

2012

Global Enterprise Experience

Team 22

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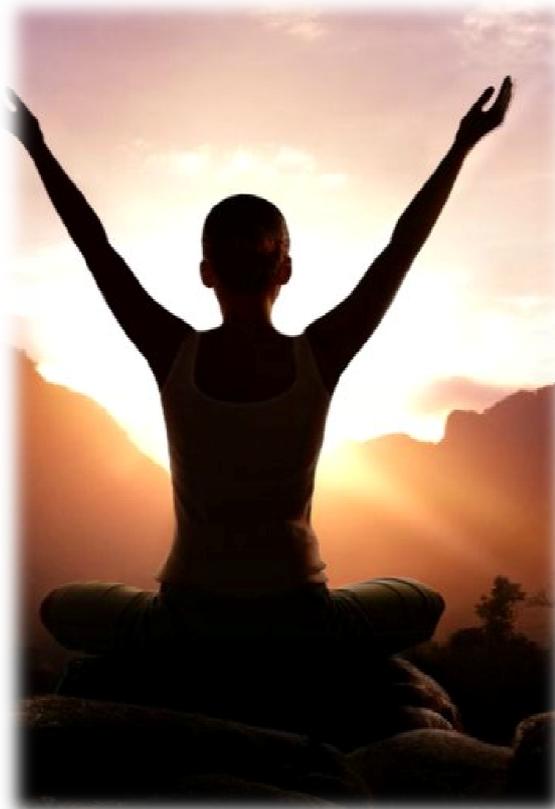
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TRAVEL LIGHT

“We do not inherit the earth from our ancestors,
we borrow it from our children”

– Antoine de Saint-Exupery

Executive Summary

We live in a global age. The diversity of our vast nations, cultures, peoples, climates and sceneries are now more accessible and enjoyed than ever, however, at the expense of the diversity itself. Tourism around the world is damaging the environment, affecting all the rich and innumerable biotic components within. At every level of the ecosystem, harm has been done through the environmentally unconscionable practices for the sake of inspired travel. In the Mediterranean, a tourist can use up to 440 litres of water a day due to the hot climate. In Africa, the large arrivals of tourists' vehicles have demolished grass cover, interfering with animal and plant species. Hotels dump sewage into settlement areas and campsites are surrounded by polluted neighbouring rivers. (United Nations Environmental Programme, 2011).

This is paradoxical. Because, the earth is best experienced and appreciated when you embrace its primary and the most wonderful constituent. Most of us must have forgotten. The idea is nowadays termed ecotourism, but it really used to be the only way we travelled. We want to make this understanding public and popular again, but at the same time profitable and sustainable. Therefore, we came up with a solution that makes it as simple and easy again to explore the world in harmony with nature. It will help change people's environmental perspective at large whilst also bringing various countries together in a mutually beneficial way. We certainly believe our business is in for a worthwhile cause to make a worthwhile impact.

Business Overview

Website description

Travel Light is a website that aims to create a more sustainable way to explore. It allows environmentally conscious travellers to have fun while touring the world, taking part in activities, without the guilt of leaving a large carbon footprint. **Travel Light** collects and supplies information from many local enterprises and allows booking and purchasing of environmentally friendly tourist packages in countries all over the world. Through collaboration with local businesses we provide the services necessary for consumers to gather sufficient information on global activities that do not harm the earth. We offer discounts and packages to save our customers money. **Travel Light** is in partnership with the companies running the tourist activities and has confirmation that each of the companies is following environmentally friendly practices.

Objectives and goals

Ecotourism is a growing industry. We aim enter this industry to try to help protect the planet we live on while still being able to enjoy life to the fullest. We aim to build the tourism in each respective country while still preserving their main attraction – the beauty of their natural land. This benefit cannot be overlooked because for the developing nations the environment not only provides for stunning sceneries and fascinating bio culture, but is the main source of national wealth from natural produce and tradable goods.

