

Marketing Plan

For

ABC Vacations, LLC

Stratamar, inc.

December 2002

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I. Executive Summary

Stratamar, inc., is pleased to deliver the enclosed marketing plan to the management of ABC Vacations, LLC (ABC).

Given the timing of this plan (bare weeks before the rapidly-approaching vacation planning season), and the relative lack of resources that ABC has available to apply towards promotion, it is recommended that the tactics herein be implemented starting during the week immediately after New Years Day, 2003. Since the nature of low-cost tactics dictates that their innovation curve is longer than higher-cost intrusive tactics, ABC must take the road of low impact and high repetition.

For the 2003 vacation season, ABC's tactics should focus on:

1. Press releases, on a schedule of at least one per month (and, preferably, one every other week)
2. Search engine optimization (already underway by the site hosting company)
3. Placement in online directories
4. Cultivating relationships with upscale-market travel agents
5. Selective purchase of leads from search engines by bidding for premium placement on overture.com when certain search phrases are entered by users.

Given the unsettled economic and political climate as we enter 2003, it is unlikely that ABC will be able to fully book every vacation option or make a profit in the first year. However, by using these tactics and gradually increasing their breadth and impact as cash flow allows, we do anticipate a modest profit by year 3 (2005), and positive cash flow by year 2 (2004).

II. Company Description

ABC was created in 2002 to combine the desires of vacationers who want to explore, learn, and enjoy all in one package. ABC Vacations (ABC) brings together study, recreation and travel. In conjunction with local cultural and recreational organizations, ABC develops weeklong programs in subjects that reflect the unique character of Newport: its natural resources, historic significance, architectural diversity, and cultural richness. Participants reside in local hotels and bed and breakfasts and enjoy a variety of cultural and recreational activities. During their stay, guests have the opportunity to meet others who share their interests, tour Newport attractions, sample local restaurants, visit area shops, and gain an appreciation for this exceptional city by the sea. ABC assembles the components of each program and acts as coordinator and liaison for all aspects of this innovative vacation experience.

This is the only major and profit-oriented service currently offered by ABC Corporation. Other services are being contemplated for addition, such as training, seminars, and similar services that do not require as many leisure-time activities. However, these will not be major factors during the first two years, at least, and no substantial revenues are expected from any of these during the next five years.

The goals of ABC are straightforward: to combine a love of learning with showcasing the outstanding resources in the community to provide a quality vacation experience for visitors to Newport. With hundreds of thousands of tourists considering Newport for their vacation destination, ABC relies on attracting 300 – 500 clients annually to participate in approximately 30 programs designed through partnership with local cultural and recreational organizations. Each program is limited to 16 participants, assuring access to instructors and facilities. Typically, 3 programs will run concurrently, swelling the group to 45 for enhanced social interaction during evening activities. Additionally, ABC will provide spousal enrichment programs for Newport's large meeting and convention population and offer a limited number of 1-2 day programs available on a drop-in basis to allow visitors to "sample" the ABC experience.

There are no legal, trademark, or copyright issues immediately at hand. In due course, of course, the trademark ABC should be nationally registered (it is assumed that the fictitious business name has already been registered with the Secretary of State in Rhode Island). However, no extraordinary issues are anticipated.

No revenues have been earned to date and, based upon the marketing plan herein, initial revenues are not expected to flow until the second quarter of 2003.

ABC faces the perils of any small business: under-capitalization, inaccurate perception of the market, dependence on the economy, and meeting (and beating) the competition. While ABC has low overhead, it requires capital for advertising and promotion. Allocating sufficient resources for advertising and accurately targeting the proper markets are critical to the success of this business. However, there is the further challenge of the volatile political and economic climate. Following September 11th, 2001, the travel industry as a whole suffered greatly, as it also does in times of economic uncertainty. Lastly, while ABC is the first business of its kind in the Newport area, it faces the possibility of competition from new or existing tour companies developing copycat programs.

Beyond the lack of abundant capital, ABC faces the following needs during its initial years:

- a Unique Selling Proposition (USP), or distinct reason for consumers to buy from ABC as opposed to any competitor or substitute
- management, particularly to the extent of executives who have managed in an internet company before, and those who have taken a company from an idea to an embryonic stage (under \$1 million annually) over a period of 3-5 years.

III. Industry Analysis and Trends

By any reasonable estimate, the upper-level travel marketplace is enormous. For example, Zapdata, an online database extract of Dun & Bradstreet, lists over 350,000 variations of travel lodges, educational institutions, and companies involved in the vacation business.

It is likely, however, that even this database does not include many very local endeavors, or does not include all local units of national organizations.

While conceptually mature, the industry has its share of established institutions as well as recent upstarts. Some have been around for decades, with well-established reputations. Others have just been created this year, and may only last until one season has been completed before voluntarily going out of business. Suffice it to say that experience, stability, market knowledge, and the like vary all over the board.

