



## CREATING AN EXIT STRATEGY WITH A BUSINESS PLAN

**Overview:** This sample CREATING AN EXIT STRATEGY WITH A BUSINESS PLAN document is provided for business owners who are planning for the sale of their business. The proper use of this tool is to understand that all buyers of businesses are buying the future, not the past. Therefore, owners of businesses should create a business plan to unearth the future opportunities afforded a potential buyer.

Most business owners have experience with creating a business plan in the early start-up period of their business, or when they sought out financing or capital to expand their business. In many cases, a business plan was never created for any reason. They simply grew the business from the bootstraps up over the years.

Today's buyer, be they internal management, a competitor or simply an investor looking for a new business enterprise, is looking to acquire a business that has measurable risk in return for a measurable reward (i.e. return on investment). Because no one knows a business as well its current owner(s), it makes sense to express the risk and rewards of acquiring the business interest in the form of a business plan. Think of it as a mechanism for expressing to a uniformed buyer the potential of the business through your eyes.

### Introduction to the Sample Business Plan

The following document is a sample of a finished business plan. In your final plan, you have the opportunity to elaborate on those ideas in your outline that you feel are most integral to showcasing your business. In composing your business plan, you can follow the sample outline as loosely or closely as you choose. For instance, in the sample plan, the Executive Summary, which is the first section, is presented first in order to emphasize the most impressive features of the business. Your goal in composing a finished business plan is to construct the most comprehensive, thorough document possible, in order to attract buyers and to confirm that you have taken the time to explore as many potential opportunities that exist and issues that may arise.

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## **EXECUTIVE SUMMARY**

### **Description of the Company**

Northwind Traders, Inc. provides travel-planning services for European adventure vacations to residents of the Pacific Northwest area. The service industry, including travel agencies, is one of the fastest growing business sectors of the economy, and Northwind Traders capitalizes on the success of this industry by taking advantage of travel planning opportunities with adventure seekers.

President Heather Mitchell and Vice President of Sales and Marketing Jim Kim currently hold the company's stock. Prior to starting the Northwind Traders travel agency, Ms. Mitchell cofounded, co-owned, and operated the Northwind Traders clothing store. She has selected a small team with extensive travel, sales, and computer skills, all of whom are invaluable to the company. Her coworkers bring a combined total of 35 years of travel industry experience to the agency.

### **Mission Statement**

The mission of Northwind Traders is to become the premier provider of adventure vacations for 25- to 35-year-old professionals. Northwind Traders is dedicated to building long-term relationships with customers through quality training and customer support, and wants to be recognized as the leading adventure vacation company in the Greater Pacific Northwest area. The company's goal is to continue growing steadily, becoming the largest provider of adventure travel in the Western U.S.

### **Products and Services**

Northwind Traders recently became the appointed agents for Margie's Travel, one of the largest and most respected tour operators in the market. Northwind Traders offers a comprehensive range of services to support the adventurous traveler, including pre- and post-vacation briefings, travel insurance, and a directory of services specific to each destination and activity.

From desk and field market research carried out on 300 clients, it is clear that there is considerable potential in the adventure travel business. Research indicates that Northwind Traders' target market finds it difficult to obtain reliable and authoritative advice on destinations and activities. Research also suggests that the customers in this market are unlikely to purchase their vacations again from the firm who provided their last vacation due to a lack of informative sales personnel. Northwind Traders caters to these needs and develops a strong return-customer base.

Because they are currently the only travel agency focused on European adventure vacations that is located in the Pacific Northwest, Northwind Traders has a substantial opportunity to dominate the region. In order to maintain and improve our current position in the region, we will continue to invest in our Web site, as well as database software and systems, and refurbishing the office premises. Northwind Traders maintains the following advantages over existing competition: ongoing support to clients; extensive knowledge of the European adventure vacation field; superior customer service; specialized training programs for staff; informative Web site; and competitive rates.

## **Financial Forecast**

The Balance Sheet, Cash Flow Statement and Income Statement on Northwest Traders, Inc., is available on a per request basis.

## **HISTORY AND POSITION TO DATE**

Northwind Traders, Inc., provides travel-planning services to individuals and businesses in the Greater Seattle area. The business is located at 1234 Franklin Street, Seattle, Washington.

