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# **Examining Top U.S. Travel Companies:**

Trends and Best  
Practices to Sharpen  
the Singapore  
Travel Industry's  
Competitive Edge

**A TRIP REPORT PRESENTED BY**

Travel + Leisure Marketing & the Singapore Tourism Board



## INTRODUCTION

Singapore is a major travel hub and a key player in the global travel industry. One key reason the destination is poised to gain influence and grow market-share in the coming decade—for both inbound and outbound travel—is that its leaders understand the importance of adapting to maintain a competitive edge.

Starting a decade ago, the U.S. travel agents industry experienced key changes that affected their way of business: shortage of talent; declining commissions; the rapid rise of OTAs; breakdown in traditional travel packages; and the increased sophistication of the American traveller as consumer. These trends are starting to also emerge in Asia, with Singapore at the forefront. For both their inbound or outbound businesses, Singapore's travel agents are trying to find their niches and are adapting their businesses in order to remain competitive and sustainable for the future.

The Singapore Tourism Board (STB) recognized an evolution in the way U.S. travel companies—agencies and tour operators—operate today. STB then took a unique initiative—to research the shifting travel landscape in the U.S., in order to understand the best practices and strategies that may benefit the industry in Singapore.

## **STB and its partners assembled an American travel brain trust.**

In March 2013, STB, along with some of Singapore's top travel agents, immersed themselves in the U.S. travel industry. They journeyed to Los Angeles, California, where they met with executives from three major U.S.-based travel companies that, together, drive nearly US\$2.5 Billion in annual sales: *Altour*, *Protravel*, and *TravelStore*. In addition, they met with leaders from the world's longest established tour operator, *Cox & Kings*, that employs over 1,400 travel professionals worldwide.

Following the Los Angeles meetings, the Singaporean delegation travelled to New York City where they conferred with other leading agencies and tour operators, including: *Pacific Holidays*, *Tauck World Discovery*, *Tzell Travel Group*, and *Valerie Wilson Travel*, as well as two travel associations—the United States Tour Operators Association (USTOA) and the American Society of Travel Agents (ASTA).

Most meetings were held in the offices of the host companies so that the delegation could gain first-hand knowledge of how each company operates from the inside. This insider access was particularly valuable from an operational standpoint to professionals focused on Singapore's outbound travel business.

The group gained further access to American travel leaders at two industry luncheons. The first, held at the Andaz Hotel in Los Angeles, opened with an analysis of emerging travel trends from VP, Publisher of *Travel + Leisure*, Jay Meyer. Peter Bates, an internationally known sales and marketing strategist, and the President & Founder of Strategic Vision, moderated the discussion.

The New York luncheon kicked off with an introduction to Singapore's tourism landscape by Serene Tan, Regional Director of STB Americas. Then, Tiffany Miller, Head of Industry Travel at Google delivered a comprehensive presentation on emerging online trends and how Google is responding. Over the course of these meetings, STB and its partners gathered a vast amount of information from U.S. travel leaders. From this information, trends emerged that comprised four topics relevant to the travel industry in Singapore:

- Service Quality
- Manpower
- Technology
- Alternative Revenue Opportunities

These topics will serve as the basis of this white paper—the purpose of which, is to share the knowledge gained from the initiative undertaken by the STB and its stakeholders. By sharing this knowledge of the American market, STB hopes to encourage discourse that will better serve clients, help local businesses remain profitable, and foster collaboration in Singapore.

The terms “travel advisor” and “travel agent” will be used interchangeably, although the U.S. companies tended to use “travel advisor.” Typically in the U.S. tour operators package the components of a tour, such as hotels, meals, and guides. Then, travel agents sell these packages to their clients. As such, the term “U.S. travel companies” will refer to both travel agencies and tour operators.

## EXECUTIVE SUMMARY

Created for professionals affiliated with Singapore's travel agents industry, this trip report highlights travel trends and business best practices identified by top U.S.-based luxury travel companies—travel agencies and tour operators.