Our short-term goals are:

- Locating partnerships with local enterprises
- Locating financial funding from government departments

Our long-term goals are:

- Develop a sustainable business encouraging environmentally friendly activities
- Enhance the awareness of the environmental struggles the world is facing

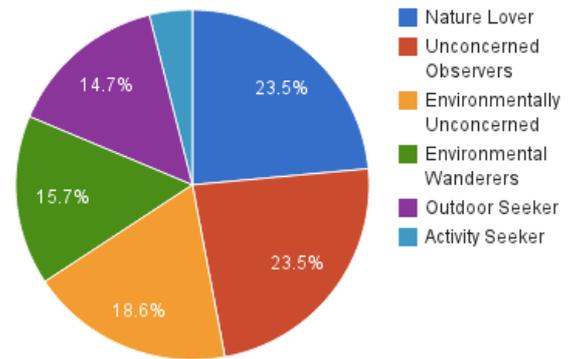
Market Analysis

Segmentation, Targeting and Positioning (STP)

Segmentation

According to the research of Moeller, Dolnicar, and Leisch (2011), there are six tourist segments in the market, which are categorized as Nature Lovers (24%), Outdoor Seekers (15%), Unconcerned Observers (24%), Activity Seekers (4%), Environmental Wanderers (16%) and Environmentally Unconcerned (19%).

Segmentation



Targeting

We target the three most attractive and profitable segments: **Nature Lovers**, **Environmental Wanderers** and **Outdoor seekers**. Tourists belonging to these three segments display more environmentally friendly behaviours than the others.

Customers Profile

Criteria	Nature Lovers	Environmental Wanderers	Outdoor Seekers
Description	have interest in nature	like to wander around and experience the environment in many different ways	environmentally friendly and like to engage in outdoor activities
Favourite Activities	Going for scenic walks or drives, general sightseeing and eating out in reasonably priced restaurant.	fishing, scuba diving and rainforest walks	camping, hiking and barbecues
Travel Behaviour	travel in twos, take infrequent and shorter vacations per year (6 days on average)	take more frequent and longer vacations per year (11 days on average)	larger travel party size, average vacation duration is 7 days
Occupation/ Income level	- retired or self-employed - middle-lower to upper income	- retired with higher financial power - middle-upper income	- college students, young working adults - middle-upper income
Average Age Group	35 and above	45 and above	18 to 30
Method of getting information	The Internet, Friends, and TV Programmes	The Internet, Friends, Travel Guides and Official tourism information sources	The Internet, Friends, and Printing Materials (i.e. Magazines and Newspapers)

Source: Moeller et al. (2011), 'The sustainability–profitability trade-off in tourism: can it be overcome?', *Journal of Sustainable Tourism*, Vol. 19, No. 2, pp. 155–169.

Positioning

Unique Selling Propositions (USP)

1. Green is the new Black

To those environmentally conscious tourists who are concerned about nature conservation and the environmental impacts of tourism, **Travel Light** is the best choice for you to purchase great holidays without worrying about environmental pollution. Unlike other travel agencies, we promote tourism without putting any stress on nature. It is a new trend in travelling.

2. Market-oriented

As a service provider, we highly value on our customers' perception and satisfaction. Our business perspective is to make the customers the focal point of our company's total operations. Therefore, we gather information about the customers, competitors and markets to decide how to deliver superior customer service. We are the friends of nature as well as the friends of tourists!

3. Affordable Price

Considering our main target markets are majority middle-lower to middle-upper income, we emphasize on budget travel, such as backpacking and packaged deals. Furthermore, we will do "off-season promotions" since our target customers are most likely to travel during the off-peak seasons. It is also because we are able to bargain a lower price during the off seasons. By offering affordable price, we believe everyone can travel!

Tagline/Slogan

Your Travel-Buddy! The tagline is designed in green to symbolize our brand image of nature conservation. Buddy's don't cheat; they are always there for you. They are a true friend - helpful, reliable and understanding. That's exactly what we are. "**Your Travel-Buddy!**" refers to "We are friends with nature as well as friends with tourists." We really understand what both nature and our customers need.

