

Franchise Frontline

The Future Direction Of The Tour and Travel Industry



In the recently announced 10th Malaysia Plan, the government has placed great importance on the trade and has targeted to improve its position to be within the top 10, in terms of global tourism receipts in 2015.

Much has been said about the potential of the travel industry in the media. Notwithstanding this, the industry players are faced with stiff competition and a string of practical problems. What is in store for the industry?

To find out more about the future direction of this trade, we interviewed Encik Abdul Rahman Bin Mohamed the Deputy General Manager of Mayflower, one of the most established travel companies in Malaysia.

(1) BFS Magazine: "In current times, what are the challenges faced by the travel industry?"

Encik Abdul Rahman Bin Mohamed:

"Like any other industry, travel industry has our own set of challenges, varying from the razor thin profit margin, principal goes direct to the consumer via online with cheaper than the travel agency price, ever increasing cost of doing business, shortage of talent especially in the ticketing area and many more that would really give a big challenge to the small and medium travel agencies to stay afloat and self sustain.

The challenges is very stiff and most of the travel agency are targeting on the same market segment and embark on the 'cut throat' price strategy without any other strategy to add value to their products and services".

(2) BFS Magazine: "In what way does the Malaysia government assist the players of this industry?"

Encik Abdul Rahman Bin Mohamed:

Tourism has been identified as one out of 12 core industry in the just launched The Economic Transformation Program (ETP) that will transform Malaysia into a high income nation by 2020. Tourism is our fifth largest industry, generating RM37 billion in gross national income (GNI) in 2009.

The industry is expected to continue growing with arrivals rising from 24 million in 2009 to 36 million in 2020. On this respect, the government has been very proactive towards the industry player and has identified a total of 12 Entry Points Project (EPP's) have been developed across six themes to deliver significant results within a 10 year time frame.



(3) BFS Magazine: What are the necessary attributes that a travel company must possess in order to establish themselves in the industry?

Encik Abdul Rahman Bin Mohamed:

There are many attributes that could contribute to the success of the travel agency but one of the important attributes are most of the travel agency fail to recognise its the readiness to embrace the changes in the industry due to the changes in the lifestyle of the consumer and the impact of the technology to their business model. In the fast moving world, we need to keep on looking for tools and system that will give us the competitive edge against the competitors. We also need to review the business model constantly to ensure that it is still viable and current with the latest development.

The most difficult part is to change the mind set of the industry player to change their way of conducting their business, some are still practicing the same way for the past 20 years and expecting to produced different results in this century.



(4) BFS Magazine: Are we right to say that there are still plenty of opportunities in the travel industry?

Encik Abdul Rahman Bin Mohamed:

In spite of all the challenges faced by industry, the industry is very resilient and there are still plenty of opportunities that still untapped by many of the player. That's why the 12 Entry Points Project (EPP) that has been identified in The Economic Transformation Program (ETP) is a viable project to undertake by the travel agency to aligned towards the government plan:



Encik Abdul Rahman Bin Mohamed
The Deputy General Manager of Mayflower

1) Theme – Affordable Luxury:

EPP 1 : Position Malaysia as a duty free shopping destination

EPP 2 : Create 3 Premium shopping sites - mega duty free outlets In the South, Central & Northern part of Malaysia

EPP 3 : KLCC – Bukit Bintang area as a vibrant shopping precinct

EPP 4 : Establish Malaysia as the pre-eminent Global Biodiversity Hub

2) Theme – Family Fun:

EPP 5 : Develop an Eco nature Integrated Resort in Sabah

EPP 6 : Create a Straits Riviera cruise along the Straits of Malacca with berth stops along the way.

3) Theme – Events, entertainment, spa & sports:

EPP 7 : Expand high end sports tourism

EPP 8 : Target more international events

EPP 9 : Develop the spa industry

EPP10 : Establish dedicated entertainment zone



4) Theme – Business Tourism:

EPP 11: Establish Malaysia as a leading business tourism destination

5) Theme – Medium haul connectivity & better quality hotels:

EPP 12: Expand direct flights into Malaysia and offer wide variety of accommodation

All the above are the areas that the travel industry player should work on and capitalize from the government initiative and be part of this success plan, you can never go wrong.

As for Mayflower, as much as possible, our 2011 business plan will go along this line so that we could capitalize on the government plan for our long-term benefits.

(5) BFS Magazine: Am I right to say that the future of our travel industry promises a bright outlook?



Encik Abdul Rahman Bin Mohamed:

Of course, we been here for the past 50 years and we believe, we will be here for many centuries to come. The industry is very bright if you're willing to embrace the changes, adopt the right business model and move towards the right direction.

We were given a new breath of fresh air with the ETP and EPP project where Malaysia will continue our shift towards a service based economy. It is the first time that any effort of this kind has been undertaken in the history of Malaysia, or any other developed nation.

On this respect, the travel industry looks very bright and will continue to be growth area in the future.



Mayflower®

(1) BFS Magazine: Being a company with a history exceeding 50 years, May Flower has recently launched their franchise program. What area of expertise are you offering to your franchisees?

Encik Abdul Rahman Bin Mohamed:

This year Mayflower is celebrating our 50th anniversary and we embarked on the re-branding exercise to rejuvenate the brand and bring it to the next level to ensure our survival.

At the same time, we also launched our franchise program – Mayflower Travel Franchise Solutions (MTPFS) to allow those enterprising people who have a passion to be in the travel industry to adopt our successful business model which will fast track their success.