### **The Company's Mission**

The goal of Northwind Traders is to be the leading provider of hassle-free European adventure vacations to the 25- to 35-year-old business professional market. Initially operating in the Pacific Northwest, Northwind Traders is rapidly expanding to sell its services worldwide via the Internet. Travel service sales is the fastest growing category of business to consumer activity on the Internet, and by the year 2020, the value of this market is estimated at \$4.5 billion (see Appendix 1, Internet Growth and the Sale of Travel Services).

Our emphasis is on providing a complete specialized service based on having a detailed knowledge of the vacation destination and adventure activities being offered. Market research indicates that the major criticism our type of client has of existing travel agencies is that their agents "know nothing about their products, they just open the catalogue and read," to quote one of many disappointed travelers.

### **Management Team and Key Personnel**

Heather Mitchell, President and CEO. Before founding Northwind Traders, Ms. Mitchell owned and operated Northwind Traders, an outdoor clothing shop in the Seattle area. Prior to that, she managed the Olympia branch of one of the larger regional chains of general travel agencies operating throughout western Washington, where she was responsible for managing the office systems and a staff of four. She has a degree in travel and tourism from State University.

Jim Kim, Vice President Sales and Marketing. Prior to joining Northwind Traders, Mr. Kim worked for the marketing department of a major airline. His current responsibilities include the company's direct marketing campaign and all sales-related issues.

Richard Bready, Chief Information Officer. With over 20 years of consulting experience in industries ranging from aerospace to technology to retail, Mr. Bready's knowledge and guidance in internet technology is instrumental to the success of Northwind Traders.

Jae Pak, Vice President Operations. Twenty years as a travel agent manager has given Mr. Pak the ideal background for Northwind Traders. A knowledgeable executive, Mr. Pak's expertise in the area of European travel enables him to manage the growth of our operations.

Amy Egert, Office Manager. After completing her undergraduate degree at the Institute of Art, Ms. Egert spent a year traveling abroad and joined the staff at Northwind Traders recently as office manager.

The volunteer members of the Board of Directors provide guidance to the management and staff of Northwind Traders. The Board meets twice yearly to discuss policy changes, review the mission statement, and update the business plan if needed.

**Members include:**

Lisa Jacobson, retail store owner

Holly Barrett, CPA

Jo Brown, former travel agency owner

William Hollands, lawyer

Lisa Garmaise, retail store owner

Tony Chor, human resource manager

Presanna Samwick, banker

**Services**

We are currently the appointed agents for Margie's Travel, a major supplier in the market. Currently, Margie's Travel offers some 40 different adventure vacation packages throughout Europe, including horse trekking in Iceland; above-the-clouds trekking on islands and in remote regions in such areas as Corsica and Norway; van-supported inn-to-inn bicycling; mountain biking and hiking adventure tours throughout France, Germany, Italy, and Austria; and ballooning across the Alps.

We intend to be appointed agents by three other major adventure travel tour firms with whom we are currently in negotiation:

Enchantment Lakes Corporation. Offers rafting, sea kayaking, and yachting trips around remote European rivers and coastline areas, covering such areas as the Adriatic, the Black Sea, and Turkey.

West Coast Sales. Offers adventure vacation packages to corporate clients to use as incentives and rewards, and as part of management development programs. They are particularly strong in France, Italy, and Germany.

Exploration Air. Specializes in adventure vacations in Eastern Europe and former Soviet countries, covering Bulgaria, Romania, Poland, and Latvia.

These are three relatively new and small tour operators, but they have acquired a reputation for innovation and reliability—and they are currently under-represented.

In addition, we offer a comprehensive range of complementary services to support the adventurous traveler, ensuring that they have a safe, enjoyable, and memorable experience. These services include insurance, pre- and post-vacation briefing packs, and a directory of advice and information services particular to each destination and adventure activity.

## **Transportation**

The vacations we offer use all principal travel systems, including planes, trains, buses, and where appropriate, taxis. We aim for a standard of travel higher than that offered by the general travel industry. The feeling we look for is definitely not that which is engendered by the backpacker market.

## **Guarantees and Warranties**

Our clients are protected financially against either our own or our tour operator's failure, by virtue of the ARC bonding held by our principals. We only use vacation providers who can provide 24-hour emergency support services for clients while on vacation.

