

Saimaa University of Applied Sciences
Faculty of Business Administration, Lappeenranta
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Competitor and customer analysis of a language learning platform. Case VocApp

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Abstract

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The purpose of the study was to analyse the marketing environment (competitors and customers) of the selected case company. The goal was to discover and describe the target audience, current competitors and to use findings for the improvement of company's marketing activities.

In this thesis the author has used qualitative research methods. For building theoretical framework, the necessary information had been collected from academic sources including books, articles and webpages. Moreover, the information given by the CEO of the company during the interviews has been used. The primary data for the thesis was gathered from a qualitative survey and the case company's analytical tools.

The result of the study provides an overview on the market of online language learning. Also, it demonstrates the crucial customer segments of the case company. By analyzing the operations of the competitors and the profiles of the existing users, the author has finalized the recommendations that can be used to improve the position of the case company in the market. Based on the brief guidelines and summaries on their customers and competitors, case company can adjust current processes and frame a marketing strategy.

Keywords: marketing, language learning, mobile apps, competition, customer segmentation

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Appendices

Appendix 1

Survey for current VocApp users

1 Introduction

1.1 Justification and background

While choosing a topic for a thesis report the author has been looking for something that would meet the following criteria: topic which is valid and essential in a modern world; something that is crucial for marketing specialists; closely related to author's background, experience and lies within her knowledge and skills. Therefore, the decision was made to cooperate with a startup company, where the author completed her placement. The discussion with the CEO revealed that currently the company is interested in customer and competitor analysis and the author decided to implement this project.

The selected topic for the study has combined all desired components. The results of the conducted research are significant for the company and serve as a base for creating marketing plan and strategy.

Last but not least, the author will summarize her studies by structuring and improving her knowledge. It will allow a better understanding of building marketing plan, especially for new and developing companies. The author believes that this research will be favourable for a future career as the topics covered in there are crucial and apply to plenty of different cases.

1.2 Aims of the research

Ryan Holmes once said that if you form a strategy without research, your brand will barely float at the speed industries move at today brands sink fast. Not only for startups but even for multinational enterprises research is the first step to develop a solid plan. (Business Insider 2012.)

The main goal of this thesis is to provide a customer and competitor analysis for VocApp – a company operating in the field of online learning. The theoretical framework, the conducted research and its findings give the company a broad insight into the market and will be used in further planning of the marketing strategy. The report concentrates on market competition situation and target group, as the author believes that these aspects are fundamentally important. One of

the main goal is to analyze current market leaders and their performance. The next goal is to research the existing customers to identify their interests, values, common objectives, etc.

The final report presents the results of research on above mentioned aspects together with recommendations for the company. The author aimed at making this thesis relevant and informative, so it can be a base for the further planning of the marketing strategy. Moreover, other researchers can use this report to get an understanding on the situation in online learning market.

1.3 Delimitations of the research

As mentioned in the introduction, the report is based on studying an online learning platform. However, the specialisation of such platforms is an important detail, which can affect the results. The results are relevant to other companies working in the same field. However, for other areas of online learning the findings of this research may be not valid and applicable.

The report will exclude research on pricing and positioning, distribution, budgeting, marketing strategy and other aspects of marketing. Those aspects will not be covered in this thesis as the time and resources are limited. However, the results of this thesis will provide a basis, based on which other elements can be developed.

For studying competitors, the author selected several market leaders, excluding enterprises with a lower position at the market. The results of analysing most successful companies allowed to understand key drivers of a progress in this field. The author will be able to recognize similar patterns and define missing values, which can be fulfilled by VocApp.

1.4 Case company

All the information regarding case company, its operations and statistics has been received from the CEO. Moreover, the author's knowledge obtained during internship has been used as a source.

The case company selected for this thesis is VocApp. It was established in September 2017 in the capital of Poland, Warsaw. VocApp provides an online learning platform where users can learn languages. It has own mobile application for both Android and iOS and a website. All platforms are synchronized and can be accessed from any device. Currently VocApp offers two options: installing the app for learning one specific language or installing the “Multilanguage” app with all the courses.

Nowadays VocApp has more than 125 000 users and provides courses in 25 different languages with various levels and topics. All courses are developed by professional linguists and native speakers. The competitive advantage of the company is the unique method of learning, which uses flashcards and a special system of repetition. This allows users to learn faster and more efficiently with the usage of different sensors, like vision and hearing.

The company is developing rapidly and is now working on expanding globally. This year they have been participating in a Google program for startups. Even though VocApp is roughly a one-year-old company, it has a significant background. It has been created out of its Polish version, Fiskoteka, which has a great success at the Polish market and more than a million users.

There are several reasons why VocApp was selected as the most suitable company for this research. First, as the company is young and in the process of growing, having a marketing plan is essential for successful operations and further expansion. Moreover, analyzing and researching a company offering online products will be beneficial for the author. In the modern world with rapid technology development, it is necessary to understand how intangible products and services are existing.

1.5 Research question

To create a report which will meet the desired outcome, the right question needs to be asked. Research question has been defined to help author to concentrate on the goal and to remain within selected framework. The main question to which the thesis finds the answer is: *“How to market the platform effectively in the existing market competition to the selected target group?”*

The thesis question is broad and covers the topic. Nevertheless, the author recognized a need for sub-questions, which will help to organize and implement the project. The sub-questions of this research are:

- 1) Who are the main competitors in online language learning and how they perform?
- 2) What is the target audience of the case company?
- 3) What marketing activities can be done in this environment?

2 Online learning market

2.1 Current market situation

The appearance of the Internet has affected the daily life of humans and has created endless opportunities for businesses. The amount of active internet users for January 2019 has concluded 4,4 billion people with penetration level of 57% (Datareportal 2019). According to the University of Liverpool, online learning is “distance education that is made available through an internet connection” (University of Liverpool 2019). This means that incredible number of users having access to online world are potential customers for the businesses operating in the market of online learning (also called e-learning).

Nowadays analysts are predicting the growth of the market up to \$325 billion by 2025, what is three times more than the current revenue of online learning (Forbes 2018a). Even though the market is generating high revenues, some platforms are still operating in a free mode, enabling users from different social and income groups to obtain the knowledge (News Release Distribution Channel 2018).

Currently in the market the most popular options are Massive Open Online Courses, and self-paced learning platforms. As can be seen from the name, MOOC usually has an unlimited number of participants who receive instructions by the teacher (can be in form of video or plain text) (Computers and Education 2018, pp.44-58). One of the biggest operating platforms is edX, with courses

cover different areas, such as computer science, data science, engineering, languages, etc. In this platform the learning path is designed for a participant and is not influenced by the preferences of a student. (edx.org 2019). However, the self-paced platforms provide an alternative, where each participant can concentrate on specific topics and the process is usually not observed by the teacher. The selected case company, VocApp, provides this type of learning to its users.

2.2 Perspectives and trends of the market

The market of online education can be seen as perspective for both sides, customers and business. From the business and investment point of view, the market has promising forecasts, which are aiming at increasing profit by 30% during the next six years (Forbes 2018b). The number of global internet users has been rapidly increasing within the past years. The latest data from 2017 shows that approximately 14% of global population is using internet. This is two times higher rate than in 2009 (Meeker 2018, p.7). The graph below demonstrates the described change (Figure 1).

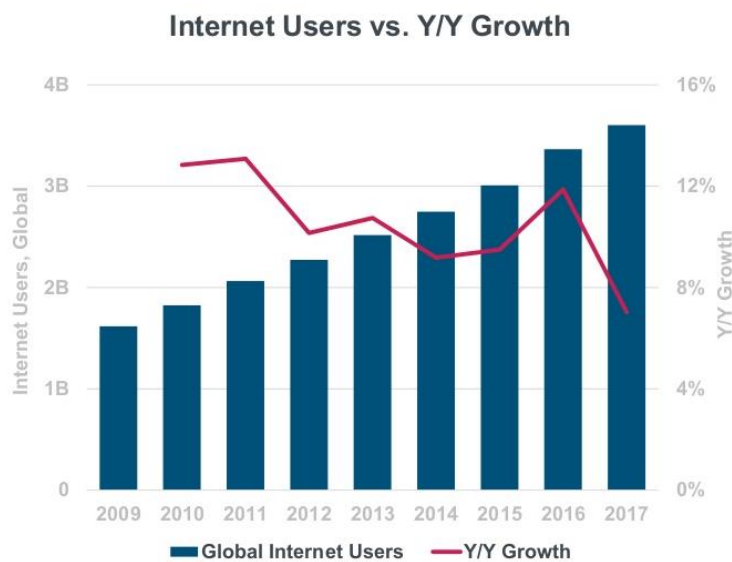


Figure 1. Global Internet Users (Meeker 2018)

3 Marketing theories

3.1 Marketing concept

Nowadays it is hard to find a person who has never heard about marketing. Almost every university or college provides a degree program in this field with increasing popularity. Despite the fact that marketing is mostly considered as a modern branch, the first mentioning of it is dated back in the 16th century. At that time by marketing people meant simply a buy-and-sell process. Only by 1897 the concept of marketing approached a modern understanding of it. (Online Etymology dictionary 2019.) One of the modern definitions describes marketing as engaging customers and managing profitable customer relationships (Kotler & Armstrong 2017, p.26).

Even though this concept has various definitions given by different marketing professionals, it has the same goal: create a value for the customer to get value in return. With the help of marketing companies, both global and small enterprises are increasing awareness and success. Not only businesses use marketing, but also non-profit organizations, for instance hospitals and museums. Marketing is emerged into daily life so deeply that it is impossible to avoid. The more it develops, the more interactive and personalized the message becomes. With the help of modern technologies and tracking algorithms, marketing became more customer-oriented and can hit the target audience more directly. (Kotler & Armstrong 2018, p. 29.)

Marketing is not about one action, it is about the process. Creating a successful marketing strategy or campaign and establishing company's marketing activities are both social and managerial processes. (Kotler & Armstrong 2017, p. 29) Marketing is a process which leads to influencing the audience in order to get value from them. Nevertheless, the value of marketing is still questioned and considered as a waste of money by some businessmen. However, precisely with a help of marketing activities the potential clients have the possibility to know the product or the service. Therefore, avoiding marketing activities with a goal of reducing expenses is not effective strategy. It is very difficult to run profitable business while keeping it hidden from your customers. (Brittain 2013, pp.20-21.)

To sum up, marketing can be defined as the process by which companies engage customers, build strong customer relationships and create customer value in order to capture value from customers in return (Kotler & Armstrong 2017, p.29).

3.2 Marketing processes

Traditionally, the marketing process includes five steps which lead to creating a value to the customer. The brief overview of the process is presented in the figure below (Figure 2).