Mayflower's travel line of business (LOB) and infrastructure is one of the most comprehensive in the travel industry. It offers a diversified range of services that include:

- 1) Air tickets – more than 82 airlines worldwide air tickets
- 2) Hotels – more than 20,000 worldwide hotels reservation
- 3) Malaysia Domestic packages
- 4) Domestic & Outbound Mini Group tours
- 5) Outbound Individual tour packages – ground arrangement only
- 6) Outbound Group tour packages
- 7) Car & Coach rental & transportation services
- 8) Inbound packages to Malaysia
- 9) Corporate Incentive Travel – Inbound & Outbound
- 10) Corporate Ticketing services
- 11) Sports tourism – English Football packages

And many more non-conventional travel products will be added in 2011 for our franchisees to capitalize.

Apart from all the above LOB, Mayflower Travel Franchise Solutions (MTPFS) is a fully Malaysian home-grown travel franchise that has been carefully and meticulously developed by a specially selected team of franchise and travel industry expert.

Its franchise solutions and business model is completely adopted from the highly successful business model and every aspect of it is taken from the 'best practices' acquired over more than 3 decades of travel management services.



The head quarters of Mayflower is located at Jalan Metro Pudu



Mayflower®

(2) BFS Magazine: Who are your targeted franchisees and how many franchise outlets do you have at the moment?

Encik Abdul Rahman Bin Mohamed:

We are looking for enterprising people who have a passion in the travel industry. The franchise appointment will be selectively and carefully granted to prospects that demonstrate not only business capabilities, but also have a good business track record in relation to sound leadership and management capabilities.

We don't intend to grow the franchise system by the quantity alone; quality of each franchisee will be our main focus. Most of the franchisee, after a while in the franchise business, tends to focus more towards multiplying the outlets and grow by the quantity. This method will backfire as the franchisee will face a lot of service level problem and compromise in the quality of products and services to the consumer.

At the end of the day, these will cause the brand and trademark of the franchisee damaged and will take a longer time to recover. We're very concern as our Brand name has been developed over 30 years and has garnered the trust from the consumer.

Nonetheless, we hope to achieve another 4 more franchisees by December 2010, making it to 8 franchise outlets.

For 2011, we plan to recruit another 8 franchisee nationwide and this will make us the largest travel franchise chain in Malaysia.

(3) Am I right to say that your franchisees need not have any experience in this field?

Owners of licensed travel agencies will be in an advantageous position due to their experiences in the industry. However, non-owners of travel agencies are also welcome if they are prepared to make the investment and apply the travel license from the Ministry of Tourism. Applicants must also have sound financial resources so that their investment can grow without any disruption.

You need not have to have any travel industry experiences as we will provide the following:

- 1) Thorough training & business start-up assistance
- 2) Efficient & effective management software system
- 3) Outstanding management support
- 4) Competitive profits margins in all our products & services
- 5) A recognize and strong brand name
- 6) Advance technology booking system



Mayflower Travel Fair

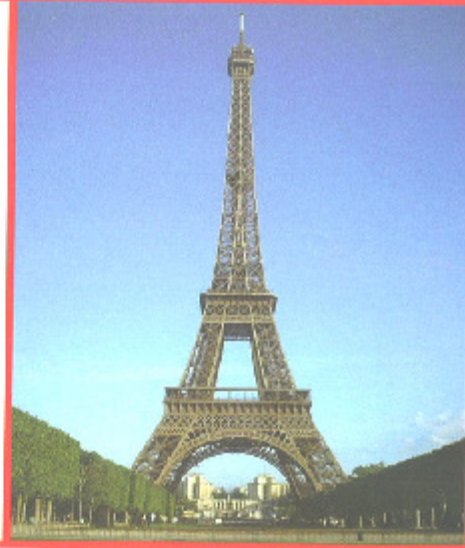


The Winners of Travel & Win Contest organised by Mayflower

Mayflower[®]

- 7) Training & business development activity which include:
 - a. Staff recruitment & training
 - b. Initial opening & business start up assistance
 - c. One-on-one business financial management consulting/coaching
 - d. Updated business, products and industry information
 - e. Annual franchise conference
 - f. Network promotional campaign
- 8) Standard operating manual (SOM)
- 9) Advertising & marketing programs

All the above will keep your business on the fast track. We know what it takes to succeed because we ourselves are in the business. We will help you avoid many of the pitfalls we faced when we started. The whole idea is for the newcomers to focus their time and effort on sales and servicing their customers. You do your best, let us take care of the rest!!



Estimated cost:

Fee	RM	Subject
1. Franchisee Fee	50,000.00	One-off for 5 years Franchise Agreement <ul style="list-style-type: none"> > Limited rights for trade name & mark > Comprehensive Standard Operating Manual > Computerized In-house reservation system > Widest range of travel products > Training & business development activity > Day to day operational support > Consultancy and franchise ancillary services
2. Advertising & Promotions Fee	10,000.00	Annually – on anniversary date: <ul style="list-style-type: none"> > Point Of Sales materials > Schedule advertisement in major newspaper > Below & above the line marketing program > Travel Fairs & event organizing
3. Training Fee	20,000.00	On going training & skill development
4. Legal Fee	3,500.00	One-off for Franchise Agreement & stamping
5. Placement of Bank Guarantee (BG)	30,000.00	BG for 5 years Franchise Agreement

Note: all the above stated investment costs are subject to change without prior notice

To find out more about the opportunity log on to www.mayflower.com.my or contact: Endik Abdul Rahman Bin Mohamed at 05-92321980.