Economic factors affect leisure and educational endeavors, but become more important at the downside of an economic cycle. While more time for leisure activity exists when the economy is in a downturn, uncertainty about the future and a sense of reduced wealth may restrict the upper-level market. This trend is reversed when positive economic times return, and accentuated when mid-level earners treat themselves for past sacrifices. In fact, we have recently seen a trend where leisure spending as a percentage of income rise slightly, distorted by a major rise in donations of recently-appreciated stock driven by the 10-year bull market. When the next recession arrives, the decline in donations is exacerbated by the disappearance of such stock bonuses.

Seasonal factors are becoming less of an issue overall with recent trends towards flexible vacations and lower travel costs. However, an endeavor with a focus on Newport will likely be heavily seasonal as people avoid the perceived brutal New England winters. During off months (largely Labor Day through Memorial Day), the focus will likely need to shift towards the more permanent residents of southern New England.

Technological factors affecting leisure travel will have a mixed effect on ABC. On the positive side, the rise of the internet allows ABC to distribute information and sales pitches which are as detailed and informative as necessary to convey a message, with no substantial increase in costs, to a much wider audience. Unfortunately, this is also true for any competitors that exist. Ease of booking is likely not a factor, as the primary penetrations internet self-booking have made in the leisure market have been for budget-conscious travelers. That, certainly, is not the focus of ABC.

Newport has long been a favored travel destination, however, the average visitor only skims the surface of Newport's cultural and recreational resources: a brief tour, an afternoon excursion. There are few opportunities to access the full abundance of Newport's treasures. ABC provides a vital link between the visitor committed to lifelong learning and Newport's outstanding organizations. Just as golfers travel the world to play golf at different courses, ABC creates an opportunity for students of art, architecture, design, history, religion, international politics, cuisine, tennis, sailing and more to explore a new venue, enjoying a new or favorite pastime. ABC also fills the increasing demand for organized leisure and enrichment activities among Newport's ever-expanding convention population. ABC programs bring specific subjects into focus, allowing program participants access to people and places that are not "on the tour," connecting them to others of similar interest and leaving them enriched, relaxed, renewed.

IV. The Target Market

The ABC customer is an active lifelong learner interested in travel and community. ABC vacations are available on a variety of topics; however, all provide a highly interactive and engaging learning experience enriched by related lectures, excursions and discussions among participants. Although, ABC hopes to attract a wide array of participants, the core customer is likely to be well educated, over 40, in the middle to upper income bracket, with a hobby related to ABC topics, a curious mind and a desire to meet and share with others. S/He belongs to organizations related to the topic of interest and reads magazines and other printed material germane to this subject -- always expanding their knowledge and awareness. S/He is willing to participate in an organized program that has culled the best from the array of available experiences, minimizing roadblocks and frustrations, maximizing their enjoyment, learning and socializing with others.

These are primarily demographic descriptions (things that can be measured), as opposed to psychographic descriptions (things that comprise a lifestyle). But, to the extent that we can define segments of probable customers, our target markets will look like this:

- a. Primary – those people who have an extremely high likelihood of being interested in unique concepts. These groups will initially be from the Innovators and Early Adaptors stages of product life cycles (those people who are in the first 3.5% of the population who purchase a new concept). According to VALs segmentation from SRI Consulting, general characteristics of those who are early adaptors of new concepts include:
 1. Actualizers (11.4% of population): successful, active, sophisticated, “take charge” people. Interested in growth and personal development, and express themselves in a variety of ways.
 2. Experiencers (12.9%): young, vital, enthusiastic, and impulsive. Seek variety and excitement, savoring the new.

We have selected these groups as the primary initial targets of our online marketing because they are able to be identified for relatively easy targeting of tactics. In addition, experience at other “new-concept” sites indicates members of these groups will respond positively to commerce concepts that offer one or more of the following benefits:

1. time convenience
2. physical convenience
3. modal convenience or preference

While predictions of buying behavior, by themselves, are of little accuracy, the relative rankings given indicate that ABC has to continually deliver a convenient, unique, and delightful experience to attract and retain a loyal clientele. This factors heavily into our later recommendations.

V. The Competition

ABC has no direct competitors. There are many tour companies bringing visitors to Newport, however, none offers a “learning vacation.” While this could change, ABC has the advantage of being the first to conceive and design such programs, forging relationships with area cultural and recreational organizations and strengthening its market position. A consumer would choose an ABC program for uniqueness, convenience and service. ABC affords its clients the opportunity to experience a world-class resort, through the lens of a particular subject, while enjoying the camaraderie of others of similar interest: a vacation where learning, leisure and recreation intersect. From its position within the community, ABC can arrange for speakers, discussions and activities to augment and enrich the visitor’s experience, deepening their understanding of both the program subject and the Newport community. Moreover, an ABC vacation can be arranged with a single call or click: unparalleled convenience with unparalleled service.

