

**Business start-up in Tourism ~ Business plan for a backpacker
tour operator in Western Australia**

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List of abbreviations

4WD	Four wheel drive vehicle
ABN	Australian Business Number
ABR	Australian Business Register
ATEC	Australian Tourism Export Council
ATO	Australian taxation office
BRG	Backpacker Research Group
BTAP	Backpacker Tourism Advisory Panel
CRM	Customer Relationship Management
DEC	Department of Environment and Conservation
GST	Goods and Service Tax
NP	National Park
PAX	persons approximately (common in Australian tourism industry)
pp	per person
SBDC	Small Business Development Cooperation
SEO	Search Engine Optimization
TFN	Tax File Number
TRA	Tourism Research Australia
WA	Western Australia
WHM	Working Holiday Maker
YHA	Youth Hostel Accommodation

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1. Introduction

Backpackers or young budget travelers are an important part of international tourism. The backpacker tourism market is booming and opens up many opportunities. Especially in Australia backpackers have become an important source of income. The range of natural and derived attractions in this country is huge and the Working Holiday Visa enables young people to finance a long stay abroad. This is why more and more backpackers are coming to Australia. The potential of backpacking tourism has been recognized by the Australian tourism industry and with the years Australia developed a great backpacker infrastructure. At this stage the backpacker segment is still growing in Australia. Especially in Western Australia the backpacker market is still not saturated which gives an opportunity to start-up a tourism business for backpackers in Western Australia.

This Bachelor thesis deals with the following question: Is it realizable to start-up a new touring business for backpackers in Western Australia and how should it be like? This question will be analyzed in form of a business plan for a backpacker tour operator in Western Australia. An important goal is to figure out how this business can be created to meet the needs and expectations of backpackers and young travelers. Having regard to the latest trends and changes in the backpacker culture and to the motivations, behavior and travel patterns of backpackers in Australia, a demand-driven business plan will be developed. Another objective of this bachelor thesis is to determine the opportunities and the potential for such a tour operator. In addition to this, the bachelor thesis determines all important components of a professional business plan and implements them into a creative and success-promising business idea.

The motivation for this subject results from own travel experiences in Australia. After having travelled as a backpacker around Australia, the backpacker phenomenon drew the writer's interest. Backpacker tourism is changing continuously and there are many scientific discussions about this subject. Especially in the last decade new backpacker trends and new traveler types emerged. Being confronted so close with this phenomenon in Australia, has given a good insight into this subject, as well as a good understanding of this phenomenon. The backpacker tours market in WA is not saturated in contrast to the touristic East Coast of Australia. Especially backpacker day tours are a niche market in WA as the existing tours in Perth are expensive and not targeted to young budget travelers. This is why there is a big

opportunity for a new backpacker tour operator in WA. In addition to this, there is a big growth potential of backpacker tourism in Australia in general.

In regard to the structure, the bachelor thesis is focusing on two main parts: an analysis of backpacker tourism in Australia and a business plan for a backpacker oriented tour operator in Western Australia. After the introduction, the first chapters consist of an analysis of backpacker tourism. This chapter describes and analyzes the target group for the following business plan. With the help of academic literature the development of backpacking and the emergence of new trends, as well as backpacker's motivations and travel behavior in Australia are analyzed and demonstrated.

The second part consists of a detailed business plan that is written in a corresponding notation. Related to the new backpacking trends, an innovative and target group oriented business idea has been developed. The business plan is divided into the following main chapters: The executive summary gives a short insight into the business idea and all main business components. In the following chapter the founders and their motivations to start up this business are presented. After this the target group analysis segments the backpackers into different traveler types in order to develop target group oriented marketing. The market analysis showcases the growth potential of the tourism industry and the backpacker segment in Australia and particularly in Western Australia. After this the explanation of the business idea and the presentation of the service are following. The tours are the heart of the business and to give a good insight, each one is presented with details about activities, prices and duration and even with a picture. The chapter organization and administration deals with legal questions and conditions which need to be fulfilled when starting a touring business. A great importance is given to the marketing chapter, as it is the component of the business which will raise the level of familiarity and thus raise the profits. In consideration of the financing, it needs to be calculated if it is profitable to start up this business or not. Finally a SWOT Analysis will summarize the opportunities, threats, strengths and weaknesses for the tour operator and develop strategies.

2. Analysis of backpacker tourism

The following chapter describes and analyses the backpacker tourism in Australia. After an explanation of the terms 'backpacking' and 'backpacker', the chapter will describe the

motivations and travel behaviors of the target group „backpacker“. After this the chapter deals with the development of backpacking and the new emerging trends. Tourism Australia defines a backpacker as “a person that spends at least one night in either backpacker or hostel accommodation” (Tourism Australia, 2011: 1). But they do not necessarily spend all nights in backpacker accommodation and may also stay in other types of accommodation.

2.1. Explanation of backpacking

'Backpacking' is a means of travelling practiced by young individual travelers, so called 'backpackers', who travel with their backpack and with a low budget on a long, self-organized, multi destination journey.

Pearce (1990) defines backpackers as travelers who:

- are predominantly young
- are more likely to stay in budget accommodation
- emphasize meeting other travelers
- are independent
- have a flexible travel schedule
- stay for a longer rather than a brief holiday
- focus on informal and social holiday activities

In addition to this backpackers want to experience the local lifestyle, meet local people, as well as other travelers (cf. Cohen, 2008: 75). They visit the country for longer, but with lower daily expenditures and tend to visit many different parts of the country off the main tourist track (Hampton, 2010: 18). Nowadays more and more young people are packing their backpacks to travel for a few months, seeking for authenticity, adventure and personal development (cf. Kröger, 2009: 7). The typical backpacker has a high level of education, belongs to the middle class, is between 18 and 30 years old and is at a turning point in life (cf. Richards & Wilson, 2004a). They see themselves as backpackers or individual travelers and not as tourists. "Travelers don't know where they are going, tourists don't know where they have been" tells a young backpacker who has been interviewed by Jana Binder (Binder, 2005: 112).

2.2. Backpacker's travel motivations

Referring to an online study conducted by the ATLAS Backpacker Research Group with more than 2,300 respondents, Richards and Wilson (2004) established the following motivations of backpackers in ranking order: to explore different cultures, to experience excitement, to increase the knowledge and to relax mentally (cf. Richards and Wilson, 2004a: 26). Kröger and Vetter had a similar result in which authenticity, adventure and the need for personal development are the most common motives of young travelers (cf. Kröger & Vetter 2009: 7). In the study "Evolution of the backpacker market and the potential for Australian Tourism" 2009 a survey has been completed with a sample of 100 respondents to determine the motives of backpackers. The respondents across all nationality groups were most strongly motivated by the desire to experience something new. The other motives are to meet new people, to escape the daily routine and to find new perspectives in life (cf. Pearce et al, 2009: 33-34). Further motivations such as standing out from others with experiences, escaping the daily routine and being part of a transnational community, have been composed by the cultural anthropologist Jana Binder based on qualitative interviews and personal observations (cf. Binder, 2003).

