		Indifferent		Important		Very important		Total
1	Price	4.04%	4	7.07%	7	16.16%	16	37.37%	37	35.35%	35	99
2	Safety	3.03%	3	13.13%	13	14.14%	14	39.39%	39	30.30%	30	99
3	Academic experience	16.00%	16	15.00%	15	35.00%	35	23.00%	23	11.00%	11	100
4	Cultural experience	2.02%	2	6.06%	6	12.12%	12	52.53%	52	27.27%	27	99
5	Life experience	0.00%	0	0.00%	0	8.08%	8	38.38%	38	53.54%	53	99

Q17 - Have you heard about Go-Gateway before?

#	Answer	%	Count
1	Yes	2.00%	2
2	No	98.00%	98

Total	100%	100

Q18 - Answer the following statements as if you were taking a gap year now

#	Question	Strongly disagree		Disagree		Somewhat disagree		Neither agree nor disagree		Somewhat agree		Agree		Strongly agree		Total
1	This organisation seems like a safe alternative	2.02%	2	0.00%	0	2.02%	2	25.25%	25	20.20%	20	43.43%	43	7.07%	7	99
2	This is an alternative I would consider	4.04%	4	1.01%	1	4.04%	4	16.16%	16	31.31%	31	36.36%	36	7.07%	7	99
3	The selection of destinations are sufficient	1.02%	1	9.18%	9	7.14%	7	21.43%	21	23.47%	23	29.59%	29	8.16%	8	98
4	This organisation offers a lot of interesting activity options	2.06%	2	2.06%	2	3.09%	3	23.71%	23	30.93%	30	32.99%	32	5.15%	5	97

Q19 - What is your gender

#	Answer	%	Count
1	Male	39.39%	39
2	Female	58.59%	58
3	Other	2.02%	2
	Total	100%	99

Q20 - What is your age?

#	Answer	%	Count
	Total	100%	99
3	25-28	11.11%	11
2	21-24	50.51%	50
1	18-20	38.38%	38

Q22 - Define your ethnicity. Choose one option that best describes your ethnic group or background

#	Answer	%	Count
1	English / Welsh / Scottish / Northern Irish / British	49.49%	49
2	Irish	0.00%	0
3	Mixed / Multiple ethnic groups	4.04%	4
4	Asian / Asian British	14.14%	14
5	Black / African / Caribbean / Black British	17.17%	17
6	Other ethnic group, please specify	15.15%	15
	Total	100%	99

Q22_6_TEXT - Other ethnic group, please specify

Other ethnic group, please specify
Mixed South American English
WHITE
Egyptian
ALBANIA!!!!!!
Other White
Polish
Srilankan Tamil
Persian
Polish
Asian - Thai
Algerian and French
Russian
Middle Eastern
WHITE
White European

8.2 Focus Group Guide

FOCUS GROUP GUIDE

Introduction

First of all we would like to thank all of you for taking the time to be here today. We would like to make it clear that this is an open discussion and that you are free to say whatever you want. There is no right or wrong answer, and we truly appreciate every kind of information you can give us. We are here to learn about your opinions and what matters to you. Just to inform you, this is being recorded for further analysis. However, you will remain anonymous and the recorded data will be deleted once we have finished with it.

We are here today because we want to ask you some questions about the concept of gap year. Our goal is to map out what kind of needs and wants you as consumers have.

Do you have any questions before we start?

Information about Participants

Age, sex, profession

Points of Discussion

- Do you know what you want to study, what school etc?
- What do you like to do in your free-time
  - Describe an average day
  - Social media habits
- Have you travelled a lot?
  - Where?
  - First time in a foreign country?
- Would you consider taking a gap year?
  - Why/why not
- Do you know many people that have taken a gap year?
  - If yes; who?
  - What have you heard?

- What kind of organisations have you heard of - related to gap year
    - Through what channels
- Pros and cons of taking a gap year
- Are many of your friends considering a gap year?
- Are you planning to take a gap year?
    - What would you do?
    - Travelling with friends/alone
    - If you have decided upon one organisation, why that one?
    - Related to what you want to study later?

Main questions

Impressions of gap year

- Feelings around taking a gap year
    - Expectations
    - Wants
    - In terms of university

Projective test

Describe the typical gap year student

- Sex, personality, looks
- What would that person do?

8.3 Focus Group Findings

Focus Group 10.03.17

Information about Participants

- 22, 22, 21, 24, 22, 23, 21

Free-time:

- University
- Family
- Projects
- Socialising
- Activities

Social Media Habits

- 12 hours per day/check throughout the day
- Whatsapp reported as most used app
    - Communication tools
    - Easy to contact people
    - User friendly
- Other:
    - Facebook, snapchat, instagram

Travelling

- All participants reported travelling from early age (5) on an almost yearly basis
- Now: UK travelling, Europe, U.S.A

Gap Year

- Split opinions between participants
- Did not take gap year
    - Reasons
        - Financial restrictions

            - Bad results in A-levels
            - Rather travel after completed university
            - “Waste of time” - rather focus on school to get a job later
            - After high school: Not an option. Straight to A-levels
        - Some considered taking a gap year, some not
        - Some wish they would have taken a gap year to have a clear perspective of what they want to study or eventually work as
        - ALL: Educational gap year = Beneficial
            - Some; “Studying abroad would be cool”
- Did take gap year
    - Independent traveller in Asia and Australia
- Money
    - Reported that they would have to save up a lot of money to be able to travel abroad
    - If they were offered a grant they would definitely take an educational gap year
    - Income: important factor in decision-making
    - Students do not receive loans while in college, only grants but it depends on parent income.
        - Not substantial amount
    - Some: Sceptical to taking an educational gap year if only loan (no grant)
        - Do not want to be in debt (negative feelings)
- Friends & Family
    - Know few people that have taken a gap year
    - If so; mostly volunteer work (not academic, language course)
    - 50/50 → some went to university and some just worked
- Perception of gap year
    - Positive:
        - Gain experience, meet new people, experience new cultures, different ideals, learning new languages, applying transferable skills.
        - Beneficial in terms of work experience, as well as recreational travelling
        - Character-building
    - Negative
        - Gap year takers: out of balance, lost focus on studying and related habits.
        - Has affected perception of people taking a gap year
        - General negative impression

