

SECRETS of the Online Travel Business



Version 4.0

by
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Summary

Matt Zito's businesses and commentary have been featured in the following major media outlets.



SECRETS of the online travel business is for:

Small business owners that operate an existing online travel business, individuals looking to start a home-based online travel business, founders of companies that are looking to build a travel channel or get into the travel business, current home-based travel agents looking for ways to make more money, travel agencies looking for a new travel business model and travel marketers and professionals engaged in the online travel industry.



Secrets of the online travel business report is written around three core components to building a successful online travel business, packaging, partnering and distribution. I call this the PPD strategy.

In this report, I provide insight for startups, growth strategies, and business development ideas for existing online travel businesses. The business building techniques you will read about are based on tried and tested, real online travel business experiences from my past entrepreneurial ventures and strategies I've implemented for many of my clients. These strategies, techniques and ideas will help you to develop packaging, partnering and distribution components for your business. Throughout the report, I include tips and insight into what I believe it really takes to build, grow and ultimately sell a travel business that has real financial value.

Why did I write this report?

I am writing this report for several reasons. After having built and sold CollegeSkiTrips.com, a very successful home-based online travel company, I took a few years off to pursue other interests. When I came back to the online travel industry, I was amazed to find such limited knowledge and/or accurate information online about the online travel business. I found the social media crowd and bloggers, with no background qualifications, offering commentary and insight into this worldwide, multi-trillion dollar

industry. I also read two published books I bought at Amazon.com about “starting an online travel business” which were written by business reporters, neither of whom had any actual experience of operating a travel business.

I was astonished to find only a limited number of veteran online travel entrepreneurs participating in the online travel marketing circuit. This revelation inspired me to create a true insider's report with revealing insights into the selling of online travel from a home-based business.

I am writing this report from a position of having expertise and experience. My wife and I built a profitable home-based online travel company from the ground up over a period of 15 years, and successfully executed the sale of the company in 2007. The story reads like an entrepreneur's dream. **Build it, Scale it, Sell it.**

My travel business accomplishments and highlights include the following:

CollegeSkiTrips.com- Online Travel Agency/Tour Operator was acquired in August 2007. I was the founder and former CEO of CollegeSkiTrips.com, the leading “youth-based” online ski and snowboard travel company in North America. CollegeSkiTrips.com is now owned by the largest ski tour operator in the United States, Ski.com.

For the last year that we operated the business we were the **#1 group buyer of hotel rooms at Breckenridge Ski Resort** (Vail Resorts, Inc., a publicly trading company). In 2007, we sold 2,000 ski and snowboard trips.

We Partnered with STA Travel, the 9th largest travel company in the world, with 110 retail travel agencies. STA Travel sold our ski and snowboard packages. In 2007, STA Travel was our largest wholesaler distributor and travel partner.

We developed our own proprietary Online Travel Technology and Online Booking Engine, and built a proprietary online extranet for the 110 retail travel agencies to buy ski and snowboard packages for STA Travel clients.

We ran a sales team and distribution network that included up to fifteen

sales representatives, distributing up to 200,000 brochures a year to over 2,000 colleges and universities in the U.S. & Canada.

CollegeSkiTrips.com became the **#1 most visited website by college students** searching for college ski trips through the Google & Yahoo search engines.

The Yellow Breeches House –Lodge/B&B Inn. My wife and I sold the property in August 2009. I was co-owner of the nationally renowned fly-fishing lodge and bed and breakfast, located in Boiling Springs, PA. *Sports Afield* named The Yellow Breeches House one of North America's Greatest Fishing Lodges.

Can you really make money in an online travel business working from home?

Yes, it is true. You can make money online working from home and can actually make a lot of money if you work hard, stay focused and execute. You can build a business and live the Internet lifestyle you always dreamed of by operating an online travel business.

This report will put to rest any misgivings you may have had about starting an online travel business. I will not sugarcoat it; in fact, much of what I have to say has caused a little uproar in some parts of the online travel industry. I am aiming to tell it like it is.

If you own an existing online travel business, or are engaged in the online travel industry, you will most likely learn a few marketing strategies that may change your business forever.

Some people have told me that I am crazy to release this information. I've been told that I should charge a hundred dollars or more instead of practically giving it away. I view the publishing of this report as one of the best ways I can build a relationship with you online. I believe in giving away some of my best ideas and marketing strategies as a way to build trust with you. I want you to feel comfortable with me and value my marketing strategies and business-building ideas.

The third reason I am writing this report is that I hope, by giving you the true insider's view of how to build and grow a successful online travel business,

you will enrollee in the world's first [Travel Business Academy](#), or you will hire me through my consulting business to help you start up a travel business or scale your existing online travel business.

What I can tell you is this....The information within represents some of my best online travel business startup insight and business building growth strategies.



Most of the strategies, techniques and ideas are fairly simple to understand. At first sight, it may seem.....well..... easy!. Yes, this is true. The power of these strategies is in how you combine them and ultimately implement them into your business.