The findings of all these studies suggest the existence of a set of similar core backpacker motivations. Moreover it has been noted that backpacking established itself into a socially accepted "rite-of-passage" (Cohen 2004: 52). Many backpackers see their journey as a brake within their routine life-path or as a beneficial part in their curriculum vitae and thus make a trip as a transition between school and university or between jobs (cf. Haeming, 2007). For many backpackers it is a professional skills strategy to be prepared for the demands of the labor market. On such a trip professional skills such as language, flexibility, intercultural and interpersonal skills, as well as mobility and independence can be acquired. Particularly in times of globalization, these skills are advantageous for people who want to get good positions in international companies (cf. Kröger & Vetter, 2009: 7). This trend contributed to a significant growth of backpacker tourism in the last few years and will influence backpacker travel in the future.

2.3. Development of backpacking

The beginnings of backpacking are closely associated with the hippie movement in the 1960s. Hippies were opposed to the consumption of the mainstream society, were close to nature and wanted to try out different lifestyles. They wanted to escape the civil norms and ideas, by travelling and living in groups in various parts of the world. The intentions of travelling were linked to the idea of self-discovery and self-development, the search for meaning and to get to know new cultures and people. Therefore, many hippies travelled for weeks, months and sometimes even years. They hitchhiked, travelled by public transport or with campervans (cf. Albert 2007: 11). The scientific discussion about backpacking began in the 1960s when a group of hippies traveled by bus to India and has been discovered by the sociologist Erik Cohen in 1973. He described these travelers as 'drifters'. According to Cohen a drifter was an independent and young traveler from the western society who travels the world on a tight budget and with a lot of time. Drifters travel outside tourism's infrastructure, use budget accommodation or transport and want to engage with their host's communities. But already then, he distinguished between outward-oriented drifters who want to explore the different cultures and the inward-oriented drifters, who want to be part of this subculture and socialize with other like-minded people (cf. Cohen, 2004: 46).

Already in the late 1980s it was recognized that backpacking has a great economic potential. This potential has been noticed especially by tourism organizations from Australia, New Zealand and Southeast Asia who started doing researches on the backpacking phenomenon (cf. Loker-Murphy & Pearce 1995: 819). In the year 1990 the term "backpacker" has been introduced for the first time in a publication from the Australian scientist Phillip L. Pearce. He noted its already widespread use within the Australian budget travel industry (cf. Kröger & Vetter, 2009: 8). In the mid-1990s, the backpackers were finally discovered by the tourist industry. Although they were not financially strong, the tourism industry recognized their potential as the number grew steadily. Since then, the number of hostels and infrastructure establishments increases annually for this mode of travel. In some countries, particularly in Australia, backpacking has become a travelling culture that characterizes and changes the country. Moreover the tourism industry introduced and legitimized the terms "backpacker", "backpacking," and "backpackers" to be used for this means of travel.

2.4. Travel behavior and travel patterns of backpackers in Australia

In order to analyze the travel behavior and travel patterns of backpackers travelling through Australia, this chapter will refer much to the study from Pearce, Murphy and Brymer (2009). In their study “Evolution of the backpacker market and the potential for Australia” they present the findings of a survey conducted in December 2008 and January 2009. In total 1555 surveys were collected from approximately 50 hostels.

Backpacker’s opinion about Australia

Australia is still seen as a dream destination for travelers with many coming here for an adventure. The ability to work while in Australia is important, with almost half having worked, or planning to work. In backpacker’s opinion Australia is expensive, and almost two thirds have had their trip impacted by the strong dollar. However overall backpacking trip lengths did not changed significantly. Despite the feeling that Australia is expensive, it remains on the to-do list for travelers, and the probability to return and recommend Australia is high (cf. Tourism Australia, 2011: 1-12).

Activities

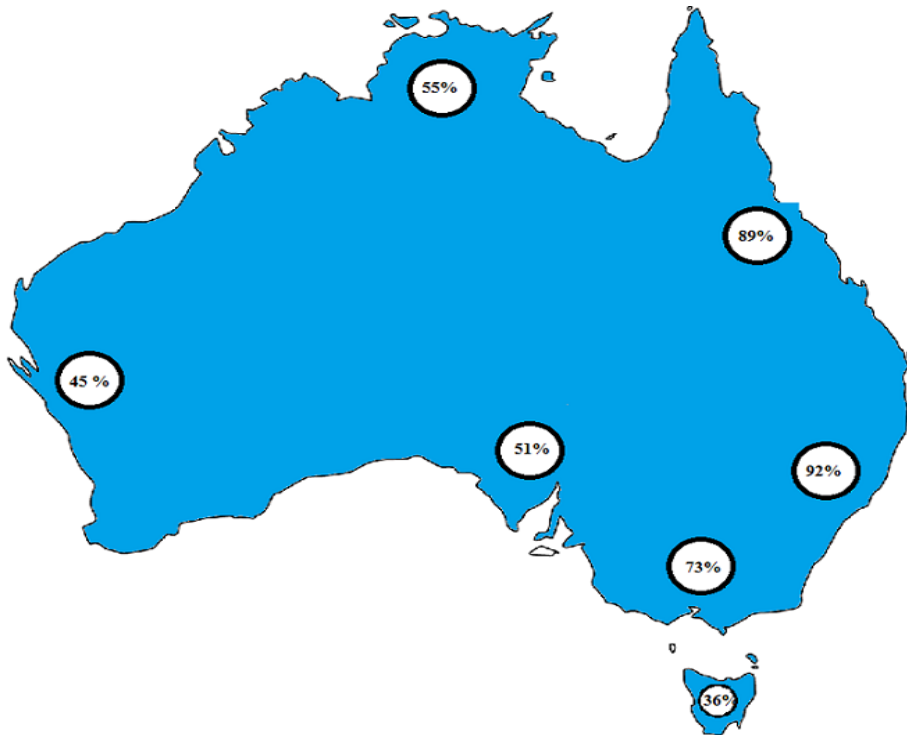
Popular activities for backpackers in Australia can be divided into two trends: On the one hand backpackers want to take part in social events and participatory activities, such as partying, group excursions and hanging around with other travelers in the hostel or on the beach. Motivators for these activities are meeting new people, being in new communities, sharing experiences, learning from each other and working on personality. On the other hand they enjoy doing nature and adventure based activities. Here they want to get closer to nature and experience excitement, adrenalin and experience something new. Nature activities like hiking, snorkeling and watching wildlife and adventurous activities such as bungee jumping, skydiving, climbing, four wheel driving and scuba diving are especially in Australia very popular (cf. Pearce et al, 2009:36). Many backpackers undertake these activities despite the high prices. Some of them try to save money on basic things like food and accommodation, to finally spend it on special adventure activities like these ones.

Travel within Australia

In Australia backpackers usually travel with their own itineraries, use public transport or an own car, stay in budget accommodations and have not many pre-planned or pre-purchased

trip features. According to the survey of Pearce, the average trip length of backpackers in Australia is more than 60 days. The trip length is related to factors such as occupation and income, as well as to the visa type (cf. Pearce et al, 2009: 20). The figure below shows where backpackers have been traveling or plan to travel.