Figure 2. Marketing process (Kotler & Armstrong 2017)

As discussed in the previous chapter, the company needs to provide a value to be able to capture it in return. The process starts from understanding the marketplace. At this point, marketers should get a clear vision of who the customers are and what do they look for. A thorough research done at this step of the process is a basis for succeeding in the following steps. After defining the marketplace and customer, it is needed to design a marketing strategy based on the values of potential customers, discovered during the research. This strategy should include market segmentation, targeting and value proposition of the company. After the strategy has been prepared, the next step is developing a marketing program. This program consists of the 4Ps of marketing. The product/service and its design should be defined, pricing policy should be developed, distribution should be established and the promotion is needed to communicate value proposition. The fourth stage of the marketing process is engaging customers and establishing a strong relationship. However, it is also important to discuss the relationships with partners. All these lead to capturing the value and receiving profits in the business.

Once the company has completed the five steps of marketing process, it is essential to work on customer loyalty and to expand in the market. (Kotler & Armstrong 2017, pp. 29-30.)

3.3 International marketing

International marketing, also known as global marketing, is the next level of marketing. This process includes worldwide operations and aims at reaching an international community (Business Dictionary 2019). The definition can be presented as follows. International marketing consists of the activity, institutions and processes across national borders that create, communicate, deliver and exchange offerings that have value for stakeholders and society (Czinkota & Ronkainen 2013, p.5). Operating in this broad market brings opportunities to the customers, as they can reach even more potential customers. However, it is needed to keep in mind that global environment - which faces plenty of changes in a high speed - creates threats as well. (Kotler & Armstrong 2017, p.568). Operating at international level brings the company to a new level of complexity. In contradistinction to marketing, international marketing combines many other disciplines and sciences, for instance, anthropology, cultural studies, history, geography, languages, etc. All those fields need to be studied and taken into consideration. (Czinkota & Ronkainen 2013, p. 4).

Due to companies' decisions to operate internationally nowadays we have a great possibility to enjoy fast food from the USA, electronic devices produced in Asia, social networks such as Facebook. Living in the world full of imported goods, modern population got used to it and cannot imagine lives without brands brought from abroad. For instance, Coca-Cola, Nike, Apple, BMW, Zara, Samsung, etc. – all those brands would be not available without international trade. Since 1990 the global trade has been developing and the number of multinational corporations increases. (Kotler & Armstrong 2017, p. 568).

Before expanding to international level, a company has to make several marketing decisions. To begin with, the global market should be studied and researched. After understanding all underlying trends of global market, a company needs to decide to go global or stay in the local market. In case the decision to expand

internationally has been made, the exact markets to enter should be selected. This is a crucial step and a company should choose their entering markets carefully. Once the market which it will enter is defined, the precise strategy on how to enter should be prepared. The next step is to decide on the global marketing program and marketing organization. Even before expanding to the global level a company needs to make plenty of vital decisions. (Kotler & Armstrong 2017, p. 578) In other words, before expanding the company, the following questions should be answered:

- Where are my current and potential customers?
- Does my need-to-have market have borders?
- Does international activity increase risk?
- What marketing adjustments are or will be necessary?
- What threats from global competition should I expect?
- How do innovation and entrepreneurship change the global marketplace?
- What are my strategic global alternatives?

Answering this series of questions will help to identify if a business is ready to be brought internationally and if this is necessary. (Czinkota & Ronkainen 2013, p. 7)

3.4 Digital marketing

With appearance of the Internet and the increasing effect of it on our daily life, the concept of digital marketing has started to develop. It is also known as Internet marketing, e-marketing and web marketing. All these terms describe the same concept of the application of the Internet and related digital technologies in conjunction with traditional communication to achieve marketing objectives. (Chaffey & Ellis-Chadwick 2015, p. 11). Despite the fact that it is still in the field of marketing, the approach has sharply changed from the traditional. It created a shift from vertical to horizontal, from individual to social and from exclusive to inclusive. There are more ways to connect with a customer throughout the globe. More interactions and purchases happen online and become shared in social. Moreover, customers reliance has switched, they trust social sources, such as friends, family, fans and followers. (Kotler, Kartajaya & Setiawan 2017, pp. 7-14.)

3.4.1 Media channels

In digital marketing the communication and influencing the customers happens online. Reaching people can seem easier in digital marketing, however it can be even more complicated. Marketers recognize three main media channels: paid, owned and earned media.

Paid media are media to which company pays for promotion. With the usage of Paid media, companies become visible in the search engines, in term of online generated ads.

Owned media belongs directly to the company. It includes the website, blog, email list, mobile application and accounts in social networks.

Earned media consists of word-of-mouth. In digital marketing this generates discussions, reposts in social networks or blogs. This is where the conversation between a company and the customer occurs. Through earned media companies share their ideas or products through the partner – publisher, blogger or influencer, etc.

The connection of online media types is demonstrated in Figure 3 below.

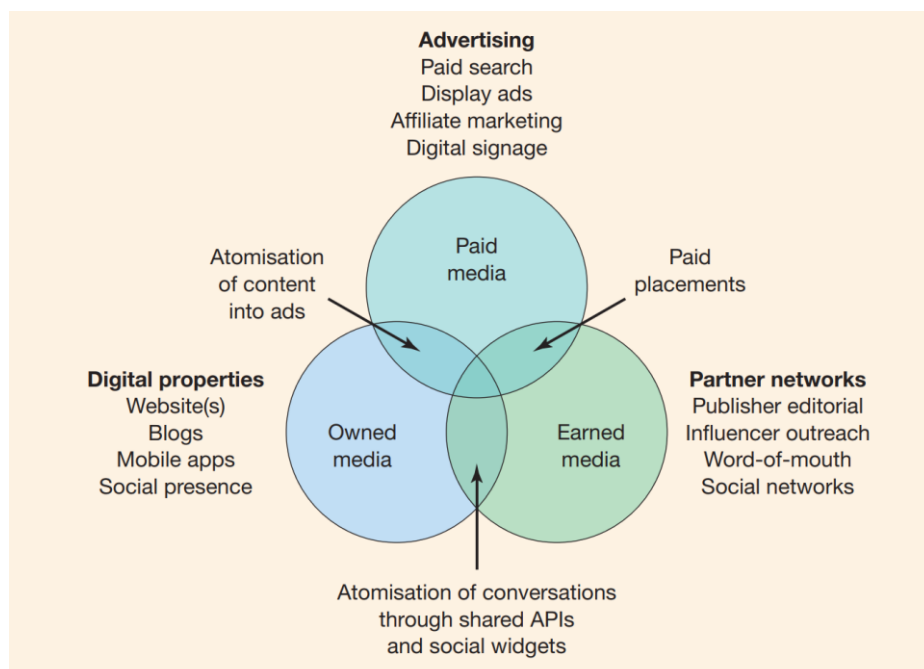


Figure 3. Paid Owned Earned media (Chaffey & Ellis-Chadwick 2015, p. 12)

3.4.2 Principle of successful digital marketing

Switching to digital marketing does not necessarily mean succeeding in that. A Google research discovered that approximately 30% of digital experiences are rated as useful. Therefore, there is place for improvement.

The 5A principle identifies crucial points of digital marketing that succeeds. The components are: Audience, Assets, Access, Attribution, Automation.

Audience. Knowing the audience helps to create more accurate digital marketing. By gathering information on customers, the company can study how to capture the attention and create interaction. For succeeding in Audience, the company needs to have a complete set of customer data, identify the segments and define strategy to reach each segment.

Assets. The experience given to customers should be exceptional. It should be effective in both online and offline touchpoints (websites, retail stores, etc).

Access. The company should have access to the customers during all the way of customer journey. This will maximize the reach of the message to the customer.

Attribution. Analysis of the connection between channel and purchases enables the company to see what brings most of the transactions. Adjusting budget accordingly allows to allocate the necessary resources in the right place.

Automation. Usage of machine learning and automating processes can save money and provide a better experience to the customers, which will be more personalized. (Think with Google 2018.)

3.4.3 Marketing a mobile application

The mobile apps market is developing rapidly. In 2018 the number of applications available in App Store and Google Play exceeded 4,1 million (Statista 2018). With this large number of competitors, marketing an app correctly is crucial and is a matter of existence for the app.

Roy Sandberg has developed a guideline on how to ensure the success of an app. It consists of seven different steps and all of them should form a business plan for a mobile app.

The first principle of successful marketing of an app is identifying the problem that it solves. There are usually two categories of products: vitamin and pain killer. Vitamins are those apps which are not a must, but nice to have. Pain killers on the opposite are those apps for which customer buys a device. Creating a pain-killer app is wiser as customers will be using it most of the time and the demand is more stable.

The next step is to analyze the competitors. Knowing the existing offer is especially important in app marketing. Apps that already exist and are popular are listed higher in the search. To outperform those competitors with the same product, a company needs to make sure that their product is significantly better. One of the ways to analyze competitors is to create an array table and give weight and rating to features of the company and the competitor.

As always in marketing, knowing the target audience is a must. In app marketing, the target customers should be defined in a detailed way with as much personal information as possible. Moreover, identifying the archetypal customer and how to attract them to the app is also essential.

Evaluation of possible risks should be completed. It is essential to study three potential reasons of app failure: technical risk, execution risk and market risk.

Monetization and pricing are one of the most crucial parts of app marketing. Nowadays, when customer has a large number of offers and many of them are free, identifying the right strategy in pricing must be done. One of the categories is paid apps, where a user must pay a set price for downloading. The opposite category is free app where a user does not need to pay a fee for access. The third category is called freemium app. In these apps users can get a basic version for free and unlocking extra features or levels cost a certain fee. The ideal time to make users pay for an extension is when they are already interested and addicted to the product.

One of the steps is estimating a schedule. Many companies are waiting to release a perfect app, however, it can be too late. There is always a risk that someone is developing the same app and introduce it to the market earlier. The schedule of work mode and a release date should be prepared.

Last but not least, to ensure that the app will succeed, testing could be run. To avoid risks and make an adjustment, the company can prepare a website where they introduce the product, but do not launch it yet. The reaction will help to identify if there is enough of need, if the right audience has been selected and which marketing strategies to apply. (Sandberg & Rollins 2013, pp. 15-25.)

3.4.4 Visibility in the app store

In order to succeed in the market, the app should have high ranking and be visible in the app store. The higher the app is, the higher the chances that customers download it. Software developers have identified that the most affecting factors are title, description, icon and screenshots. (Forbes 2018b).

To create a screenshot that will capture customers' interest, it should be showing the way the application works, for example, screen of completing the level, but not the main menu. This is the first picture that clients will see, and it should tell about the app.