These travel companies drive revenue by delivering personalized service and expertise to a clientele of affluent Americans. They do not try to out-compete OTAs for a low-spending, mass audience. They focus instead, through their relationships, on providing a high-end niche market with assurance and recommendations that their clients can trust and value.

Relationships remain key to the financial strength of top U.S. travel companies. Internally, relationships create a company culture and community that improves efficiency and attracts top talent. Externally, relationships open doors for clients interested in aspirational travel.

The U.S. talent pool is increasing as younger professionals and second-career client service professionals enter the travel industry. One key trend in the U.S. travel industry is the rise of the independent contractor model in which travel advisors run their own business under the umbrellas of host agencies.

Emerging technology has enhanced the speed and efficiency of leading U.S. travel companies who typically do not meet face-to-face with clients, but conduct business over the phone and via email. These travel companies share information internally through intranet sites and use online portals to automate their corporate bookings. The structures of these companies have shifted in response to social media, which has not yet driven significant revenue.

Leading U.S. travel companies pay fees to belong to consortia, which provide an array of benefits to their members. In addition, top U.S. travel companies are diversifying their businesses in order to mitigate risk.

Increasingly, U.S. travel advisors charge consultative fees, especially when faced with decreasing airline commissions. Destination weddings, multigenerational travel, and family events were strong during the economic recession and remain so today.

Please read on for more specific information on topics such as: rewarding employee performance without promotions with a new approach to succession planning, and creating a brand community through social media.

## SERVICE QUALITY

### **TREND: Business booms for Travel Advisors who focus on the affluent.**

Luxury travel advisors continue to gain acceptance among affluent American travellers. As such, top U.S. travel companies have focused their efforts on servicing this market. These travellers are primed for advisors, as they are accustomed to relying on experts, such as lawyers and accountants, to guide their decisions.

By focusing on the affluent, leading U.S. travel companies spend less money on above-the-line marketing as they generate business through recommendations and referrals. This allows them to invest more in other areas such as manpower development. In addition, this focus means the top U.S. travel companies do not try to out-compete OTAs for the low-spending mass audience.

OTAs are effective for simple point-to-point travel, but they cannot match the service that travel advisors provide, especially for clients booking complex trips. Travel advisors are indispensable to affluent American travelers—both leisure and corporate—seeking personalized service for multi-destination itineraries and trips that require in-depth destination expertise.

An indication of the growing importance of travel advisors in the U.S. is that younger (under 35), Internet-savvy travellers increasingly rely on travel advisors. This younger American segment is exploring more far-flung and exotic destinations—places that require destination-specific expertise and a greater need for assurance.

### **TREND: 'Information overload' has American travellers seeking assurance.**

Following the recession, Americans have become more discerning with how they spend and travel. As Jennifer Tombaugh of Tauck, points out: "You can't return a vacation."

Today, consumers are inundated with information from the Internet, and it is harder to discern what is valid and true. As a result, American consumers seek advice they can trust. They want to be assured they are making the right purchase decision.

The first question many U.S. travel advisors receive from their clients is: "Have you been there?" Clients seek assurance that their advisor has in-depth, first-hand knowledge of the destination, property, or tour they are recommending.

In this way, before a trip, travel agents are 'product managers' or 'editors.' Their personal experiences serve as validation for their clients' purchase decisions.

In addition, American consumers want assurance on price. They have better access to pricing information than ever before, and often they want to know the price breakdowns for each component of their trips. So, rather than receive a grand total for a tour, they want to see how each individual component contributes to that total. That way, they can see precisely what they are paying for, and where they can save. This means American travel companies have to be more transparent in general, and especially with respect to price. As a result, it is more difficult to earn revenue from mark-ups and many advisors have begun charging service fees.

Affluent Americans also demand assurance during a trip. While abroad, they want to know that they have the support of an advisor who can provide help if needed. This gives these travellers peace of mind and helps to build a stronger relationship with their travel advisors.