Competitors Analysis

Direct Competitor

Responsibletravel.com is a global platform for tourists to search tour operators, accommodation owners and day trip operators that have committed to responsible tourism (holidays that help communities and the environment). (*Responsible Tourism*, 2012). The website does not directly operate the holidays themselves. Instead they form 'membership' with tour operators and local accommodation owners all across the world that adhere to their criteria for responsible tourism. Today, **Responsibletravel.com** has over 350,000 visitors per month and a database of 150,000 past bookers and enquirers (*Marketing your tourism business through us*, 2012)

Responsibletravel.com is the main direct competitor of **Travel Light**. The website has comparable business objectives and provided similar services as **Travel Light**. However, they have neglected several areas which we can utilize to gain competitive advantages.

The weaknesses of **Responsibletravel.com** include:

1. They do not provide any promotional programme to stimulate tourists' excitement.
2. They do not offer loyalty programme or special services to capture and retain the loyal customers. Also, the website does not have a proper system to record the data. Users have to key-in their personal details every time when they intended to book a holiday.
3. They do not customize to tourists from every countries.
4. They do not target specific groups of tourists.

Competitive advantages

By analyzing the eco-tourists' characteristics and the weaknesses of *Responsibletravel.com*, *Travel Light* has devised several strategies to differentiate our services with the rivals and serve customers better.

1. Heskett *et. al.* states an increase of 5% in customer loyalty can increase profitability by 25-80%. Also, retaining a loyal customer is five times cheaper than acquiring a new one (Murphy and Wood, 2008). Therefore, we emphasize on **customers' loyalty rewards**. For example, loyal members will get 5% rebate on their second package purchase. In addition, they will receive a 'special gift' if they are on trip during their birthday. The loyalty program will be adjusted based on customers' feedbacks.
2. We have adopted SAP **Customer Relationship Management (CRM)** software. It helps us to record customers' data and recommend packages based on customers' interests and previous experiences.
3. We **customize** the website for different countries and make it user-friendly. The website will be shown in different languages for local tourists.
4. We also customize our website into two areas, appealing to serve different groups of tourists: 1) **Dynamic appeal** to target the Outdoor Seekers, there are more fast-paced and adventurous activities. 2) **Nature appeal** to target the Nature Lovers and Environmental Wanderers. Considering most of them are elderly, this section would tend to be more relaxing and nature watching activities.

Indirect Competitor and New Competitors

The indirect competitors of *Travel Light* can be any local or international travel agencies that provide tourism packages and services within the similar market as us. They may not necessarily adopt environmentally friendly approaches but they may create price competitions with *Travel Light*. Furthermore, they might change to be a new competitor in the future by imitating our service once they find how attractive the ecotourism market is. In order to reduce the risks of direct competition; we have planned several future strategies.

1. **Forming membership.** By getting sufficient loyal customers in the future, we can gather the nature lovers to form a "*Travel Light* club". Since our target tourists have common interests and behaviours, they could probably find travel partners from other countries and exchange different culture. The "*Travel Light* club" functions as a global village for all of the environmentally-friendly tourists from the world to gather. That could become a new influence to promote our ecotourism to other tourists. Eventually, *Travel Light* would truly turn to be "Your travel-friends" for everyone.
2. **Adopting Total Quality Management (TQM).** TQM is "*the application of quantitative and human resources to continuously improve the material services supplied to an organization, all the processes within the organization, and the degree to which the needs of customers are met now and in the future*" (Stock & Lambert, 2001). It is difficult to anticipate the next move of indirect competitors, but we can always improve our business to be better and comparative. Adopting TQM approaches may not show immediate results but it can provide long-term benefits to our business.

External Motivators

Economic Contribution

The ecotourism industry is growing rapidly in recent years. According to research, by 2024 the industry will **make up at least 5%** in the global market (*Economy Watch*, 2010). Therefore, many countries start developing eco-tourism because the industry is not merely protecting the environment but it can also be an income source. In Malaysia, for example, before developing the ecotourism market, the only sources of income for the communities living there were extraction of natural resources, such as forest logging, mining and land clearing for agriculture. Therefore, from an economic perspective, ecotourism could (1) **generate sustainable foreign income**, (2) **enhance employment opportunity**, and eventually (3) **stimulate economic growing** of the countries.

