



“The Opportunity Guy”
Joe Veneto

1-800-840-4919
Fax: (617) 786-1081
e-mail: joe@opportunityguy.com
www.opportunityguy.com

P.O. Box 69-2359
Quincy, MA 02269

INSIDE

Page 1

**Decimating Travel
Distribution Channels**

Page 3

**Positioning Your
Products and Services
in Uncharted Waters!**

and more!

©2002 Opportunities Unlimited

NEW

The Opportunity Guy is pleased to announce a new Tele-seminar series this fall. The first program offered will be Tourism 101— The Basics and Beyond. This will be an opportunity for professionals new to the industry to fast-track their learning. Sessions will focus on the strategic segments of the tourism industry and ways to maximize results.

For additional information on scheduled dates and times, please e-mail:
joe@opportunityguy.com

NATIONAL TOURISM WEEK:



The week of May 4-12th has been designated as National Tourism Week. It was first established in 1983 to create awareness and recognize the importance of tourism, which is the third largest retail industry in the U.S. Tourism currently generates \$584 billion in economic impact in the U.S. and contributes \$100 billion in tax revenue for states, cities and local communities. Tourism also accounts for 19 million jobs. I hope you will celebrate National Tourism Week and exercise your right to travel, the perfect freedom.

(Tourism facts ©TIA 2002)

Current and past editions of *Passport to Opportunity* are available in a downloadable PDF Format at www.opportunityguy.com



Decimating Travel Distribution Channels

On Thursday, March 14th, it finally happened. Delta Airlines the lead carrier in 1995 with travel agent commission cuts, finally went to zero pay for travel agents. Delta said it will no longer pay base commissions to agents for tickets sold in the U.S., Puerto Rico and Canada. While it probably comes as no surprise, this is a bold step, since it is still a shock to agents who sell 70% of Delta's airline tickets. The carrier, losing \$1 billion last year, is looking to capitalize on the current economic environment and justify the cut as a necessary cost saving.

Since mid March, most major U.S. airlines have followed Delta's lead and gone to zero commissions. Over the past seven years, since the advent of caps, travel agents have adopted a wide range of tactics and strategies to offset the loss. Most agents are charging fees and have diversified their product offerings to sell more packages, tours and cruises. However, this move by Delta may be the final

blow for small independent agency owners struggling to compete in the marketplace.

I also find it amazing how the airlines can go to Congress and reap billions of dollars in grants and loan guarantees to try and stay aloft while knowingly continuing to destroy small businesses around the country. The Travel Agency advocacy associations and consortium groups have had a difficult time getting to the front burner with Congress and the White House.

While I can buy the argument that many agents have been order-takers, the airlines originated this very successful means of distribution. Agents have had to adapt quickly while the numbers of agencies has fallen dramatically over the past seven years.

There is, however; another big-picture consideration. With the reduction in agents and agencies in the distribution channel, the impact will also be severe for companies in

continued on page 2

**BUSINESS
INFORMATION AND
TOOLS TO NAVIGATE
THE EVER-CHANGING
MARKETPLACE**

VOLUME 2, NO. 3



APRIL:

New York City
Morristown, NJ
Portland, ME

MAY:

Atlanta, GA
Poughkeepsie, NY
Sullivan County, NY
Dixville Notch, NH
New Orleans, LA

JUNE:

Mackinaw City, MI
South Bend, IN
Indianapolis, IN
Atlanta, GA
Opportunity Guy Road Show,
Florida



Dear Colleagues and Friends:

As my spring time travels continue around the country, I am finding a cautiously optimistic pulse among Industry colleagues. Many CVBs, Travel Suppliers and Operators are trying to navigate through the

continuing waves of uncharted waters.

The latest indicators from TIA, The Travel Industry of America, project that leisure travel will continue to rebound to the level of trips taken in 2000. However, destinations that normally rely on a bulk of their visitors from air travel are having a slower and more difficult time with recovery.