Barriers to entry into the upscale learning vacation field are relatively small. A competent web site design (such as the current ABC.com site) can be obtained for under a few thousand dollars by using a freelance designer, and ongoing hosting and maintenance costs are generally miniscule. The most difficult and expensive portion is breaking through the online clutter and convincing the target markets that option “A” is better for them and their needs than competitor “B”. Candidly, future competitors are limited only by the imagination, access to capital, and an ability to locate and nurture the connections needed to deliver a truly memorable “eduvacation”.

To the extent that ABC can open its site and establish market position rapidly, its competitive position is improved because there are some significant barriers to entry that will limit how many similar institutions will enter the market in the future. The significant barriers include:

- a. Promotional resources. Even the world’s best web site or concept will not succeed unless consumers know of it and why they should visit it. While online advertising is still generally less expensive than offline, it still requires an expenditure that is beyond the reach of smaller institutions.

- b. Trust. More so than purchasing a CD or registering for a contest, a person's leisure time and outlays are held to be more private, and require a higher level of security, professionalism, and trust in the supplier.
- c. Infrastructure. An often-overlooked part of an endeavor, any commercial venture requires major behind-the-scenes investments in customer service personnel, webmasters, and clerical personnel. These expenses will typically exceed those for the web site itself, tend to be relatively fixed regardless of sales volume.

It is reasonable to expect even more competitors in the future. First, the internet has substantially no geographic barriers. For the same reasons as we believe ABC can penetrate nationally, institutions from other states may well believe they have market potential in New England. The size and profit potential of upscale leisure markets make them attractive to almost any company. Second, many commerce companies are still in an initial, almost beta mode, with their online ventures. As these ventures mature and prove profitable, additional new markets will be sought.

VI. Strategic Position & Risk Assessment

The easiest means with which to depict ABC's strategic and risk positions is via a standard SWOT analysis: **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats:

Strengths:

1. The disposable income of the primary target groups is not only relatively high, but is also relatively recession-proof. This endeavor should not be as subject to the year-to-year economic cycles as would be a similar mass-market endeavor.
2. For the foreseeable future (3-5 years maximum), concerns regarding terrorism and anti-American feels overseas may cause a higher percentage of U.S. citizens in the target audience to seek domestic vacations rather than traveling overseas.
3. The widespread allure of Newport alone is a major drawing point.
4. While not absolutely unique, the ABC concept is a relatively new one. As such, the market is nowhere near as saturated as for many other vacation variations.
5. The concept is extremely flexible, and not dependent on a fixed site. The ability to change rapidly allows ABC to inject variety to avoid becoming stale, and adapt to whatever interest changes its customer base dictates.
6. Within the Newport area and southern New England, there is a plethora of educational and cultural talent, as well as upscale facilities, to allow for creation of thousands of potential programs.
7. While the initial financial means of ABC are weak, there is also relatively little financial commitment or risk needed to truly launch the concept. Should it succeed, a small investment could return many times in the first two years.

Weaknesses:

1. The target market is relatively small (numerically). This may inject a higher risk level than would a mass-market approach should the original concept not succeed.
2. Just as worldwide unrest may reduce overseas vacationing by U.S. citizens, it may reduce vacationing in the U.S. by other countries' citizens.

3. The thin capitalization of ABC is a concern because it severely reduces the margin for error.
4. Similarly, limited finances may unduly limit initial promotional efforts, virtually dooming the concept before it starts.
5. While direct competition is relatively limited (compared to mass markets), there are also countless substitutes (or, alternatively ways in which the target market can spend their leisure hours and cash).

Opportunities:

1. As initial customers take advantage of the ABC offerings, cross-selling opportunities exist without end. For example, a multi-year program might be explored to allow a recurring visitor to obtain a certificate in some field, returning for additional instruction for a week every summer for 3-5 years. Many professional certification programs offer this option. Or, if a large number of initial visitors enter the (for example) water colors program, this is probably an indication that they have a strong interest in art. Immediately, they should be targeted for promotions for future programs in pastels, watercolors, etc.
2. Increase consumer “buy-in” by creating a “create your own learning program” for groups, civic associations, school alumni, etc.
3. Affiliations (with commissions or shared revenues) with similar programs in other geographic areas, as a way to hold on to the loyalty of patrons who appreciate the ABC concept, but do not want to be tied to vacationing in the same locale often.

Threats:

1. Global turmoil, if it lasts a number of years or the level of violence escalates. This would directly impact the vacation markets, and possibly affect the financial underpinnings of the target audience.
2. Global recession, which is a slim possibility now but will largely be a function of the international political climate.

3. Uncooperative weather, particularly to the extent that a particularly bad hurricane season could damage program facilities or completely cancel a string of sessions.

VII. Marketing Plan and Sales Strategy

In the course of drafting this section on specific marketing tactics, the focus has been on four objectives:

1. Identifying and reaching the target market (this should be obvious)
2. Concentrating on tactics that can deliver the most pull for the least expenditure.
While there will be a correlation between promotional expenses and sales, it makes no sense to risk one's entire resources on a new venture.
3. Developing ongoing, rather than finite tactics. In this manner, the successful ones can be continued and expanded instead of having an absolute limit on how much they can be run (as opposed to, for example, running an ad on the Super Bowl, where even if it works you cannot repeat the tactic for another year).
4. Limited experimentation, to uncover which promotional tactics return the best sales for the dollar expended. This is necessary because new promotional tactics are always emerging, the best ways of getting to this market have yet to be determined, and marketing for "leading edge" companies always needs to be one step ahead of the masses of companies (i.e. promoting where your competition isn't is often a good strategy).

