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The Lavender Traveller (Republic of Cyprus)

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THE LAVENDER TRAVELLER

Introduction

Elena and Sarah sat in their economy seats on the flight from Paphos (Cyprus) to London. They were excited to bring in the new year of 2011 with old friends and with Sarah's family, but they were also anxious about their meeting with Out and About Consulting that they had arranged to attend during their week-long trip to London. Elena is a Greek Cypriot in the early stages of entrepreneurship having established her own internet-based gay¹ travel agency, The Lavender Traveller. Elena and Sarah are lesbians in a personal relationship, and both are working full-time in The Lavender Traveller. They are meeting with the London-based Out and About Consulting, who specialise in working with businesses targeting the gay market, to discuss the direction and growth of the business. As this niche service is not available in their domestic market of Cyprus, they saw their trip to London as an opportunity to assess their progress, put key issues in perspective, and plan for future growth.

Elena believed the business needed guidance from a professional agency that specialises in working with gay clients as she had begun to feel the increasing pressure of running her own business, both financially and personally. Being a lesbian and establishing a business catering for gay consumers was no easy task on the conservative island of Cyprus, a region still heavily influenced by the Greek Orthodox Church. In preparation for the meeting, Elena had identified that she needed advice in the following areas: dealing with prejudice in the local and international markets, the need for a strategic approach to management, and future growth opportunities alongside the internationalisation of the business. In addition to these

¹ For the purpose of this case study unless otherwise stated the term 'gay' represents the entire gay, lesbian, bisexual, transgender, and intersexed community.

factors, Elena was also having personal difficulty working with her partner and she hoped that Out and About Consulting could help to resolve these issues. It was for these reasons that Elena felt that the business would benefit from outside support, particularly from someone with experience in dealing with problems that are rarely encountered by traditional firms.

The Entrepreneur's Background

After graduating with a Degree in Tourism and Marketing from the University of Cyprus, Elena wanted to expand her horizons beyond Cyprus, and so in 2004 she accepted a job offer in a travel agency in London, where she lived for five years. During her time in London she met her partner Sarah, a professional web designer. After a couple of years living together they decided to escape the city lifestyle and began to consider a move to Cyprus. The culture in Cyprus is somewhat conservative towards gay people, with much of the public opinion unsympathetic towards the gay community. However, the couple were confident that Elena's family and friends would support them and so they made the move. They soon settled in their new home in the historical sea-side harbour town of Paphos and secured employment, Elena with a busy travel agent, Sarah working from home as a freelance web designer. However, it was not long before the couple began to feel the impact of prejudice and pressure, and they soon realised that they needed to be discreet about their relationship. This became a stressful aspect of everyday life for Elena as it required her to hide her personal life from colleagues and customers in work.

After working in the travel agency for over a year Elena was let go suddenly, with her boss citing a decline in tourism. This occurred shortly after her boss realised that she was gay, which caused her to feel she had been unfairly dismissed on the grounds of her sexual orientation. Elena now found herself in a difficult position in a close knit community, and

was reluctant to re-enter employment in another travel agency as she feared her sexuality being 'discovered' in a hostile environment again. As a result, she felt that the possibility of securing satisfying employment was limited and so she decided to look into the possibility of self-employment as an alternative option. Elena's education in tourism and marketing, combined with her extensive industry experience, encouraged her to examine the viability of a travel website. After some time researching the idea she settled on a gay travel site, a service she had used in the past and something which was quite popular with her friends in London.

As the lifestyle in Greece is considerably cheaper than London and much more conservative towards gay people, Elena infrequently socialised or spent large amounts of money, and as such, she had a sizeable amount of funds saved from her previous well paid jobs in London and Paphos. Elena was intending to use her personal savings to purchase property in Cyprus for herself and Sarah, but the idea of establishing her own online gay travel website soon took priority and Elena invested her own personal funds into establishing the business. Other than some initial start-up costs, it was rent, technology, website development, and staff that were the key expenses for the business on an on-going basis. These were relatively manageable for Elena and after six months the business became self-sufficient, although not particularly profitable.