An excellent example of travel advisors providing crucial support to their clients was during the 2011 Icelandic volcano eruption and ash-cloud that grounded planes in Europe. Travellers with knowledgeable advisors, working to get them out of Europe before all the flight cancellations, had a definite advantage over those who had no one to call at their OTAs.

For affluent Americans, travel agents provide the assurance of a great trip, at a fair price, with the added value of having somebody watching out for them—before and during a trip. And, the relationship continues even after the trip ends.

### **TREND: Delivering personal service means knowing your clients.**

Top U.S. travel companies pay close attention to their clients' individual needs and preferences. These companies are in constant contact with their clients. 1) They consistently gather customer feedback. Some follow up with their clients after a trip by sending a questionnaire. 2) Important dates like a client's birthday are saved in a database. This way, travel advisors can deliver customized service that is relevant to each individual client.

Brochures are still a crucial part of the marketing mix of U.S. travel companies. They are a source of inspiration, but the material must be relevant to the client's interests. By having a clear picture of each client's preferences, companies are able to target their marketing, allocate resources, and filter recommendations more effectively. This ultimately enhances the agent's value proposition and drives sales.

### **TREND: Knowing a client personally helps advisors manage expectations.**

Top American travel leaders emphasize the importance of managing their clients' expectations. Clients need to have a realistic vision of a trip before booking. Though affluent American consumers want everything, they don't always want to pay for it. So, before a purchase, advisors must make it clear to their clients what they will get at a certain price point.

Managing expectations is particularly important when working with a younger (under 35) American clientele. These travellers are accustomed to the immediacy of the Internet and take technology for granted. Sometimes, they may not understand the time and effort required to arrange a multi-destination tour of Africa, for example. The advisor must be clear, especially in terms of timing.

Ultimately, top U.S. travel advisors put their names and reputations on the line with their recommendations, and they understand that they are only as good as their clients' last travel experiences. If one trip goes awry, for example, a travel advisor could lose a client, and potentially suffer a damaged reputation. For that reason, if a client has unrealistic expectations and refuses to take advice, sometimes that advisor has to let that client walk away. It is better to lose a booking than to book someone on a sub-par trip and then suffer the consequences.

Managing expectations is important in all relationships within the industry—with clients, employees, and partners. Advisors must protect their reputations and relationships.

### **TREND: Relationships remain key to the travel business—internally and externally.**

Relationships are key, both internally and externally for leading U.S. travel companies. Internally, the relationships among staff build a company's culture or community. The starting point for this intrapersonal unity is hiring people that are passionate about travelling and helping people. In addition, it is necessary to share information and work together towards common goals. Internal relationships strengthen a company. As Jennifer Tombaugh of Tauck preaches and practices: "Hire for culture, train for skills."

External relationships help American travel advisors provide value to clients. Today, American consumers are interested in aspirational travel. By having strong relationships with tour operators and hotel managers, travel advisors can open doors for their clients to one-of-a-kind experiences—an after-hours tour of the Sistine Chapel, for example, or dinner at the Palais Pallavicini. These experiences are facilitated through the advisor's relationships, and in turn, build stronger relationships for advisors with their clients.

Similarly, hotel managers have discretionary power. A travel agent's relationship with a hotel manager gives his/her client leverage at the property. Top U.S. travel companies understand the importance of reciprocal relationships with their partners. One best practice for relationship-building is to recognize the efforts of the service teams at partner companies. A little bit of acknowledgment, such as incentives, awards, and management visits, goes a long way.

### **TREND: Travel Advisors deliver value through their connections.**

Affluent Americans seek value. The top travel advisors deliver that value through their relationships. Now, value does not mean discounting. Value is created for these travellers with benefits, including upgrades and guest recognition—add-ons that advisors can facilitate through their business partners.

By delivering value, the leading U.S. travel advisors build brand loyalty with clients that drives repeat business. The purchase decisions of affluent Americans are more influenced by brand loyalty than by first-to-market companies. For them, buying a product offered through a company they trust is more important than buying the newest product to market.