        - Loose track of advances and business in place of origin
        - May not enjoy experience ("waste of time")
- Push for school
    - Teachers "push" students towards further school and university
    - Very positive about going straight to college and some of the participants had the impressions that they were almost working for the school and painting a good image of Colleges.
- Placement
    - Would rather do a placement because it is paid and relevant experience
    - Although some said it was a waste of time, because they believed that the education alone would get you the job you wanted.
- Volunteering
    - A lot of talk about this area
    - Would pay to participate
    - Humanitarian work especially
- Organisations
    - Little knowledge of organisations
        - Student Travel Association
        - Predominantly heard about volunteer organisations
        - Some though it was strictly through universities (exchange)
    - Not informed by schools of any alternatives (completely different from Norway)
    - Positive about travelling with an organisation
        - Less taxes
        - Prefer travelling with group, do not want to travel alone
        - Safer option
    - Some; aware that travelling with gap year organisations is becoming increasingly popular
- Travelling alone VS with others
    - Safe option to travel with friends, more comfortable option
        - Suggestion: arrange event to break barriers with the people you travel with before actually travelling (would help towards the option of travelling alone)
- Impressions of gap year (in general)
    - Good opportunity
    - Gives you a clear vision of what you want to study

    - Relevant and a plus in any work situation
    - Reported by participants that even just travelling would be perceived as positive with future employees in the UK
- In terms of university
    - "Good if students could get credit from university while abroad"
    - Positive associations towards language course
- Travel destinations
    - New York
    - Canada
    - Europe
    - Asia (India, China, Japan)
    - Africa
    - Dubai

Projective test

Describing the typical gap year student

- Someone who likes to travel
- Male/Female
- Outgoing personality
- Not afraid of change or new experiences
- Ready for challenges
- Sense of adventure

Other information

- When you are at college, you are living at home
- Would be a good idea to promote organisations at colleges because students are insecure about what to do and are impressionable.
- Need a lot of support and help if choosing to travel with organisation, need to promote this.

8.4 Courses offered at Go-Gateway

New York

- Fashion Management
- Political Science
- International Relations
- Journalism
- Fashion Merchandising
- Management
- Language course

Los Angeles

- Business & Entrepreneurship
- Film Production
- Graphic Design
- Beauty Cosmetics
- Personal Trainer
- Language Courses

Paris

- French and International Studies
- French and Business Communication
- Language Courses

Bali

- ·Personal Trainer

Cape Town

- Environmental Management
- Photography

8.5 Elaborated Analysis of Porter's Five Forces

Threat of New Entry

Considering the minimal barriers to entry and differentiation between the incumbents and what they offer, the threat of new entry is moderate. The gap year industry is fragmented, with many small-medium sized firms and few large ones competing in the industry.Differentiation makes it is difficult to measure specific economies of scale, which is why one can assume that this is not required in order to achieve profitability.

Familiar and well known brands have a competitive advantage in that students, and their parents, who are choosing organisations to travel with aim to identify the safest option.(King, 2011) Brand awareness and positive brand associations in this market requires a large amount of investments. The number of students taking a gap year is increasing and with that more organisations are appearing (Heath, 2007). It is difficult for the consumer to separate one from another, which is why the companies that are competing in the market have to rely on a positive word of mouth and good reputation. This information identifies the competition in the market as severe, with a highly fragmented market. Depending on what the final outcome of Brexit is, threat of entry might increase in a medium to long term.

Buyer Power

Findings indicate that the buyer power is moderate due to the easy access of technology and gap year providers having some sort of cancellation fee to minimise the option of customers switching from one company to another.Consumers can easily apply for a study abroad year and the fact that the target segment is price sensitive, indicate that most consumers will work hard to find a cheap option and educate themselves regarding the products.

Supplier Power

The high level of fragmentation in supplier industries makes the power of suppliers low. Gap year companies offering some kind of educational service, need spaces in which the teaching can take place. This could be a school, but it could also be any other building, in which case the

tenant of that building would be the supplier. There is high fragmentation among these suppliers, meaning they have little power. Certain gap year companies offer travel insurance through a supplier of financial services. Due to UK regulations, the suppliers offering travel insurance may have moderate power. However, overall, the supplier power is relatively low.

Threat of Substitution

There are similar products and services offered in other industries such as the education industry and volunteering industry making the threat moderate to high. Porter (1979) states that the more attractive the price-performance offered by substitutes are, the harder it is for the industry to profit. Companies that offer volunteering, working and internships abroad in other industries are substitutes because of the similar pricing and quality of the programs.

Competitive Rivalry

Considering the structure of the gap year industry and that there is nothing preventing companies from gaining a leading position in the market, the competitive rivalry is high. Price competition among UK organizations offering travel destinations to gap year students is stable and assumed to be competition based. Marketing and brand differentiation is high and an important driver for entering the industry. Despite the differentiation of what each organization offer, the incumbents still belong to the same category. This makes switching costs and buyer power low. To gain a competitive advantage gap year organisations need to have a strong brand name and strengthen positive customer relations.