In an attempt to keep promotional costs to a minimum (\$10,000 for the first season), following is a series of no-, low-, and high-cost tactics to launch. In general, they are listed in descending order of tactics that tend to work for emerging companies, tempered where appropriate for ABC's industry and other dynamics. There will be a certain amount of hit and miss experimentation for the first few years until you hit upon the winning combination.

In the course of drafting this section on specific marketing tactics, several jumps have been made between media/tactics which require a national approach, and tactics that are oriented only towards New England. Those latter approaches give a chance to test which tactics work best or most cost-effectively BEFORE committing large sums to nationwide campaigns. The decision whether to proceed rapidly or slowly may depend on the availability of angel/venture capital funding, or simply with ABC's owners' tolerance for financial risk.

The primary recommended tactics are:

1. Search Engine Optimization. While this is already being performed by ABC's hosting company, the tactic still bears mentioning because most online inquiries still start with a search engine search. By registering in as many general-purpose engines as possible, it is more likely that ABC will be in the consideration set for inquiries that are made. Moreover, it is imperative that the various engine algorithms (the math formulae that engines use to determine how high a given site is ranked) are checked monthly. As the algorithms change, the site nuances must also change, or the site will decline in importance for a given category (the marketing rule of thumb is that people will stop reading a lengthy hit list after the third page of 10 related sites). Fortunately, ABC's hosting company has a firm grip on this tactic.
2. Pay-per-click search engine positioning. The emerging model in online search engines is a pay-per-click model, where you pay a small fee every time somebody searches on a word or phrase you've requested, resulting in your site appearing on the list of "hits". It's on an auction basis, so some ongoing research needs to be done to see how much you would have to bid per lead to ensure appearing on the first 30 leads. Typically, a common term such as "travel" would cost a lot, due to the large number of travel suppliers who are bidding for the right to appear high on the list. But, a more focused phrase such as "luxury learning vacations" might well cost only a few pennies per lead because relatively few travel suppliers are bidding on that niche.

On overture.com, the leading pay-per-click engine, the minimum commitment is \$20 a month. You may not get a lot of leads, but they should be fairly targeted if the search phrase is set reasonably enough. The URL to use for researching popularity of various phrases is:

<http://www.overture.com/d/searchinventory/suggestion/>

A search conducted on 12/3/02, reflecting overture.com activity during October, revealed the following search phrase possibilities, and the number of times overture users used them as search phrases during the month:

Learning vacation	223
Newport Rhode Island	22,636
Newport Rhode Island Hotel	1,742
Newport RI Hotel	788
Bed and Breakfast Newport	612
Newport Rhode Island Lodging	524
Newport Rhode Island	
Bed and Breakfast	436
Newport R I Bed and Breakfast	403
Newport Rhode Island Mansion	399
Newport Travel	345
Educational vacation	119
Educational family vacation	38
Luxury vacation	1712
Luxury vacation package	61
Family luxury vacation	26

It is recommended that ABC immediately set up an account with overture.com, and commit \$1,000 per month to purchasing placement for searches on the phrases above. Because of the differing targeting potentials, and resulting values as leads, the following maximum bid amounts are recommended:

Newport Rhode Island	\$.02 per lead
Other non-bold phrases	\$.10 per lead
Bold phrases	\$.25 per lead

These bid amounts may need to be adjusted based on experience. But, under this arrangement, your site URL is only being pitched to those web surfers who are specifically requesting information on that topic, increasing your odds of success substantially. Whatever expenditure cap you desire can be established to ensure that you stay within budget for the month.

3. Of next importance is drafting a series of 4-6 press releases that you can start mailing to selected editors, reporters, and publications. In essence, approach this as a reprise and enhancement of the couple of releases that were sent out in early 2002. The purpose here is twofold – to get them to run the release, and get them to call you to (hopefully) write and run a feature article (so be prepped with a good story for that article). The keys to good press releases are:

- make sure it's newsworthy
- keep it short – no more than five paragraphs/two pages
- screen the recipient list, so the release isn't sent to hundreds of reporters in non-related fields
- avoid sales pitches disguised as press releases
- DON'T call the reporter to see if the release has been received, or if she plans to use it soon.

The fact that you've opened a new web site and/or vacation option will probably only be of interest to your local daily & weekly. But, you'll need a stronger & more unique hook to get the travel/lifestyles editor in Providence or Boston to run it. That may require a feature more on one of your artisans who will be educating, or on the ultimate in pampered publications.