The Drive Market for customers is hot and will continue to reap rewards for suppliers who position their products to fit the needs of customers in the local, in state and regional markets. The enclosed article on positioning will provide some insight into

what a number of companies around the country are doing to create opportunity and drive customers in the current market.

On the travel agent front, Delta Airlines, the carrier that initiated commission cuts in 1995, reduced agent commissions to zero in mid March. This will have a ripple effect throughout the industry affecting all suppliers who distribute their products through travel agencies.

Finally, I am happy to report that my recent press release on strategies for success in the "Drive Market" was picked up by Hotel on-line a hotel industry e-zine.

While there are challenges ahead for most of us in the tourism industry, I believe those who take a proactive approach to the marketplace will reap rewards this year.

Enjoy the spring and safe travel.

Joe Veneto, The Opportunity Guy

RESOURCES

The following are companies that are on my radar screen and may be helpful resources

24/7 Media is an on-line marketing and technology company headquartered in New York City. They collaborate with destination-marketing organizations and travel suppliers to build market and brand awareness via the Web. They create on-line promotions, build e-mail-marketing databases and customize on-line solutions for their partners that are measurable and results-oriented.

Web site:

www.247media.com or contact Darren Dunn, VP North America, at 212-231-7100.

Getaways On Display:

This company is a brochure distribution service that has display racks in over 500 travel agencies along the east coast of the U.S. They feature brochures of hotels, attractions, museums, etc., within driving distance destinations. They are an excellent resource to distribute packages to consumers via travel agencies within driving distance. The packages are booked by travel agencies and must be commissionable. Contact James or Sandy Morrison at 1-800-320-2512 or 717-892-7374, 161 Park View Drive Lancaster, PA 17538.

continued from page 1

the second and third tiers of tourism product sales. Cruise lines, tour operators, hotels and rental car companies will have a smaller sales force for distributing their products and services as well. This will have an enormous affect on the Travel Industry.

Remnants of industry consolidation are everywhere. In the cruise industry, the story continues with Carnival Corporation's hostile bid for Princess. Tour operator roll-ups have rolled over well-known brands and the moneymen have taken out the cash and run once when they realized margins in travel really were small. Hotel chains like Marriott, Hilton and Starwood are mega players with multiple brands acquiring smaller players.

Where will it go? As agents try to rework what's left of their businesses and create a new model, they will realize that fees for their service are essential. The question to be answered is, will consumers pay? That all depends on the value equation agents offer to clients for their services.

The commission cuts are also changing vigilante consumers' behavior as they flock to the Web. People feel a sense of power in their choice to book a reservation. However, they fail to realize that their choices and the information presented are controlled and biased. In addition, how many people actually read the disclaimers? For example, when booking on Orbitz, the airlines reservations site, consumers

agree that the total sum of Orbitz's total liability will be \$250. They also disclaim they will ever participate in a class action suit. Agents protect the consumer and provide a more unbiased outlet for distribution.

You have probably guessed by now that I use an agent to handle my bookings. I don't want to be a travel agent any more than I want to be my own stockbroker. Control is a wonderful thing, but the resource I struggle with is time, and when I can save both time and money, it's valuable.

If the agency distribution channel crumbles at a rapid rate, most small to midsize brands in the tour, cruise and hotel industry will not be able to thrive or survive for the long haul. Even with the ongoing development of Web booking engines and direct to consumer distribution, the amount of money to impact the general consumer market through brand penetration is prohibitive.

While airlines feel there is no value in agents booking airline tickets, they would be hard-pressed to handle all reservations through their own reservations systems whether on or off line. I encourage you to support travel agents and the agency distribution channel for your reservations, bookings and the future of unbiased consumer marketplace choice. Otherwise, more than just travel agencies will be out of luck and business.