The description should emphasize why this particular app is more valuable than others. Mentioning any awards or accomplishments, including features list is crucial for customers to get interested. Moreover, keywords should be used to improve chances of landing on the app page.

While browsing through the app store, icons are representing the app. It is seen and noted before screenshots or description. Therefore, it should clearly demonstrate what the app is. Based on the icon, potential customers build impressions and expectations of the functions of the app. (Sandberg & Rollins 2013, pp. 98-106.).

The title of the app should be short and informative. It should be focused on the functionality and be easily recognized. (Forbes 2018b).

4 Marketing environment

4.1 Market competition

For description of competition theories and tools to analyze competitors the author has chosen the works of Michael Porter, a worldwide known academic who is acknowledged as one of the most important influences on competitiveness theories (Harvard Business School 2019).

According to Michael Porter, the competitor analysis allows a company to predict competitor's actions, their response and the reaction to the possible changes in the industry or environment. Competitor analysis can also help to identify the key competitor on which company needs to concentrate. (Porter 1998, pp. 47-49.)

The framework which is used for developing competitor analysis consists of key components: future goals, current strategy, assumptions and capabilities. Future goals and assumptions are representing what drives the competitor. Current strategy and capabilities are about current and possible further actions of the competitor. Usually, companies can easily identify the last two components, whereas understanding of future goals and assumptions requires deeper research. All components are represented in Figure 4.

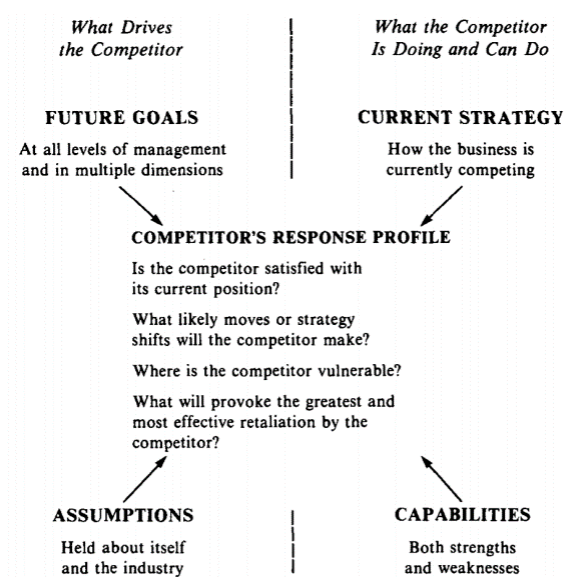


Figure 4. Components of competitor analysis (Porter 1998)

4.1.1 Future goals of a competitor

The first step in analyzing a competitor is understanding the future goal of the company. It can demonstrate how satisfied they are with a current position and show their ability to meet established goals. Knowing a competitor's plans gives an overview of the market situation in the nearest future and can be used for predictions and adjustment of the strategy.

Among all the goals that the competitor sets for the future, it is especially important to understand their financial situation, market leadership, social performance and technological position goals. These are the external goals of the company which affect the market. Analysis of the internal goals can be also beneficial but does not have the highest priority in the research.

The investigation of the competitor's goals is a crucial step which can indicate possible business extension, switch of the market or change of the product or service. Knowing rivals' plans of the above brings an advantage of being able to fit and even control the market. (Porter 1998, pp. 50-58.).

4.1.2 Assumptions

Porter has identified two categories of assumptions. The first category is the competitor's assumptions about itself. The second covers assumptions about the industry in general and about other companies that belong to it.

Every company, including the competitor, creates an assumption of their own image. The way they percept themselves is not always corresponding to the actual picture of a company. In a situation where assumption is not matching the reality, it provides other companies an opportunity to fulfill missing elements and gain a winning position. The more incorrect the assumptions about itself are, the higher the chances that another company will use it and turn it to its own benefit. (Porter 1998, pp. 58-63.)

The other category represents assumptions about the industry. There can also be misinterpretations and misunderstandings. Having a wrong assumption about the industry can cause losses in profits and harm the business in general. Without

knowing the actual situation, the competitor can allocate resources incorrectly or invest into a field which he believes is growing, when it is not.

The important concept in this field is the blind spot. It is the area where the competitor either does not see the significance of the events, will perceive them incorrectly or will perceive them, but very slowly. Discovering the blind spots of the competitor is advantageous. (Porter 1998, pp. 58-63.)

4.1.3 Current Strategy

This part of the competitor analysis describes the existing strategy of the competitor at the moment of the analysis. It is usually presented in annual reports, press releases or during interviews with managers and company representatives. The company needs to analyse the strategy of competitor and the implementation of it. (Porter 1998, p. 63)

4.1.4 Capabilities

The analysis of the competitor's capabilities is the last step in the process. There are several types of capabilities that can be analysed. Core capabilities demonstrate strengths and weaknesses of the competitor and the abilities in the operational area. The ability to grow shows the potential the competitor has in certain areas, the resources (people, skills, plant capacity) and the growth in financial area. The next capability is quick response. This determines how fast can the competitor can react to changes in the market and is affected by cash reserves, plant capacity and borrowing power. The other field to be analysed is the ability to adapt to a change that occurs in the industry. It consists of the increase of wages, appearance of new technology and inflation rate. Another capability is staying power. This refers to the competitor's ability to deal with competition and to sustain business. (Porter 1998, pp. 63-51.)

4.2 Customer analysis

Nowadays the market is highly competitive and the way to overperform the others is to be customer focused. Companies need to know exactly which customer group they are serving. By trying to catch too big audience from different segments, the company is under the risk of losing all existing and potential clients.

Each enterprise has its own offering and therefore able to satisfy one segment more effectively than another. Based on the ability to serve a particular group better, the company should select their segment and concentrate on it. This will put the company in a more competitive position. To be able to identify the segment customers need to be analyzed. (Kotler & Armstrong 2017, p. 74)

4.2.1 Market segmentation

Market segmentation is the process of the division of the entire market into groups of buyers based on different needs, characteristics and behavior. Each group can require its own and distinctive marketing strategy. The group members, also named market segment, should respond in a similar way to the marketing efforts made by the company. Usually the company can distinguish several major segments, for example, age, level of income or gender. Within each segment a series of sub-segments can be developed. (Kotler & Armstrong 2017, pp. 213-221.)

Marketing specialists have identified four major segments which are crucial to be considered. It includes geographic segmentation (nation, country, city, population density, etc.), demographic segmentation (age, gender, income, religion, etc.), psychographic segmentation (lifestyle, personality) and behavioral (occasions, loyalty and user status, etc.). (Kotler & Armstrong 2017, pp. 213-221.)

Kotler and Armstrong have developed the criteria for successful market segmentation. To develop useful and applicable segmentation, those need to be:

- Measurable. The company has to be able to measure their segment by its size, purchasing power and profile.
- Accessible. Each market segment needs to be available for reaching and serving.
- Substantial. Market segment should have enough population and purchasing power to worth customized marketing activities.
- Differentiable. Segments should vary by concept and have different response to the marketing mix and program.
- Actionable. It should be possible to develop an effective program to reach the segment.

(Kotler & Armstrong 2017, pp. 213-221.)

The importance of segmentation and choosing the right customer has been proved at the case of Macintosh, that was firstly targeting and selling to presidents and directors of big enterprises. This concentration did not work and had to re-orient to another segment of “regular” people. (Kawasaki 1995, p.92). Nowadays MacBook is recognized as one of the most successful products.

4.2.2 Segments in international markets

Customer segmentation also exists on the international level. To identify the target audience within the globe, companies need to consider various factors and specialties of each country. Geographic location is one of the ways to make segmentation. In this case countries are grouped into regions, based on similarities. Another factor that can be used in segmentation is economic. Segment can be grouped by the level of income or economic situation in general (for example, group of developing countries like BRIC). Political and legal factors of the countries should be also taken into consideration, as it affects business and the way it runs. Another factor is culture. International markets can be grouped by language, religion or similar behavior. (Kotler & Armstrong 2017, pp. 220-221.)

Nowadays with the help of internet and technologies intermarket segmentation is also possible. It is cross-market segmentation that is based only on similar needs and behavior of customers, disregarding the country of location. (Kotler & Armstrong 2017, pp. 220-221.)

5 Research method

5.1 Thesis research method

To conduct the research, the author used qualitative methods. Two parts of the report – competitors and customers – will require different ways of data collection.

To research the market and its current competition, the author collected information through benchmarking with the use of different sources available online.

This included findings from the company's activities (both online and offline) and other public data available.

In the customer analysis qualitative survey was used. A questionnaire form has been distributed within the VocApp application as a push notification. Every participant has been rewarded. The survey contained 13 questions, including multiple choice questions and free form questions. To analyze target group of VocApp the author asked questions related to reasons for studying online, motivation factors, fields of interest and personal values. Findings on those topics were used to understand the profile of a user and to identify their similarities. Moreover, the author had access to the information collected by the case company on their customers.

To analyze the data received during the survey research, the author presented it in an info-graphic way (diagrams and charts). By categorizing and visualizing the results, the author was able to analyze it, generalize and see possible trends and correlations.

No limitation on the survey participants has been applied. However, the survey has been performed in English only, therefore eliminating the users without sufficient level of the language from answering the questions.

5.2 Benchmarking

Benchmarking is the process of identifying, understanding and adapting outstanding practices and processes from organizations anywhere in the world by a firm to improve its performance (American productivity and quality center 1993). This method is used to analyze current performance of the company and see its position at the market. By comparing a company to the competitors in the field, strengths and weaknesses can be identified. There are several types and levels of benchmarking, for instance: performance, process, strategic, internal or competitive benchmarking. Competitive benchmarking is used in this research as a tool of analyzing current rivals' practices and performance. (Sekhar 2010, p. 883)

Benchmarking of competitors of case company VocApp is based on secondary data gathered from public sources available online.

5.3 Customer survey

Survey, or questionnaire, is a research tool used for data collection, where each person is asked to respond to the same set of questions in a predetermined order (De Vaus 2014). Unlike benchmarking, survey is collecting primary data directly from the participants. Due to the structure of the survey it remains one of the mostly used data collection method as it provides an efficient way to gather information from a selected large group.

It is crucial to ensure that the delivered survey is structured at the highest quality and has questions to collect all necessary data. With the usage of survey, the distributor gets only one chance to run it as it is unlikely to have more than one possibility to collect data from the same target audience. (Saunders, Lewis & Thorn 2016, pp. 436-439.)

To ensure the quality of survey quality, it is recommended to carefully design each individual question, use clear and pleasing visual presentation, explain the purpose of the survey, run a testing and plan the survey delivery and the way to return completed forms. (Saunders, Lewis & Thorn 2016, pp. 436-439.)

5.3.1 Types of self-completed surveys

The self-completed survey is used as a research method in this thesis. Self-completed survey is completed by the respondents personally.