Business Background

The idea behind The Lavender Traveller was to connect gay travellers with international gay-friendly holiday destinations, hotels, airlines, and attractions. A further functionality of the site was to provide reviews of holiday packages and a hosted forum which could act as a social network for gay holiday-makers. In line with other gay travel companies, the name of

the company had to reflect the market it served without alienating potential customers or attracting negative attention, thus The Lavender Traveller was chosen. Sarah suggested that she design and maintain the website which would be the epicentre of the business, and as the site became busier she gradually cut-back on freelance work and dedicated the majority of her time to developing and expanding The Lavender Traveller website, eventually becoming a full-time member of staff alongside Elena. The couple enjoyed working together, and found the open environment more productive and creative than anywhere they had previously worked.

As a gay owned business The Lavender Traveller needed to be conscious that gay tourists feel more comfortable when a travel agent or site can knowledgeably inform them about local attitudes towards gay persons and gay-friendly attractions, and Elena's research had identified that most of gay travel is now booked through an online travel supplier. Gay friendly travel destinations are popular as they usually have liberal environments, feature a prominent friendly infrastructure (bars, businesses, restaurants, hotels, nightlife, entertainment, media, organisations, etc.), host a gay social scene, and the feeling that one can relax safely amongst likeminded people. The business hoped to do more than simply identify where the next gay pride event was taking place and as such The Lavender Traveller aspired to be an international travel agent facilitating various types of activities, including holidays and adventures for individuals, couples and groups, back-packers or families, and those interested in round-the-world-tours or a weekend-break in a nearby city. Indeed, Elena wanted to ensure that her business offered a wide range of products and services to the gay travel market which would give her a very broad customer base.

The Lavender Traveller did not use mainstream or traditional marketing approaches as they felt that this would draw negative attention to the business and also to the site. Instead they used an online marketing strategy which relied heavily on the precise targeting and analysis of business data afforded by this approach to help drive relevant traffic to their website. This meant that only gay people curious about gay friendly travel products or discussions found their way to the site. On a few occasions the forum on the website would receive homophobic comments, but in order to tackle this Sarah put in place measures which would prevent abusive messages from showing-up and implemented moderation on high risk terms.

The business received a warm reception from the gay communities of Cyprus and Greece, and benefited from much positive word-of-mouth about their services. Some of Elena's initial investment was used to sponsor local gay community events which led to good exposure in the domestic gay market of Cyprus. Due to the nature of the business, there was always the possibility of experiencing prejudice, but as suppliers and clients were either gay-friendly or gay themselves this was generally uncommon. However, the business did experience discrimination from a local business which protested about their membership to a local business association. This situation became so bad that verbal abuse, graffiti on the office door, and insulting letters were all endured. This was reported to the local authorities who suggested that the company keep a record of all offenses but the local authorities never acted on the report. This led to the withdrawal of the business from the association as they did not want to be made feel uncomfortable.

Regardless of the local discrimination business was blossoming with many enquiries originating from Cyprus and from Greece seeking international gay-friendly travel destinations, and as a result it was not long before the business needed to hire a customer

service handler, at which point Elena decided to hire Xever, a gay Greek Cypriot man, as she felt that this would sustain their positive working environment. Elena also felt that he too would benefit from the open workplace culture that they enjoyed. However, the employment of Xever was a point of contention between Elena and Sarah, as Elena hired Xever in order to create a gay-friendly work environment in the local non-gay-friendly community, while Sarah argued that Xever was an unnecessary expense that The Lavender Traveller could not afford at that stage. Furthermore, Sarah did not want to create a 'gay-only' environment as she believed that this would result in the company implementing a policy of employment based on sexual orientation rather than skills and ability. At this early stage in the development of The Lavender Traveller, Sarah also thought that Elena could maintain all customer service enquiries, but Elena wanted to focus all of her efforts on the strategic development and long-term growth of the company. As Elena explains:

'I am the director and owner of The Lavender Traveller and Sarah is my employee and personal partner, not my business partner'.