## **MANPOWER ATTRACTION + RETENTION**

### **TREND: Companies are attracting new talent in the U.S.**

Manpower attraction and retention is of particular importance in Singapore where unemployment remained at just 2% in 2012. In the U.S., unemployment is much higher, and only in the last two to three years the U.S. has seen new talent begin entering the industry.

The dearth of talent was largely an awareness problem—many Americans did not consider careers in travel. Plus, there was a misperception that OTAs would replace travel advisors entirely, which further reduced the talent pool.

Today, in the U.S., there are even fewer travel schools, but there is a resurgence of interest in the industry. Some influential factors have been the promotional efforts of consortia, and coverage in the mainstream media. As such, leveraging relationships with media outlets to get coverage of the travel industry is one way to build awareness for travel careers in Singapore.

In the U.S., younger Americans who have travelled extensively with their parents are now entering the industry. Many of these young people have seen that, in the wake of the U.S. recession, once profitable fields like medicine and law have become less lucrative and more uncertain. Often, young Americans who are looking for alternative careers are motivated more by passion than profit.

Social media has also had a strong influence on younger travel advisors in the U.S. by helping them connect and communicate in new ways. This, in turn, helps them form alliances and associations. So, rather than being a single young travel advisor at an agency, they find solidarity across the industry with larger groups that garner attention from hotel brands and marketing companies.

Professionals from other client-service industries, such as real estate and insurance, have begun entering the travel industry as a second career. The growing talent pool has enabled American companies to be more selective about whom they hire. Top candidates, however, are not necessarily those with existing product knowledge or industry experience. Instead, the most sought-after candidates are those whose personalities best fit the job and the culture of the company.

Many travel companies in the U.S. prefer new hires who don't have travel-industry experience. For them, it is easier to train than it is to re-train. Employees can gain product knowledge, but important qualities like attention to detail, passion, and the ability to handle pressure are innate.

### **TREND: The Independent Contractor model is on the rise.**

In order to understand manpower, and the travel industry as a whole in the U.S. today, it is necessary to discuss the emergence of the Independent Contractor (IC) model. Here, the travel agent runs his/her own business under the umbrella of a host agency (also known as the "house").

The IC benefits from the brand recognition and infrastructure of the parent company, such as back-office functions, reception, and IT. In return, the IC gains the company's collective knowledge, destination expertise, tourism research, and supplier benefits through his/her agency association. There is no ceiling on the amount ICs can earn as compared to a salaried position—the more they sell,

the more they earn. But ultimately, they have their own business licenses, liability insurance, agents, and clients.

For company owners, the IC model works well because they pay much less in base salaries and save on staffing costs, especially as the cost of health insurance continues to rise in the U.S.

Some companies encourage their salaried in-house agents to become independent contractors. They find the agents become less preoccupied with the number of hours they work, and instead focus on how much business they can bring in. The opposite also occurs, in which ICs become house agents, as long as the transition is beneficial to the agent. What is good for the agent is good for the house. Management is there to guide their independent contractors, but business decisions are not mandated. Despite this freedom, independent contractors still must perform and uphold the brand standards of the host agency. Otherwise, their partnership can be terminated.

### **TREND: Rewarding performance without a promotion.**

The prevalence of the IC model means that many travel advisors in the U.S. are already incentivized to sell. Traditionally, the top-selling in-house agents would be promoted into managerial positions. However, the best doer (or seller) isn't always the best manager. As a result, a promotion sometimes hurts business.

For that reason, top American travel companies have found alternative ways to reward talent—through recognition, concert or sporting event tickets and travel opportunities. Cox & Kings, for example, encourages its employees' passion for travelling by allowing them to design their own 'dream trips.' Customers are then allowed to book these trips, hosted by the specialist that created it. In this way, the company lets its employees 'live the dream.' The company also gains from this employee perk, as they scout and evaluate new products.

### **TREND: Training leaves something to be desired.**

Though travel advisors have in-depth product training, there is often a gap in training overall. Most leading U.S. travel companies admit that training is an area that needs more investment and attention.