Environmental

Today, environmental issues are worse than public's perception, such as the loss of polar sea, CO2 levels in the atmosphere, destruction of the rainforest, the ocean dead zones, mammal extinctions, and loss of habitat (Rogers, n.d.). Environmental protection is not merely a responsibility of the governments or any association but it is an urgent issue to everyone. Hence, we urge the world to face the problems and adopt environmentally friendly approaches in all sectors to preserve the nature. It is especially important in those areas which involve high human interaction with the environment, such as tourism industry. This is an imperative concept needed to influence tourism trend in coming years.

Marketing Strategies

Social Media

Today is the age of technology, and as our business is based entirely online, a good place to start advertising would also be online.

Facebook Fan Page

Facebook is a brilliant way to grab our potential consumers' attention. It is free, easy and the great thing about Facebook is as soon as someone 'likes' a page, more and more people will see the page. A method we utilize is to use our Facebook Fan Page as a communication channel to openly and directly talk to customers and fans. This is an opportunity like no other as it creates a personal bond between us and our customers. The page can also be used to promote specials and offers only available to our loyalty members, encouraging people to join our loyalty system.

Twitter

The popularity of Twitter has grown dramatically over the years to the point where NASA is using it for updates from their astronauts in space (NASA, 2010). Utilizing this popularity would be a great way to create top-of-mind awareness within our potential customers. Tweeting regular updates about packages we have on offer allows us to be the first organisation thought of when someone is looking to take an exciting, environmentally-friendly holiday. . We focus not only on advertising but also creating a bond with each of our consumers by including anecdotes and quotes from customers on their adventures, this helps to create an interest in what we are offering. Using Twitter will also help to target the younger generation of tourists, although it is widely used so it is not limited to young adults. It is a powerful tool that has guidelines that must be followed to keep our audience attentive and 'following'. Keeping our Tweets interesting, funny and true will ensure our followers keep reading our tweets and keep up to date with offers we are promoting.

Social media is marketing tool that compares to no other. It is free to use and can have an impact you could never get with TV advertising. Consumers feel 'special' at the exclusivity of it all. Using Social Media to claim "offered first to loyalty members" is a technique that could cause many to join our loyalty club.

Search Engine Optimization

Gaining a high ranking for words such as 'eco-tourism' or 'green-tourism' on main search engines, such as Google, would be a key way to gain popularity quickly. Without paying for advertisement to be higher up the list, the key to gaining rank is by leaving abundant clues as to what our website is about. Search engines send out 'crawlers', a type of robot spider, to search the content of your webpage, by having key words in the right places, e.g. the root directory, will cause the crawlers to search your page and recommend visiting your site. This is not always guaranteed as search engines will often change their search algorithms, so to ensure a place at the top of the search list we can

pay either a set fee for guaranteed crawling or a 'cost per click' fee. This is when we pay a set amount every time our website is accessed through the search engine.

With the growing use of search engines for finding all the answers, this could be a very useful way to gain views and brand recognition.

Partnerships

We will liaise with as many local and governmental organisations as possible, to get our name out there and to gain local recognition. It will also form bonds between us and our potential partners.

Environmental Organisations

Example: Greenpeace, World Wild Life Fund, United Nations Environment Programme

There are so many kinds of environmental organisations in the world. These range from government departments of almost all independent countries and dependant territories in the world, Intergovernmental Organisations (IGOs), Non-Governmental Organisations (NGOs) and hybrids, each carrying their own environmental protection agendas and plans. Some of these organisations run operations of global reach and influence, and are also known to possess strong membership networks. For example, the World Wide Fund for Nature (WWF) is the largest independent conservation group in the world, operating in more than a 100 countries and supporting around 1300 environmental projects with over 5 million volunteers worldwide (The Value of Environmental Activists, 2008). Greenpeace is another example of an environmental organisation of vast impact generating over 250 million US dollars in annual revenue with over 2.8 million individual supporters and foundation grants (WWF-INT Annual Review, 2010).