I should note that I currently work with some of the biggest names in the travel industry and some have paid me thousands of dollars for what I am about to share with you here in this report. Much of what you will find in this report will be the same strategies I implement for my bigger clients on a daily basis. Yeah, ok, that's me.....



Before I get started, let me tell you my story. I have been a travel entrepreneur my entire life and a travel business consultant in the last 3-years. My first entry into the travel business was in college, when I bused college students from George Mason University in Fairfax, Virginia to the bars of "M Street" in downtown Georgetown, Washington DC.

At the time, Mothers Against Drunk Drivers were everywhere on campus, picketing and yelling at college students not to drink and drive. Students from our school were driving down to DC, partying, and driving back.

I solved that problem easily; I just bused everyone down to the bars. My business model was simple and very lucrative. I made \$3.00 per person for the bus ride down, received a \$10 cover charge from the bar for each person that came into the bar that night, and received 10% of the gross bar takings for the entire night. Some nights, I made over \$1,000. When the buses arrived outside the bar and 50 kids got off, it caused a huge scene. Word would spread from bar to bar around M Street that buses full of college students had just rolled in to Winston's and, before you knew it, the entire bar was packed.

I got into the ski travel business whilst in college, as a way of getting a free ski trip over Spring Break. My busing system worked, so I started running bus trips to ski resorts in Vermont over the college breaks. One thing led to another and, before I knew it, I was knee-deep in a full-time ski travel business. In 1996, the Internet started to come about, and we morphed into an online ski travel company with a fully-fledged, online and customized e-commerce booking engine. The business got bigger every year and, in 2007, my wife and I sold the business for a nice profit.

It's now 2012. Wow! Some things in the online travel business still haven't changed.

The dominant sellers of online travel are still Travelocity, Expedia, Priceline, Orbitz and Hotels.com, and TripAdvisor is still controlling the reviews.

There are still hundreds of smaller companies selling Travel Agent's cards under the misguided belief that individuals are actually participating in the travel industry.

It's as if I had never left the travel industry.

The online Killing Machines (OTA's) Invade the US domestic Ski Travel Market.



I can remember it well. It was March 2005, and I was at the Vail Resorts International "POW WOW" at Heavenly ski resort in South Lake, Tahoe. Vail Resorts puts on an annual meeting for all its wholesalers, both domestic and foreign, at the end of the ski season. CollegeSkiTrips.com was the fastest growing buyer of ski lift tickets to Breckenridge Ski Resort, the gem of Vail Resorts' ski resorts, and we had been invited to attend the POW WOW.

Representatives of the Big Boys, Expedia and Orbitz, were in attendance, trolling the meeting. These large OTA's had just entered the ski travel business, and every domestic ski tour operator was scared shitless. I remember calling my wife and telling her that we were dead if Expedia ever entered the college ski travel market. When the Expedia and Orbitz representatives came over to talk to me, I remember telling them that I was just an East-Coast tour operator in the adult market. I didn't even want to give them the idea that the college market was a lucrative one. It's funny, looking back on it now, because the "college ski and snowboard" travel market is so small that the Big Boys would never enter.

Yes, they entered the adult/family market, going after the 60M (million) skiers and snowboarders in the US, but they were never going to chase after maybe 2M college students that skied/snowboarded. A 2M-market is actually a large enough market in which to seriously build a nice home-based online travel business, making a six-figure income, and build a business that is worth seven figures when you are finally done and ready to sell.

The first and MOST important decision about starting a home-based Online Travel Business is determining what travel market to enter. To succeed as a home-based travel business, you need to "SECOND TIER NICHE"; enter a market that the Bigger Boys aren't playing in, and

will never try to enter.

What does this mean for you?

This means that you have to find a second tier market; a market that is a smaller subset of a larger market, yet still *part* of that market. US Family/Adult Ski Vacations are a first tier market. To play in this market, you need between a few hundred thousand and a million dollars in startup money to have any chance of competing.

Where to Look for a Second Tier Niche.

To begin, look in your own backyard. Is there a regional travel destination within 30 miles of your home? If yes, I suggest that you start by focusing your research there.

Do you have any type of special talent or skill that could be the basis for your online travel business?

Do you prefer one type of travel over another? There are advantages to building an online travel business in your own backyard, so to speak, but this should not limit you if you have no travel destination nearby.

Is the market big enough to support a business?

Go to Google's keyword search tool and type in the main search term that your prospective client would be using to find your travel product. In the case of selling ski trips to college students, "college ski" displays 12,100 searches in November, and 8,100 global searches monthly. Look for markets with 10,000 searches or more per month. Here are a few more examples, so that you can get an idea.

"Cruises" – First Tier: 6,120,000 searches in November. Too Big.....
"Single Cruises" – Second Tier: 18,100 searches in November. Just Right...
"Jewish Single Cruises" – Third Tier: 720 searches in November. Too Small...

The Single Cruise market looks like it is big enough to be able to make money in and build a nice, profitable business. It's also small enough to ensure that the bigger boys won't play in this market, or ever think about entering. In short, you could build a nice online travel business, selling cruises to singles.

