

Business Plan

Umbrella Travel Experience (UTE)

Tailor made tour operator to Brazil

Problem

There is a lack of tailor-made holiday services in Brazil, which is why the country is sold at a high price. Usually there are only a few standard itineraries which are offered by the competitors. As the fifth biggest country on earth, with the eastern coastline bathed by the Atlantic Ocean, Brazil has beautiful beaches from north to south. At west, there is the *Pantanal*, a beautiful place, filled with adventure and nature. And of course, there is the Amazon Forest, situated north. All these places and many more are not part of the usual traveling options to the Latin American country.

Solution

Brazil has a lot to offer, as there are many places to visit. The problem is that there is a lack of comprehensive tailor-made holidays to Brazil covering small boutique hotels with a traditional experience and which would be at a reasonable price. Therefore, a service that provides holiday planning at direct prices, focusing on boutique hotels (instead of massive hotels), can cover the whole of Brazil. It will be viable to consumers, because as an industry provider, you get lower prices when negotiating with hotels directly, therefore one can charge the same prices that the hotels offer to their normal customers without adding additional margins. This provides a competitive package for the clients to choose. Therefore, Umbrella Travel Experience (UTE) will start its operations with Brazil, and slowly add additional countries which have a huge untapped potential and are not well attended by big tour operators.

Customer

The clients will be mostly families travelling with children and who have a considerable travel budget. For them, an authentic experience is more important than lower traveling prices. They are passionate about different cultures, nature, and adventure. They are usually looking to have a good service and someone to design their holiday from A to Z. The initial target is European families travelling to Brazil, but the company will also be open to worldwide customers. UTE's clients are more adventurous than the average, eager for unique experiences.

As will be shown further in the text, most traveling tour companies are focused on standardized packages of holiday planning. They have scaled offers, have significant demand, and earn a large profit through a great number of clients. UTE's strategy is to provide service to tailored made experiences, with locations not worked by the competitors in Brazil.

Strategy and Competition

Porter Analysis - competition analysis

- **Direct competitors**
 - Companies that sell packages to Brazil
 - Both are *standard* packages, where they sell trips to more common destinations, not served by UTE
 - https://www.tripmasters.com/latin/All_Packages/Brazil_Vacations.aspx
 - <https://www.goway.com/trips/dest/central-and-south-america/cntry/brazil/>
- **Threat of substitute products:**
 - Individual preparation of the trip
 - UTE's clients can prepare themselves the trips, although it might not be efficient to do so, as UTE's prices are at the same as charged by hotels to the public
 - Through websites such as Trip Advisors and other forums, the decentralized knowledge of millions of travellers is exchanged freely on the internet
 - All it takes is the time to do the search, which must factor in the opportunity cost
 - With further specialization by UTE, it will be harder for individuals to be able to plan a trip online that is better than the boutique's offered one, which is based in its scouting trip in the destination
 - Group packages
 - Lower price than UTE
 - More affordable
 - Aimed at lower income than UTE
 - Example:
 - <https://www.onthegotours.com/Brazil>
- **Threat of new entrants**
 - Bigger companies that are located in other markets, such as American travel agencies
 - <https://travelbta.com/bta-process/>
 - Bigger company than UTE
 - Focused on a higher ticket
 - Low barrier of entry
 - For a low-quality service, the competition can copy UTE's itineraries on the internet and contract partners without visitation off the destination
- **Bargaining power of customers/suppliers**
 - Customers
 - Small, due to the fact that the UTE has a small cost, it is not so much dependent on each sale as a significant part of its profit
 - Suppliers

- Small
 - Each location travelled and mapped by UTE, with its tourism, transport and accommodations represents a significant part of the cost that is burdened by the company, in order to prepare the trip that will be sold afterwards
 - As such, each supplier in the schedule of the trip represents a risk, in case the partnership ends
 - As counter force, UTE can produce more than one partner alternative in each destination, or have many different destinations in the same country

Competitors have copied itineraries from Globbex, the most expensive travel agency in Brazil and they do not cover the whole country, as they mostly focus on Rio, Iguacu and Buzios. The main competitive advantage UTE will offer is a comprehensive travel experience in the whole of Brazil, while working with smaller boutique hotels, to provide a more authentic experience.