Figure 1: Places visited in Australia¹



Own illustration based on information provided by Tourism Australia, 2011: 24

New South Wales and Queensland are the most popular destinations for backpackers in Australia, followed by Victoria and the Northern Territory. Western Australia is visited by 45 percent of backpackers.

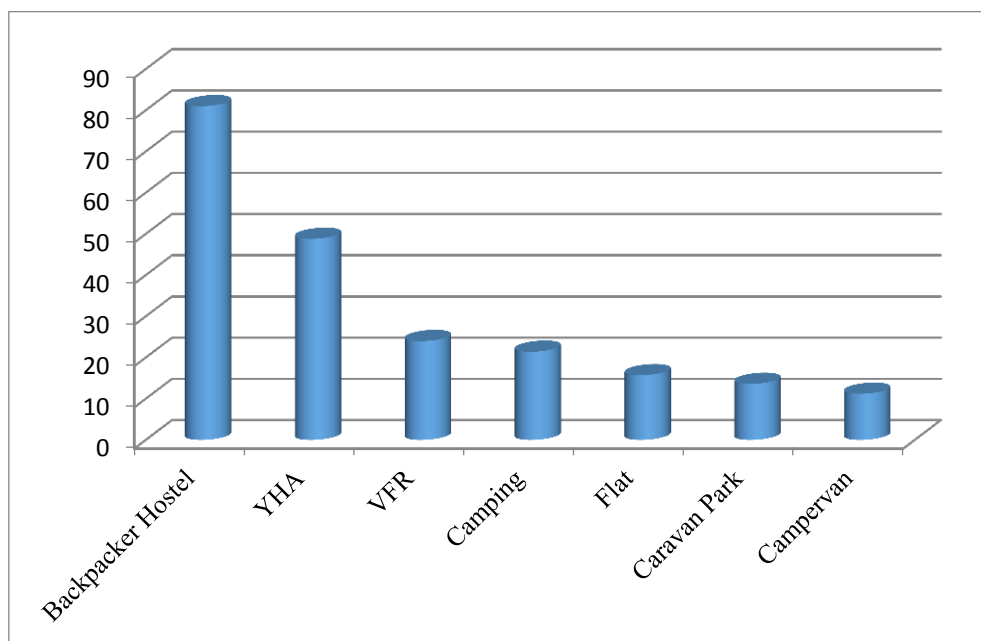
Accommodation

One of the top characteristics of backpacking is the use of budget accommodation. Backpackers have a general tendency to spend most of their nights in hostels. As a result hostels are becoming important meeting points for backpackers to socialize and to meet other like-minded people. Many backpackers do not book accommodation in advance and especially experienced travelers are happy to organize it themselves when they arrive at their

¹ Question: Which of the following cities or states have you or do you intend to visit as part of this trip? Base: All respondents n=948

destination (cf. Richards and Wilson, 2004a: 26). Traditionally backpacker accommodation is dormitory style with communal self-catering facilities and social areas. In recent years the quality and services of hostel accommodations has improved strongly. Nowadays, many new hostels include single, double or quad occupancy rooms with en-suites and offer free breakfast, air conditioning, pool and linen (cf. Tourism WA, 2008: 2). The main benefits of backpacker accommodation include the low price, the common areas which encourage more interaction between guests, libraries of travel guides and book swap systems. Moreover hostels are less formal than hotels and hostel staff mostly provides free and independent advice on the best places and travel options. Many hostels even provide activities for their guests. The figure below shows the findings of Pearce's survey (2009), where backpackers have been asked to indicate in which types of accommodation they normally stayed.

Figure 2: Preferred accommodation for backpacker in Australia

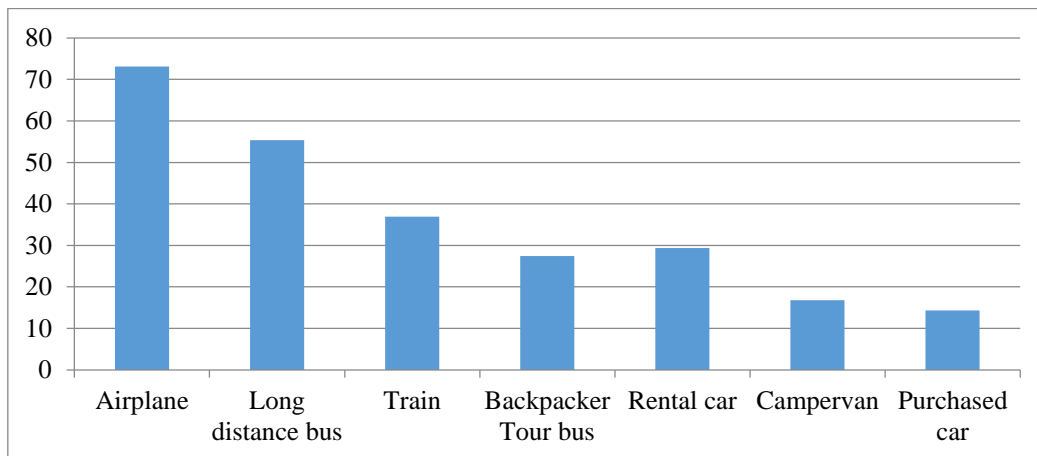


Source: Own figure according to Pearce et al. 2009: 32

Transportation:

When asked about transport options within Australia those surveyed by Pearce (2009) 73 percent indicated that the most common mode of travel was the airplane, followed by 55.4 percent taking the long distance bus (cf. Pearce et al, 2009: 31). In contrast to other backpacker countries, in Australia it is also common to purchase an own car.

Figure 3: Transport used to travel within Australia²



Own figure according to Pearce et al. 2009: 31

Work

In backpacker's opinion Australia is expensive. This is why the ability to work while in Australia is so important. Almost half of the backpackers surveyed have worked already or are planning to work. According to Tourism Australia, most of the backpackers surveyed work two to six months in Australia. The most popular types of work are bar or wait staff (47 percent) and fruit picking (44 percent), followed by other hospitality jobs and laboring jobs. 69 percent of backpackers plan to spend the money earned for travels within Australia (cf. Tourism Australia, 2011: 12).

Expenditure

According to Richards and Wilson the average daily expenditure of young travelers in general is relatively low. However young travelers spend more money in total, than most affluent tourists, due to their long stay in the destination. Thus they "still make an important contribution to the economy of the destination they visit" (Richards and Wilson, 2004: 24). Pearce et al (2009) analyzed the daily expenditures of backpackers in Australia. The results of his survey are presented in Table 1. If a backpacker purchased a tour or activity, the average spend was approximately \$74.00. The largest general daily expenditures were for accommodation and for alcohol and entertainment. However it has to be considered that the

² Percent of respondents who used a specific transport form when travelling between destinations in Australia (multiple responses were possible)

expenditures showed in the table are only indicative for the individual costs of different activities. It does not mean that backpackers do all these things every day.