You can second tier niche in regional or smaller travel destination markets in which the larger OTA's are not playing.

Las Vegas, Nevada – First Tier destination travel market
Portland, Maine – Second Tier destination travel market.

You'll want to do more market research, of course, including assessment of all your competitors. You can easily do all of this online.

A travel business owner's STRENGTHS are what propel a travel business startup to success. You might not be aware of it, or understand what I am about to say, but I believe this to be the golden key to all successful businesses, and especially true to all successful travel businesses. If you are an existing business owner, listen up here; this applies to you as well.

Your individual core strengths are what will propel you to the top if you leverage them on a daily basis in your business.

What are strengths?

Strengths are your skills, talents, education and experience. Every person has one or two core strengths. The entrepreneurs that use their core strengths in their business on a daily basis are the ones that succeed. **This is probably the #1 most important business advice that I will be sharing with you today.**



My individual core strengths are my ability to start things quickly and get results in a very short amount of time. This strength comes from pure talent and years of experience as an entrepreneur. My second core strength is that I am relentless. I never give up and always fight to find the right solution. I believe this is a God-given strength that I was born with. We all have

strengths.

The key is to determine what your core strengths are and then to apply them to your everyday business. What I want you to do is to write down your two core strengths. If you are not sure, send out an email to your friends and family, and ask them to tell you what they believe your two core strengths are. Tell them you are going through a business-building or entrepreneurial personal development and discovery exercise, and that their opinion is important to you. You will be surprised what people close to you believe. You can then combine these with what you yourself believe. You will find patterns and consistencies in the replies, which will uncover your true strengths.

By determining one or two core strengths, you are also identifying your weaknesses. The entire point of this exercise is to determine your core strengths then to make sure you are using or applying them in your business, every day.

Now, to succeed even further in your business, don't try to learn how to overcome your weaknesses. This is the worst thing you could do. A better solution would be to either hire or outsource these aspects of your business where you are a weak performer. I will have more insight into this area of personal and entrepreneurial development in my coaching program, as this is key to success in building businesses.

The #1 reason to own an Online Travel Business.

Owning a business that runs 24/7 makes you money whether or not you are in the office, whether you put in 8 hours of work a day, or no hours at all. Your online travel business runs every day and makes you money. This is the power behind running an online travel business that you own. The business makes you money; you individually are not making the money.

You can leave the house for hours on the day, play a round of golf or hit the ski slopes, and your business still runs.



Your online travel business will work hard for you day in and day out. The more you improve your business, the more money your business will make.

Over time, your online travel business will improve, getting better and better each day, as you put more and more personal time into it.

Focus-Focus-Focus – in real estate they say, "location-location-location". In the travel business you should say, "focus-focus-focus". Your daily focus should be on selling your travel products and taking on tasks, marketing initiatives and advertising campaigns, which in the end help you to sell your trips.



It's easy to become unfocused about what you are trying to accomplish. The best advice I can give you about focus is to make sure you are always selling to your target market. I know this sounds simple, but it's so easy to get off track, and get sucked into the multitude of things everyone will be trying to sell you on.

Don't get caught up in all the extra services and add-ons like Internet advertising and Google AdSense. All this stuff is rubbish compared to your

core travel product that are you are selling.

Always, always remember what you are selling and to whom you are selling it. If you follow this simple advice, stick to your guns and focus, you'll be on your way to online travel business profits.

How to grow your current travel business by applying the Pareto principle. Aka the 80/20 Rule.

It's the law of the "vital few" and is widely used in business. The principle is that 80% of the effects come from 20% of the causes. For example, in your business, 80% of your sales come from 20% of your clients, 80% of your sales come from 20% of your products, etc.

This principle is named after the Italian economist Vilfredo Pareto who, in 1906, observed that 80% of the land in Italy was owned by 20% of the population. He then developed the principle by observing that in his garden, 20% of the pea pods contained 80% of the peas.

Three years before I sold CollegeSkiTrips.com, I implemented the 80/20 rule throughout my business. I looked at everything: sales, expenses, suppliers, sales reps, online advertising and my resort partners.

Do you know what I found?

Almost 60% of my sales came from one ski resort.

80% of my online traffic came from one search engine.

80% of my click-thrus which converted sales, came from mainly one search term/keyword.

My top performing sales rep was responsible for an amount equal to 60% of the total of the other sales representatives sales.

So this is what I did:

1. I increased my lodging purchases at the high performing ski resort, and focused on driving as many sales as I could there. Within three years, we became the #1 buyer of hotel rooms (lodging) for this ski resort, a major US ski resort. And guess what? We became so important that we wrote a long-term lodging contract; a three-year lodging deal is most unheard of in the U.S. ski travel business.
2. I doubled my bidding on this one keyword/phrase, so that I was always in the #1 or #2 position at Google and Yahoo.

3. I rewarded my top sales representative for his amazing sales by increasing his commissions. This, in return, made me his most important client. He had over 30 clients, but I was now his number one.