## **Business Structure**

Northwind Traders is incorporated under the laws of the state of Washington. The company has authorized 10,000 shares, 6000 of which are owned by President and CEO Heather Mitchell. Vice President of Sales and Marketing Jim Kim owns 1000 shares, and the remaining shares are held by the company for future distribution.

## **MARKET RESEARCH**

### **Economic and Social Factors**

Service industries represent the fastest growing sector of the national economy, and travel and tourism agencies are poised to flourish in the midst of today's economic boom. These services are projected to grow at an average annual growth rate of 4.1 percent over the period from 2010 to 2021 (Appendix 1). The international travel and tourism industry thrives in a vital economy.

The general economic climate in the Pacific Northwest is very strong. An influx of new businesses has added to the region's prosperity, and the already large population of young professionals is growing. For example, the city of Seattle is the center for business in King County, with over 700,000 people employed in industries such as aerospace, transportation equipment, health services, tourism, computer software, and biotechnology.

### **Competitive Environment**

The quality of service and the number of providers in the travel industry constantly fluctuate. Our competitive edge is in attracting and retaining our customers with the most highly trained and well-informed individuals we can recruit. With our expertise in European adventure vacations, we provide the most accurate, up-to-date information possible.

### **Long-Term Opportunities**

Tourism in general is on the rise (Appendix 1), Europe looks like it will continue to be the major destination, and the Internet will be an important channel into this market. The state of the economy will be the most influential factor in how many people travel. Other driving forces for travel will include the cost of tickets, fuel prices, the threat of terrorism, and currency rates.

The current lack of leaders in the European adventure travel industry continues to represent an exceptional opportunity for Northwind Traders to develop a dominant presence in the Western U.S.

### **Target Customers**

The Pacific Northwest's labor force is highly educated, skilled, productive, and stable. It consists of individuals who are deeply attached to the area and have tended to stay and wait out past periods of economic downturn. The vital economy, the Northwest lifestyle, and its unique environmental qualities attract people. Both public officials and business leaders recognize the need to keep our labor force well equipped with marketable skills.

From within this population, our target customers are individuals who are professionals with incomes of \$70,000+, ages 25 to 45, single or married, without children, and college educated.

## **Market Definition**

The world travel market is forecast to expand at a 4.1 percent average annual growth rate until 2020. This is faster than the general economic growth rate, which is expected to be around 2.4 percent per year.

The European market, while not the fastest growing, will be the most important destination, accounting for over 50 percent of all international arrivals (see Appendix 1). Within Europe, France, Italy, and Spain are the most popular destinations. This is why we have selected tour operators with appropriate products in these areas as our initial partners.

Figures for the size and projected growth of adventure vacations are sketchy, but the figures from one recent study (World Adventure Travel Data Corp.) are in Table 2.

**Table 2. Adventure Travel Vacations - World forecast (Million Arrivals): 2007 - 2020**

<b>Destination</b>	<b>2007</b>	<b>2012</b>	<b>2015</b>	<b>2020</b>
Europe	0.25	0.60	1.60	2.35
N. America	0.45	0.60	1.40	2.20
Rest of World	<u>0.10</u>	<u>0.25</u>	<u>0.95</u>	<u>1.10</u>
Total	0.80	1.45	3.95	5.65

  

<b>Age</b>	<b>2010</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
16 - 24	61	38
25 - 35	20	31
36 - 45	15	25
46+	<u>4</u>	<u>6</u>
	100	100

Source: WATD Corp. 2006

## **Market Opportunities**

We believe that by concentrating on the European travel market, offering a limited but extensive range of vacation packages, and targeting our service at affluent professionals, we will continue to meet the needs of our clients. Our specialized knowledge of Europe and adventure travel will allow us both to satisfy our customers and to surpass the services offered by our competitors.

Our market study (see Appendix 1) has shown that the group composed of affluent professionals has specific needs that are not currently being met, as 65 percent of those planning vacations would not purchase them from the same source again! Specifically, they want their travel agent to have comprehensive knowledge of the destination (87 percent); to have an efficient administration system in which they can have confidence (84 percent); to go on vacation with similar professional people (81 percent); and to be offered useful advice and ancillary services such as insurance (79 percent).

In addition, our market study confirms that Europe is likely to be the largest destination market for adventure vacations. Our study shows only 30 percent of adventure travelers to be under 24 years of age, while the World Adventure Travel Data study claims 61 percent is under 24. We feel the difference is because our survey sample is confined to relatively affluent people who had spent at least \$1,350 on adventure clothing (see Appendix 1).