The conflict of opinions was putting a strain on their relationship and Elena was unhappy with Sarah's negative attitude towards her decisions.

Market Background

In her emails to Out and About Consulting Elena had explained that The Lavender Traveller was influenced by her personal circumstances, but that targeting the gay community was mainly a business decision and an exciting opportunity for both personal and financial success. She wrote:

'The facts are plain: gay men and lesbians travel more, spend more and tend to have large amounts of disposable income. Most importantly, the gay travel spend will go to

suppliers and destinations that recognise our unique buying preferences and offer them differentiated value.'

Gay or LGBT tourism is commonly referred to as a contemporary niche in the market (other contemporary niches include the likes of film or faith tourism, etc.). Recent years have seen a significant growth in the international connectedness of communities fuelled by such organisations as the International Gay and Lesbian Travel Association (IGLTA) which has supported the development of the market. As the significance of gay tourism increases, more destinations and businesses are targeting this potentially lucrative market segment. According to Out and About Consulting, 10% of international tourists are gay and lesbian and account for more than 70 million international travellers worldwide. This market segment is expected to continue to grow in line with the ongoing acceptance of gay people and the changing attitudes towards sexual and gender minorities. Out and About Consulting informed Elena that according to an American gay marketing consultancy, gay tourism practitioners spend \$64 billion a year on gay travel, with the adult gay community having a total economic spending power of more than US\$600 billion per year. It is estimated that for every US\$1 invested in gay tourism marketing, US\$153 was returned in direct economic spending in shops, hotels, restaurants and attraction.

Out and About Consulting explained that according to market research on consumer expenditure, the gay travel market is estimated to be worth US\$142 billion per annum. Traditionally the gay consumer has been an early adopter for emergent trends and a driver of innovation. In addition to this, the gay community is increasing its presence in the market for family holidays and the celebration of civil marriages and partnerships. This means that there is plenty of potential for growth and room for originality when developing new products and services for this market. The US is by far the largest market and accounts for \$45 billion in

annual leisure travel spend for the community, yet Americans are ranked 4th in the world for travel spend per capita, with Australians topping the spend. Increasingly destinations are developing marketing plans for gay travellers such as having a focus on festivals, pride parades or capitalising on having an open culture. Out and About Consulting advised Elena that it will not be long before the competition becomes fierce as the market realises the value of the gay community with higher than average incomes, spend, and likelihood of travelling abroad. Travel agents should be advised to analyse the market carefully and not to adhere to stereotypes, carefully considering the needs of older gay and lesbian consumers which are similar to those of mainstream older people but with the added requirement of gay friendliness. A further consideration should be the differences between male and female travellers which will also differ but as a result of gender as opposed to sexuality.

Research has also indicated that safety is an important motivator for the gay traveller and that it often has an impact on their choice of destination. A recent trend in the market has been away from gay-only holiday environments towards a preference for gay-friendly holidays, although about one-third of the market still shows a preference for this – a segment that tends to be a group older in age. The majority of gay travel is purchased online and the community are tech-savvy with most visiting at least three websites before making a final purchase. Recent changes in the market have seen a rise in professional gay events with conferences, sports and business meetings experiencing development in the global gay community. Finally, Out and About Consulting noted that sales promotions on price, food and alcohol related aspects of a package tend to be more motivational for the gay traveller than tickets to events, donations or free subscriptions.

Current Situation

Once The Lavender Traveller was established in the domestic market, it was time for the company to undertake market research and plan strategies for international growth. A high priority was to become a member of IGLTA (International Gay & Lesbian Travel Association), which was founded in 1983 by international gay and lesbian travel agents and is the only international organisation connecting and educating businesses in this field. Through this membership Elena could further identify the market needs and requirements, profile competitors and establish a global network with suppliers, potential partners and customers. This information could then be used by the business to facilitate decision-making and reduce the risk of failure when seeking to expand into foreign markets.