The types of surveys vary by the way of distribution. One of the ways is Internet questionnaire distributed online. It can be accessed through shared link (Web questionnaire) or being distributed directly in the mobile device of the participant (mobile questionnaire). Mobile questionnaire is used in this thesis research. It is distributed via push-notification to the users of the application. The usage of web questionnaire improves chances for receiving sufficient number of replies: for example, the survey distributed by Mark Saunders through web has collected almost 300 more replies than the one distributed by post (Saunders 2012, pp. 56-73).

Other types of survey are postal/mail, which is delivered to the address of the participant and returned by post. Interviewer-completed survey is recorded by the

interviewer based on the given answer. It is also possible to hold survey through telephone calls or to use face-to-face distribution where interview is done with each participant. Figure 5 below represents different questionnaire types and ways of distribution (Figure 5).

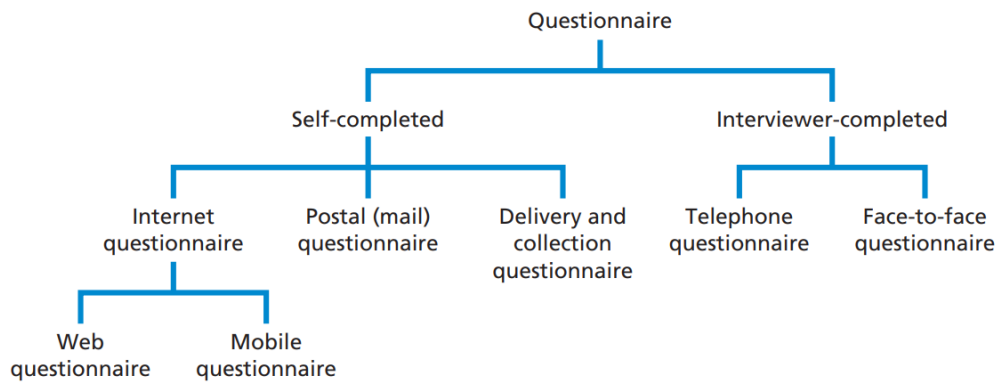


Figure 5. Survey types (Saunders, Lewis & Thorn 2016)

5.3.2 Question types in the survey

The purpose of a survey is to identify customer segments that are using the case company's product. To reach this goal certain types of questions should be used. (Saunders, Lewis & Thorn 2016, pp. 452-462)

List questions are providing number of options to the respondent, from which he or she needs to select the most suitable option (for example, gender, religion, etc.) (Saunders, Lewis & Thorn 2016, pp. 452-462).

Category questions are used when the respondent needs to define himself belonging to one of the categories, for instance, mark the frequency of app usage. Responses are placed in logical order, usually by descending, and they should not overlap. (Saunders, Lewis & Thorn 2016, pp. 452-462.)

In rating questions the respondent is asked to measure the given options. Options should be presented in a line order, where each end options are opposite to each other. For example, from agree to disagree. (Saunders, Lewis & Thorn 2016, pp. 452-462.)

6 Market competition for the case VocApp

6.1 Competitors and performance analysis

6.1.1 Selection of competitors to be analyzed

In this thesis, the analysis is held on the market of online language learning platforms and applications. To decide and choose the competitors, the author discussed it with the CEO of the case company. The discussion led to the selection of four competitors which are considered as successful market leader, which are Duolingo, Busuu, Memrise and Babbel. All the competitors have sufficient number of users (more than 1 million) and are taking top position on the market. The methods and offered services vary within all competitors, therefore reviewing companies with different learning approaches provides a better insight of the industry in general.

6.1.2 Duolingo

Duolingo is the largest company providing a platform for language learning. The company exceeded the number of 300 million users and currently has the biggest audience within the language learning market. It has been established in 2011 by Luis von Anh and Severin Hacker. The headquarter of Duolingo is located in Pittsburg, United States and the area of operation is worldwide. By the 8th year of existence the company has developed multiple courses and offers 32 languages for English speakers. The chart below demonstrates the available courses and number of users (Figure 6). For March 2019, the most popular course taught in English is Spanish. It includes 21,8 million active users which takes 7,2% of total number of users. (Duolingo 2019a.)

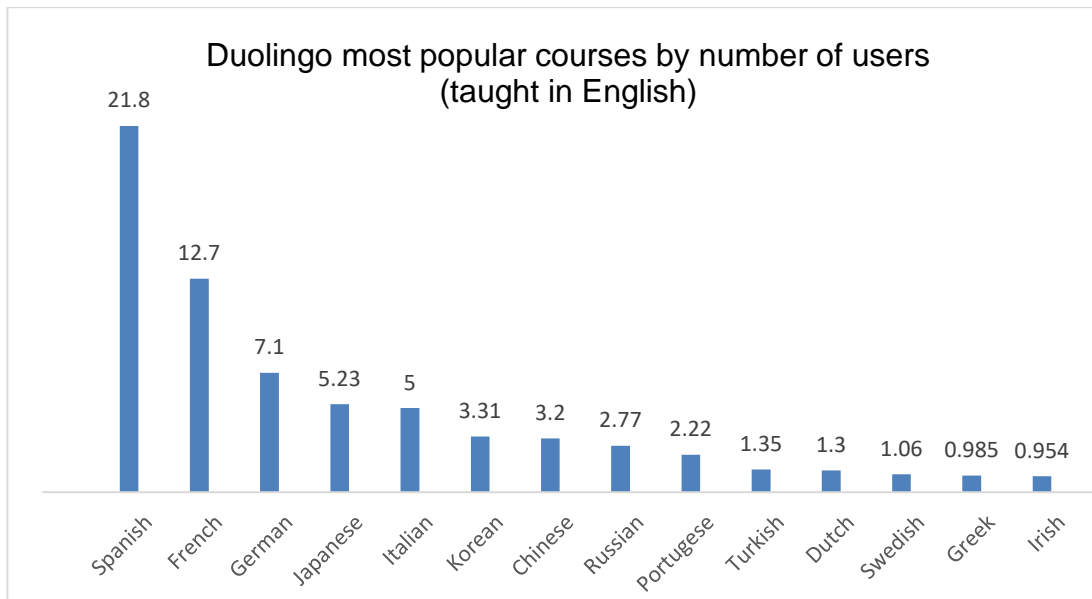


Figure 6. Duolingo languages by number of users

Moreover, the company has courses that are developed in languages other than English. By the year of 2019 Duolingo offers 27 languages available in languages other than English. All of them offer to learn English as a foreign language and, depending on popularity, some other. However, most of the courses taught not in English are still under development. They are already accessible, and the process of development is displayed at the course description. Totally, the company offers 75 language courses available in 30 different languages (Soper 2018). (Duolingo 2019b.)

Duolingo is available for both mobile devices and computers. The application is developed for Android, iOS and Windows.

The biggest department of the company's employees is engineering, taking up to 53% of the jobs. The next division is design, where they allocated 17% of workforce. It is followed by Operations with 8% of total employees. (Duolingo 2019c.)

Duolingo has defined their vision of the company and they have three key components describing the company's positioning. First, they are providers of personalized education. Their goal is to give everyone the possibility of learning with a private teacher with the usage of modern technology. Duolingo proclaims that based on the analysis of learning mode of its users, they developed the best method allowing to adjust learning. The next point of company's vision is making

learning fun. Their interface reminds the user of a game what brings more joy into monotonous and hard learning. The last point is being universally accessible. Duolingo provides the service with no hidden fees, which can be used by all social categories disregarding location and level of income. (Duolingo 2019c.)

Duolingo has three types of account: regular, for Schools and Duolingo Plus. The account for schools enables teacher to track the progress of students and developed specifically for educational institutions. Duolingo Plus is a premium account with benefits of no advertisements, offline courses, progress quiz, monthly streak repair and health shield. (Duolingo 2019d.)

The company offers free usage of Regular and “for Schools” accounts. The only paid version is Duolingo Plus costing \$6.99 per month with possibility of free weekly trial. (Schools Duolingo 2019.)

Duolingo has a special ‘Incubator’ section where users can contribute and help in developing languages courses. Additionally to the main product, the company offers its own dictionary and flashcards, podcasts and reading exercises.

The company is actively present on social media. They utilize Facebook, Twitter, YouTube. Moreover, Duolingo has its own blog and forum for discussions with the users of the platform. (Duolingo 2019a.)

6.1.3 Busuu

Busuu is a company operating in the field of online language learning. It has been established in 2008 by Bernhard Niesner and Adrian Hilti. The brand’s name is coming from the language Busuu, spoken in Cameroon by eight people. The Busuu is considered as nearly extinct language. Despite the name, the company provides courses in 12 various languages and operates at a global level. By 2019, the number of users of Busuu has reached the point of 90 million. The headquarter of the company is located in London, United Kingdom. (Busuu 2019a.)

Busuu’s platform can be used through the website and through mobile application for devices operating on iOS or Android. The interface is available in 15 different languages. Currently Busuu developed courses in the following languages: English, Spanish, French, German, Italian, Portuguese, Chinese, Japanese, Polish,

Turkish, Russian and Arabic. The courses displayed at Busuu cover language proficiency only from level A1 to level B2. In addition to the main offer the company has developed a course for learning the Busuu language. However, that option is not displayed in a list of courses and can be found only through “The busuu story” section of the website. (Busuu 2019a.)

Busuu has four statements describing the company’s vision of itself. The first positioning statement claims the high-quality courses. All courses of Busuu are developed by expert employees. The next proclamation is learning with native speaker. The special feature of the Busuu platform enables users to communicate directly to them and receive non-automated feedback from humans. Busuu describes themselves as highly efficient. The research completed by the City University of New York together with the University of South Carolina revealed that 22 hours of usage of Busuu platform enables users to reach results that can be reached through semester of language course. Moreover, 100% of participants demonstrated improvement in language after 16 hours of usage of busuu. The last company’s statement is “Learn anytime and anywhere”. Courses are available both online and offline, enabling user to learn at any time. (Busuu 2019a.)

Busuu courses cover essential areas of language learning. The users proceed each stage gradually reaching more advanced level step by step. Busuu courses are working on development of listening, reading, speaking, writing, vocabulary, grammar and pronunciation skills. The last three skills are defined as the most important and include more practice. (Busuu 2019b.)

There are two types of accounts available at Busuu. The basic user account is free of charge and has access to all the courses. The premium account is paid with options of subscription for three, six, twelve or twenty months. Additionally, premium account offers interactive exercises, advanced grammar units, full access to 12 courses, offline mode, real conversation, certified language tests and personalized study plan. Price per month vary from 5,41 euro to 9,99 euro depending on the subscription plan. The users can revert the subscription for free within a week. (Busuu 2019c.)