One further emerging market segment for adventure vacations is that of corporate clients. Our research suggests that up to one in five adventure vacations is at this top price end of the market.

## **Competitive Analysis**

Northwind Traders is not the only travel agency located in the Pacific Northwest that is focused on European adventure vacations. These agencies are described below:

- **General Travel Agents**

These agents have added adventure vacations to their services but often have little or no knowledge of adventure destinations or activities. They sell literally from the page, offering limited advice, information, and support. According to our market study, 40 percent of adventure vacations are booked through these general travel agents, but only a third of clients would use them again.

- **Adventure Tour Operators**

These tour operators who advertise their vacations in the press attract about a quarter of all adventure vacation clients. However, clients have to shop around several tour operators to find what they want, and clients cannot get unbiased advice or much help with information. Only 45 percent would go back to a tour operator for their next vacation.

- **Independent Travelers**

These travelers comprise about 15 percent of those going on adventure vacations, of whom 65 percent would travel that way again. We persuade this group that our superior product knowledge and service is worth their consideration.

- **Internet Providers**

These providers sell only 5 percent of adventure travel vacations; however, 70 percent of adventure travelers would buy their next vacation via the Internet. There is plenty of scope to offer a superior Web site. We believe that by having daily face-to-face contact with clients, we will be better able to manage a fresh, vital, and relevant Web site aimed at the specific needs of our market segment.

- **Specialist Adventure Travel Agencies**

These agencies sell only about 15 percent of travel packages at present, but we feel this is partially due to lack of client awareness and to the comparative rarity of such outlets. We differentiate ourselves from our competitors by offering the most extensive material available from the most up-to-date, well-informed staff. Clients return for our service, knowledge and competitive prices.

These findings are some of the most powerful results of our research. While general travel agents may be the most likely resource for those travelers taking an adventure vacation, they are in fact the least likely place those clients will return to. Although specialist adventure travel agents, such as Northwind Traders, account for only 15 percent of the market, 65 percent of clients would use them again. We aim to increase this percentage through our superior service.

## **Competitive Advantages**

Some 75 percent of those clients using specialist adventure vacation travel agents would use them again-many more than would use either a direct tour operator or a general travel agent.

However, these agents were criticized for having such a wide range of activities and destinations that their sales agents knew little about them. Our research shows that while 41 percent of clients take adventure vacations in Europe, only 23 percent of the 5000 adventure tours offered are for European destinations.

We feel that by concentrating on European destinations, which is the largest market for both vacations in general and adventure vacations in particular, we are able to have superior product knowledge. We need to know only perhaps 100 destinations and activities well, rather than have only a passing knowledge of the 5000 adventure vacations available.

Our market research has also shown that many adventure travel agents are catering to the backpacker market, consisting mostly of individuals who are under 24 years of age and are generally very cost conscious. This can lead to very different types of clients ending up at the same destination, with some consequent dissatisfaction. The backpacker market requires a much lower

level of service and information than does the market for the more affluent 25- to 45-year-old professional.

## **Competitors' Positions**

The two major competitors of Northwind Traders are Ferguson and Bardell, and Lakes & Sons. Ferguson and Bardell is the strongest competitor of Northwind Traders, due to its strong client base and experienced owner. However, its press releases are of a very low quality, and its location is undesirable, with difficult parking and limited customer service space. In addition, Ferguson and Bardell lacks the knowledge and expertise in the field of European adventure travel that is valued so highly by the clientele of Northwind Traders.

Lakes & Sons is a formidable competitor for Northwind Traders because of its prime location, well-established business, and extensive training program.

## **BUSINESS STRATEGY**

With Northwind Traders' expertise in European adventure travel, we can create customized travel itineraries for our clients and provide the most thorough, informative adventure travel service available. By offering superior customer service, Northwind Traders can distinguish itself from its competitors.

## **Customer Incentives**

Our market research shows that publicity has the greatest impact on people's choice of an adventure vacation travel agent, followed closely by having the right location and having a recommendation from a friend, relative, or colleague.

General press advertising seems to be fairly ineffective in this sector, and event specialist press advertising only brings in one out of seven clients. (See Appendix 1, Summary of Findings from Market Research.)