With membership to IGLTA recently confirmed, the business now had access to a network of contacts in the gay travel market, and much time was spent building relationships with other businesses in the network. This network also presented an opportunity for reciprocal promotion on relevant blogs and websites which was utilised to build awareness of The Lavender Traveller and the service that they provide. Through blogging Elena promoted the Lavender Traveller to the international gay and lesbian market and gained invaluable insight into the international market. As a result of this network building period, driving the right traffic to the website was now the paramount objective for the business. As Elena explained:

'I wanted people in the international market just to know we existed! The first few months of The Lavender Traveller we didn't make many international sales, it was all about building up contacts and discovering what the market wanted. From our membership to IGLTA and my time spent blogging, I established relationships with international gay-friendly hotels and airlines, received feedback about destinations and holiday packages from domestic customers, and realised that the best way to

sustain my business was through establishing a travel agency that could differentiate itself from the competition (other online gay and lesbian travel agents) with a clearly defined target market.'

The next step for the business was to assess their market offering, as this would be a precursor to developing a realistic growth strategy for the firm. This led to a comprehensive audit of the controllable business issues and assets which generated the perceived value for the gay customer travelling with The Lavender Traveller.

The business offering is an online travel agent catering to the international gay and lesbian market and is currently making money from sales in the domestic market acting as a travel agent for those wishing to go abroad on 'gay travel' holidays. The Lavender Traveller can facilitate all stages of a customer's holiday, from flights and accommodation to airport collection and transfers to travel insurance, and even entertainment, theatre, meal and festival bookings. The business has a CRM (Customer Relationship Management) system in place using instant messaging and has committed to responding to all customer problems and enquiries within 12 hours. In addition, The Lavender Traveller is supplementing its income through the website by selling advertising space to those wishing to reach the demographic that visits the website. This meant that there would be future marketing opportunities for selling media space on versions of the page in different languages. Elena understood that the business had the resources in place to expand beyond the domestic market to the high potential international arena – the problem was that she had no idea how to internationalise the business.

The business targets an under-served market and employs a cost leader approach to differentiate the product offering from their competition. As the gay market is perceived as

having more disposable income, the majority of travel agents (both online and off) are targeting consumers at the higher end of the scale. However, The Lavender Traveller is sensitive to the needs of the entire community and appreciates that this market has also been impacted by the international economic crisis. This approach widens the target for potential customers without alienating those who may not be as cost conscious, with much emphasis on their ability to offer high quality and affordable prices.

The business is located on a Mediterranean island in a non-gay friendly environment, and to overcome this challenge plans are in place to further expand and improve online booking and e-ticket distribution, and to offer the site in many different languages. The business is also exploring the option of partnering with other similar organisations through cross-promotion on each other's sites. The Lavender Traveller also has a recognisable domain name which the target market will easily recognise and this will support navigational searches. The key platform for promotion of the site is search engine marketing which allows the business to target those searching terms related to the business. Further, advertising on gay websites and building international networks from IGLTA will also form a key aspect of The Lavender Traveller's advertising. It is the intention of the company that this focus will shift to permission marketing (such as email and other direct marketing) and social media engagement as brand awareness builds. Elena has found this marketing strategy very effective so far with the return on investment for search engine marketing at €25 to every euro spent, and re-marketing efforts through direct campaigns achieving up to €46 to every euro invested.

The Local Market

The Lavender Traveller is the only gay travel company of its kind in Cyprus, yet the company faces competition from Greek travel companies. One such competitor is the IGTLA recognised Balakalis Tour Operators which caters to the gay community, yet it is not a niche service nor does it act as a travel agent. In addition to this the Greek market also has a couple of individuals acting as travel agents in the Mykonos and Lesbos islands which are traditionally popular destinations for the gay community. These travel agents do not have a strong online presence and often act as suppliers for foreign travel companies. Otherwise, the market is generally occupied by many small travel agents catering to the needs of domestic markets abroad. The role of the intermediary website is quite significant in the gay travel market as these are designed to drive potential travellers to the site with information, reviews and forums, while simultaneously selling advertising space to those targeting their visitors. Placement on 'middleman' sites such as this are a typical route to market for companies like The Lavender Traveller and also play a role in the brand strategy of large organisations (e.g. a well-known brand such as an airline can position their company to the gay community through placement on such sites).