Table 1: Average Expenditures of backpackers

Activities/tours	\$74.00 (when an activity is purchased)
Accommodation	\$30.00
Entertainment and alcohol	\$24.00
Transport fares	\$19.00
Food from restaurants/cafes	\$16.00
General shopping and souvenirs	\$16.00
Food purchased from grocery stores	\$13.00
Petrol	\$6.00

Source: Own illustration according to Pearce et al. 2009: 31

Booking behavior and getting information

Backpackers are flexible and have independently arranged itineraries. But this also means that they need to get a lot of information about the destinations they travel, because they have to organize and plan their own trip. They use a wide range of information sources before departure and also during the trip. The most important information sources are the internet, family and friends and guide books (cf. Richards and Wilson, 2004a: 23). The internet is the most important information source of all and many agreed that they use the internet and specifically online backpacker forums to gain new information (cf. Paris, 2010: 53). But word of mouth also plays an important role as 66 percent of backpackers consult family and friends for information and recommendations. In addition to this many backpackers use guide books to look up information (60percent). Especially the guidebook Lonely Planet is very popular among backpackers and is mostly used to gain information “on the road” during their travels. Depending on the trip duration, backpackers usually tend to plan and book their travel between six weeks or two months in advance (cf. Richards and Wilson, 2004a: 24).

2.5. New emerging backpacking trends

Backpacker tourism has been changing over time and meanwhile, it developed into a mass phenomenon with many backpackers following the same itineraries and staying together in backpacker enclaves. Cohen (2004) analyzed the changes in the backpacker market since his own earlier studies in the 1970s. He distinguishes between the earlier “drifters” who traveled the world alone and backpackers who are “more recent youth travelers, following well-

trodden paths in large numbers” (Cohen, 2004: 44). Nevertheless individual drifters still can be found in remote areas which are as yet untouched by mainstream backpacker tourism. He assumes that instead of looking for authenticity and self-development like in the earlier years, backpacking developed more and more into a search for “hedonistic enjoyment and fun” (Cohen, 2004: 50). This argument is supported by the assumption that backpackers may only occasionally be interested in experiencing the cultures and lives in the visited country and may prefer for the most time to seek familiar experiences even though in a different country. Furthermore studies of how backpackers travel nowadays suggest a growing trend towards living in a sub-culture with plenty of familiar partying (cf. Cohen, 2004: 50). Backpackers on the road are temporary members of the ‘road culture’ participating in short-term social interactions, often traveling together, eating together and sharing common experiences together. The social interactions are maintained through a shared ideology and a sense of companionship in the insecurity of traveling in distant and unknown places. (cf. Murphy, 2001: 53). Backpackers have also been characterized as “neo-tribes”, social groups that are temporarily bonded together (Wilson & Richards, 2004: 124).

The earlier backpacker sub culture, which was expressed through local clothes and long tiring overland journeys, seems to be changing. “Groups of young tourists with backpacks can now be observed wearing internationally fashionable clothing, traveling by private mini-bus from backpacker enclave to enclave, and sitting in large groups watching the latest film being showed in a backpacker place in form of a pirated DVD. In part, some of this is supplier-driven as local entrepreneurs from the early 1990s created a parallel infrastructure to meet the demand.” (Hampton, 2010: 17). This indicates the formation of a mainstream backpacker culture. Today’s backpacker tourism market is dominated by many young budget travelers who travel on the same itineraries and spend most of their time in popular backpacker destinations (cf. Hannam, 2010: 2). Especially in South-East Asia and Australia backpacking developed into a mass phenomenon, with a permanently increasing number of young people traveling the typical backpacker paths and staying in backpacker enclaves (cf. Hampton, 2010: 17). This results into a contradiction between the development of new backpacker trends and the original meaning of backpacking. Originally, backpackers are explorers of new and remote areas and prefer to travel off the main tourist track. And there are still some adventurous backpackers who are looking for new places and open up new areas as pioneers. This can be called the “ongoing process of finding the perfect beach” (Hampton, 2010: 18). But the problem is that it is impossible to keep these ‘recently discovered’ beautiful places

secret, as word of mouth, online blogs, forums and guidebooks will spread it and attract more travelers, which will contribute to the establishment of a growing backpacker infrastructure by local operators.

Another trend is that backpacker's behavior seems to be influenced more and more by new technologies and social media. Backpackers are no longer 'away from home' in the same way as before since the means to engage and contact distant family and friends, is widely available now (cf. White and White, 2007: 88). In reference to an online survey conducted on Facebook and the Lonely Planet Thorn Tree Forum by Paris (2008), new technologies have transformed the ways in which backpackers travel and engage with their home-place and their social ties. According to Paris, backpackers use social media to stay in touch with people they met while traveling and with family and friends back home. Most of them post photos online during and after the trip in order to let friends, family and other backpackers take part in their experiences. The digital camera is nowadays an essential item and used by most of the backpackers in order to document their experiences (cf. Paris, 2008: 56-58). Many backpackers agree that "their social network profiles represent their only real address while travelling. [Referring to this, Paris assumes that] they maintain intermittent co-presence with their networks through a virtual identity" (cf. Paris, 2008: 53). According to Pearce's survey (2009), Facebook is the most heavily used site, especially to keep in touch with other travelers and friends back home (Pearce, 2009: 40). White and White (2007) see the electronic leash as liberating because it provides numerous safety nets for travelers. Nonetheless it also diminishes some of the value of travel as an escape mechanism. They also underline the importance of adapting the promotion of backpacker businesses to this increasingly rich communication context (cf. White and White, 2007: 91).

In regard to Australia, a new trend of backpacker enclaves along the East Coast in combination with packaging of tours emerged. Despite of a quick and constant growth of the backpacker scene throughout Australia, the variety of places visited is not growing as backpackers tend to stay in the same popular backpacker destinations, above all along the East Coast. There are some popular destinations who already developed into real backpacker enclaves such as Byron Bay, Gold Coast, Hervey Bay and Airlie Beach. The infrastructure in these enclaves is "so condensed that it forms a bubble within which the backpackers can move without getting in contact with its environment" (Welk, 2010:171). Many backpackers no longer travel along the coast. They only travel from enclave to enclave without hold-ups in

between. This may be a result of limited timeframes and cheap flights between destinations (cf. Welk, 2010: 171). Another reason for this behavior may be the increasing packaging of popular tour components along the East Coast. Especially in developed countries like Australia or New Zealand, many travelers now bundle their trips into backpacker-oriented package deals (cf. Welk, 2010: 172). Agencies like “Peterpans” and “Travel Bugs” are provoking an increased packaging of backpacker travel along the Australian East Coast. These tour packages cover major travelling routes in Australia. Travelers can individually ‘package’ their trip in several stages, putting together different packages like for example a bus pass, selected hostels, four wheel driving on Fraser Island, Sailing the Whitsundays, Diving in the Great barrier reef and Skydiving. The reason for booking these all-in-one packages is that they are cheaper than booking the single components. The more components are booked together, the more discounts the traveler can get. The clients still have the illusion of travelling independently by making their own selections –while being channeled along a string of industry-controlled hotspots. Welk calls this phenomenon of contradiction “all-inclusive holidays for independent travelers” (Welk, 2010: 172).