The next three years saw major sales growth for our company; sales literally went through the roof. In our final year of business, we doubled our sales from the previous year - 100% growth. I attribute our skyrocketing sales growth to the application of the 80/20 rule throughout our business.

How can you get started and implement the 80/20 rule today?

Get focused....analyze your sales, suppliers, partners, sales representatives, expenses, advertising..... and everything in between. Look for the 80/20 ratio. Of course, it doesn't always have to be exactly 80/20, but when you see it, you will recognize it. Next, write it down and analyze it. It's hard to see things sometimes unless you write it down.

I highly recommend that you look into the 80/20 rule and read up on it. This was just a quick little crash course to provide you with a little insight into the power it can have when you integrate it into your current business as an analysis tool, and then as an action item to find growth in your business.

The TRUTH!

Who really Make's Money in Online Travel. The truth is that you can't really make a lot of money re-selling other business' travel products. This statement is directed towards the home-based travel agent market. Yes, it's easy to get started as a home-based travel agent. The online travel agencies can provide you with your own personalized white-label-branded website, including quality customer support, but in the end, you are NOT building a business. You are only paying yourself a salary.

Don't be fooled.

I am amazed at the amount of junk that there is online catering for the "make-money-online-from-home" crowd, and touting the selling of travel as the route to freedom and riches. The following statement probably represents the most important fact anyone will ever tell you if you are considering entering the online travel business. Let me repeat this for you one more time:

It's difficult to become rich and build a company re-selling other companies' travel products. You can become rich, over time, by building a business that sells your own uniquely branded travel products. You can get rich and build a business if you “own the travel product.”



Owning the travel product means that **you are dealing directly with travel suppliers under the terms of your company's own contracts**; you are not just re-selling a travel product owned by another travel business, tour operator, travel agency or travel consolidator. Your business creates the travel product by doing deals directly with travel suppliers. Your contracts with the travel suppliers become your business' own unique inventory for the travel products you are selling. The new travel product becomes your own brand. Your online travel business sells the travel product directly to consumers online, or wholesales it to other travel agencies, travel agents, tour operators and re-sellers.

The Home-based Travel Agent Dilemma.

I know that I am opening up a can of worms by disclosing this information here, but it really is the truth. My intent is not to knock anyone down, but to provide insight into how the online travel business really works, and to show you WHO is really making the money, and how you can make real money by deciding from the outset to actually build a business.



Yes, if you want to make \$20,000-\$50,000 working from home, then re-selling cruises or popular travel products will be the best option for you. But if you want to make real money (six or seven figures) and you want to build a business with real, tangible value that can be sold later, then you need to develop and sell your own travel products.

The Internet is NOT causing Travel Agencies to shut down.

I believe that the main reason that brick and mortar travel agencies are closing is not because of the Internet, but because all they are really doing is re-selling other companies' travel products. The Internet certainly contributed to the destruction of the traditional brick and mortar travel agency, but the biggest factor in their downfall is the fact that they are not selling anything unique or different from anyone else. It's really a business model doomed to failure in the long run.

How do you own your own travel product? You can own your own travel product in two different ways.

- 1. Your business acts as a travel supplier, which provides trips, tours, guiding, travel and tourism related activities, or you own a lodging property.**
- 2. Your business forms a partnership, with two or more travel suppliers, to re-sell their individual travel products under a unique package that *you* own.**

Packaging

The #1 core component of the PPD Strategy.

Packaging is a beautiful thing. **Packaging is simply taking two travel suppliers products and combining them to create a new, distinct, separate travel product.** A package generally includes both a lodging supplier's travel product, such as a hotel room, and also an activity. The activity might be skiing, golfing, kayaking, or hiking, or perhaps a tour with a guide acting as the second travel supplier. The combination of the two travel supplier products becomes a unique travel product all unto itself. ***The power behind packaging is that you can sell the travel products of other companies under your own brand and product line.*** The big difference here

- and I want to make sure I make this clear - is that by creating a package, and then re-branding it as your own, you are, in effect, removing the branding and ownership from the individual travel products and creating a new, independent travel product that you can then sell, market and distribute. This is where the power of packaging truly comes into play. Your two suppliers' products are still owned by the individual travel suppliers, but when combined, re-branded and packaged by your business, they are now “owned by your business.” **Your business now owns a travel product.**

On the face of it, it may seem as though all you are doing is re-selling travel products like a traditional travel agency, but this is far from the truth about what you are actually selling. Remember, to own your own travel product, your business needs to contract directly with the travel suppliers to acquire inventory, or to have the ability to freely sell the inventory (or activity) of those travel suppliers.

One of the many benefits of selling packages is the **ability to “hide” the cost of your supplier partners' travel products.** The ability to hide the price at which you are buying, and the price at which the travel product is being sold directly by the travel supplier, is probably the biggest advantage you will have when the time comes to market and sell your packages. Hiding the cost means that the retail price at which the supplier sells direct to its clients, and the net price at which you buy it from the supplier, are never disclosed. This is because the cost is packaged into your travel product. In effect, you are not competing against the supplier because you are not selling the same product.

