
Internet Travel Agency Business

BUSINESS PLAN

MEMORY LANE CRUISES

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The Internet travel industry has experienced dramatic growth in recent years, and forecasts call for similar levels of success in the future. Memory Lane Cruises provides superior web-based travel services to its customers via solid business strategies, solid marketing, and cutting-edge Internet technology. This limited plan was used to successfully obtain a Small Business Administration loan. Its author employs this shorter format when seeking funding in the \$75,000 to \$200,000 range; plans for greater sums are more extensive and detailed.

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INTERNET TRAVEL AGENCY BUSINESS BUSINESS PLAN

EXECUTIVE SUMMARY

Memory Lane Cruises, Inc., a Mississippi corporation, has developed the infrastructure to become an extremely profitable enterprise in the burgeoning Internet travel agency business. MLC will carve a niche in the cruise sector of this \$1.875 billion industry, utilizing leads generated by the website of an affiliated company. The company will combine Internet technology with solid marketing and business strategies, resulting in a virtual travel agency providing efficient cost-effective service to its customers nationwide.

The Internet has expanded the horizons of the travel industry. Previously an agency's marketing area was limited to its local area, its customers restricted to those within driving distance to the agencies office. The Internet has dramatically changed permitting business to be conducted nationally and internationally. Most current travel agency Internet usage is by existing agencies attempting to expand their business. They continue to have the fixed office expenses attendant with a retail business. MLC will take the concept one step further by eliminating the retail aspects and operating the business through its computer system.

MLC's sister company, TripBlaster, operates a successful website for travel agencies specializing in booking cruises. This site allows agents to advertise cruises and to receive inquiries via e-mail, faxes, or telephone. Furthermore, the site operates so that consumers can request specific parameters for their cruise and be referred to cruises meeting their criteria. The inquiries exceed the available cruise choices at the site. MLC plans to make these inquiries their initial customer base. MLC will use their cruise affiliations to meet the needs of these consumers.

The management of MLC is uniquely qualified to operate the Internet travel agency. Its principals combine experience in Internet travel agent technology with sales and marketing experience.

The company is seeking debt financing in the sum of \$100,000 to complete the launch of the business. To assist potential lenders this plan will describe the company's history, the Memory Lane Cruises website, overview of the Internet travel agency, the company's planned operations, the operating budget and revenue potential, business plan timetable, use of proceeds, management and financial information including projected balance sheets, income statements, cash flow projections, and break-even analysis.

THE COMPANY'S HISTORY

The company is a logical business extension of affiliated company TripBlaster's Internet cruise travel business. The business (described in greater detail in this plan) provides an advertising vehicle for travel agents specializing in cruise travel. The website matches customers with cruises. Management observed two phenomenas:

1. A significant number of consumer requests could not be satisfied by existing advertisers.
2. These requests represented a significant amount of potential travel agency commissions.

Based on these observations MLC was created.

Developmental work is near completion. A staff has been retained and training sessions have been tentatively scheduled. In addition marketing campaigns have been developed. The company is prepared to be fully operational within 30 days of funding.

Based on management's experience with the cruise travel website and after conferring with industry consultants, MLC projects the following revenues for the first three years of operations.

Year	Projected Revenues (\$)
1	518,906
2	648,632
3	810,790

General

The principals of Memory Lane Cruises, Inc., also operate the Memory Lane Cruises Internet travel service. Combined with the company's own web page, this service will be a primary source of potential customers.

Operations of the website

The Memory Lane Cruises site matches consumers with appropriate cruises offered by advertising travel agents. Upon opening the attractive page with color graphics and an easy-to-use interactive format, the consumer sees a listing of three categories:

- Cruise Lines
- Cruise Destinations
- Other Destinations

The potential customer clicks on their choice and a screen appears describing the available cruises meeting their requirements. If they want to receive a quote or receive further information, they click the quote button.

The screen that appears contains a questionnaire with general information which must be completed for the process to continue. Questions include:

- Name
- Telephone number
- E-mail address
- A contact time
- The number of cabins required

After the general information is completed, specific reservation information is requested. This questionnaire queries on details of the cruise requested. This includes the customer's available sailing dates, price categories, type and location of room, previous cruising background, and availability for cruises on short notice. After completing the questionnaires, the consumer submits the information by activating the submit button.

The information is e-mailed to the Memory Lane Cruises databank and the advertising travel agent which posted the cruise listing. Many times the listed cruises are no longer available or the location requested is not among the listings, or the pricing requested is not available. In those instances TripBlaster will refer these potential customers to MLC. Other advertisers on the website have agreed to this arrangement. MLC will not compete with these agencies at this site. The company believes that this will be a steady source of potential customers.