Busuu offers partnership for improvement of languages in field of business, retail and hospitality. Currently companies which are using Busuu for employees' language trainings are Zara, Uber, Media Markt, Palladium Hotels and Resorts and others. (Busuu 2019a.)

The company has invested resources into support of the Busuu language and in 2010 they released a campaign called "Save Busuu" supported by YouTube videos of native speakers. Their goal is to encourage people to learn that language and save it from extinction. There is a series of short videos with messages from the Busuu tribe and a longer video of a Busuu Song that has collected 350 000 views. (Busuu 2019d.)

6.1.4 Memrise

Memrise is the third biggest language learning platform provider, based in East London. It was established in 2010 and by 2019 reached the audience of 30 million registered users from all over the world. The operating team of Memrise counts 85 members. The platform is available worldwide and offers 21 different language courses with the interface available in 15 mostly used languages. (Crunchbase 2019.)

Memrise platform is available as a mobile application for Android and iOS operating systems. Moreover, the website can also be used for learning. The languages that users can learn are French, Arabic, Spanish, German, Turkish, Spanish (Mexico), Dutch, Swedish, Portuguese (Portugal and Brazil), Norwegian, Polish, Korean, Italian, Japanese, Chinese, Danish, Russian, Icelandic, Mongolian and Slovenian. The offer may vary depending on the selected interface language. The company provides courses for two levels of proficiency: beginner and advanced. (Memrise 2019a.)

The main methods of learning on the Memrise platform are elaborate encoding, choreographed testing and scheduled reminders. All words grouped into categories and most of them have "mem" – audiovisual component representing the usage of the word. Users are asked to pass a small test after learning new material and they receive reminders with either word-translation or an invite for the test. (Memrise 2019b.)

Memrise associate themselves with three key statements: Science, Fun and Community. Memrise is aiming to provide scientifically developed courses prepared by the experts in the field. They utilize not only power of linguists, but also studies on brain functionality in order to activate the most efficient and effective learning. Next component of company's statement is Fun. The courses they provide are not only scholar materials, but interactive ways of learning simulating the game. Moreover, in Memrise the community can share the acquired knowledge and suggestions for improvement. Users can follow each other, forming "members" and reviewing the progress of the other. Another part of the community statement is the belief in humanistic technology, that is viewed as a help, not as an addiction. Memrise aims at taking the best from technology for improvement of the life of their users, but not limiting their own abilities. Similarly to other platforms, Memrise emphasize the following benefits of the platform: "Learn anywhere, anytime", "Super smart learning tech" and "We've got you covered". (Memrise 2019c.)

Additionally to regular learning functions, Memrise offer special features for their users. They can set daily goals and see their own learning statistics. Users can learn points while studying, which are displayed on a leaderboard with other people studying the same course. (Memrise 2019a.)

Memrise provides two types of accounts: Free and Pro. Free account gives an access to 200 language combinations and a feature "learn and review". Pro account additionally unlocks access to the following features: grammarbot, pro chats, difficult words mode, speed review, listening skills mode, video mode and learning stats. The price for the Pro account varies from \$8,99 for single month, \$6,33 per month for 3 months, \$5 per month annually and a special offer of \$99.99 with a life time access. There is also a possibility to do a free weekly trial of Pro account. Memrise has a guarantee of money return within 30 days from the activation. (Memrise 2019d.)

Language learning is the main product of Memrise, however they cover other areas of learning. Currently users can study Arts and Literature, Math and Science, The Natural World, History and Geography, Entertainment and Trivia

courses. Moreover, platform has a course in web development languages, for instance, HTML or JavaScript. (Memrise 2019c.)

6.1.5 Babbel

Babbel is a platform providing a mobile application and a website for learning languages. The company was established in 2007 and at that moment was the first app designed for language learning. By 2019, the company was recognized as a leader in innovative education and counts more than one million active subscribers (Fast company magazine). Babbel has two headquarters located in Berlin and New York with a total of 600 employees. Currently the platform provides courses in 14 languages and the interface is available in 9 languages. (Babbel 2019a.)

The Babbel application is available for download on the AppStore and on the Google Play Store. The users can learn at the website solely or together with a mobile application. The company developed courses which covers the following languages: Spanish, Italian, Swedish, Turkish, Indonesian, German, Portuguese, French, Dutch, English, Polish, Russian, Norwegian and Danish. The language for the interface is available in English (British and American), German, Spanish, French, Italian, Polish, Portuguese and Swedish. Babbel offers two levels of proficiency at their courses: beginner and advanced. (Babbel 2019b.)

The learning method used by Babbel is based on a didactic method following scientific approach. Every step of the course is linked with the following, enabling user to build a stronger framework of knowledge. The platform utilizes communicative didactics, cognitivism, behaviorism and constructivism. All the exercises are based on dialogues and situations that users can face in real life, excluding complicated and abstract topics. The practical part is constructed mainly as a dialogue between the user and the interface. (Babbel 2019b.)

Babbel is based on three key statements. The first one is “Designed for your success”. Babbel believes they are providing a place for people to learn with the most efficient way that combines a scientific approach of experts together with developed technologies. The next statement is “Learn the way you should”. The company has customized their offer and based on the native language of user

the learning path varies. All audio content is recorded only with a native speaker, minimizing errors and helping users to adjust to a correct pronunciation. Babbel promises not only to teach user the language, but to train the brain for more effective learning. Their last statement is “What you see is what you get”. Babbel positions itself as a premium platform, therefore users have only “clean” content. There is no advertisement, but a transparent explanation of subscription plans with no hidden costs. All users are welcomed to contact the team which is ready to help via phone, email or online chat. Babbel states that they work not for themselves, but for the users and their satisfaction. (Babbel 2019b.)

Alongside to the language courses, Babbel also developed other products. They have their own magazine with articles, a Tech blog and the Babbel blog. Also, special offers and subscription models apply for business customers who want to train their whole team.(Babbel 2019c,d.)

Babbel has both free and paid types of account. The free account is given to all registered users and enables them to try the first lesson in every offered course. However, for unlocking the full access to the complete collection of courses within the selected language, the user has to pay a fee. The price for a single moth of usage is 9.95 €/month, for three months the price is 6.65 €/month, for 6 months 5.55 €/month. For the yearly access the price is 4.95 €/month. After paying the subscription fee the user has 20 days to claim a money return and the company guarantees the whole amount to be returned. (Babbel 2019e.)

6.2 The competitive situation at the market

Based on the analysis of the performance of the selected competitors, the competitor overview has been prepared (Table 1). The table demonstrates the main information about the companies along with the case company.

Currently, Duolingo is a market leader by the number of users and by the variety of offered courses. In addition, the price is lower within other applications (excluding VocApp) what brings Duolingo to higher competitive position.

It can be seen that the companies in the market are divided into two groups by the type of learning. The first group (for instance, Duolingo and Memrise) are

applications which provide entertaining way of learning the language. The second group (Busuu, Babbel, VocApp) are concentrated on more scientific approach to learning. Therefore, Busuu and Babbel are the direct competitors of VocApp.

Within the segment of platforms providing learning based on science and technology, the case company is the youngest and has the lowest number of users. However, VocApp has the largest offer of languages available in the application. The price for a month of premium access is the lowest in VocApp. The case company has a differentiative position and target precisely working people who have limited time for learning. The competitors emphasize the contact with native speakers and utilization of modern technologies. In order to rival with the other companies, VocApp needs to present a feature (or a combination of several) that would be more beneficial than those offered by Babbel and Busuu. Also, VocApp's platform offers only vocabulary learning, whereas competitors cover other field of languages. Hence, among all the market (based on selected companies) VocApp is the only platform that is developed specifically for improving vocabulary. That means that only in rare cases the users will use only VocApp. Most of the time it will be a combination of a competitor's app and VocApp or offline learning and VocApp.

| | <i>Duolingo</i> | <i>Busuu</i> | <i>Memrise</i> | <i>Babbel</i> | <i>VocApp</i> |
|---|--------------------------------|-------------------------------------|--------------------------------|--|--------------------------------------|
| Year of launch | 2011 | 2008 | 2010 | 2007 | 2017 |
| Number of users | 300 million | 90 million | 30 million | 1 million | 200 000 |
| Number of languages available | 32 | 12 | 21 | 14 | 29 |
| Pricing (basic account) | FREE | FREE | FREE | FREE | FREE |
| Pricing (premium account) | €6,25/month | €9,99/month | €8,99/month | €9,95/month | €4,5/month |
| Positioning | Fun and science-based learning | Smart learning with native speakers | Learning with games and humour | Effective methods combined with technologies | Fast way of learning for busy people |
| Vocabulary | ✓ | ✓ | ✓ | ✓ | ✓ |
| Grammar | ✓ | ✓ | ✓ | ✓ | ✗ |
| Listening | ✓ | ✓ | ✓ | ✓ | ✓ |
| Writing | ✓ | ✓ | ✓ | ✓ | ✓ |
| Conversation practice | ✓ | ✓ | ✗ | ✗ | ✗ |
| Interaction with native speakers | ✗ | ✓ | ✓ | ✗ | ✗ |

Table 1. Competitors' overview

7 Customer analysis for the case VocApp

The research regarding the customers of the case company has been conducted with a combination of a survey and data from an analytical tool. The survey that the author developed and distributed serves as a base for building the customer profile. The findings of the research are supported by the statistical data received from the case company's analytical tool.

7.1 Results of the questionnaire

The results of the customer survey are presented in the following chapter. The information collected during the distribution is used to analyze the customer profiles. Questions were designed to analyze the following data: age, gender, country of residence, level of education, number of acquired foreign languages, planned intensity of learning, where and how the application is used, desired level of language, additional purchases and previous experience with the language learning platforms.

The survey has been distributed to the users as a notification inside the application. Each participant has been offered a bonus of free 30 days of access to the premium account. All questions were compulsory and answered by the active users of VocApp. The survey was held from 1st April until 22nd April 2019 with 45 responses received.

The results acquired during the research process are used to draw a customer segment that is currently using the application. The data is represented in an infographic way with a usage of diagrams and percentages. Each category is supported by description and explanation of results.

7.1.1 Age distribution between users

The age difference between the users of VocApp is notable and significant, resulting with 42 years between the youngest and the eldest user. However, the majority of users is aged between 30 and 39 (48.8% of total). This result is rather predictable, as this is the age of the target group of the company. The next biggest category is users aged between 40 to 49 years old (18.6% of total). The rest

of sample population is divided into age groups younger than 18, 18-24 and 24-29 (distributed equally with 9.3% each) and groups who are above 50 years old (2.3% both categories).