## **Advertising and Promotion**

Our advertising and promotions pivots around six key strategies: public relations, our shop front, an Internet Web site, customer relations, press advertising, and our association with the Northwind Traders clothing store.

Public relations. We put considerable effort into preparing and disseminating a regular flow of press releases. These are based on stories about our destinations, activities, corporate clients, and our staff. We employ a public relations adviser to help us write copy and locate publication editors.

Shop front. We have an exciting, informative, and actively managed display window. There is a video display showing adventure vacations in progress. Different destinations can be selected from outside the window via a control panel; otherwise, the scenes rotate on a random basis.

Internet Web site. This is fast becoming a major promotional channel, and we believe it will increase in importance over time. Also, it is the most convenient way for us to have a global presence. (See Appendix 1, Internet Growth and the Sale of Travel Services.)

Customer relations. We keep records of every sales contact. Data such as source of inquiry, client needs, previous vacation, job, and income are included. By having superior information on our clients and prospects, we offer a truly personalized service. Our database contains full details on all our clients, including the vacations they have taken and their post vacation appraisal data. We use this data to encourage our satisfied customers to recommend our services to friends, relatives, colleagues, and employers.

Press advertising. We undertake a small amount of press advertising in order to enhance our public relations activity. There is considerable research to support the argument that the more often a potential client hears about you, the more likely they are to approach you when they have a need for your type of service.

## **Sales and Marketing**

Excellent selling skills are vital in our type of business. Therefore, everyone is fully trained in sales. Additionally, every month we “audit” each other by observing half-a-day’s selling activity and giving feedback on strengths and weaknesses in skills.

We also use a “contact management” system that allows us to monitor the effectiveness of different promotional strategies and of different marketing messages.

The key to our strategic advantage lies in having superior data on prospects and clients.

## **Commission**

The normal commission paid to travel agents for this type of vacation is in the 10 percent to 15 percent range. While Margie's Travel, the first agency we have been appointed to, pays us at the lower end of the scale, they are a prestigious firm to represent. Having them in our portfolio will enable us to negotiate much higher commissions for our new owners. Accordingly, we are planning on an average travel agency commission of 11 percent, rising to 13 percent by the end of Year Three. Commission on insurance and other services will be 30 percent.

## **OPERATIONS**

### **Premises**

Northwind Traders has both a storefront facing onto the main street and a visible separate entrance. We rent 4,600 square meters of fully serviced space at a cost of \$80,060 per year. We will need to spend \$25,050 on internal refurbishing this year. An additional \$14,175 will be needed for desks, chairs, and other office furnishings.

### **Hours of Operation**

The telephone lines are staffed 24 hours a day by live operators. During the period from 9 am to 6 pm, this is done mostly by our staff. However, overload calls during the day and after-hours calls go to our live telemarketing bureau. People consider vacation decisions at home in the evenings after discussion with friends and partners. We want to be available as their first point of contact with an informed, friendly service.

We believe that since our clients are mostly busy professional people, off-peak-hours access to our services is also a key way in which we differentiate ourselves from other travel agencies.

### **Equipment**

We own an integrated telephone/database system. This allows up to twenty sales staff to answer calls and have full on-screen data on clients and products.

As service is one of our key components, it is essential that we have full access to all relevant data speedily and efficiently.

## **Staffing**

All staff have job descriptions, a career and training history file, and a record of employee reviews.

New staff will take the travel agency Psychometric Aptitude Test and then spend time with each member of the Northwind Traders team.

All staff undergo full product training and will spend at least four weeks a year on-site at key travel destinations.

Our dress code requires us to look as though we are on our way to one of our adventure vacations.

## **BUSINESS CONTROLS**

### **Accounting System**

We use a computer-based financial management system. With this system, we can review our sales and marketing activities on a regular basis. This allows us to analyze the profitability of sales of different vacations through each tour operator. Thus we are able to reward staff on the basis of profit achieved rather than just on sales.

### **Quality Control**

We developed outline scripts to help the sales staff manage inquiries. This ensures that all incoming phone calls are dealt with in the same way and meet a high standard.

We encourage people inquiring about vacations to give us feedback on our service:

- Our ability to handle their inquiry
- The amount of time from the client's first inquiry to the date of actual travel
- The client's reactions to the vacation in terms of whether it meets their expectations

### **New Tour Operators**

Heather Mitchell is responsible for reviewing the range of tour operators that we seek to represent and negotiating with prospective new owners.