3. Business plan: „OZRoadtrippers“

This part of the bachelor thesis consists of a detailed business plan for the new backpacker tour operator named “OZRoadtrippers”. It contains all relevant components of a business plan and is written in a corresponding writing.

3.1. Executive Summary

Western Australia – white beaches, turquoise waters, flame red sand and cliffs, giant trees, beautiful and breathtaking landscapes, off road adventure opportunities and unspoiled wilderness. This is how people dream of Australia and it is the place to be for young travelers and explorers! The new tour operator for young travelers “OZRoadtrippers” will make this dream true!

„ Being on a Tour with OZRoadtrippers, you can have the best time of your life! In a thrilling and fun adventure, you will meet new friends, feel the Australian lifestyle and experience the beauty of Western Australia “

OZRoadtrippers wants to create a 'once-in-a-lifetime' experience for young budget travelers. We attach great importance to the fun atmosphere, the adventure level and the entertainment on our tours. We want to let everyone know: Here you can have the time of your life. Our aim is to develop OzRoadtrippers to the most popular operator for budget travelers in Western Australia.

Due to the growth potential of backpacker tourism in Australia, new opportunities arise. The backpacker tours market in Western Australia is not saturated in contrast to the overcrowded East Coast of Australia and especially backpacker day tours are a niche market in WA. The competition is not big as the existing tours in Perth are not targeting backpackers and are very expensive. This is why there is a big opportunity for OZRoadtrippers as a new target-group oriented and extraordinary tour operator for backpackers in WA.

The operator is based in East Perth and the legal structure is a partnership, with the founders being Agnes Mazur and Michael Brookes. The motivation to start up this tour operator in WA evolved from Agnes' successful attempt to organize small tours for backpackers in WA. She was travelling as backpacker for a long time and therefore knows exactly what those young travelers want and need. The operator will take into account the new emerging backpacker trends and backpacker motivations to tailor the tours to their specific needs. We will set us apart from our competitors by targeting backpackers and young travelers, by advertising our tours as extraordinary adventures and by offering tours to places that are not visited by any other tour operator yet. Furthermore we will attach great importance to the atmosphere, adventure and entertainment of our tours. Our unique selling proposition is the focus on socializing, adventure and entertainment which goes hand in hand with new backpacker trends. We make sure that no one gets bored and that our customers bring home great memories. The tour guide, Agnes, will take care of a continuous entertainment during the tour to make sure that there is a good mood, lots of fun and a relaxed atmosphere.

With outstanding and innovative marketing strategies Roadtrippers will succeed to inspire its target audience. Due to the growing number of backpackers using the internet for bookings and information, the most important part of our promotion will be the online marketing. Besides an own website and advanced Search Engine Optimization (SEO), we will advertise on social media like Facebook and on popular backpacker forums like Gumtree or Thorntree. Also important is the customer relationship management to generate good word of mouth.

Other special promotions include print media, appealing marketing video and events. For our pricing we will use yield management with discounted last minute prices to fill up empty spaces.

Our financial plan shows in detail how profits can be made by OZRoadtrippers. To be prepared for any contingency, we calculated with a best case, average and worst case scenario. Our results include an annual turnover of AU\$ \$ 113,765 at a worst case up to a **best case turnover of AU\$ 227,530**. The average turnover accounts AU\$ 159,271. The annual profit is estimated to be between \$ 17,849 up to \$ 51,045 per year, depending on capacity and already taking into account an annual entrepreneur's salary of AU\$66,000. After five years a total **profit balance of \$ 155,840** is expected. The profit can be influenced strongly by the occupancy rate of our business. Our breakeven occupancy rate is at 59.3 percent to cover all expenses including own salary. But our innovative and successful marketing strategies will ensure a much higher capacity. Finally our SWOT Analysis develops sophisticated strategies in order to react to possible threats and opportunities.

3.2. Business details, founders and personal motivation

OZRoadtrippers is a new backpacker oriented tour operator in Western Australia based in East Perth. The legal structure of OZRoadtrippers is a partnership, with the partners being Agnes Mazur and Michael Brookes. The following section presents the personalities of the founders of OZRoadtrippers, Agnes Mazur and Michael Brookes, and describes their motivation to start up a touring business in Western Australia.

Agnes Mazur is 23 years old and absolved her bachelor studies in Tourism Management at Ostfalia University in Salzgitter, Germany in 2015. She has working experience as tour guide for the German youth tours company RUF, as entertainer in a five-star hotel in Mexico and as consulter at the inbound tour operator AustraliaOne. As an experienced budget traveler, she already traveled to many countries around the world and also traveled throughout Australia as a backpacker. She is a very fun and outgoing person who loves to entertain people and create great memories. To achieve her goals, she is very hard working and motivated. Traveling, entertaining and organizing tours and events is her passion. This is why she will be guiding the tours at OZRoadtrippers. In addition to this, she will also take care about the marketing and the events.

Michael Brookes is 28 years old and a highly skilled Media Designer. He finished his studies of Media Design at the Torrens University in Adelaide in 2011. After his studies he moved to Perth and worked here as self-employed web designer from his home office. He is a friendly and open-minded person who is determined and hard working. As a creative Media Designer he will be responsible for all media and design concerns, like creating the website and designing flyers. Moreover he will help out with the administration matters as he has years of experience in being self-employed in Australia.

Our motivation to start up a touring business in Western Australia (WA) is very wide-ranging. The idea to establish a tour operator in WA started in 2014, when Agnes started exploring the surroundings of Perth with her own car and discovered many beautiful natural places. Some of these places were already common among backpackers, but there were no tours going there. More and more friends or other travelers asked Agnes to take them to these places as they didn't have a car. They even offered her money for the service and through word of mouth Agnes' "trips" became popular. This is how Agnes discovered the potential of such a tour operator in this area. We are of the opinion, that the backpacker tours market in WA is not saturated in contrast to the touristic and overcrowded East Coast of Australia. Especially backpacker day tours are a niche market in WA. The existing tours in Perth are not well targeted to backpackers and are very expensive. This is why we see a big potential for a new target-group oriented and extraordinary tour operator for backpackers in WA. After analyzing the market we also see a general growth potential of backpacker tourism in Australia. We love Western Australia, because it is beautiful, special and unspoiled. The natural landscapes are breathtaking and give many adventure opportunities. In our opinion, Western Australia is the most beautiful part of Australia. We want to show young travelers how beautiful Western Australia is and have a great time together. Furthermore Perth's warm and sunny climate is ideal for tour operators. Perth is the sunniest city in Australia and the skies above Perth are often bright blue without a cloud in the sky. Even the winter from June to August is mild and the sun is shining frequently (cf. Tourism Australia, 2015b).