The ideal distribution list for press releases is a carefully-screened list of industry contacts, network points, and centers of influence who do not pop up on most commercial lists. But, compiling such a list takes time and experience, and time is not something ABC can afford at this point. However, capturing snail mail and email

addresses of such vital contacts into a flexible database should be occurring every day.

Candidly, while there are many places on the web where you can post any press release free of charge, there is an inherent cost to this: a vastly increased likelihood that your email address will be picked up by spammers, and you will be inundated with worthless pitches for everything under the sun. To minimize that adversity, it is recommended that the following distribution services be used:

<http://www.news bureau.com>

I've used them with previous clients with some success. For a flat fee (\$275 for one list, \$80. for each additional list), they'll send your release to editors and reporters who have specifically requested to be sent releases on particular subjects. That way, you won't irritate anyone by sending them irrelevant material.

<http://www.majornewswire.com>

This site is designed for public relations professionals to post press releases, which are then syndicated to selected (related) web sites on the internet. Fees for unlimited posting privileges are \$99 for six months (actually seven months, since the first month is free). The channels recommended are:

- Travel
- Arts and Entertainment
- Lifestyle

<http://www.prweb.com>

<http://www.pressreleasedistribution.net>

This service distributes press releases by industry: \$99 for the first industry receiving a given release, \$70 for the second, \$50 for the third, etc. Of the available categories, it is recommended that “Leisure, Travel, Hotels, and Restaurants” be chosen, by which the following media outlets will receive releases:

Magazines

AAA

Midwest Traveler

AAA Southern Traveler

ABARTA Media Hotel Network

Airline, Ship & Catering Onboard Services Magazine

All Roads Lead to Branson

American Express Skyguide

American Heritage

American Way

ARTA Agent, The

Arthur Frommer's Budget Travel Magazine

Aspen Magazine's Travelers Guide

Association Management

Association Meetings

ASU Travel Guide

Atlantic Monthly, The

Audubon

Avis Traveler

Bank Travel Management

Bermuda

Best of Maui
Big World
Bottomline
British Heritage
Bus Tours Magazine
Business Travel News
Business Traveler International
Byways
Canadian Travel Press
Car & Travel
Caribbean Gold Book
Caribbean Travel & Life
Catering Magazine
CFO
Chain Leader
Chef
City Guide
Cityguide U.S.A. Magazine
Club Director
Club Management
Complete Meetings Guide, The
Conde Nast Traveler
Connoisseur's Guide, The
Convenience Store News
ConventionSouth
Corporate & Incentive Travel
Corporate Meetings & Incentive
Country Inns Bed & Breakfast
Courier
Cruise Trade
Cruise Travel Magazine

Culinary Trends
Delta Air Lines Menu and Destination Guide
Delta Worldwide Timetable
Departures
Destinations
Dietary Manager
El Restaurante Mexicano
Endless Vacation
Equipment Solutions
Event Solutions
Exhibit City News
Feda News & Views
Finger Lakes Travel Guide
Fitness Management
Florida Hotel & Motel Journal
Food Arts
Food Industry News
Food Management
Foodservice and Hospitality
FoodService Director
Foodservice Equipment & Supplies
Foodservice Equipment Reports
Foodservice News
Frequent Flyer
Friendly Exchange
German Life
Go Magazine
Going Places
Gourmet
Government Food Service
Green Book, The

Group Tour Magazine
Group Travel Leader, The
Guestlife
Hawaii Drive Guides
Hawaii Magazine
Healthcare Foodservice Magazine
Home & Away
Hospitality
Hotel & Motel Management
Hotel & Motel Management Show Daily
Hotel and Travel Index
Hotel Business
Hotel Business Show Dailies
Hotels
Inn Room Visitors Magazine
Inn Touch
Innsights
Insider View Las Vegas
Interline Adventures
International Living
International Travel News
Interval
Islands
Jax Fax Travel Marketing Magazine
Juiced!
Leisure Travel News/TTG North America
LH Lodging Hospitality
Lodging
Michigan Living
Midwest Foodservice News
Milepost, The

National Geographic Traveler
National Hotel Executive
National Motorist
Nation's Restaurant News
Nevada Magazine
Nightclub & Bar Magazine
Northwest Travel
OAG Business Travel Planner
OAG Desktop Guide-North America
OAG Flight Guide
OAG Pocket Flight Guide-Asia/Pacific
OAG Pocket Flight Guide-Europe/Africa/Middle East
OAG Pocket Flight Guide-Latin America/Caribbean
OAG Pocket Flight Guide-North America
OAG Travel Planner Asia Pacific Edition
OAG Travel Planner European Edition
Odyssey
Official Cruise Guide
Official Hotel Guide
Official Tennessee Vacation Guide, The
Offician Tour Directory
Ohio Motorist, The
Orange County Annual Edition
Orlando Citybook, The
Our State
Phoenix Flight Guide
Pizza Today
Preferred Way, The
Private Clubs
Quick Guide
RCI Premier