Many American travel companies have their new employees train on the job by shadowing a senior employee. Some offer mentorship programs to young talent who do not have experience or clients yet. Most product training is conducted by suppliers, who make appointments for sit-down sessions and office walk-throughs.

Consortia, such as Signature Travel Network, offer training via retreats and self-paced on-demand courses. Others host archived webinars online. In all cases, American agents seek options that allow employees to train on their own time. An hour spent on a webinar in the middle of the day is an hour they are not on the phone selling.

One of the best ways to train, many top American companies found, is through immersive and experiential learning. It takes time to develop a product, and even more time for a competent staff to sell it well.

So, at *Tauck*, for example, they take great care to craft each program and educate employees about it. It takes months and sometimes years to develop a new program, including several pre-launch trips for each new destination or product. Each new employee travels on one of *Tauck's* 130 programs to gain first-hand knowledge of the brand and its products.

'Fam Trips' enable agents to familiarize themselves with a destination first-hand. The top American travel companies prefer to have control over which house and/or IC agents take these trips. That way they can send agents who currently sell, or have the potential to sell, to that particular destination. One best practice for Fam Trips is: Whoever goes on the trip, shares his/her experience upon return.



In general, training depends on clear communication. Management and staff must communicate exhaustively so that there are no misunderstandings on expectations, the brand standard is always met.

### **TREND: A new approach to handling succession planning.**

Succession planning is more prevalent in family businesses. Still, it is not easy for entrepreneurs who have built companies with no identified successor, and where their employees are like family. The founders who want the best for their employees know that if they sell the company, it often leads to firings.

A unique case in succession planning is employee-owned *TravelStore*. Rather than sell to an outsider, Chairman & CEO Wido Schaefer made shareholders of his employees. He is now transitioning leadership over to a board of directors. Schaefer's approach has motivated his employees who are now vested in the success of the company. Though the U.S. government provides tax benefits to companies and employees to make such a transition, that is not the main factor. As Schaefer shares: "I must be a good businessman and a compassionate human being."

## **TECHNOLOGY**

### **TREND: Advisors are not necessarily meeting face-to-face with clients.**

In Singapore, agents meet face-to-face with their clients at brick-and-mortar locations. The U.S., however, is much more expansive and the industry has shifted. So, few travel companies have brick-and-mortar locations. American advisors conduct business over the phone and via email. This is one way technology has greatly changed the business in the U.S.

Many companies have offices across the country and around the world, as well as employees working from home offices. So, colleagues communicate with one another through technological tools, rather than in person.

### **TREND: Technology is increasing efficiency.**

The old saying remains true: Time is money. Top American travel companies are investing in technology to increase speed and efficiency. The right tools help them to use existing manpower more efficiently, avoiding increased headcount. Still, they do not develop new technology themselves. Rather, they buy it off-the-shelf, and customize the existing software to their needs.

While online booking is increasingly common, some American travel agencies are reluctant to adopt this technology. They prefer that their agents speak directly with clients, believing that the full travel experience begins with that first conversation. The personal connection gives the client a sense of the agent's accountability. However, these same American companies still embrace technology for efficiency in other areas.

Before purchasing new technology two good questions to ask are: Will it make us more competitive? Will it make us more efficient?

### **TREND: Companies share information internally through intranet sites.**

Leading U.S. travel companies believe that sharing information internally is crucial. They all use intranet sites—only available to fellow employees—that help them share information. On these intranet sites, agents update and share contact details of hotel managers, tour operators, and the district sales managers at cruise lines, as well as key product and property information. Helping each other keep the information current is important, especially with positions like hotel managers where there is fast turnover.

Having this information up-to-date is also important when a client calls during off-hours. Most companies have a 24-7 phone service that is subcontracted to a third-party company during off-hours. So, the intranet site services the entire company and helps streamline service through information sharing—all day, every day.

Some American companies also use their intranet sites to identify hotels that don't pay commissions on time, so other agents in the network know where not to send their clients. Many intranet sites also feature searchable profiles of each agent in the network, including their areas of expertise. This allows network members to benefit from each other's skills and experience, while providing a more holistic and comprehensive service to their clients.