The fragmented nature of the international competition has not gone un-noticed by Elena and The Lavender Traveller wishes to serve the international market and not just the limited Cypriot community. The website is available in Greek, French, Italian and English thanks to the joint capabilities of Elena, Sarah and more recently Xever. The Lavender Traveller has the capability to increase sales internationally and to partner with other firms through the network provided by the IGTLA, but the issue remains as to how they can further brand and promote the site across cultures.

Growth Strategy

The gay online travel industry is experiencing growth in its early stages of development, similar to the circumstances of The Lavender Traveller, which is in the vulnerable phase of early entrepreneurship. Currently there is no market leader in this industry and the majority of players in the online gay travel industry are intermediaries. These intermediaries are simply networks connecting gay travellers or acting as guides to gay-friendly locations, although there is no one comprehensive website connecting gay travellers, informing them of various gay-friendly locations and following through with booking an international holiday including flights, accommodation and activities. Direct competitors in the online gay travel market only facilitate holidays to destinations in their own country or region, while conversely The Lavender Traveller is an international online travel agent targeting an international customer base. Therefore, Elena is aware of the importance in highlighting that The Lavender Traveller aspires to be more than a travel agent for destinations in Cyprus and Greece, but intends to serve all international gay-friendly destinations in which the organisation, over time, builds networks and contacts. Unfortunately, Elena is unsure how to develop a strategy in order to ensure that The Lavender Traveller is a successful player in the international market, as she explains:

'I know what I want for my business and I know where I want to be, but I'm still unsure how I will actually get there. There is a market-gap that I believe The Lavender Traveller has the right features and facilities to fill, but I'm hoping that Out and About Consulting will help me develop a strategy in order to make this happen.'

Elena has reached the capacity of her skills for business development and as a result she is unsure about how to take the company towards international growth in actualising her vision.

Personal Challenges

It is frequently presented that prejudice is a negative or hostile attitude toward a group of people that is based solely on their membership of that group and is experienced by minority groups, most usually those with different ethnic, religion, and sexual orientations. Discrimination is the expression of that prejudice and it can be subtle or overt, and occasionally aggressive. It has even been found that unlike racial prejudice, discrimination against gay people is often overt and frequently comes in the form of verbal and physical anger. Despite amended laws and social provisions such as those provided by EU regulations, research has shown that homophobia is still widespread. The stigma attached to the gay community is perpetuated through many religions, but it is also carried through culture, general attitudes, ignorance and government institutions which can lead to gay people living their lives in fear of abuse, hate crimes and even in some cases death. In some extreme cases gay people can be murdered or face the death penalty upon the disclosure of their sexual orientation. The impact of prejudice and discrimination can be significant and often result in a loss of self-esteem, self-confidence, and even result in political disenfranchisement and economic inequality. A common element of prejudice is the spread of stereotypes which are generalisations about groups of people based on being a part of the group rather than personal characteristics. It is often negative stereotypes of the gay community that foster prejudice and act as a catalyst for discrimination. While it is understood that discrimination can impact upon the individual, what is relatively unknown is the bearing it may have on a business.

The psychological impact of prejudice has been linked with a low sense of confidence in one's entrepreneurial ability. As a result, the consultant from Out and About Consulting is concerned that Elena and Sarah may feel less self-assured about their business skills, or that business ties may also suffer from reluctance to build relationships based on a fear of

prejudice. The anxiety which Elena and Sarah may feel about potential prejudice in their business and personal environment is also called minority stress, which is commonly accepted to have a negative impact on entrepreneurship. On the other hand, The Lavender Traveller may also benefit from this ‘minoritisation’ through reactive solidarity, or in other words, extra support from the gay community.