Many of these organisations gladly support business partners in form of strategic, affinity and licensing partnerships. Our plan is to establish working relationships with these organisations by putting emphasis on our aligned objectives and values. There are many ways this could expand our business operations and marketability. For example, coverage from their regular news feeds to the members alone could derive millions of added market recognition and sales. Support could also come in the form of financial sponsorships and information sharing.

Local Tourism Services

Example: Vic Falls Adventure Zone <<http://www.adventurezonevicfalls.com/>>

Vic Falls Adventure Zone is an adventure tourism business situated alongside the Zambesi River. They offer both high- and low-adrenaline experiences to match all types of visitors. Located on either side of the Zambesi River are the two National Parks. The Mosi-oa-Tunya National Park on the Zambian side which offers game viewing experience, and the Victoria Falls National Park on the Zimbabwean side which offers similar experience on a smaller scale. Both parks have Elephants, Rhino, Buffalo, Hippo's and many more animals including an astonishing flock of birdlife ready to amaze the avid birdwatchers. 450 animal species have been sighted in the area and due to the spray from the falls, the surrounding rainforest supports growth that cannot be found anywhere else in Zambia or Zimbabwe.

We plan to partner with this organisation as they cater to all three of our target markets, Nature Lovers, Outdoor Seekers and Environmental Wanderers perfectly. They do not have any type of 'official environmental code' at the moment; however, they are a business that thrives off the sustainability of nature. Signing an environmental contract to us would help to boost their sales as well as our own. We could gain recognition from on site advertising within their business for customers who want other similar adventures.

Financial Plan

Data & Assumptions

Forecasting Sales

There were 980 million global tourists in year 2011. Based on the current market trend, the number is anticipated to grow to 1.8 billion in the next 10 years. Therefore, we assume there will be 1 billion tourists annually. From our STP research, we recognised that our target segments represent 55% of the industry. This means that 550 million tourists annually is the total target market size.

Initially we expect to reach **0.0005%** of the total market share, and we aim to double our market share within the next 5 years. Hence, we estimate our sales will increase gradually by 27% to achieve breakeven point in the **fourth year** when we can start to repay our debts.

Financial Resources

An average travel package is priced at **US\$900** and we will charge our local enterprise partners **3% of sales** price as commission. Our headquarters will be located in Columbia to imply tax benefits. We have budgeted USD\$500,000 for start up costs which will be on **loan** from Bancolumbia, which is the largest bank of the country. The annual interest rate is **17.01%**.

Start-up Cost

To start-up Travel Light, we need (1) Website Maintenance, (2) Employees, including website engineers and frontline workers (3) Advertisements, and (4) Administration. Considering we need new brand recognition advertising and sales promotion we budget USD\$500,000 is needed to set-up the business.

Projected Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$2,475,000	\$3,143,250	\$3,991,927	\$5,069,747	\$6,438,580
Expenses					
Website Maintenance	(\$72,000)	(\$76,320)	(\$80,964)	(\$85,822)	(\$90,971)
Wages	(\$24,000)	(\$24,600)	(\$25,215)	(\$25,845)	(\$26,491)
Marketing costs	(\$16,000)	(\$16,000)	(\$12,000)	(\$12,000)	(\$12,000)
Administrative cost	(\$10,000)	(\$10,000)	(\$8,000)	(\$8,000)	(\$8,000)
Rent	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
Cost to partners (97%)	(\$2,400,750)	(\$3,048,952)	(\$3,872,169)	(\$4,917,655)	(\$6,245,422)
Total Expenses	(\$2,573,500)	(\$3,195,872)	(\$4,018,348)	(\$5,069,322)	(\$6,376,419)
Gross Profit	(\$98,500)	(\$52622)	(\$26,421)	\$425	\$62,160

*All dollars are in USD\$.

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