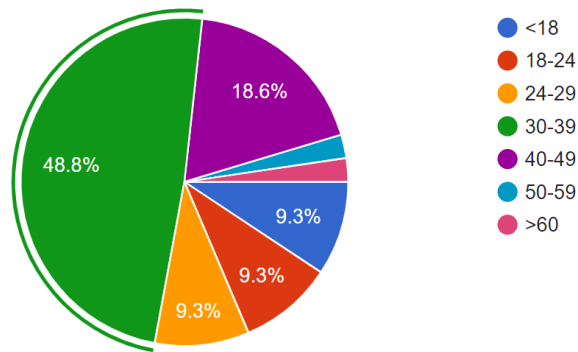


Figure 7. Age distribution

7.1.2 Gender

The data collected on the gender of VocApp users clearly demonstrates that the platform is mostly used by men (69.8% of total). The population of female is 2,5 times less than male, where only 27.9% of all participants are women. One user preferred not to disclose the gender, however the number is insignificant to affect the results.

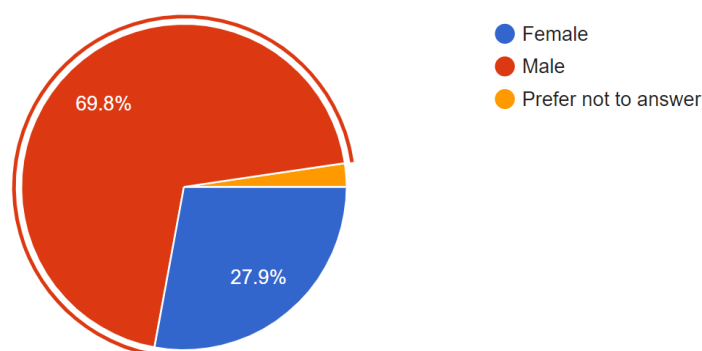


Figure 8. Gender

7.1.3 Country of residence

The data collected on current country of residence is not sufficient enough to be illustrated as a graph. The variety of countries is significant – 25 different countries with most of them resulting in only one response. Therefore, instead of grouping answers by the country they are grouped by the continent of residence. The majority of users (46.5%) are from European countries. Then, 20.9% of VocApp users are living in Africa. To sum up, VocApp application is most popular within European users, from which the most popular country is Poland. The high number of users from Poland can be due to that fact that this is the country of origin of the application.

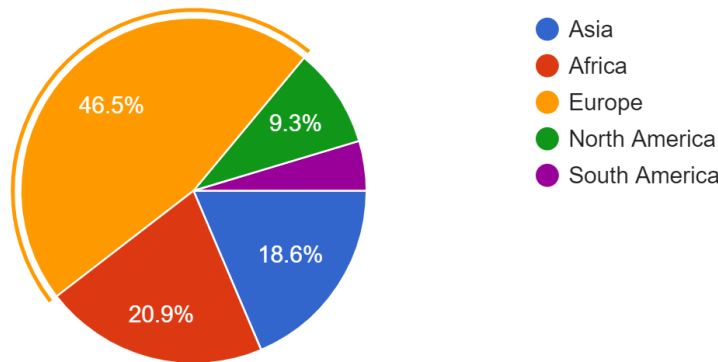


Figure 9. Continent of residence

7.1.4 Level of education

This section represents respondent results regarding the highest achieved level of education. According to the collected answers, Bachelor's and Master's degree levels represent the majority. Bachelor's degree is the highest achieved for 34,9% of VocApp users. Master's degree distributed similarly to Bachelor's with 32,6% of total users. Only 2,3% have a degree level higher than Master. Approximately 30% of users did not complete higher educational institution degree (high and secondary school/ no degree). It can be mentioned that the number of users with degree lower than university (30,4%) is close to the number of users with either Bachelor or Master degree. The levels of education are distributed similarly.

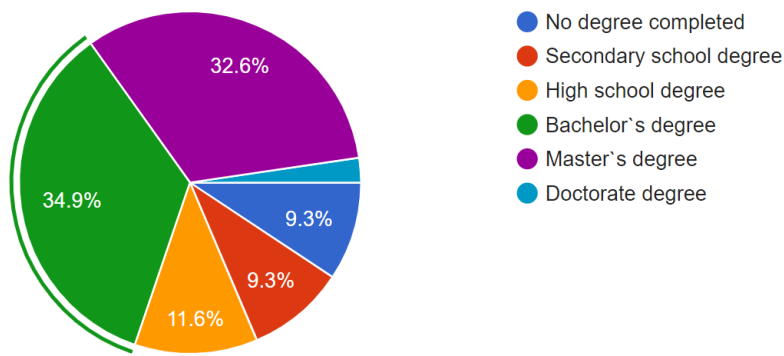


Figure 10. Level of education completed

7.1.5 Hours planned to be spent on learning

Participants of the survey have been asked to estimate the number of hours per week they are willing to spend on learning a language. The majority of respondents answered that they want to study only for 2-4 hours per week. That means that 34.9% of VocApp users will use the application maximum for 4 hours per week (or approximately 30 minutes daily). One fourth of respondents is willing to spend even less time with a total of one or two hours for a whole week (approximately 15 minutes daily). However, another 25,6% of users claimed to study for more than 6 hours. This group of users is probably closely related or interested in languages, as all participants responding that way are already competent in at least two foreign languages.

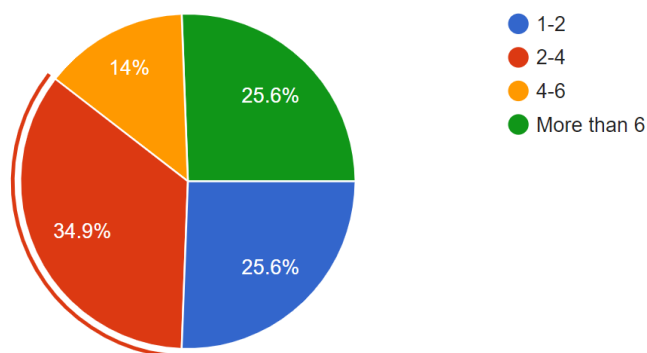


Figure 11. Hours per week spent for studying

7.1.6 Foreign language proficiency

This question has been designed to understand the current level of language proficiency of the users. The results demonstrated that 37.2% of respondents already mastered two foreign languages. Approximately 25% of participants know three or more foreign languages. Out of the whole sample group only 12% represented a group of people who started learning their first language. These results demonstrate that majority of VocApp users are already familiar with learning foreign languages and have experience in that.

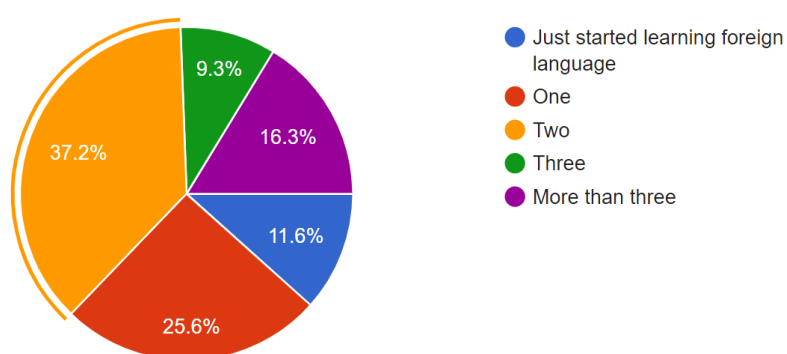


Figure 12. Knowledge of foreign languages

7.1.7 Where the application is used

The participants of the survey provided information on the typical location where they use VocApp. A great number of respondents answered that they access the app at home. Out of 77% of users who use the application at home, around 33% use it both at home and on public transport. Therefore, it can be concluded that people using VocApp have a concrete goal to learn the language and devote attention to it. At the same time, users are willing to spend spare time (in public transport or at work) to practice the language.

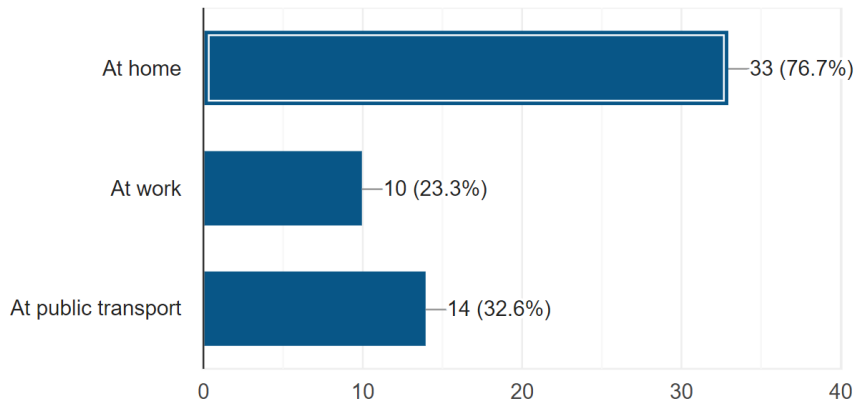


Figure 13. Place of the app being used

7.1.8 Desired level of language

From the responds received from the survey it is difficult to draw an exact conclusion on the language level users want to reach. From the diagram it can be seen that the answers distributed unevenly with similar percentage of answers. From the users who responded the survey, the most popular answer is a beginner level. According to the data from previous questions, the assumption can be made that 33% of users are already proficient in some foreign languages and use VocApp to discover another language.

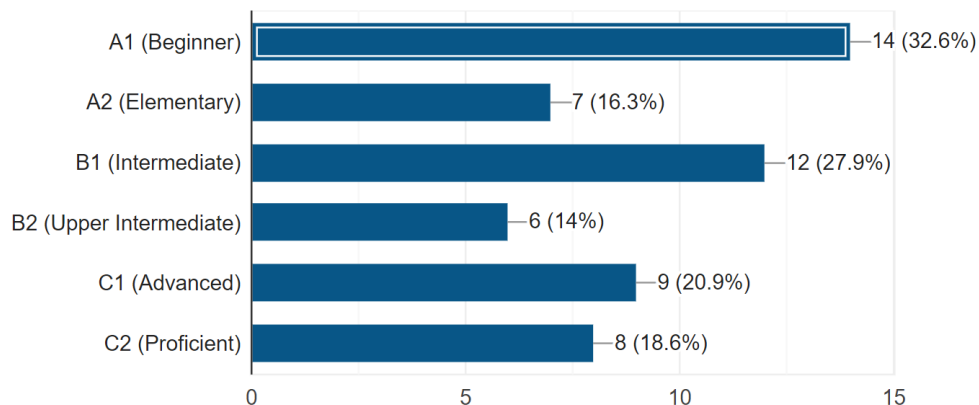


Figure 14. Desired level of language

7.1.9 How users plan to apply the knowledge

Participants have been asked to describe to goal of learning the language. A significant number of the users selected several options in that question. Main reasons for learning foreign languages are application at current job or personal development. These are the main goals of majority of users. However, app is also used to improve language used in travelling (39.5% of respondents) and for career growth (44.2%). It can be summarized that the audience using VocApp has various reasons and usually more than one.