Most gay business owners make a decision early in their business career whether or not to be open about their sexuality with suppliers, clients, customers and employees. In this case, the nature of the business implies that those managing it are gay which means that they lose control over who knows. The potential for discrimination against them personally as business owners and also against the business is ever-present, and it has become an important issue for them. This is one of the key problems that Elena has been considering and she feels that she needs to address them, both for her and for the business. She has been contemplating developing a policy which could act as a guide for the business when dealing with prejudice and discrimination in an attempt to limit the damage that it may cause. However, Elena has no experience in the development of policies and does not know where to begin dealing with self-protection in the workplace.

Couples have several distinguishing characteristics when it comes to the gay community: partnerships between gay people will commonly be same-sex, double income, and childless families can also be expected more frequently. This structure can be an advantage for entrepreneurship as the double income, no children² circumstances common in the gay community allow time and finance which can be focused on the business. Long term relationships provide support, stability and even economic cushioning for entrepreneurs

² An acronym often used to describe this family structure is DINK – double income no kids.

which can incubate the exploration of entrepreneurial opportunities. Yet, Elena is feeling exacerbated over several issues involving her partner Sarah.

Elena feels that Sarah's contribution to the start-up process was not as significant as hers, both financially and in terms of work. However, Sarah believes that she owns half of the business, although this has never been agreed in principle. This has been a source of conflict recently and is putting unexpected pressure on their relationship both professionally and personally. Through the failure to set boundaries and define roles at the beginning, the management of the business now looks set to suffer. In addition to this Elena has not been entirely happy with Sarah's performance to date. Initially, her creative input and design was invaluable without which the business would never have started, but recently the quality of her work has slipped. One of the problems is that Sarah fails to be objective in the workplace and takes professional pointers and constructive criticism as a personal attack from Elena. Further, she expects to be treated differently and more gently than other business stakeholders and Elena finds this tiresome, as well as having a negative impact on accountability in the workplace. Although Elena feels that it is her place to bring this up, she is reluctant to do so as Sarah may not respond well to criticism in this capacity.

A further problem that the couple now face is keeping their personal issues outside of the workplace, as they never implemented this from the start and it was difficult to enforce for both of them. On the flip side, they are also failing to keep all business issues outside of the home which even further blurs the lines between their personal and professional relationship. Ultimately, Elena fears that their relationship may buckle under the pressure of running the business together and what was once a rewarding alternative career path has now become unpleasant. Elena wants to find a way for their personal relationship not to suffer as a result

of what goes on in the workplace and is desperate to find a solution to this problem. When she began working on The Lavender Traveller she never imagined that she would have difficulty being professional in the office or keeping her private life in the home.

Conclusion

Elena sits pensively in her economy seat reviewing in her mind all of the issues that need to be addressed in both her professional and personal life, realising that a lot had changed since she was last in London. Elena is unsure how to address all of these issues with the business and feels that Sarah has not been helpful in identifying the issues to be discussed with Out and About Consulting. Elena is particularly nervous about the blurred boundaries between their personal and professional relationship, and to raise this matter in a meeting with consultants could have grave consequences for their relationship. Aside from her personal issues Elena is confident that Out and About Consulting can assist her in the growth and development of her business. Her marketing strategy has been successful in the local market, but she does not know how to manage the move to the international market or how to position her business. Business is blossoming and the gay travel market has great potential, but The Lavender Traveller needs strategic management now to carry the company towards being established profitable enterprise. Looking out the dewy, tiny airplane window she has decided just to enjoy the New Year's celebrations and then to discuss all of the issues on her mind with Sarah after the celebrations, but before their meeting with Out and About Consulting, in the hope that a frank and honest discussion will benefit their meeting with the consultants. It is a risky strategy and she is very concerned that if it goes wrong then she might be making the return journey on her own.