The Internet travel industry has experienced dramatic growth. The ability to purchase airline tickets, make hotel reservations, and book cruises via the Internet has evolved from a novelty

INTERNET TRAVEL SERVICE

THE INTERNET TRAVEL INDUSTRY

to a tool utilized by millions of consumers. The strength of this market is illustrated by sales projections that predict \$8.8 billion in travel bookings by the year 2002. Below are the actual figures for 1996-1997 and projections for 1998-2002.

Year	Revenues (\$billions)
1996	0.275
1997	0.827
1998	1.875
1999	3.2
2000	4.736
2001	6.57
2002	8.88

The percentage of nonairline revenues is projected to increase substantially. In 1997 nonairline bookings were approximately 10 percent of total bookings (\$82 million). Projections for the year 2002 are for an estimated 25 percent of the market (\$2.2 billion). These projections indicate the potential strength of Internet travel businesses.

Presently no company dominates the market. Jupiter Communications reports that 81 percent of revenues are generated by 44 percent of the sites. There is definitely room for an innovative Internet cruise travel organization in this rapidly expanding market.

THE COMPANY'S PLANNED OPERATIONS

General

The company will be strictly an Internet operation. There will be no walk-in customers, nor will there be a marketing area limited by geography. Operations will take advantage of modern electronic and telephonic communications. The company's office will be minimal, functioning as a communications center housing the company's agent and computer systems.

Operations

Initially operations will consist of two agents dealing with the public and travel industry professionals and one management member specializing in marketing and Internet technology. A typical transaction would take place as follows:

1. The agent will contact a potential customer obtained through the TripBlaster site or from the company's site. The agent will have all relevant information needed to assist the customer derived from Internet site questionnaires.
2. Consulting the company's data base of available cruises containing relevant data such as departure data, prices, availabilities, and port visits, the agent can match the customer with an appropriate cruise.
3. The booking information is e-mailed to the cruise line or cruise agent.
4. Confirmations are sent to the customer.

Preliminary Procedures

Training

The company has retained a travel industry professional to train the initial agents. The trainer will be at the company's facilities for approximately five days. During this period the consultant will:

- Train agents on basic cruise industry procedures and regulations
- Train agents on sales techniques
- Review office systems

The company believes that this training period and the company's computer systems will assure efficient operations as soon as possible. (Additionally, the industry professional has agreed to work with the agency on a consulting basis.)

Industry Licensing and Registration

Cruise Line International Association

Membership in the CLIA is essential for the operation of any cruise line business. Cruise lines and agents require membership before dealing with travel agents. The company will apply as soon as possible. The requirements for membership are:

- Application
- \$300 fee
- Two-day training program for agents

Cruise Line Registration

Registration with cruise lines is required in order to be able to book cruises and receive commissions. Cruise lines require:

- CLIA certificates
- Business references
- Business cards
- Business license
- Taxpayer identification number
- W-9 form

This process generally takes at least two weeks. The company plans to register with as many cruise lines as possible.

The company plans to market their services utilizing a web page, Internet advertising, and public relations activities. Below is a description of each activity.

The company website

Management's expertise in website design and Internet technology will result in an effective website presentation. It is anticipated that the site will be similar to the TripBlaster web page. In addition to attractive color graphics, the emphasis will be on interactive features. The information gathered by interactive customer questionnaires will assist sales efforts as well as developing a database for future marketing efforts. The site will also list available cruises as well as discussing the company's ability to find a cruise to meet anyone's travel needs. It is estimated that the site will cost \$3,500 to implement.

Internet Advertising

Internet banner advertising along with text-based listings on major search engines as well as other noncompeting travel websites will be an ongoing marketing vehicle. These banners or small advertisements appear throughout the World Wide Web usually at the top of various related Internet sites. The company will position their advertisements at travel related areas with links to the company web page. MLC will also retain a banner on the Infoseek search engine. The Infoseek search engine banner will be viewed by 200,000 persons monthly. TripBlaster has agreed to pass its 15 percent agency commission along to Memory Lane Cruises to facilitate growth.

Marketing

Public Relations

MLC will promote its services using tradition public relations methods, as well as Internet related activities. In the traditional area, public relations activities include:

- Press releases
- Promotional events
- Magazine articles

In the Internet arena, the company may provide online travel news or produce an online newsletter.

The company's operating philosophy is to emphasize marketing while providing efficient service using technology and a limited number of personnel.