3.3. Target Group Analysis and Segmentation

Each of our tours caters for backpackers and young travelers, those who want to get off the beaten track to explore the nature and have an adventure and those who want to socialize,

meet new people and party. In the business plan we use the word "backpacker" as collective term, but it is not to be understood as containment. It is a collective term for all young budget travelers like international students, long term travelers, working holiday makers, flashpackers and young Australians. Therefore all young people, who want to meet new people and make a mix of adventure, nature and party holiday, can join our trips. Also people who do not identify themselves as a backpacker can join us. Unfortunately the term "backpacker" is not always understood positively (cf. Spiegel Online, 2007). For this reason it is not used in the name or slogan of OZRoadtrippers.

The target group "backpacker" in Australia can be segmented into the following sub-types: Working Holiday Makers, International Student Travelers, backpackers who are travelling on Tourist Visas, Flashpackers and Flowbackers. This chapter will differentiate first between the travelers who travel on different visas in Australia, such as Working Holiday Makers, International Student Travelers and travelers on the Tourist Visa. There are significant differences between those travelers due to visa restrictions in Australia. After this, the chapter will analyze the new emerging traveler types such as flashpackers and flowpackers. All these segments are part of the backpacker culture in Australia. Thanks to a systematic segmentation we will be able to apply target group oriented marketing. We will use different marketing strategies and channels for every target group segment, to meet the different needs of every single segment. According to Tourism Australia about three quarters of backpackers in Australia are either on a tourist visa or on a working holiday visa (cf. Tourism Australia, 2011: 11). This is why OZRoadtrippers will focus its marketing strategies above all on these target groups.

3.3.1. Working Holiday Makers

An important role for the constant growth of backpackers in Australia plays the Working Holiday Maker Program (WHM). This visa allows international travelers of eligible countries, who are between 18 and 30 years old, to work and travel in Australia for a period of up to 12 months. It is possible to get a second visa for another 12 months, by working in certain industries, like agriculture, fishing and construction, for at least 88 days during the first visa (cf. Department of Immigration, 2013a). The WHM program attracts an increasing number of backpackers to Australia. For many young people it is one of the main reasons to choose Australia as travel destination, as it helps them to finance their stay abroad.

The Working Holiday Maker Program (WHM) is one of the fastest growing segments of the international visitation market in Australia. According to a publication by the Australian Export Tourism Council 2012, the number of issued WHM visas increased from 104,000 in 2005 to 154,000 in 2008, which is a growth of 47.7 % between those years. At the same time the general visitation rate increased by only 4.5% (cf. Australian Tourism Export Council, 2012: 3). These facts show a growing trend towards Work and Travel Holidays in Australia.

Working Holiday Makers are backpackers who want to work and to travel in Australia. They are suitable as a target group because they are customers with spending power, due to the possibility of earning good money during their travel. Australia makes high earnings possible and this is why many backpackers try to find a job in order to save money and to travel afterwards. This segment is above all a suitable target group for our day tours. The justification for this assumption is that, even when they are working in a job, they still feel the wish to travel. But when they work every week, they cannot go away on a long trip and want to do at least some day tours to explore the area. And especially when they earn good money in their job, they are willing to purchase such a tour. Furthermore they cannot work longer than six months with one employer due to visa restrictions (cf. Department of Immigration, 2013a). This means that they are obligated to change jobs or to go traveling after six months. At this stage OZRoadtrippers will advertise its multi day tour offers to the Working Holiday Makers. Eventually this segment will be of utmost importance for our business.

3.3.2. International Student Travelers

The “Tourism White paper” published by the Department of Industry, Tourism and Resources in 2004 noted the forecast growth in international students to Australia. They are estimated to spend more and stay longer than the other segments of comparable size (cf. Jarvis and Peel, 2007: 158). The following travel intensity and expenditure patterns of Australia’s short-stay³ international students has been identified in a survey at Monash University, Victoria (cf. Jarvis and Peel, 2007: 159): 68 percent of the respondents did more than three trips of at least one night duration during the semester and 89 percent of the students did a trip during a mid-semester break for an average of nine nights (cf. Jarvis and Peel, 2007: 165). At the end of

³ In this survey short-stay means staying one or two semesters in Australia

their studies 76% planned to travel in Australia for an average of 27 days with an average budget of AU\$1,701 (cf. Jarvis et al, 2007: 166). The expenditures of short-term students are pretty high, as they spend approximately AU\$ 7,766 (exclusive university fees) during a semester of study in Australia. A breakdown of expenditure showed that 39 percent of this has been spent on travel in Australia. To meet this trend some universities even organize trips for their students, like for example an university in Western Australia who offered students the chance to ‘experience the real downunder’ on a 10 day camping trip (cf. Jarvis et al, 2007: 161).

This segment will also be considered as an important target group for OZRoadtrippers, because it has a high spending potential on tours and a high intensity of travel. Due to their short time frames like weekends or semester breaks, they tend to book organized tours. This is why student travelers will play an important role regarding day trips, especially on the weekends. And when the semester breaks come closer, OZRoadtrippers has to concentrate on advertising our multi day tours to the students.

3.3.3. Backpacker on a Tourist Visa: Australia’s Flashpacker?

Backpacker who are in Australia with a tourist visa stay usually for a shorter time than the other segments, because the visa permits them to stay only for up to three months in Australia. In exceptional cases tourists can also apply for a 6 or 12 months visa (cf. Department of Immigration, 2013d). As they cannot work neither study in Australia, the main activity is travel. They are motivated to travel and experience Australia and as their time is limited, they are willing to purchase organized tours. As Australia is an expensive country for traveling (cf. Tourism Australia, 2011: 1-12), most of them saved enough money before the trip.

There is a new emerging kind of backpacker who also travels in Australia: the “flashpacker”. Due to demographic changes in the western society, the so called "flashpacker" evolved in the course of the years. Jarvis and Peel call this phenomenon “upmarket backpacking” and describe the flashpacker as an older and more affluent backpacker in his late 20ies to late 30ies who has a higher level of disposable income, is travelling on a career break and travels with modern technology such as laptop, smartphone and digital camera. He also tends to visit more “off the beaten track” locations (cf. Jarvis and Peel, 2010: 21-22). For flashpackers, traveling on a strict budget is not as important (cf. Paris, 2008: 47). And although

flashpackers can afford to stay at high standard accommodations, many of them still prefer to use backpacker accommodation and infrastructure. The reason for this is the social nature of such a travel and the wish of meeting people and being part of the backpacker culture and backpacker activities. Many flashpackers have been backpackers before. They still want to stay in hostels to enjoy the company of other young travelers, but they are mostly over the discomfort of sharing dorms and take a private room instead. According to Jarvis and Peel (2010) the flashpacker market segment, with their particular travel behavior and expenditure patterns, presents a niche opportunity in the tourism industry (cf. Jarvis and Peel, 2010: 21-22).

Flashpackers are a very important part of our target group because they are more affluent than any other backpacker segment and as mentioned above they present a niche opportunity in the tourism industry. They can afford high standards but they still prefer to encourage with the backpacker culture in order to socialize. Accordingly they purchase organized backpacker tours and do not bother about the price. This is why we will target them.