Remember, as a travel agent or travel agency, you are re-selling a travel product or travel package that hundreds or even thousands are re-selling. The supplier (the originator) of the travel product or package is more than likely selling it directly to the consumer as well.

When you "own" the travel product, you are creating your own brand or product line and developing your own packages. You have distinctively changed the entire dynamic of the traditional travel agent/travel agency business model.

Creating your own unique company brand name.

When you second tier niche, or enter a smaller, regional travel destination market where the larger OTA's don't compete, you can really create a

special and distinctive brand that truly represents what you sell. The brand name is very important and should immediately tell the prospective buyer exactly what it is that you are selling or offering.

You can gain a huge psychological advantage by naming your company with exactly the same type of travel product you are selling. In the attention deficit world in which we live today, a person has only a second or two to process what you are selling. If you can make it simple and enable the buyer to coherently recognize the type of travel product you are selling, by including the destination name or type of travel in the name of your company, you will then have won a huge battle in the early stages.

Seriously, don't fall into the trap of naming your company something like "Rick Steeves Travel", unless you want to struggle for years in the early stages.

I am sure I will hear it on this one, but this is what I believe. I believe this is one of the most important startup strategies that I reveal in this whole report. Yes, on the face of it, it's so simple and lacking in high-tech "babble", but when you are small and have limited funds, it's important that your prospective clients know exactly what it is you are selling.

I have provided examples of online travel business names below. Notice that the names of the companies are also the same as the website domain name.

CollegeSkiTrips.com – Yes, this was a great brand name for a second tier niche in the ski travel market. It was so simple, yet so powerful.

BreckenridgeTrips.com – This is another great second tier domain name, and one I still own. I know I can't help myself with "Trips" at the end, but it works. This is a great domain name and it can be used to sell ski trips, golf trips, and indeed any type of travel to Breckenridge, Colorado, a national and international vacation destination.

SingleCruises.com – A nice second tier niche.

Your website URL should be your company name when you second tier niche. Among the many reasons for this is the ability it gives to move up high in search engine results when people are searching for keywords that match your company name. I promise you that if you follow this simple

advice from the very beginning, it will in time greatly help you attain the #1 or #2 search result listing at Google and Yahoo.

Find great domain names that are still available to own.

I like Instant Domain search for finding available domain names.

<http://instantdomainsearch.com/>

I use this for researching all domain names, which I am thinking about buying for the future. I am somewhat of a domain name addict, and own more than I really should. Someday, if we do business together, I can tell you a really funny story about how I acquired my own name mattzito.com.

Some great prefixes for travel websites are: stay__(*destination name*), visit__(*destination name*), (*destination name*)__vacation, (*destination name*)__trips... These are just a few. See how simple, yet how powerful they can be?

Google, Twitter, Facebook and the new Social Media rage.

What you need to know is that Google, Twitter, Facebook and the rest of the new social media websites WILL NOT make or break your business. What will break your business is not having a travel product that people want to buy. It's really that simple folks. Yes, I know, I'll be hearing it now from all the social media marketers out there, but hey! That's OK.

Success in the online travel business is all about having a kick-ass travel product that people want to buy. Develop a unique product or product line that people want to buy, and you are half-way there.



It's not about retaining the #1 spot at Google in your travel niche. It's not about having 10,000 followers on Twitter and 5,000 fans at Facebook.

Yes, it's true that social media and Google can drive traffic to your website and drive sales, but what they can't do is to make people want to buy your travel product.

How do you sell a travel product that people want to buy?

What is your Competitive Advantage? – A unique selling proposition (USP)... You have heard this one before, but what does this really mean? It can mean many things; maybe a one-of-a-kind, a travel product that no-one else has except your business. A one-of-a-kind travel product is a sweet USP. Having the cheapest price is another great USP. If your sales are not growing, or your business is flat, you either have a travel product that people aren't really interested in buying, or you don't have a competitive advantage over other travel products. You need to create a USP for your product.

If you can sell at the cheapest price, you can really stack the deck in favor of your business and start crushing your competitors.

An Online Travel Business SECRET. There is an unknown little secret in the online travel business. This is one the bigger boys don't want you to know about.



By being a small, nimble and lean home-based online operation, you can really compete on price. Price can become your USP.

Why? Because you don't employ thousands of people and don't spend millions on advertising.

In the online travel business, price is the number-one buying decision factor for most travelers. If you can sell it for less than anyone else, you can dominate your niche.

How can you sell at the lowest price? Well, if you "own" your product, you can undercut everyone else and still "clean up on aisle 9", as they say. When you are selling your own product, you should be seeing anywhere from 20%-40% gross margins. You can undercut bigger

companies by selling for less and still earn a nice 10%-19% net profit on your travel products. When I sold college ski and snowboard travel, I had between 14%-17% net profit margins. Net profit is your take-home profit after the cost of goods sold and operating costs is accounted for. Net profit is what you bank and, ultimately, pay to yourself in salary or dividends.