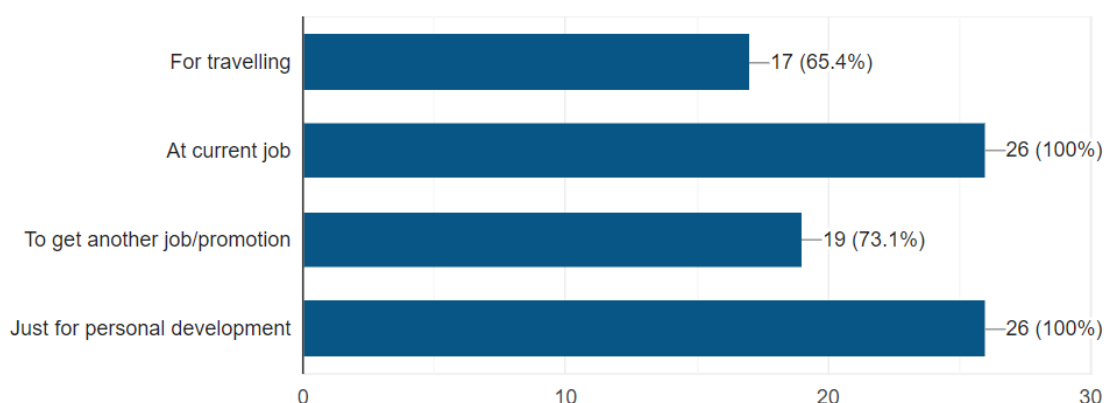


Figure 15. Reasons for learning the language(s)

7.1.10 Usage of the app

The results in that question can be clearly seen from the diagram (Figure 16). Around 72% of users study not only in VocApp but with external sources. This answer could be predictable due to the nature of the app, where learning process is concentrated on extending vocabulary (one of the users mentioned that as well). The other part of participants is studying solely in VocApp application. From the participants who study only in VocApp, 72% are aiming to reach A1 (Beginner) level, therefore they do not need to learn other areas of language at that point.

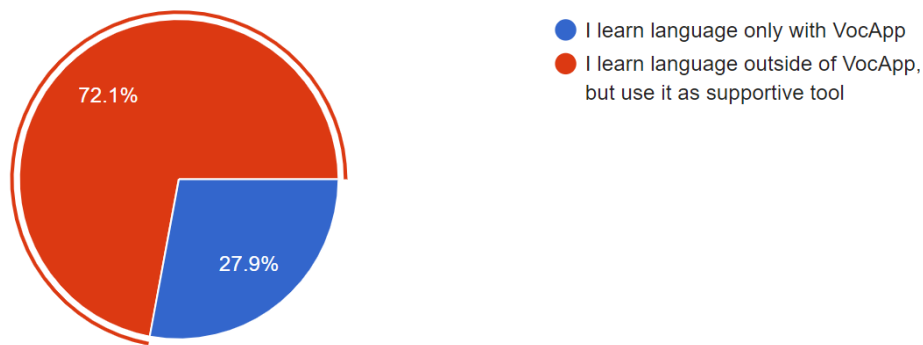


Figure 16. Usage of the application

7.1.11 In-app purchases

Similarly to other language learning applications, VocApp offers free courses and the possibility to purchase the premium course. With reliance on the results of the survey, it can be noted that 74% of total respondents did not purchase the course package in the app. The main reason is the price, which is considered expensive by the users (on average 19,99 euro for the course). Only 14% are planning to place an order. One fourth of the respondents has bought a course package from VocApp. The results are demonstrating that the price factor is one of the most significant in the decision of purchasing a paid course.

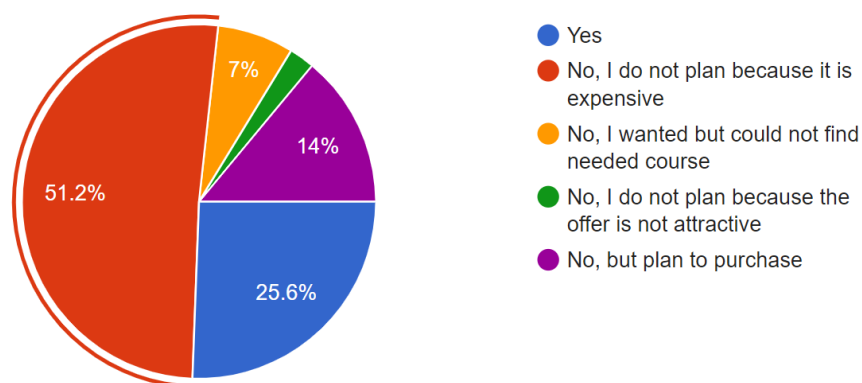


Figure 17. Purchases inside the app

7.1.12 Experience with another language learning platform

Participants of the survey have been asked about their experience with other language learning applications. The results revealed that 44.2% of VocApp users have never used competitors' application. This means that VocApp has been chosen from the offer in the market and the company has been able to retain these users. The next category of users has answered that they use another application as well as VocApp simultaneously. The remaining 25.6% of respondents tried an application from a competitor but decided to switch to VocApp. To sum up, the majority of current users have chosen VocApp over the competitor. Some users decided to switch to VocApp, whereas some started with it and continue using the application.

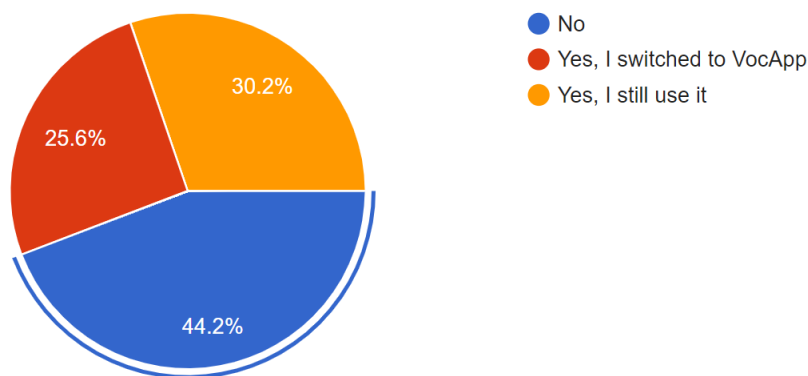


Figure 18. Experience with competitor's products

7.2 Results from analytical tool Firebase

During the research process and distributing the survey for the users, the author recognized a need for additional data to support the findings. The case company was able to provide the access to a platform that is currently used for analytical purposes. Firebase is mainly used to track activities and improve business performance. However, it also contains essential data collected on active users. The following chapters contain basic information about active users (approximately 20 000 users) for the period of 4 months starting from January 2019.

7.2.1 Age

According to the data received from Firebase, the main age category of the case company is users aged between 25 and 34. This group takes 30% of all users of the platform. The next most populated category is age group 18-24 with 25% of total. The third biggest category is users who are between 35 and 44 years old (23% of total). The number of users related to age groups older than 45 is insignificant and reduces with each following age group. Therefore, it can be concluded that the main audience of the company belongs to 25-34 age range. This category is the biggest for both male and female users.

7.2.2 Gender

As it has been found during the analysis of the survey, that the dominating gender of the platform is male. From all the active users, men represent the majority with 62% of total customer group. The female group takes up only 38 per cent. Moreover, for a gender group of men the main age categories are 25-34 and 35-44, whereas most of the women belong to groups 18-24 and 25-34. It can be concluded that men audience of the platform is generally older than the female audience.

7.2.3 Location

As in the analysis of the survey, the locations have been grouped into continents. Due to the fact that the application is distributed globally and in all the countries, grouping by the continent provides a clearer picture. The country with the biggest number of users is Algeria (13% of total).

Analysis of the location of the users demonstrated that around 52% are living on the African continent. The next 22% of total users are living in European countries with the majority residing in Poland. The least represented continents are Asia and North and South America, resulting in total of 17% and 9% accordingly.

The results from the analytical tools do not match the results of the survey. The questionnaire demonstrated that majority of VocApp users are living in Europe, however Firebase states that they live in Africa. The assumption can be made that this discrepancy is caused by the language of the survey. The survey has

been made in English language exclusively, excluding people with not sufficient language skills from the participation. The statistics demonstrate that the average English proficiency index in Europe is 56,64, whereas in Africa it is 53.21 (EF EPI 2019). Therefore, European users had a higher chance to participate in the survey.

7.2.4 Interests areas

With a help of Firebase the author has been able to identify the core interest areas of users and the popularity of each category.

The most interesting area for the users of VocApp is technology and mobile development. Almost 87% of the total number of users are interested in this area and can be considered as enthusiasts and active users of technologies. Similar percentage of users are interested in the entertainment and shopping (78% and 79% accordingly). The number can be explained by the fact that usage of a mobile application (especially of the one which is not widely known) requires certain level of interest in this field. Moreover, people who are familiar with technologies and mobile devices are more likely to do online shopping and browse for entertainment content.

7.2.5 Operating system of users' device

The platform is present on both Android and iOS operating systems. However, the number of users accessing the app from Android is significantly higher than from iOS. According to Firebase, 92% of users are using Android and approximately 8,2% utilize iOS. The conclusion can be made that the platform is the most attractive for the Android owners. The engagement time also varies for the two platforms. The users of Android spend approximately 3 minutes on the platform. The average engagement time for iOS is 7 minutes 48 seconds. To sum up, customers accessing from the Android are representing the biggest customer segment. However, owners of iOS devices tend to spend more time inside the application.

7.3 Customer segmentation

Based on the results received from the survey and the analytical platform the author has been able to identify the two biggest segments of the customers. The segments are presented in this chapter together with a description of the profile.

7.3.1 Main customer segment

The first and the most considerable segment covers the male audience. Men users aged between 25 and 34 belong to this group. This demographic group represents nearly 22% of the total number of active users. By the geographic parameter, this customer segment is represented equally in European and African countries. Regarding the location and country of residence the exact selection could not be made due to the nature of the survey (only English-speaking users could complete the form). This segment represents the audience that have completed a Bachelor's university degree. The psychographic information allows to describe the lifestyle of the people in the segment. The users are already familiar with foreign languages and know at least two at sufficient level. They are willing to dedicate from 2 to 4 hours weekly for studying a new language. The purpose of using the VocApp application is the desire to improve performance at the current job. The assumption can be made that users from that segment are constantly using foreign languages at work or related directly to the linguistics. The goal of the men in this group is mainly to reach the beginner level of language (A1) and similar number of users aiming for Intermediate (B1) level. Besides studying in VocApp platform the users are including other ways of studying (visiting language courses, usage of own materials, etc.). They do not rely solely on the app and prefer to use it as an assistant in improving vocabulary. However, they are not willing to invest money in the platform as they did not purchase any premium course. The reason for that is the price which is considered expensive for the offered product. Moreover, people in this category did not try any application offered by the competitors. The segment represents owners of devices based on Android platform. Moreover, users are demonstrating interest in technologies and mobile devices. The customer segment of VocApp is presented in Figure 19(Figure 19).