Additionally, companies encourage their agents to write reports when they return from personal and fam trips. These reports are then archived and shared. That way, if another agent needs information to better serve a client, he or she knows where to get first-hand knowledge when that client asks: "Have you been there?"

### **TREND: Travel agencies are expanding their reach through consortia.**

Consortia are collections of like-minded agencies that cooperate for marketing and purchasing power. The major consortia in the U.S. include *American Express Consumer Travel Network*, *Ensemble Travel*, *Signature Travel Network*, and *Virtuoso*. Travel agencies pay fees to be a part of these networks. Suppliers also pay to be affiliated.

One benefit of joining a consortium is its 'seal of approval.' There are various regulations in the U.S., and joining a consortium assures businesses and consumers of an agent's quality and integrity. Another benefit is shared databases. While each member owns its own client database, they can all data-mine for more prospects for email blasts and direct mail marketing.

In addition, consortia conduct extensive research and survey the market to identify trends and understand consumer behaviour. This information informs travel agents who then craft relevant products and services.

Finally, consortia also produce marketing materials, such as publications and e-blasts, which greatly reduces advertising costs for the agency.

### **TREND: Corporate travellers are booking through online portals.**

Corporate travel is a big revenue driver for top U.S. travel agencies—about 70% of overall business in most cases. These bookings will continue to automate through portals—increasing sales without adding headcount.

Online portals are off-the-shelf solutions, some of which have been customized. *Concur* sets the standard for portals. Its expense-reporting capabilities are particularly valuable, and the system enables companies to provide end-to-end reporting for their corporate travel accounts. So, clients have booking and reporting right at their fingertips.

Though a portal's IT infrastructure must be put in place and maintained, an online portal essentially runs itself, bringing in hotel commissions. Some American travel companies have developed tiered pricing for their online portals, depending on the corporate traveller's need for customization. The more hands-on an agent must be, the higher the cost.

To drive adoption of the self-service model, leading travel agencies highlight the cost savings and efficiency enhancements to encourage them to make self-service booking part of their travel policy, especially for routine flights.

### **TREND: Social Media is changing the structure of companies.**

Many travel leaders are still trying to find the right balance: How much return do they get by investing in social media? Some U.S.-based companies were forced into a social media presence by customer-service issues. A traveller, at any time, in any part of the world, can say anything via a mobile device—true or not—about your company, destination, or service. As a result, leading American travel companies pay attention to social media, including sites like *TripAdvisor* and *Cruise Critic*. Even though much of the information is not vetted or credible, companies must be aware of the information their customers and potential customers are consuming. As Tiffany Miller of *Google* says: “Information is king.”

Social media has forced many organizations to increase the size of their marketing departments, raising headcount and cost despite any significant revenue gains. The structures of these U.S. companies have changed, so that many now blend the marketing and customer service functions.

Social media remains a hot area, and U.S. companies will continue to seek the right balance. One best practice is to be service-focused without selling, which helps build brand awareness.

Through social media, the top American travel companies strive to create authentic, original content that connects with their audiences and builds community around their brands. They recognize this is the best way to engage the new ‘C generation,’ as coined by *Google*, of people who care about the four C’s: creation, curation, connection, and community.

Top U.S. travel companies understand that content must be tailored to the specific channel in which consumers will view it. One piece of content cannot be uniformly used across, say, Twitter and Pinterest. Each channel has its own unique specifications, interface, and audience.

Video, and YouTube in particular, are of increasing importance to U.S. travel companies, especially to suppliers using it to market their products. With YouTube, or any social media channel, one best practice is for companies to link these channels directly to their websites. This way, they can drive traffic further down the purchase funnel, and gain better statistics for ROI.

In addition, the top U.S. companies have optimized their websites for mobile devices. This has shown to be more cost effective and less time consuming than developing a specific mobile application. The amount of mobile traffic to websites, especially from social media, continues to grow and it is important to have a user experience that presents your brand in a positive light, no matter how people are finding you.