### **Capacity**

Our offices can accommodate 15 sales desks. Each sales desk has a capacity to handle four clients per hour, which means over the course of a year, we could handle up to 400,000 inquiries.

With our average sales rate of one in five, we could service 19,600 clients from our present facilities. This is well above the numbers we are anticipating in the business plan.

## **Long-Term Goals**

The financial objectives of Northwind Traders are to be operating at a net profit margin of 16% by the end of the first year of the business plan, with steady growth over the next five years. Our goal is to earn at least \$1,304,000 post tax profit in Year Two and nearly \$1,996,000 in Year Three. Our profit margin on sales by Year Five will be a respectable 22 percent.

## **Steps for Achieving Goals**

Northwind Traders' strategy for achieving our growth goals consists of six major points:

1. Establish an extensive public relations campaign
2. Continue to recruit well-trained, enthusiastic staff
3. Continue to deliver superior product knowledge
4. Continue to provide high-quality customer service
5. Create a library of tools/reference materials for clients
6. Increase our ability to offer competitive pricing on vacation packages

The first step to achieving our goals is to hire a competent public relations agency. This will be the key to producing state-of-the art publicity materials and determining where these materials should be placed for optimum visibility.

The second step will be to increase the staff. The individuals recruited will go through an extensive training program to ensure that they will be able to provide superior product knowledge in the field of European adventure travel. The present staff is passionate about adventure vacations, and we intend to maintain their enthusiasm through constant product development and skill training. We will only recruit those individuals who share our vision. We also want the business to have an enjoyable atmosphere.

The third step is to install a library of reference works in the shop. These materials will be available for clients to browse through while in the shop or to "check out" and peruse at home. An agent will be on hand at all times to answer any questions.

## **Position**

While at present we are offering only other company's adventure vacations, we have protected our position in a number of ways.

First, we have a six-year agency agreement with Margie's Travel, which gives us access to all their existing vacation products as well as any new ones. This contract is dependent on Northwind Traders achieving sales of at least 650 vacation packages a year. We intend to negotiate similar agreements with future suppliers, although sales targets with them will be lower to reflect their relative market position.

Second, we intend to maintain a high service element to our business, extending our range of value-added services such as vacation insurance, individualized pre-vacation booklets, post vacation follow-up, and continually updating our client database. In this way, we will seek to build up a high level of repeat business. Customer loyalty is vital to our profitable growth.

## **Risks Associated with Growth**

We see some risks associated with our expected growth:

- Losing touch with customers
- Loss of clientele to other providers
- Quality of services diminished
- New businesses

The risks facing the expansion of Northwind Traders can be summed up in one word: competition. In order to sustain our position in the area as the premier agency for European adventure travel, Northwind Traders needs to outshine its competition. By maintaining our focus on superior product knowledge and outstanding customer service, we will be able to uphold our position in the industry, thereby retaining current clients and attracting new clients.

## APPENDIX 1: MARKET RESEARCH

### International Arrivals by World Region

Updated forecast for the years 2010 and 2020 (millions)

	2010	2013	2015	2017	2020	Average annual growth rate (%) 2010 - 2020
Europe	153.8	338.2	347.4	397	525	3.1
East Asia/Pacific	8.7	84.5	90.1	122	229	7.6
Americas	50.0	110.1	115.5	138	195	3.7
Africa	4.7	18.7	19.4	25	37	4.6
Middle East	3.6	11.3	15.1	14	21	4.9
South Asia	1.6	4.5	4.5	6	11	6.7
World total	222.3	567.4	592.1	702	1,018	4.1

Source: Global Stats Corp. 2009

### Indications of Tourism Demand in 2009

	International tourist arrivals (x 1,000)	Nights spent by foreign tourists (Mill)	International tourism receipts (Mill. ECU)
Austria	17,173	63.8	11,168
Belgium	5560	12.8	4776
Denmark	1614	10.8	2814
Finland	835	3.3	1320
France	60,110	54.3	20,742
Germany	14,847	35.5	12,408
Greece	10,130	39.6	3138
Ireland	4231	14.0	2059
Italy	31,052	113.0	20,993
Luxembourg	767	2.3	4776
Netherlands	6574	19.7	4946
Portugal	9706	22.2	3330
Spain	44,886	107.8	19,431
Sweden	683	7.9	2652
United Kingdom	22,700	164.9	14,366
EU	230,868	672.0	124,143
Iceland	190	0.8	127
Liechtenstein	59	0.1	n/a
Norway	2880	7.1	1826
EEA	233,997	680.0	126,096
Switzerland	11,500	34.0	7236
Europe-19	245,497	714.0	133,332

Source: Global Stats Corp. 2009

## **Summary of Findings from Market Research Survey**

Three hundred clients of Northwind Traders who had made purchases in excess of \$1,350 in the past six months were surveyed.

