**International Travel Agency Business Plan**

**Executive Summary**

Adventure Travel International (ATI) will begin operations this year and provide adventure and sport/travel packages to people in the Pacific Northwest, specifically the greater Woodville area. An opportunity for ATI's success exists because the national tourism and travel industry is growing at 4%, and adventure travel at 10% annually. Further, the Woodville adventure travel market is growing at least 12% annually and there are no providers who specialize solely in adventure travel in the greater Woodville area. ATI is poised to take advantage of this growth and lack of competition with an experienced staff, excellent location, and effective management and marketing.

The company's goals over the next three years are:

Sales of $650,000 by year three.

Maintain margins of 10% on all airline travel.

Achieve 15% of sales from the Internet.

Develop strategic alliances with service providers nationally, internationally, and in the Woodville area.

In order to achieve these goals ATI needs to focus on the three key areas of:

Effective segmentation and targeting of adventure travelers within the larger travel market.

Successfully position ourselves as adventure travel specialists.

Communicate the differentiation and quality of our offering through personal interaction, media, and regional marketing.

Develop a repeat-business base of loyal customers in order to create sufficient sales.

ATI will be a sole proprietorship owned and operated by Shea Delaney in the town of Atkins Grove, California. The founder and employees of ATI are experienced travel industry professionals and are passionate about the activities ATI will promote and offer.

ATI's total start-up capital requirement is approximately $102,500. Start-up will be financed through the owner's personal investment and a long-term note of $85,000 secured from the Woodville First National Bank.

The travel agency market is competitive, and technology, namely the Internet and Computerized Reservation Systems (CRS), has changed the way travel agencies operate. The Internet gives agencies and individuals the ability to perform travel related research. Discount airfare brokers have taken advantage of the Internet by offering tickets online at discounted rates. This has increased price competition. Computerized Reservation Systems have increased the speed and efficiency of the agency-to-customer transaction. They have also increased the start-up costs for travel agencies who wish to be competitive. One notable trend in the travel industry is increased deregulation. Deregulation has increased the need for differentiation and has, in many cases, lowered the prices of airfare and other travel-related services. Additional trends include caps on agency commissions by many of the larger airlines, increases in adventure travel, and reduction of profit margins.

The travel industry is highly fragmented. There are large national chains, small home-based businesses, consolidators on the Internet, etc. Membership numbers in some of the travel-related associations give some indication of the number of participants in this market. The American Society of Travel Agents (ASTA) reports 25,000 members in 135 countries, most of whom are small businesses. ATI has approximately 30 immediate competitors in the greater Woodville area, including two agencies that are branches of national travel agency chains.

ATI is researching the market to identify potential opportunities for future sales in this rapidly changing environment. ATI's long-term goal is to establish itself as an internationally recognized provider of top-of-the-line adventure travel. This goal does not prohibit ATI from participating in additional segments. It does, however, provide a corporate focus and a differentiated offering.

ATI's target customers are health-conscious couples and individuals, with median household incomes of approximately $50,000. They are interested in popular adventure activities such as skiing, whitewater sports, and mountain biking. ATI's most important target customers, however, will be married couples, ages 25-35, with children and household incomes over $50,000.

The Woodville area, like much of the Pacific Northwest, has a large concentration of outdoor recreation enthusiasts. These health-conscious individuals, couples, and groups interested in popular adventure sports, such as skiing, kayaking, trekking, etc., are ATI's primary customers. ATI's target market is an exploitable niche, and ATI will provide a specialized and thus differentiated service.

ATI has established relationships with providers of travel-related products and services. Two major airlines have been selected as our primary ticket providers in part because they do not cap the agent's profit on tickets. This allows us to capture the 10% margin on ticket sales that was for many years the industry standard. Market research has enabled us to identify and establish working relationships with service providers around the world. ATI has been able to identify opportunities to capture margins of up to 25% from certain parties. Sourcing will be continuously evaluated. ATI will take advantage of trade shows, travel industry publications, and other sources of industry-related information to monitor the quality of its offering.

ATI has a number of major competitors that the company will seek to acquire market share from. They are:

Rollins & Hayes;

Sundance Travel;

Global Adventure Travel.

None of these competitors have the combination of price, scope, or local focus that ATI will be able to offer.

ATI's pricing strategy will be a major consideration. Much of it will be determined by market standards. ATI will attempt to maintain margins of 10% on all airline travel. Margins on all other products and services vary depending upon the provider but are expected to average 20%. ATI will make every effort to maintain a competitive pricing policy. However, as ATI builds its reputation as the premier provider of adventure travel, it expects to earn the ability to charge a premium for its services.

The company will also pursue an aggressive marketing campaign. During ATI's first year of operation it will hold a grand opening and will organize and sponsor several athletic events. All ATI employees promote ATI's services to local athletic clubs. Negotiations with area health clubs have begun and additional promotions will likely occur through these strategic alliances. Specialty, rather than large national publications, will serve as media vehicles for ATI advertising. Local radio stations will also be used. Personal selling will occur, though phone solicitation will be limited. ATI plans to occasionally station sales personnel in locations around Woodville such as shopping malls. ATI's goal is to develop personal familiarity between its employees and the community.

ATI will be a small organization and its employees will share in management duties and decision making. Shea Delaney will act as the General Manager, but it will be important for each member of the team to be capable in all aspects of the business. Prerequisites for all ATI employees include at least five years travel industry experience, knowledge and ability in the types of activities ATI will promote, and Certified Travel Counselor (CTC) certification for applicable positions. The CTC designation can be obtained through the Institute of Certified Travel Agents (ICTA).

Prices will be competitive with the remainder of the market. The company's estimated sales for the first year of operations are approximately $534,000, increasing 10% annually for the next two years.

ATI will begin operations with four full-time positions. The positions are as follows; general manager and president: Shea Delaney; marketing and advertising director: Jordan Barnes; accountant: Paul Mclellan; and one travel agent.

The company does not expect any problems with expenses or cash flow within the next three years. Annual cash flow for the first year of operation becomes positive in the second quarter of operation.

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1.1 Objectives

Sales of $650,000 by year three.

Maintain margins of 10% on all airline travel.

Achieve 15% of sales from the Internet.

Develop strategic alliances with service providers nationally, internationally, and in the Woodville area.

1.2 Mission

Adventure Travel International (ATI) is a travel agency that specializes in adventure tourism and travel. It will provide consulting and custom travel arrangements and packages. ATI's mission is to become the foremost provider of adventure travel to the people of the Pacific Northwest. ATI's employees and owner are outdoor adventure and travel enthusiasts as well as seasoned travel industry professionals. ATI seeks to connect adventure travel newcomers and veterans with service providers, adventure activities, and accommodations that fit the client's desires, budget, and skill level.

1.3 Keys to Success

Effectively segment and target adventure travelers within the larger travel market.

Successfully position ourselves as adventure travel specialists.

Communicate the differentiation and quality of our offering through personal interaction and media.

Develop a repeat-business base of loyal customers.