American companies that are most effective on social media frequently update the content on social media sites and their own websites. These are crafted to inspire people to travel, while demonstrating destination expertise. The purpose is to keep the brand top-of-mind. If content is not updated frequently, it can reflect negatively on your brand.

## **REVENUE + ALTERNATIVE REVENUE OPPORTUNITIES**

### **TREND: Commissions are harder to come by and just as important.**

Commissions are still the main source of income for American travel advisors.

One hot-button issue today is hotel cancellation fees. If customers give their charge card numbers as a guarantee, and then cancel or are a no-show, the hotel charges a fee. Some American advisors have become wary of hotels that don't pay a commission on these fees.

Though air commissions are down, air travel—finding the right flight to meet a trip—is a key travel driver.

Low cost carriers do not have the sales forces that larger airlines do. To improve their air commissions, U.S. advisors inform their customers of the benefits of flying a preferred airline at a slightly higher cost. That being the travel advisor's leverage if something goes awry, such as a flight cancellation.

### **TREND: Consultative fees are on the rise.**

U.S.-based agents are increasingly charging service fees, and with good reason—it takes time and money to build expertise.

Scott Wiseman of *Cox & Kings* drew an interesting parallel between travel advisors and those in other fields when he said: "People wouldn't go to a \$5 dentist." His point being that a good travel advisor requires considerable skill, and that travel advisors should be paid the as professionals in other fields.

Another point in favour of fees, especially from a corporate standpoint, is that advisors—through their expertise, relationships, connections with consortia, etc.—often save their clients significant amounts of money. Finally, these fees provide additional revenue, which is necessary in light of dropping airline commissions.

### **TREND: Travel companies are diversifying to mitigate risk.**

With crises like Hurricane Sandy and September 11th still looming large in the U.S., top travel companies recognize the importance of diversification to withstand periods of business interruption.

*Altour*, for example, has diversified its business through new ventures such as *Altour Entertainment* and *Altour Limousine*. The company has also started a charter flight business.

*Tauck* has developed brands to target different market segments, such as *Small River Cruising* and *Tauck Bridges* for family adventures. *Pacific Holidays* offers its products on web-based platforms, such as *Groupon*. Companies must also diversify their client bases to ensure that no single client contributes too large a percentage of sales. Relying too heavily on one client, if lost, can cripple a business.

## **TREND: Destination weddings, multigenerational travel, and family events are generating income with a digital spin.**

Large bookings, such as grandparents leading a multigenerational vacation, or families celebrating events like milestone birthdays were strong during the U.S. recession, and are still increasing. Following the recession, many Americans have rediscovered the value of experiences and family over material things.

One company, *Protravel*, created an added revenue stream with a website that services honeymooners. They partnered with tour operators and hotels to break down a honeymoon package enabling people to give portions of the trip as wedding gifts. Others tap into this trend through opt-in private-sale websites that offer deals on luxury properties.

These sites do more than bring in new revenue—they also bring in new customers. Some U.S. travel companies have converted online customers to full-on customers. Once a customer finds the site, in seeking additional guidance about a honeymoon or private sale, he/she then discovers the value of the travel company behind that site. Other top travel companies have identified added revenue in unique ways by cutting out middle-man industries.

## **CONCLUSION**

Diversifying your portfolio is a good way to learn new businesses and create new revenue streams, but fundamentally, these top American companies thrive by delivering superior service to high-end travellers.

Many of the techniques used by top U.S. travel companies may not currently work in Singapore, but the information can be used to spark thought and discussion. A good example is the IC concept for Singapore companies seeking to improve productivity.

The Singapore tourism industry stands at a crossroad. The environment in which it operates is evolving at a faster pace, and has become more challenging. Travel agents are grappling to cope with increasingly discerning travellers, intensifying regional competition, and slower workforce growth. Much of what we see in the U.S. today are effects of similar historical changes.

Ultimately, knowledge is power, and your competitive edge depends upon your adaptability and awareness on a global scale.