### **Percentage of Sample Customers Taking and Not Taking Adventure Vacations**

According to our research, only 20 percent of our sample customers had never taken or considered taking an adventure vacation. Thirty percent, while they had not yet taken such a vacation, had at least actively considered doing so. Fifty percent of our sample are regular adventure travelers, taking at least one adventure vacation each year.

### **Information On 150 Respondents Who Took At Least One travel Vacation Per Year**

Gender:	Male	65%	Female	35%
Status:	Married	21%	Single	79%

### **Adventure Vacation Travelers, by Age and Percent**

According to our study, the percentages of adventure vacation travelers in fall into various age groups as follows:

- 5% are under the age of 16
- 25% are ages 16 to 24
- 40% are ages 25 to 35
- 20% are ages 36 to 45
- 10% are over the age of 45

### **Percentage by Destination of 5000 Major Adventure Tours Available on the Market**

A study by destination of approximately 5000 major adventure tours on the market reveals the following:

- 1200 are for destinations in Europe
- 1000 are for destinations in North America
- 600 are for destinations in India
- 810 are for destinations in Africa
- 675 are for destinations in the Far East
- 675 are for other destinations

By contrast, the percentages of the adventure travelers purchasing vacation packages to each of these destinations are as follows:

- Europe - 41%
- North America - 30%
- India - 10%
- Africa 7%
- Far East - 7%
- other destinations - 5%

Our research shows that Europe is the most popular destination for adventure vacation travelers. However, only 1200 of the 5000 adventure tours on the market are for European destinations. Africa, which only attracts 7 percent of the market, has 16 percent of the tours aimed at it. It follows that the European market has scope for expansion and that if we concentrate on that market, we only need to have detailed knowledge of upmarket European tours, rather than all 5000. In that way we can have the advantage of superior knowledge in our chosen market.

#### **Percentage by Source from which Traveler Heard About Last Adventure Vacation**

Our research reveals the following about the source from which adventure travelers originally found out about the last adventure vacation they purchased:

- publicity activity - 30%
- travel agent - 25%
- friend - 18%
- adventure press - 15%
- press advertising - 8%
- Internet - 4%

These findings demonstrate the power of publicity. The next most effective way to reach potential clients is via the travel agent's shop window. Both the press in general and the adventure travel press do not appear to have much effect on buyers in this market.

The percentage of respondents who have not been on an adventure vacation organized by their employer far outnumbers those who have been on a vacation planned by their employer. There is a significant minority of corporate clients who buy adventure vacations to use as rewards, motivation, or as part of a management development program. These corporate customers are also those clients who spend over \$5,010 per person per tour.

## **Internet Growth and the Sale of Travel Services**

Sales of travel services on the Internet have risen steadily over the past several years and look to continue increasing through the year 2020. These sales far outweigh other Internet sales, including PC sales of software and hardware, clothing sales, and book sales. For example, in 2008 sales of travel services totaled \$1.4 billion, while PC products equaled \$1.0 billion, books \$400 million, and clothing \$250 million.

European users of the Internet are growing rapidly. The United Kingdom is the second largest Internet user market after Germany, followed in decreasing order by the Netherlands, France, Finland, Italy, and Spain.

### **Percentage of Internet Users Who Have Shopped Online, 2009, in Millions**

When it comes to actually using the Internet for online shopping, Finland leads the way, with Germany and the United Kingdom sitting squarely in the middle, close to the European average. The percentage of Internet users, by region, who have shopped online in 2009 are as follows:

- Finland - 69%
- the Netherlands - 43%
- Germany - 41%
- United Kingdom - 38%
- Italy - 33%
- Spain - 31%
- France - 29%

The average percentage of European Internet users who have shopped online in 2009 is 41 percent.