Example:

A \$375.00 college student ski trip. (Yes, we sold some trips for under \$400 to college students that included five nights' lodging and four days of skiing.) We were in the economy travel business, but we cleaned up. 32% gross profit margin – \$120.00 profit per traveler before operating expenses.

15% net profit margin - \$56.25 take-home money, deposited in the bank, per traveler, after all the company's expenses.

The larger OTA's like Travelocity, Expedia, Orbitz, and even the larger ski travel agencies, could not touch our pricing.

Why? Because we were nimble and, more importantly, we didn't have all the major overheads of a much larger company. We weren't running advertisements on T.V., and we were not taking out full-page advertisements in newspapers and magazines. We were able to lower our margins compared to the larger companies, and still kill it.

Now we are making money.

Compare the margins above to a traditional travel agent that earns a 10% commission. Take out their operating costs, and the agent is probably taking home somewhere in the range of 2%-4% per traveler. On a \$375 travel product, that's something like \$7.50-\$15.00. What's more, the travel agent doesn't really own anything except their client list.

Now, would you rather re-sell someone else's product, or sell your own? Would you rather make more money and build a real business?

What type of Online Travel Business do I need to start, in which I can own my own travel product, sell packages and build a real business?

- Online Private Sale, Flash Sale, Daily Deal, Group Buying Website
- Online Travel Agency
- Online Trip-Tour Operator
- Online Destination Activity or Tour Guide

- Online Travel Broker
- Receptive Tour Operator
- the Hybrid

Let's discuss each type a little. There are many directions you can go.



Online Private Sale, Flash Sale, Daily Deal, Group Buying

Website is all the rage. I love the new social commerce travel websites like Jestetter, LivingSocial Escapes, RueLaLa, and many more. There is a huge opportunity awaiting home based entrepreneurs that can build niche private sale, group buying member only websites that cater to specific destinations, and or activities. In the [Travel Business Academy](#) enrollees are building these types of online travel businesses because its inexpensive to start and you can scale quickly utilizing the social networks to distribute and market your trip or activity offerings.

OTAs or Online Travel Agencies traditionally sell everything under the sun; including lodging, air travel, car rental, vacation packages, and much more. On a hierarchy level of all online travel businesses, this would be the most expensive and most challenging type of online business to start. It's do-able, don't get me wrong, it's just that it would take much longer and be more expensive to start up.

If you second tier niche and focus on contracting your own lodging and activity supplier deals, you could easily build a smaller, more focused OTA. Another option would be for you to utilize the Global Distribution System (GDS) for the air travel, car hire and lodging which you could not contract yourself. I don't recommend this last option, however, as you'll just be re-selling products that you don't own. But as long as you can combine the non-owned GDS products with your own contracted travel products, you

could create a nice "win-win" situation for the bottom line.

Online Tour Operators sell dynamically packaged trips and pre-packaged trips to vacationers. I believe that building an online tour operator business is your best option for building a successful online travel business.

Now, let me first state that the name itself is a little misconceived because of the word "Tour." There is a big difference between a tour and a trip. On a tour, there is usually a tour guide or person leading the tour with the travel participants. On a trip, the traveler is traveling either by his or herself, or with other people, but there is never a tour guide involved. In the travel business, they call this an FIT trip, Drive vacation or Fly-Drive package.

I favor selling trips where the traveler buys a tour or trip product, and then attends the trip by his or herself in their own time. The reason for this is two-fold:

1. You neither have to be the tour guide yourself nor hire one.
2. You have 100% more freedom by not actually participating in the tour itself. Just think of the time involved in actually going on a tour with a group or individuals. We operated tours when my wife and I owned the Yellow Breeches House Fly Fishing Lodge and B&B. We ran fly fishing excursions with lodging and guiding. Guess who was one of the guides? Yes, you got it - yours truly. I would not change the past for anything, but I learned so much from being a fly fishing guide and owning a lodging property. I just wouldn't want to run that type of business again. There are much better travel business models out there. That's part of the beauty of this report; that I am able to share some true-life realities with you.

Sell Trips not Tours; this is the most important thing I can tell you regarding wanting to live the Internet lifestyle, working from home, and enjoying the freedom that comes with owning your own online travel company. You won't be living any Internet lifestyle if you are giving tours every week.

Online Tour Guides provide tours to individuals and/or groups. If I didn't scare you off with the above, that's ok; the tour guide business is a great business, and it's easy to get started in it with a limited amount of

investment. This is a great business with which to enter the travel business and start learning about how to build a business.

If you love dealing with people and spending much of your time outside, then this is probably the best travel business for you. It is seriously hard work, day in and day out, as you are always outside in the elements. This particular travel business could be a stepping-stone for you to then go ahead and build an online tour operator business. I have a really good friend that owns a kayaking guide service. He runs eco-adventures that include island hopping for three to five nights. He just loves it.

