

Tourism Marketing Services Wittmund – Telecooperation Changes a Small Company: SME Case 23

Tour operating is a high-risk business in which it can be difficult for small businesses to hold their ground. The very low profit margin is mainly determined by large companies. When Peter Melchior professionally re-orientated in 1994 he was therefore looking for a niche in the tourism sector that nevertheless offered a chance of survival for a small business. His company „Tourism Marketing Services“ cooperates with an internationally positioned company network that enables world-wide activity out of Friesland.

The Product/Services Offered

„Tourism Marketing Services“ (TMS) defines itself as a provider of tailor-made group travel organising „outgoing“ tours from Germany and „incoming“ tours for guests from all over the world coming to Europe. The TMS standard range therefore offers individual travel arrangements. This special range includes *inter alia*:

- Theme orientated travel (for example knitting in Scandinavia/Scotland for an American knitting magazine). TMS also organises tours in which to learn about everyday social life in South Africa, Malaysia, the USA and South America. Also establishing contact to social facilities, church parishes and local experts (for the exploration of particular problems and questions).
- For companies in particular, international contacts are formed in specific areas of interest, conventions are planned and possibilities for worldwide human relations organised. The entire travel management, including appointment planning for contacts abroad, are handled for business travellers.

Because TMS is a partner of a worldwide customer orientated company association, complex, individual requests can also be taken care of. TMS' creed for this is: Do not only bring people to landscapes and countries or to trade fairs and conventions but ensure that people from different cultural backgrounds meet.

Corporate Organisation through Telecooperation

The worldwide activity of TMS is made possible on the basis of telecooperation. The international corporate partners are also small companies in the tourism sector. The main markets are the USA and Europe. Cooperation takes place exclusively by electronic mail on the internet. Partner requests (for example if it is possible to realise a customer request: destination, travel period, price) are answered by offers from association partners. Communication takes place on the basis of standardised procedures (Excel, Access). All partners carry out technical changes by continuous adjustment. Every four weeks partners meet virtually in „chat rooms“ which offer an opportunity for direct exchange. This joint project handling is carried out by constant

data exchange, thus enabling all partners involved to be informed about the current planning status (the intensity of communication depends on the requirements of the project). The close communication, resulting in short reaction times, guarantees that the customer receives a high-quality product. The companies support each other, at times without charging and without offsetting reciprocal services, for example by providing free service numbers as „emergency telephone lines“.

Challenges and Advantages of the Associate Partnership

The arrangement and coordination of quality management was and still is the main challenge in international cooperation. Differing levels of professionalism exist in different destination countries. In the USA, for example, excluding the state of California, travel agencies are not liable for poor travel planning. Other countries, on the other hand, have very strict licensing regulations for tour operators; some do not allow foreign operators to organise domestic travels. The aim of quality management is that all companies work to the same standards. Thus, each company is ensured that domestic and international projects are handled in the same way, as expected from each other. This demands special coordination as the customers also have specific quality requirements. The basic concept for this is in place, some particular details are still open. The international company association offers Peter Melchior and his company the great advantage of a presence on all continents. With the help of telecooperation it is also possible to handle individual customer requests in a flexible and speedy manner, independent from fixed opening times and across different time zones. This applies not only to the choice of destination and purpose of the journey; telecooperation also enables enquiries to partners at weekends and on public holidays thus providing customers with a contact for fast travel organisation in case of an emergency at home or abroad. Large operators do not have the same mobility because they almost always work with „standard solutions“. Another great advantage is the fact that partners have a good knowledge of „their“ particular field thus largely allowing for the fulfilment of realistic customer requests.

Practical Telecooperation: Coordination, Concepts, Strategies

Taxation and bank transfers differ from country to country, sometimes from state to state, thus making it difficult for a small company to be informed about all regulations required for the smooth functioning of cross-boarder trade. Even a transfer within Europe, in the experience of TMS, involves complications and big time delays. The association partners have resolved this by arrangements for spaced payment transfers (quarterly/annually) in order to in as much as possible reduce the costs for money transfers. They have a joint calculation model that is clear and feasible for all partners.

Problem: finding suitable employees with the „right“ profile

A conventionally trained travel service professional quite often does not have the specialised prerequisites to fulfil the chosen task spectrum as required by TMS. In the experience of TMS, particularly in Germany it is difficult to find suitable and affordable employees (not academics) that suffice in the required work methods of an internationally active tour operator for individual travel. In the opinion of Peter Melchior the individual tailoring of customer requests requires the ability „to think in projects, which means accepting flexible working times and working at changing locations as well as having sufficient knowledge of foreign languages and the internet.“ Only a few travel service professionals currently fit this requirement profile. This is holding back the expansion of his company. The possibility of falling back on a „homebased agent“, such as that taking place in the USA for quite some time now, is not yet possible in Germany or is too expensive. Small agencies, service providers, that could (not only) take on the organisation of travels would, in the opinion of TMS, be the ideal partners. Unfortunately in Germany there is no willingness to open small service agencies that „share services, are flexible and customer orientated“. Also, the workload within the tourism industry is very seasonal and demands much from a small company. Peter Melchior’s assessment is that telework possibly offers an opportunity to shape the irregular working times more attractively which would then also allow for better coordination of family commitments.

Market Assessment: Corporate Concentration and the Split in the Tourism Sector

Peter Melchior’s market observations show that a split within the tourism sector will take place in several ways. The entrepreneur believes an important reason for this is the increasing importance of internet trade. On the one hand there will be highly informed people with a high level of education and big travel budgets that plan their travels individually by means of modern technology. This group will gain price advantages because of their own know-how. On the other hand there will be customers who will continue to rely on the safety and the service aspects of travel agencies and who will accept higher prices and/or consultancy fees. A third group will be highly informed technology users who will outsource their private travel management to specialists in order to ease the burden on themselves. This service would be supplied at a contractually agreed fee. This road, which TMS follows, in the opinion of the tour operator, promises clear advantages, particularly for SME’s because such travel management would achieve considerable cost savings for the individual company. This will result in a general decline in the number of travel agencies while at the same time consultancy requirements will increase.

Prerequisites for Business Start-ups

The prerequisites for the business start-up were manifold:

- The company founder had international contacts all over the world, both from long participation in data networks since 1990 and also from mutual personal visits.
- Necessary knowledge of several foreign languages was given as a prerequisite.
- There was good to very good knowledge of many worldwide destinations.
- Due to his work as tour guide there was involvement and contacts to potential customer circles.

These basics as a whole resulted in the decision for the foundation of the „Tourism Marketing Services“ in Wittmund.