Recommend Magazine
Resort Management & Operations
Resorts & Parks Purchasing Guide
Restaurant Business
Restaurant Hospitality
Restaurant Marketing
Restaurant News of the Rockies
Restaurants & Institutions
Restaurants & Institutions Marketplace
Road Smart
San Diego Travel Planners Guide
San Francisco Professional Travel Planners Guide
Savour
School Foodservice & Nutrition
Scottish Life
Seattle Compass
See Magazine
Senior Group Travel
Senior Travel Tips
Server Foodservice News, The
Showbiz Weekly
SKI Area Management
Southern Living Vacations
Special Events
Specialty Travel Index
Sports Travel
Sunbelt Foodservice
Supermarket News
Texas Journey
Texas State Travel Guide
This is Indianapolis

Thomas Food Industry Register
Today's Restaurant News
Total Food Service
Tour Trade
Traditions
Travel & Leisure
Travel Agent Magazine
Travel America
Travel Courier
Travel Holiday
Travel New England
Travel Trade
Travel Weekly
Travel World News
Travelage West
Travelhost
Travelweek
Trips
TripSouth
Vacations
VIA
Vista USA
Westways
Wisconsin Restaurateur, The
Yankee Food Service

Newsletters
Affordable
Caribbean, The
All Italian All the Time
Alternative Reality Romance Connection

Andre Gayot's Tastes
Andrew Harper's Hideaway Report
Angeling Report, The
Ashington-Pickett Airlines and Travel Report
Atlanta Advantage, The
Best for Less, The
Briefing
Britcastles
Burt Dubin Private Letter, The
California Explorer
Cameron's Foodservice Marketing Reporter
CEO Traveler
Consumer Reports Travel Letter
Cruise & Freighter Travel Letter
Diabetic Traveler, The
Distinctive Destinations
DogGone
DRIVING
Educated Traveler, The
Emerging Horizons - The Accessible Travel Newsletter
Entrée
Epicurean Revue
European Traveller, The
Expatriate World Newsletter
Familytravelforum.com
France On Your Own
FrequentFlier Crier, The
Give Yourself-A-Break Travel Newsletter
Golf Travel
Have Children Will Travel
Heartland Journal

Home Swappers - for information on home exchange vacations
Horizons Unlimited Motorcycle Travellers' News
Hotel Update Newsletter
Howe & Hutton Report
HRI Meat Price Report
Hunting Report, The - For Big Game Hunters
Hunting Report, The - For Birdshooters & Waterfowlers
In Depth
Infectious Disease Alert
Inn Marketing Digest
Innkeeping
Inside Flyer
Inside Travel News
Insider Viewpoint Las Vegas
Interactive Travel Report
International Living
International Newsletter
International Railway Traveler, The
International Visitor
Island Escapes
Italian Traveler
La Belle France
Las Vegas Advisor
London Theatre News
Manhattan User's Guide
Mexico Real Estate & Travel
Military Living's R&R Space - A Report
Natural Traveler
Network for Living Abroad
Ocean And Cruise News
Out & About

Passport Newsletter
Pinkerton World Status Map
Puerto Vallarta Tucan News
Punch In International Restaurant, Travel, Wine & Entertainment
News
Quicktrips Travel Letter
Restaurant Publicity News
Road Best Traveled, The
Romantic Traveling
Security
Side Streets of The World
Spa Business Monthly
Surf Report, The
Sybaritic Report, The
Thoughtful Traveler, The
Thrifty Traveler, The
Time Management Report, The
TimeSharing Today
Travel Agency Management Newsletter
Travel Alert Bulletin
Travel China
Travel Confidential
Travel Courier
Travel Distribution Report
Travel Expense Management
Travel Management Daily
Travel Management Newsletter
Travel Medicine Advisor
Travel Newsletter
Travel Publicity Leads
Travelin' Woman

Travelwriter Marketletter
TripSpot.com Newsletter
Unique & Exotic Travel Reporter
Upscale Traveler
Voyager International
Waves For Cruising
Winston's Travel Deluxe
Workamper News
World Aquatic News & Travel
World Beer Review
Yankee Traveler, The
Yellow Brick Road

Once the sites above have been used, the following relatively-new sites should be considered if additional traffic is needed:

<http://www.comitatusgroup.com/pr>

(free with opt-in distribution)

<http://www.ereleases.com>

(\$299 per release, with an audience of 10,000+ opt-in journalists.

A major advantage is that the release is also sent out on PR Newswire, the major public relations distribution network in the industry).

4. Write a 2-5 page article about the emerging educational vacation market, and submit it to an appropriate article bank. These are online repositories where authors can place categorized articles for use by editors who need them as magazine features or fillers. While there is no guarantee of placement, certainly the effort involved in making the article available is far less than contacting each editor individually.