BUDGET & SALES PROJECTIONS**Budget**

The company has analyzed its estimated operating expenses and has designed a projected budget for the first year of operations. Expenses are heavily devoted to marketing, while operating and administrative expenses are limited. Below is the proposed budget.

Use	Amount (\$)
Salary and Taxes (agents)	4,800
Salary and Taxes (officers)	2,400
Rent	400
Utilities and Telephone	500
Internet Advertising	3,750
Public Relations/Promotions	750
Insurance	50
Miscellaneous Expenses	632
Total	13,832

Notes:

1. Salaries assume two agents and one officer.
2. Internet advertising includes funds for the Infoseek search engine banner plus other banner and Internet advertising.
3. Miscellaneous is a 5 percent of expenses reserve for unanticipated expenses items.

Sales Projections

MLC's sales projections have been conservatively calculated based upon the following assumptions:

- Commission of 10 percent per booked cruise
- Average cruise price of \$3,000
- 100 sales per month for the first quarter
- 25 percent increase per quarter for the first year
- 25 percent yearly increases in the second and third year

Based on these assumptions sales for the first year are calculated to be \$518,906. Sales for the second and third year are projected to be \$648,632 and \$810,790.

USE OF PROCEEDS

The company is seeking \$100,000 in debt financing. The initial capitalization will be \$30,000 contributed by management. Proceeds will be allocated to operating expenses for the first 6 months, equipment, and other start-up expenses. Below is the estimated allocation of funds.

Use	Amount (\$)
Six months' operating expenses	79,695
Computer equipment	7,500
Internet site production	5,000
Deposits	5,000
Reserve	2,805
Total	100,000

Below is a brief description of each use.

Six Months' Operating Expenses—Funds for this use are necessitated by the time required to set up operations and to gain the full revenue impact of the marketing program. The funds are also required because of the cruise lines' commission payment policy. Commissions are paid after the cruise is completed, therefore payment time from booking the cruise to receiving payment can be as much as 60 days.

Equipment—The equipment category includes expenditures for an Internet server, computers, and related items.

Website Production—This category encompasses all expenses required to design and produce the company's website.

Deposits—Included in this category are deposits that may be required to secure Internet banner space or as required by cruise lines.

MLC is led by a management team with over 50 years of combined business experience. Areas of expertise include Internet technology, sales, marketing, and training and management. Initially the company will utilize travel consultants to assist in the technical aspects of the travel industry, however, management's operating of the TripBlaster-Memory Lane Cruises website has provided the necessary industry exposure to operate a travel agency business. Below is a brief description of the business background of each officer.

Brad Sterling—Mr. Sterling founded TripBlaster in 1996. TripBlaster has grown from an Internet design shop to become a one-stop resource for Worldwide Web Technology, including design, hosting, and advertising. The company also owns several commercial websites, including Memory Lane Cruises and the online magazine Traveler's Log.

Prior to founding TripBlaster, from 1988 to 1995 Mr. Sterling was an account manager/trainer for Supreme X Health Plan, a Medicaid-based health maintenance organization located in Reno, Nevada. From 1976 to 1988, he served as corporate trainer and general manager for Amope Research. Mr. Sterling will devote approximately 20 hours per week to MLC.

Karen Watkins (Vice-President)—From 1969 to 1986 Ms. Watkins was employed with the consumer products division of the international corporation Kashi & Milliken. From 1986 to 1990 she served as a corporate trainer, training all new hires in all aspects of sales and marketing. From 1990 to 1996 she was an account manager selling the company's products to food and drug retailers and mass merchants at the corporate and retail level. Ms. Watkins will devote 40 or more hours per week to the company's business.

Lois Boiler—Ms. Boiler has been vice-president of TripBlaster since 1992. She is the administrator of the company's operations and accounting systems and is involved in all areas of long-range planning. Since 1979 she has held administrative and consulting positions at financial and educational institutions. Ms. Boiler has earned a Bachelor of

MANAGEMENT

Fine Arts degree from the University of Chicago. She will devote 10 hours per week to MLC.

CONCLUSION

Memory Lane Cruises, Inc., has developed a business strategy that combines Internet technology with the company's experience in operating an Internet travel page. This approach emphasizes limited operating expenses with a ready-made market from the TripBlaster-Memory Lane Cruises web page enhanced by a new web page and Internet advertising. The revenue producing potential is impressive.

Memory Lane Cruises, Inc., represents an excellent opportunity for a financial institution seeking a profitable, long-term relationship.