YOU HAVE GOT TO BE KIDDING

During my recent travels, flight connections routed me through Salt Lake City, Utah. My first pass was two days before the opening ceremonies of the Winter Games and the first day of the FAA regulations. About an hour out of Salt Lake, an announcement was made that people had 20-25 minutes to use the restrooms, put away carry-on luggage and be strapped into their seats. The flight attendant then said that once we were 30 minutes from landing, nobody could get up or move from their seats. He also said that if people were not in their seats on time that the captain would slow the plane down...my thought was, how slow would they go — 500-400mph, 500-300

mph — or less? Then, I wanted to know at what speed do we need to be going to stay in the air?

On the return, a similar situation occurred, only this time as we took off the captain said that if anyone moved out of their seat during the first half hour of flying, the plane would immediately be diverted. It would proceed to an undisclosed location, land and arrests would be made. Now, I realize the seriousness of air safety and am pleased with the new security measures; however, the airline crews I encountered need to realize they are not flying monkeys. I just figured these people have been pressurized a few too many times.

Positioning Your Products and Services in Uncharted Waters

Last month's lead article on the state of the Travel and Tourism industry identified the need to navigate through uncharted waters. After checking the pulse of the industry, I discovered a number of companies that have created opportunities for their organizations. They have positioned their products and services to attract customers in the Drive Market. These companies have taken a proactive approach and embraced the philosophy I discussed in order to create success. They have taken a pulse on the marketplace and their consumers, then positioned or repositioned their products and services to fit the changing needs of clients. Here are some examples:

Frequentdrivemiles.com is a Web site <http://www.frequentdrivemiles.com> that represents independent hotels looking to capitalize on customers in the "Drive Market." The site features hotels located throughout the country and focuses on boosting business for its members by getting travelers to take road trips in their automobiles and recreational vehicles. This group of national, independent hotels, together with the Coyle Hospitality Group of New York, offers unique packages and features direct to consumers with varying discounts and premiums depending on the driving distance of the clients.

Greyhound Travel Services in Dallas, Texas, has created Cruise Liner Express™, a scheduled coach service for consumers from major metropolitan areas to cruise port departure points.

Greyhound Travel has developed partnerships with RCI/Celebrity for the port of Galveston and NCL for the port of New York City. Clients book through their respective cruise line and receive vouchers as well as departure information in their cruise documents for the pick-ups. Greyhound has addressed the desire of consumers to drive to cruise ports rather than fly and has positioned their products with partners to fill cruise ships. The service will be rolled out nationally over the next year.

Tauck World Discovery has created a new series of tour products called Road Trips from Home. These packages enable clients from the Northeast to travel to destinations in Eastern Canada, New England and the mid-Atlantic without flying. A shuttle service with a Tauck Tour Director picks clients up at their homes and transports them by car or bus to the tour's departure point. There are 16 Classic Journeys that Tauck describes as close to home but far from ordinary. Departure cities include New York, Boston, Providence, DC, Philadelphia and Baltimore depending on the itinerary.

Carnival Cruise Lines has redeployed a number of "The Fun Ships" to drive opportunities, fill ships and create convenient, affordable vacation options for customers departing from their own backyard. The Carnival Triumph will offer cruises of 2-7 days from the eastern ports of Charleston, S.C.; Norfolk, Va.; New York City; and Miami. In addition, Carnival has created or enhanced home port offerings with a number of ships in New Orleans, La.; Galveston, Texas; and Tampa, Fla. It is also interesting to note that more than half of Carnival's Fun Ships offer short voyages of five days or less in length.

In reviewing your organization's current marketplace strategy, the question that must be asked is, "What am I or my organization doing to position my products or services? Am I creating opportunity based on the pulse of the industry and the changing needs of customer groups in the current environment?"

BECAUSE THE CUSTOMER

Because the Customer has a *need*,
We have a job to do.

Because the Customer has a choice,
We must be the *better* choice

Because the Customer has sensibilities,
We must be *considerate*

Because the Customer has an Urgency,
We must be *quick*

Because the Customer is unique,
We must be *flexible*

Because the Customer has high expectations,
We must *excel*

Because the Customer has *influence*,
We have the hope of more customers

Because the Customer *We Exist!*

From the front of the menu at Sears, a landmark restaurant in Union Square, San Francisco, CA.