The company focuses in providing a high-quality experience, as word of mouth from last clients is a major selling strategy. UTE will have a loyalty program in place and give incentives for recommendations and confirmed bookings from recommendations. As the different itineraries provided are the main difference in UTE's service, specialization in delivering high quality service is the key factor to retain the customers for future trips, besides being the best sales card that the business can provide to future customers. The objective is for the clients to value UTE's core advantage, that is the focus on a few and out of the ordinary destinations, that were personally scrutinized by the travel agents of the company.

As a niche business provider, UTE will not have the same quantity of options as an established provider, as it will focus on a specific type of trip, with greater value added due to the fact that all the trips planned were actually made by the staff (travel agents).

SWOT analysis

- Internal factors
 - Strength
 - Price – competitive prices, as explained in “Solution”
 - Specialization in the destinations
 - Competitors lack unique knowledge of the destinations UTE offers
 - Quality control
 - Referral program
 - Low sunk cost
 - Most of the team only works on demand, not generating fixed costs
 - <https://boutiquetravelexperts.com/our-team/>
 - Weaknesses
 - Difficulty in finding partners interested in the franchise model
 - Low scalability through hiring
 - Each client is individually served
 - Arithmetic Progression of profits

- Less scalability, as the administrative costs rise with each worker added
 - Lack of brand awareness
 - As a new company, awareness via digital marketing needs to grow
 - Lack of budget to use on marketing
- External factors
 - Opportunities
 - Demand - US Market
 - It is a huge potential market that has about [550 thousand travellers per year \(1\)](#) to Brazil, for more than 190 million Americans over 21 years old. Therefore, only 0,29% of the American population travels early to Brazil
 - Prices in the website must be denominated in dollars, as well as Euros
 - Brazil
 - Its size
 - Many opportunities to explore
 - Nature
 - Rain Forest
 - Amazon Forest
 - Pantanal
 - Coastline
 - Others
 - Currency
 - The Brazilian Real is a very “cheap” currency to use for those that earn their living in euros or dollars (ratio is currently more than 5 reais to 1 dollar)
 - Threats
 - Covid-19 pandemic
 - While the Pandemic doesn’t end, there will be only a fraction of the market of international traveling
 - Brazil
 - Danger of violence or fraud
 - Lack of infrastructure and transport
 - Lack of tourism focused business
 - Need of visa for many countries
 - This must be part of the solution provided by UTE
 - It will instruct clients on how to acquire the visa needed to enter Brazil

Branding

The archetype of the [*magician*](#) (2) is the most appropriate for the customer, as the value proposition of the trip is to provide a unique experience, as the client would not find easily at the competition or by himself.

Initially, in its digital marketing strategy, UTE must explain the *magic* that can be found at the correct and exotic destination of Brazil. In one of the biggest countries of the world, it is easy and foolhardy to look at general statistics of the country and dismiss it as an option.

The country has many places that are not well known even by Brazilians, as tourism as a whole is not a significant sector in the country. This is exactly why a service as provided by UTE comes in handy, to provide unique experiences, that are like magic to those that are unfamiliar with the different possibilities that Brazil offers. An example of the trips that will be offered by UTE:

<https://boutiquetravelexperts.com/brazil/>

As the branding of “magical” becomes a part of the experience provided and referenced by UTE’s clients, the social media profile of the company must reflect its brand. The company will utilize its network of partners to produce content for its social media. Example: UTE’s prospects and clients will follow the official Instagram page to see the beautiful destinations offered by the company, generating a feeling of “I would love to be there, now!”.

Pricing

UTE focuses currently in providing its services in the same range of pricing as offered publicly by the hotels it has as partners, therefore offering a more value-added product, since the company provides not only the hotel, but an adventurous itinerary and the transfer as well.

The margin calculated in each service provided is about 20% of the ticket, while the Boutique is not well known. As the company reaches a more mature growth stage, becoming a more significant part of the revenue generator to its partners, the goal will be to pursue 25% of liquid margins, with the difference coming mostly through further pressure on its hotel suppliers.

Although most of the work is done when in the “scouting” trip, performed by the travel agent on one occasion, the attention to detail in the planning, quality control and customer support are intrinsically part of the value proposition of UTE to its customers.