Updates on article banks in general can be found at:

<http://www.coachmaria.com/articles/articlebanks.html>

It is recommended that ABC articles be submitted to the following specific banks:

www.selfgrowth.com Self Improvement & Personal Growth

womans-net.com/submit.php

www.vectorcentral.com/articles-form.html

www.connectionteam.com/submit.html

articlebank.com

5. Write a short (pre-do 50, 100, and 200 word versions) of ABC, and submit your site to be listed (for free) under “Fun”, “Leisure”, “Vacation” on various discussion & advice portals designed for execs or small business owners. Good starting points might be:

www.ivillage.com

<http://www.ideacafe.com/cgi-bin/links/add.cgi>

<http://www.ideasiteforbusiness.com/ideamenu.cfm>

<http://www.ideamarketers.com>

<http://www.fastcompany.com>

6. Order a supply of full-color postcards that can be used for direct-mail reminders to travel agents, editors, or anyone else you feel could use a periodic “tweak” regarding ABC. One of the most heavily used online printers is SimplyPostcards (www.simplypostcards.com), where standard-sized full color postcards cost \$290 for 2,500 or \$355 for 5,000.

7. In the category of “Marketing Things to Do When It Gets Slow or Time Otherwise Allows”, think seriously about starting an electronic newsletter. There are free templates in various places online, and it’s a good way to stay in touch with prospects & past clients, test vacation ideas, and start viral marketing. Who knows? – build the recipient base sufficiently, and it might become a vehicle for you to get some ad revenue down the road? Because of the time drain, it’s best to hire a freelance writer/designer, or obtain an intern from a local college, for 10 hours a month to create and write a monthly ABC.com newsletter.

Some costs can be shaved by producing a newsletter strictly as an ezine. Some online sites that already have guides and templates to help beginners create ezines include:

www.e-zinez.com/

www.web-source.net/web/Ezines

www.zinebook.com/publicz.html

newslettercoach.com

ezine-tips.com

Lest it be assumed that they were not even considered, the following popular tactics were evaluated during this project. In the end, they were rejected either because of their rather high cost, or because they were low-cost but an immense drain on time as an offset. These tactics, which may be considered later as cash flow and time allow, include:

- banner ads and buttons
- ezines
- newsgroups
- discussion groups
- link exchanges
- message boards
- announcement sites
- magazine ads

VIII. Operations and Technology

Because of the unique nature of the ABC venture, we have chosen to address combine operational issues into one section. This section will address basic issues typically related to brick-and-mortar facilities, and the relatively few technology issues.

As a pure online entity, ABC.com will not have to face and address a number of issues that would be important if physical facilities were crucial. Issues that are moot include:

- plant and facilities (other than IT)
- manufacturing (not relevant in travel services)
- equipment and technology (other than IT)
- inventory
- supply & distribution
- order fulfillment
- capacity utilization
- quality control
- safety, health, environmental
- shrinkage
- MIS (covered in IT Section)

Listing each of these areas may seem redundant, but we feel it serves to remind all involved that ABC is a unique method of doing business. But, lest important factors be overlooked, note that ABC will ultimately be liable for the safety, cleanliness, and general customer satisfaction of each supplier selected. Constant monitoring will be required, as will a liability insurance policy just in case something goes seriously wrong for a customer.

On the technology side, ABC's challenge will be to deliver a professional, user-friendly site while keeping development and maintenance costs reasonable.

Also, we are all agreed that branding is extremely important in development of ABC, and ensuring that it is extremely well received and profitable. Although arguably a concern that belongs in Marketing just as much as in Information technology, these are the main principles we believe we must deliver in the site design and performance to ensure brand loyalty:

- Get them at the door (appealing visuals, clear directions, etc.)
- Don't clutter the aisles (ease of navigation)
- Offer assistance at every opportunity
- Keep the feel and language efficient, friendly, and courteous
- Develop a relationship that the customer will want to tell the world about (viral marketing/word of mouth)
- Don't overpromise
- Listen to visitor's comments (positive and negative), and follow through on them

We have set the following Information Technology goals for ABC:

1. Minimize IT expense while attaining ABC goals
2. Avoid letting the desire to be first taint the deployment of tested, consumer-ready solutions. Research has shown that there is far more business potential to being 2nd, but best, in the marketplace; as opposed to being first but untested and full of bugs.
3. Attempt to anticipate the needs of ABC's customer universes, as opposed to waiting for needs to surface before addressing solutions. The best means by which to ensure this is continual industry networking, as well as ongoing formal education at local institutions.
4. Achieve 99%+ uptime for ABC.

IX. Management and Organization

To quote the principal/owner of ABC, from her recent application for angel funding from oxygen.com:

“I have lived in Newport for 28 years, developing a deep understanding of this community, its institutions, and its significance as a vacation destination. My work history includes 10 years as the owner-operator of a retail store, 4 years as an innkeeper and 10 years as a sales representative in the card, gift and publishing trades. Each of these positions required motivation, organization, effective communication, business management skills and hard work, traits that find new expression in ABC as they combine with my love of Newport, my commitment to lifelong learning and new career goals. While ABC is a solo venture, it coordinates the efforts of many: the organizations that provide the educational component, and area businesses such as hotels, restaurants and attractions that complete the ABC program. Should additional staffing be required, I would first turn to my two teenage daughters have career interests in business and hospitality.”