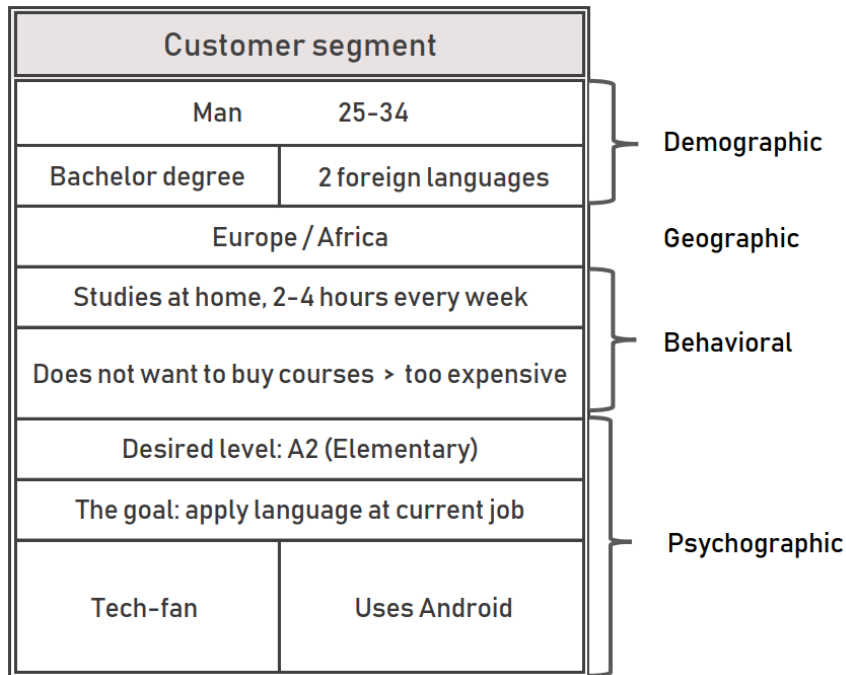


Figure 19. Customer segment

7.3.2 Significant customer segment

As it has been mentioned in the previous chapter, most of the users belong to the segment of men. However, the females are representing 40% of total audience, therefore considered as segment as well. Similarly to men, this category represents females with the age range from 25 to 34. By the geographic factor, users in this segment belong to European countries. The females in this group have completed a Master's degree and already know more than three foreign languages. Due to the fact that this segment is already experienced in learning languages, they are willing to spend more than 6 hours during a week for studying in VocApp. Also, the desired level of the new language is significantly higher than in the previous segment. Users belonging to this group are planning to reach Proficient level (C2) and use it to get a promotion at workplace. As the goal is to reach the highest level of language, customers in this segment have purchased a premium course package provided by VocApp. They are studying mostly at home and use VocApp to support learning with other sources. Females in this group have tried language learning platforms provided by other companies and switched to VocApp. They do not continue to use competitors' platforms and remain the users of VocApp exclusively. The operating system on the devices of

this customer segment is Android. The users are interested in new technologies, development and the field of mobile technologies. The summary of the targeted market segment is represented below (Figure 20).

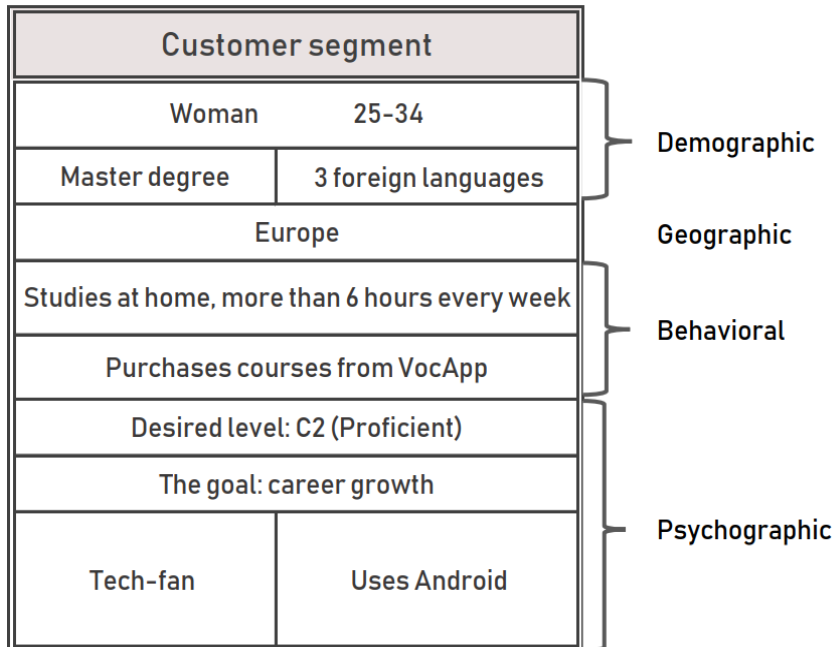


Figure 20. Customer segment

8 Recommendations

The recommendations given in this chapter are based on the feedback received from the current users, analysis of the survey and knowledge and experience of the author.

To begin with, the responses of the users demonstrated that they expect more courses provided by the company. Based on the fact that the majority uses language at work, developing language courses with vocabulary needed at various specializations is highly recommended. Moreover, users noted that they expect innovations regarding methods of learning, precisely speed. They would like to see development that would allow them to learn even faster, as platform promotes quick and efficient pace.

As the target audience belongs to the Millennial generation (Rauch 2019), marketing activities should be customized specifically for reaching this group of people. For instance, the company should improve its visibility and gain a solid base of shared experiences – extend the Earned media. The target audience tends to read reviews and analyze before trying a product and placing a purchase (Hall 2018). Therefore, having more information containing feedbacks and opinions about the platform will improve not only visibility in search engines but also the image of the product. Nowadays VocApp is present in social media (Facebook, Instagram, YouTube, Twitter, LinkedIn), however the activity level and the response from the audience are to be developed.

The analysis of the competitors showed that VocApp has a differentiative position with a unique offer at the market. Hence, the company should strengthen their positioning, emphasizing the existing competitive advantages. The statements that are used in both website and application are similar to those used by competitors and need to be more distinctive. The author recommends concentrating on one or a few benefits (fast learning as the main) and promoting them. This will help users to see more clearly why they should choose this product. Mentioning other features, that are similar within all the market, should have a lower position.

The target audience clearly demonstrates interest in technologies, mobile development and innovations. Therefore, users should be informed about developments and updates released by VocApp. It will allow target audience to see the progress and note the changes. Also, it will attract potential customers as they can see that company is constantly improving and refining technologies used in the platform.

Cooperation with language learning schools and platforms could be another way to market VocApp. The target audience uses the platform along with outside learning methods (language courses, tutors, etc.). Based on that, the case company can elaborate collaboration with online and offline language schools. The application can be a more interactive way to learn vocabulary in language schools. It is clear that most of the time the application will be used together with another studying methods, as language has not only vocabulary, but grammar,

reading, speaking, and listening. Therefore, the company should establish partnerships with institutions teaching languages, so the platform can be used as a dictionary and vocabulary practice.

9 Conclusion

The purpose of this thesis was to analyze marketing microenvironment of a language learning application (competition and current customers). During the research, the author has identified the target segments for the case company. Moreover, the analysis of competitors has been performed. This report provides an insight into the market of online language learning platforms as well as comprehensive theoretical framework covering core marketing aspects.

This study serves as a foundation for further researches in the field of online platforms and marketing those. The findings of this report cover the core aspects of international and digital marketing, market competition, customer segmentation and analysis.

The thesis has been prepared for the case company in order to optimize and improve current marketing activities based on the target audience and existing competitors. This report contains broad analysis of company's competitors and their operations. The competitors' overview that the author has developed gives a clear understanding of the situation and the possible path for further development. Another part of the research contains analysis of existing customers. Currently, the case company has a solid base of active users which belong to different segments. However, the author has identified main groups forming the biggest segment of the users.

To sum up, the outcome of the thesis is a report containing valid information for both the case company and researches. The author has developed a few recommended activities that could be used in the described situation. The research and its results are valid precisely in the conditions set by the author and the case company. The results may vary for other companies operating in the same field.

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Appendices

Appendix 1. Survey for VocApp users

Take our 2-minute survey and get 30 days VocApp Premium Access for free :)

We want to improve your experience and make our product better. Knowing you better, can help us greatly with this.

1. How old are you?

- <18
- 18-24
- 24-29
- 30-39
- 40-49
- 50-59
- >60

1. What is your gender?

- Male
- Female
- Other (specify)
- Prefer not to answer

2. What is your current country of residence?

3. What is the highest level of education you have achieved?

- No degree completed
- Secondary school degree
- High school degree
- Bachelor's degree
- Master's degree
- Doctorate degree
- Other...

4. How many hours per week you are willing to spend on learning?

- 1-2
- 2-4
- 4-6
- More than 6

5. How many foreign languages do you know?

- Just started learning foreign language
- One
- Two
- Three
- More than three

6. Where do you use VocApp?
- At home
 - At work
 - At public transport
 - Other...
7. What is the desired level of the language(s) you are learning with VocApp?
- A1 (Beginner)
 - A2 (Elementary)
 - B1 (Intermediate)
 - B2 (Upper Intermediate)
 - C1 (Advanced)
 - C2 (Proficient)
8. How are you planning to use the language that you learn with VocApp?
- For travelling
 - At current job
 - To get another job/promotion
 - Just for personal development
 - Other...
9. How do you use VocApp in your studying?
- I learn language only with VocApp
 - I learn language outside of VocApp, but use it as supportive tool
 - Other...
10. Did you purchase any course package in VocApp?
- Yes
 - No, I do not plan because it is expensive
 - No, I wanted but could not find needed course
 - No, I do not plan because the offer is not attractive
 - No, but I plan to purchase
11. Did you try any other language learning app?
- No
 - Yes, I switched to VocApp
 - Yes, I still use it
12. Any other information you would like to share with us? (e.g. your opinions, feedback, personal values, etc.)
-

Thanks! We will give you the 30 days access soon (up to 24 hours). Happy studying :)