In its latter stages of growth, the Travel Boutique will have had a great number of years providing the services, a long track record of proof of work and a significant network effect attracting new customers. That is why, with a significant brand recognition, the company will be able to attract more clients, also permitting it to raise prices.

Another factor needed for higher prices is the differentiation of the experiences provided. This will require further specialization in each country offered. A more unique experience will result in less competitors (and substitute options). The project targets then, a higher price ticket, from wealthy

Europeans and Americans, who with not much money, can make a luxurious trip in Brazil (specially due to the exchange rate).

- Initial price offering example
 - Rio Grande do Sul – Santa Catarina
 - 8 Days – From £590 per person
 - <https://boutiquetravelexperts.com/brazil/brazilian-canyons/>
 - Profit estimate, per person
 - £148 (20% of profit margins/ client)
- Proposed price after significant proven track record
 - 8 Days – From £1.490, per client
 - Profit estimate, per client
 - £447 (25% of profit margins per client)

Sales

- Digital marketing strategy
 - Official Instagram
 - <https://www.instagram.com/boutiquetravelexperts/>
 - The profile will publish many more photos than currently
 - The company will use its network of hotels and service providers to produce weekly photos to feed UTE's social networks
 - Marketing example: "How is today in paradise?"
 - During its initial survival phase, testimonies of clients are very useful tool to demonstrate value
 - SEO and email marketing
 - The company can use its blog as a lead capturer for potential clients
 - <https://boutiquetravelexperts.com/blog/>
 - This demonstrates the credibility of the company, as it shows the travel experts are experts in each place that is being offered
 - Digital sales funnel
 - There can be written new articles for the blog and email, with regular intervals, making lists of top trips in Brazil, reasons to visit, etc
 - Each part of the funnel must incentivize the prospect to further his research
 - Awareness
 - Interest
 - Decision
 - Action

- Advertising
 - After the pandemic ends, the company that produced the best marketing material and is well positioned in terms of brand awareness with its public will surely get many clients, as people will be looking forward to restarting travelling globally
 - As this event might happen soon, the best way to reach a higher public is through advertising
 - The discount rate of a current investment in marketing must be compared with a higher influx of customers in the future
 - UTE can test different types of advertising, with directed prices
 - Focus on new markets, as the USA?
 - Process of market discovery with the use of Minimum Viable Product (MVP)
- Partnerships with digital influencers for promotions
- Personal marketing
 - Each travel agent of UTE that visits these *exotic* places, should have a digital presence that attracts customers
 - They can use photos of the locations on Instagram, write articles for the blog about their visits and about their next destinations
 - Example
 - If a travel agent of UTE becomes a social media influencer, sharing his awesome trips in Instagram, for example, the company's prospects will see him as a trustworthy profile. This permits that the trips have a higher ticket, as people will want *his* trip, because they trust his preferences, as there is less asymmetry of information between the client and the agent

Goals

“Management by Objectives” is a model that aims to improve performance of an organisation by clearly defining objectives that are agreed to by both management and employees.

Objectives and SMART goals:

Key Objectives	Indicators of Performance	Year 1	Year 2	Year 3
Profit	Profit (£)	5.900	11.800	22.770
Profit	Margin	20%	20%	22%
Revenue	Revenue (£)	29.500	59.000	103.500
Average price ticket	Average price ticket (£)	590	590	690
Market penetration	Quantity of trips sold	50	100	150
Quality	Customer referrels	80%	90%	95%

Moonshot

Before the pandemic hit, Brazil had only [8%](#) of its Gross National Product (3) of its economy tied to the tourism sector. This represents a difficulty but also a huge opportunity for those that are well positioned.

That is why the communication completely will be focused on Americans, as they are near, have a great purchasing power, and mostly, have never set a foot in Brazil. But for this, it will be needed to make a brilliant digital marketing strategy, executed in regular intervals.

The focus must be to not only entertain the travelers, but to make it a magical experience for them, surprising positively the clients in each part of the journey. As benchmark, the company has to follow brands that have this same archetype, like Disney.

So the *big dream* is for UTE to become increasingly famous, in order to charge a much higher ticket with its clients, as there is a limit on how many clients per year the company can manage with its high quality.

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References

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