3.3.4. New emerging trend: the Flowpacker

Also new is the term ‘flowpacker’, which was established by Müller in 2012. He describes flowpacking as “drifting with the mass” (cf. Müller 2012: 51). Flowpackers want to enjoy life to the fullest, celebrate parties and move easily through their own backpacker infrastructure. They want to meet other backpackers and like-minded people, rather than local people (cf. Müller 2012: 52). The hostel continues to be the preferred accommodation option and plays an essential role as meeting point to meet other travelers and to party (cf. Müller 2012: 51).

Also this segment will be targeted by OZRoadtrippers. In order to target those young travelers, we will advertise our tours as social adventures and show that our tours include entertainment and party as well. With our image video we will raise emotions and communicate fun, entertainment and adventure.

To sum it up, the characteristics of all segments play an important role for OZRoadtrippers. We will adapt our marketing to these target groups and respond to their needs and preferences. In summary, the core motivations and preferences of all target group segments

are: socialize and meet like-minded people, experience adventure and excitement, relax and enjoy, travel and see Australia. And the most important fact is that in spite of their preference for budget, most of them can afford to purchase organized tours.

3.4. Market Analysis

There has been an international tendency, above all in some South East Asian countries, to ignore and dissuade the backpacker market segment. However Australia has been a notable exception to this trend by making efforts to boost backpacker travel and by considering the backpacking industry as a potential for the Australian tourism. Australian tourism departments and commissions are supporting this sector since years and have identified the economic and social value of backpackers to Australian communities, especially in terms of filling casual work needs (cf. ATEC, 2012: 3).

This chapter showcases the growth potential of the Australian tourism market and of the backpacker market in Australia and particularly in Western Australia. Starting with the growth of the tourism industry in Australia in general, the chapter introduces the importance of the backpacker market as a profitable segment of the tourism industry. The second section focuses on the growth of the tourism and backpacker market in Western Australia and on the opportunities for tourism businesses in WA.

3.4.1. Australia's tourism and backpacker industry

Tourism is a vital industry for Australia and plays a crucial role in driving Australia's economy. The year ending February 2015 counted 6.9 million visitor arrivals which is a growth of 7.1 per cent relating to the previous year (cf. Tourism Australia, 2015). Currently, the tourism industry contributes \$43.4 billion to the nation's Gross Domestic Product (GDP) and provides jobs for 534,000 persons. Generating \$27.2 billion (8.2 per cent) in total exports, inbound tourism is Australia's largest services export industry (cf. Tourism Research Australia, 2015). In December 2011, the Government announced its new national strategy: "Tourism Industry Potential 2020." The goal is to appeal Australia's industry and governments to increase the earnings from the tourism industry. "By 2020 the Potential is estimated to be between \$115 billion and \$140 billion in overnight expenditure. Adding in day trips, total expenditure is estimated to be between \$135 billion and \$160 billion"

(Tourism Australia, 2010: 1). These facts indicate that there is a big growth potential of the tourism sector in Australia. Moreover the Australian investment environment continues to be one of the most attractive globally and Australia is rated among the most business-friendly economies. Above all investments in the tourism industry are recommended these days, as the capacity to make investments or refurbish existing products in the tourism industry continues to be at high levels (cf. Tourism Research Australia, 2015: 3).

Backpacking generates 20 percent of Australia's international tourism revenues and plays an important role in the tourism industry of Australia (cf. Tourism Australia, 2008). Nowadays backpacking developed into a big and profitable sector and Australia is the country with the most developed backpacker infrastructure (cf. Welk, 2008: 170). The International Visitors Survey counted a number of 579,000 international backpackers to Australia in 2013. In 2014 the number increased by two percent to reach 592,000 backpacker visitors. The expenditure of backpacker visitors in 2014 was 4.13 billion (cf. TRA, 2014). Internationally there is a strong view that the societal and psychological roots of backpacking will continue to encourage the demand for these kinds of experiences. This results into a widely expressed optimism for the longevity of the backpacker industry. In addition to this, there seems to be good business profitability in this sector (cf. Pearce et al, 2009: 23). Most Australian states already recognized the value of backpackers and actively target this market. Particularly in Queensland backpacker tour operators have long been an essential part of the tourism industry (cf. Tourism Victoria, 2009: 7).

Casual and short term working opportunities for backpackers within Australia are very important in order to finance a longer stay in Australia (cf. Pearce et al, 2009: 23). Thus the Working Holiday Maker (WHM) program forms an important part of the backpacker sector and is one of the fastest growing segments of the international visitation market in Australia. According to a publication by the Australian Export Tourism Council 2012, the number of issued WHM visas increased from 104,000 in 2005 to 154,000 in 2008, which is a growth of 47.7 percent between those years. At the same time the general visitation rate increased by only 4.5 percent (cf. Australian Tourism Export Council, 2012: 3). These facts show a growing trend towards Work and Travel Holidays in Australia and thus also towards backpacking in Australia. In addition to this, vacancies in tourism-related roles will increase due to the growing tourism industry. This could result into seasonal labor pressures (cf. ATEC, 2012: 5). As Working Holiday Makers represent a reliable supply of a short-term seasonal workforce, Australia wants to support backpacker tourism by developing strategies like

extensions of the Working Holiday Maker visa for greater periods of time and to more source markets (cf. Pearce et al, 2009: 23).

The research 'Evolution of the backpacker market and the potential for Australian tourism' published in 2009 by P. L. Pearce, L. Murphy and E. Brymer gives a comprehensive view of current backpacker trends applicable to Australia and emphasizes the importance of the backpacker industry for Australia by developing strategies to boost backpacker travel in the future. Some of the short term strategies are to expand the Working Holiday Maker visa system in order to encourage more budget travelers to come to Australia, to enable more volunteering options for young travelers and to evaluate the backpacker potential for the emerging youth markets from China and India. Long term strategies are for example to create a new student holiday maker visa for three months to encourage international students to travel after graduation and to encourage new product directions for adventure operators through government incentives (cf. Pearce et al, 2009: 7). National backpacking associations and state tourism ministries are required to follow those strategies in order to achieve a growth of backpacker tourism in Australia (cf. Pearce et al, 2009: 8).

3.4.2. Tourism and backpacker market in Western Australia

Western Australia's economy and population is growing faster than any other in Australia. This has created many opportunities across the State and brought more visitors to Western Australia. In 2014 Western Australia counted 8.6 million Visitors. They stayed 64.9 million Nights in WA and spend AU\$ 6.9 billion (cf. Tourism WA, 2014: 3). As a result, tourism has become very important for the state and the Western Australian Government wants to ensure that the tourism industry capitalizes on its opportunities. Accordingly, Tourism WA and Austrade developed a strategy which shows how Government and industry can work together in order to support the growth in the tourism industry. The goal is "to double the value of tourism in WA from \$6 billion a year in 2010 to \$12 billion a year by 2020" (Tourism WA, 2010: 6). The vision of this strategy contains the request to deliver "the tourism brand promise - Experience Extraordinary Western Australia" (Tourism WA, 2010: 6). In order to achieve the goal, the tourism industry needs to participate in this tourism vision. In return, the Government will create favorable conditions and policies for tourism infrastructure, investment and development. The functions of Tourism WA are to market WA as a tourism

destination, to facilitate tourism infrastructure and investment and to sponsor major events that attract visitation to and around WA (cf. Tourism WA, 2010: 7). This strategy demonstrates the growth potential of tourism in WA and the efforts of government agencies to support tourism industry. In addition to this, the governmental Small Business Development Cooperation of Western Australia (SBDC) developed a website called “Tourism Boost” that encourages and supports people to start up tourism businesses in WA (cf. SBDC, 2015). This shows how welcome new tourism businesses in WA are.