There are several issues that need to be addressed as part of the management and organizational overview.

First and foremost is the question of to what extent the current principal can afford the time to address the several areas noted earlier (customer service, writing newsletters and releases, business development, developing new vacation concepts, etc.). The unfortunate part is that one or more of these will likely suffer, and the presence of two daughters (one of whom is away at college) will help little except during vacations.

At a minimum, it is recommended that ABC secure one or two interns from local colleges by the end of February, 2003. The best functions for the intern(s) to accomplish would be the time-intensive, relatively generic ones such as drafting articles and releases, replying to customer/prospect communications, and the like. This will free the principal for other tasks

more worthy of her limited time, yet ensure that critical tasks don't get overlooked in the crunch. Internship arrangements can often be made in return for college credit, but in any case can be arranged at a rate well below market levels.

In order to keep overhead costs (and their attendant risks) to a minimum as the product line is rolled out and expanded in later years, ABC should plan on contracting with an outside telemarketing house to perform routine functions such as:

- Customer Service
- E-mail response
- Sales close on inbound information calls
- Opt-out requests
- Junk phone calls and emails

Very few internet entrepreneurs have an appreciation for the volume of valid questions which will be asked by prospects before ordering – especially in an environment where they are not familiar with the product or the offering company. In addition, “dumb” questions will also be coming in about browser incompatibilities, etc., which are totally unrelated to the product. However, volumes should not justify such outsourcing until at least 2005.

Other than this area, it is not expected that ABC will need to hire any employees for the first two years. Outsourcing, internships, and family labor should be able to cover the burden until then.

If venture or angel capital is sought, the writer's experience is that the glaring deficit in ABC's business plan is lack of an experienced management team. While it is necessary to have available managers for all traditional parts of the business, investors will also look for management talent and experience in managing emerging enterprises, and for the experience of a leader who has taken previous companies from infancy to regional or national status in 3-5 years. Professional investors will want to know that their management has a good chance of growing the company to \$40-50 million within 3-5 years, and that there are viable exit opportunities

(buyout by another company, initial public offering, management buyback of early equity) in the not-too-distant future.

Following are key functional areas to consider before seeking professional funding:

President or Chief Executive Officer. Whichever title Cris prefers to retain, the other will accrue to a professional manager who has been there before, both on the internet and on the rapid growth sides of a business. Professional investors may suggest likely individuals, but such people will not come cheaply. Compensation may include a healthy dose of stock options.

Sales Manager. Someone will be needed to coordinate the sales efforts among the various audiences to ensure that balanced growth is obtained in attracting all. This position should also be heavily incented, but such incentives are usually in the form of cash and are a relatively direct function of sales or profits.

Other functions which need to be staffed, but which are not as critical or which can be filled part-time or through outsourcing, include:

Sales Executives: Probably at least one needed. Paid strictly via commission.

Professionals: Legal and accounting services, outsourced on an as-needed hourly basis.

The Board of Directors need not be a large committee, as long as it contains sufficiently diverse expertise to ensure that all major areas have professional oversight. At a minimum, the Board should contain expertise in finance, general management, legal (because of the heavy use of outsourcing and resultant contracts), and sales. It would not be a bad idea to include on the Board a representative from the vacation community to constantly obtain his/her hands-on expertise.

IX. Development, Milestones & Exit Plan

At this point, the long term goals of ABC are undefined. In the medium term, Cris wants to build the business to the extent that the net profit is sufficient to cover all costs and cash flow for expansion, plus provide her an adequate salary.

Of course, one of the long-term goals should be an appropriate exit strategy for the founder. The timing and specifics of that strategy will depend on whether or not actual outside financing is sought, and to what degree. Outside financing could accelerate the overall sales and profit goals by 5-10 years versus financing solely from cash flow. If ABC grows satisfactorily over the next 10-20 years without outside financing, then the question will become what happens to the company when the owner decides to retire? While options remain open (sell to employees, sell to another company, shut down, pass it on to children), the legal and tax implications of each vary substantially, and must be addressed years before the triggering event to minimize disruptions.

Those achievements which should be considered milestones by ABC are:

- obtaining outside financing
- breaking even for a quarter on a cash flow basis
- earning a first quarterly profit
- filling 10 programs in a year
- achieving 20% return on investment for a year

The major risks to this approach are:

1. Without proper planning, attention, and contingency setups, there is a chance that business could grow too rapidly to be handled professionally. While above-plan growth is usually something to be envied, ABC should not want customers to be faced with slow service, errors, or any other problems.

2. As with any product line expansion, the risk exists that the launch could divert too many management resources from ABC Corporation, causing its core business to suffer from inattention.
3. A future competitor may decide to buy the market at any cost. We do not think this risks the destruction of ABC because of the relatively little up-front capital needed for infrastructure. However, our resources cannot compete with those of an established travel company. A major market battle would make it unlikely that the growth targets could be met.