Let me share a little strategy with you that will totally change the way you build or grow your existing tour guide business. Hopefully, you'll have already seen it and are way ahead of me. But if not, here it is.

Create packages for your tour guide business that include lodging, meals and your guide or tour service. You probably sell trips, guiding and/or tours as an hourly or daily product. Take the next step by packaging in lodging and meals, and maybe even a third activity. Sell packages to your clients and you will supercharge your revenue in a very big way.

Example:

Take an existing kayak guide who sells day trips for \$250 for two people. Now create overnight packages. Create a new product line for your business.

1. Contract with a lodging supplier to buy lodging for your kayak packages.
2. Contract with two local restaurants to buy dinners for your kayak packages.
3. Sell a two-night, one-day kayak excursion, with two dinners. By making money off the lodging, dinners and a third activity, you can seriously start adding more profits to your business.

Online Travel Broker; this is a new business category which I stumbled upon. I believe this is the type of business you could start with literally no money. It's just a matter of understanding the travel business. Here is how an online travel broker operates.

Every travel supplier needs sales representatives. Your travel broker business contracts with travel suppliers to represent their businesses and help them sell more of their travel products. Many smaller travel businesses don't have sales representatives. This may be your entry into the online travel

business industry.

Let's say you live in a resort town or area and there are four golf courses nearby or three ski resorts. You represent the travel supplier's products, finding larger partners and/or re-sellers that would re-sell or distribute your client's products. This business is just a matter of finding other travel suppliers that need sales representatives, and finding larger companies who are looking for new travel products to sell and distribute. You make money by earning a percentage of all future sales booked, or earn a flat fee per contract you sign. This would be a great way to enter the travel business on a part-time basis. You could start with a small investment and build up slowly.

Receptive Tour Operators receive inbound travelers from foreign countries. This is a B2B business (business-to-business). You build an Online Tour Operator business, but instead of selling your travel products directly to consumers or vacationers online, you sell your owned travel products to wholesalers or other tour operators in foreign countries. They then re-sell them directly to travel agencies and consumers in their own country. If you live in a world-renowned destination area, or a region where foreigners come to visit, you can build a successful receptive tour operator business. The receptive tour operator business takes longer to develop because the buyers of your travel products will be other travel companies and tour operators; seasoned travel business won't necessarily want to do business with a company that is new or just in startup mode. However, adversity can be overcome through focus, determination and having an owned travel product that a wholesaler or foreign tour operator believes he can sell and make money with.

The Hybrid – build an Online Tour Operator business that caters for individual vacation travelers. After the business starts selling trips and/or tours, start building a Receptive Tour Operator business component.

Partners

The #2 core component of the PPD Strategy



Partners are the second most important component in your online travel business. Partners can act as **product suppliers** for your online travel business and **distributors or re-sellers of your travel**. In this section of the report, I'll be talking about travel suppliers as providers of the product elements in your online travel business.

Travel suppliers provide one important ingredient - the travel products for you to package and sell. Without travel suppliers, you'll have no travel product to sell.

Travel suppliers are the lifeblood of your success. Without supplier partners you have nothing. When you're selling packages, tours or trips, you'll most likely be dealing with two types of travel supplier.

1. Lodging properties –hotels, motels, B&Bs, resorts, inns, campgrounds.
2. Activity providers – tour guides, tour operators, guides, golf courses, resorts, etc.

Create Win-Win Negotiations – the key to developing and building long-lasting business relationships with travel suppliers is to create win-win deals. I won't get into specifics, but the key to understanding win-win is that when you are negotiating, do not look at the relationship as a short-term deal. Look at the relationship as a long-term commitment to help your travel supplier build his business by having your company sell a component of his travel in your travel packages, tours, and/or trips.

If you are a lodging supplier or an activity supplier, listen up here! I can't tell you how many deals I've seen "go south" because the other side in contractual negotiations got to greedy.

The majority of my ski travel supplier relationships were long-term

relationships that lasted, on average, 10-12 years. So, to succeed in the travel business, think long-term.

Distribution

The #3 core component of the PPD Strategy.



Distribution of your business' "owned travel product" can literally drive your sales to another level. Distribution can mean different things in the travel business, but for this report I am referring to **partners that re-sell your owned travel product**. If you can find and contract with travel businesses that will re-sell your travel product, you can literally "hit the mother load". The Internet is changing the dynamics of travel distribution and it's becoming easier and easier to find partners, travel agencies and re-sellers that will be more than happy to re-sell your travel product for you. We are still a long way away from the ultimate travel distribution model for online travel businesses, but here are a few strategies you can implement in order to develop a distribution channel for your owned travel products.

Locate travel agencies and/or tour operators that are selling travel to your destination or area where you'll be operating. This is as easy as doing some "Googling" online to find out who is selling travel to your area.

Approach the travel agencies and tour operators about selling your "owned travel product." Make it easy for your new re-seller partners to buy from you. Many of the travel software platforms and online booking engines that you'll be running your business on have what is called B2B access. So it's as easy as providing your travel re-seller with a login ID and password in order to access your trips and tours. The other option is to simply ask re-sellers to check your travel products online, and then call.

Most travel agents receive the standard 10% commission on sales. Here is where your business can make a huge difference.

Why not offer your new travel re-sellers more?
Why not offer an 11%, 12% or even a 13% commission?

There is another way to look at this which most online travel businesses totally miss. If you have a travel partner selling your travel product, there is literally minimal operating expense in acquiring the client. There are no acquisition costs.

Do you know what your acquisition costs per traveler are? If you don't, you might want to consider finding this out. The quickest way to determine your acquisition costs is to add up your advertising and marketing expenses that are solely attributed to acquiring a traveler or selling a travel product. Divide these costs by the amount of travelers you have each year, and this is your acquisition cost per traveler per year.

When we operated CollegeSkiTrips.com, it cost us around \$21-\$22 to acquire a college student skier for a \$375 ski trip. You leverage the customer acquisition cost and use it as the basis to determine "how much money you spend on advertising and marketing." Once you know how much it costs to acquire a client, you'll notice that your advertising will become "smarter", and you'll be making "ad buys" that convert much more efficiently because they are based on acquisition cost data.

Distribution- In 2005, our ski travel company partnered with STA Travel, the largest student travel company in the world, and they happily sold our ski packages for a nice little 11% commission. I was more than pleased to have this large re-seller as a partner, selling our trips, whilst we were not spending a dime in acquisition costs.

If your margins allow for it, consider paying travel agents more than the standard 10%. This is a quick way to generate revenue for your business and the costs are minimal.

Another advantage to having distributors is that you are able to increase your sales quickly. Yes, you are making less profit, but you are making more sales. Sales benefit your business; especially those with your travel supplier partners. The more you buy from your travel suppliers, the more you will receive in discounts and/or better pricing on contracts.

Remember, it's all about building good relationships with your travel supplier partners over the long-term. If you can make them happy and make them more money, you in return will benefit from special pricing, availability and good will.

Build distribution partners to re-sell your travel products for online travel business success.

You will have noticed that I have excluded details and strategies about selling your travel products directly to consumers. This is the largest part of the business, but it isn't my intent to cover this area in this report. Sales and further marketing strategies will be covered through my coaching programs and future informational products which you can easily purchase online through our website.

Here is a quick summary of the PPD online travel business building strategy which I have outlined throughout this report.

To build a successful online travel business and maximize your sales, you need to create packaging, develop supplier partners and distribute your travel products to re-sellers. If you follow this simple path, you can start or grow a very successful online travel business. This strategy holds true for all types of online travel businesses, including lodging properties.

Second tier niche and sell products that the bigger boys won't ever chase after and/or ever try to enter your market.

Utilize your one or two core strengths on a daily basis and outsource or hire someone else to do the rest. Don't try to fix your weaknesses; you'll just be wasting time.

Focus on your business and remember "what you are selling and to whom." Don't deviate by getting caught up trying to sell something other than your **travel products** to your **target market**.

Sell "owned travel products" that you develop through contracting directly with travel suppliers. Build a unique brand and a product line through packaging.

Analyze your business, starting tomorrow. Look at everything and apply the 80/20 rule. When you find the rule present in your business, leverage it to the hilt, throwing more energy, money and time at it in order to scale up “what is succeeding in your business.”

Create a USP or unique selling point for your business. USP gives you leverage and advantages over your competitors. Search for a USP for your travel products.

Create Win-Wins with new or current travel supplier relationships. Think long-term and start treating your supplier relationships like long-term commitments.

Find two new distribution partners and re-sellers for your travel product. Reseller partners are out there just waiting for your pitch. Trust me on this statement. Start by building one relationship at a time.

Commit to being in the online travel business for a minimum of seven years. If you take this hierarchy view and really focus, you can build a valuable business that is not only ultimately sellable, but will also provide you with the six-figure annual income you’ll be rewarded with for the commitment. You can live the Internet lifestyle. You can make a great income and work from home. You can scale up a business that becomes so valuable that another larger company will want to buy it.

Well folks I think I’ve given you a great start into understanding a little more about the travel business and what it takes to build a successful company. At this time I’d like to invite you to join the Travel Business Academy where you can extend your learning and education about the travel business and where you can actually start and build your own travel business.

The [Travel Business Academy](http://www.travelbusinessacademy.com) is a professional online course and business program where you can go through 5 business-building modules at your own pace and learn how to start your travel business. The Travel Business Academy is also a great place to extend your knowledge and learn more about the travel business even if you are not quite ready right now to start your own company. You can use the Travel Business Academy resource library and download tones of educational content I have collected over my 15 years of being in the travel business. Access to the resource library is

worth the cost of the Travel Business Academy in itself. You can also network with other travel business entrepreneurs in the Academy member forum area and you can even ask me questions about starting a travel business in the expert Q&A area where I answer members questions they have about the travel business.

So step on over and enroll in the Travel Business Academy, the worlds first.
<http://www.travelbusinessacademy.com/join-now/>

Thanks,

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