Since 2001 international backpacker visitation to WA has increased by approximately 1.7 percent each year and reached a number of 109,500 backpacker visitors in 2011. 65 percent of these backpackers were from Europe with the United Kingdom (23 percent) and Germany (13 percent) being the strongest backpacker segments in 2011 (cf. Tourism WA, 2011: 2). The majority of international backpackers have an age between 20 and 29 years (65 percent). With three quarters of backpackers being single, they are more likely to be travelling solo (62 percent) than other international visitors who are rather part of a couple (cf. Tourism WA, 2011: 2). International backpackers in WA are spending on average 45 nights in Western Australia with 29 percent of those nights in backpacker accommodation. The other nights they stay in a variety of accommodation spending 34 percent of their nights in a rented house or apartment and 12 percent in the home of a friend or relative.

Furthermore the most popular regional areas for backpackers to visit has been determined, with Broome being the most popular, followed by Shark Bay/ Monkey Mia down to Margaret River in the South West

Figure 4: The most popular regional areas for backpackers to visit:

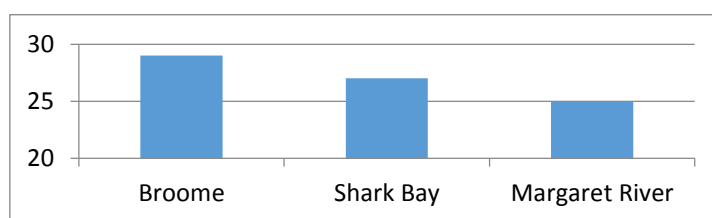
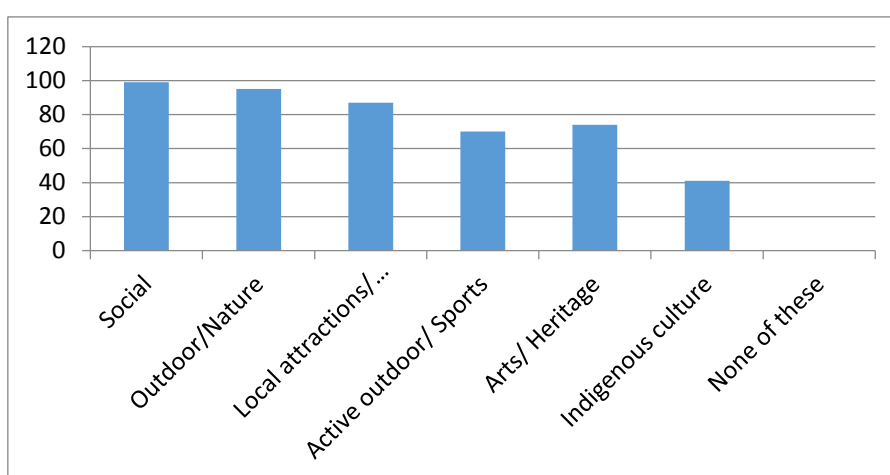


Figure 5 – according to Tourism Western Australia, 2011: 4

Moreover international backpackers were more likely to travel for the purpose of a holiday (85 percent) than other visitors (38 percent). The figure below showcases the most common activities for international backpackers in WA. Due to their longer stay in WA, backpackers participate in more activities than other visitors. Whereas other visitors took part in an average of eight activities during their stay in WA, backpackers took part in about 14 activities. Backpackers were more likely to participate in all activities, especially active outdoor / sports activities (70 percent) compared with other visitors (28 percent).

Figure 5: International backpacker's activities in WA



Own figure according to Tourism Western Australia, 2011: 4

Regarding to their booking behavior and their information sourcing, Tourism Western Australia (2011) figured out that international backpackers mostly used the internet to obtain information on their trip and to book airfares, accommodation and organized tours. 30 percent of them also used a travel book or guide for information on their trip or asked friends or relatives living in Australia for advice (22 percent). Other travelers were less likely to use the internet and a travel guide, but more likely to get information from friends or relatives living in Australia.

3.5. Competitor analysis

The biggest competitor for OzRoadtrippers is Adventure Tours Australia offering great adventure tours throughout Australia. The second biggest competitors are Aussie Wanderer and Outback Camp Tours. Both of them specialize on Adventure Tours in Western Australia.

To compete against these Tour operators will be hard, but with an innovative and target group oriented marketing and with lower prices, we assume that we can position our service on the market. One big advantage is that these competitors do not offer any day tours, except the pinnacle day tour from Aussie Wanderer. This is why we will focus our business on day tours in the first year and introduce the multi day adventure tours slowly after raising our level of familiarity. In order to analyze the competition for OzRoadtrippers in detail, we have to make a segmentation of operators offering day tours and those offering multi day tours.

Concerning day tours, OzRoadtrippers does not have direct competitors. The operators for day tours around Perth are Gray Line Perth Day Tours, ADAMS Pinnacle Tours, Tasting Bud Tours, Perth Tours WA, Two feet & a heartbeat Tours, Casey Tours and Aussie Perth Tours. These day tour operators in Perth do not really target backpackers and are very expensive, compared to the backpacker tour prices on the East Coast. Perth Tours WA operates his tours only in Perth city and suburbs and offers a really small range of non-adventurous tours like walking and city tours. Two feet & a heartbeat only offers walking tours through the city. Taste Bud Tours is only focusing on tasting tours, but compared to our wine tasting tour, they focus more on tasting food than wine and visit only one winery per tour. Casey Tours concentrates on wildflower tours, targets people with special interests and is very expensive. The operators Gray Line Day Tours, Adams Pinnacle Tours and Aussie Perth Tours have a wide range of day tours and adventure tours. However these operators obviously do not target budget travelers, as their tours are very expensive, with prices between AU\$ 195 to AU\$225. Our biggest competitor, Aussie Wanderer, is offering a day tour to the Pinnacles at a price of AU\$150. But since it is the only one day tour they offer, we have only competition in one of our many tours.

The big advantage is that OzRoadtrippers will offer day tours to places of interests that are not visited at all by any other tour operators. These places include the waterfall at Lesmurdie National Park, Blackwall Reach Cliffs, the waterfall and natural plunge pool at Serpentine National Park and the blue house on the Swan River. To speak from our own experience, these places are very popular among backpackers and young travelers and those who have cars usually visit these places when they stay in Perth. Therefore we see a big potential for success for the tours which include visiting these places.

To sum up one can say that OzRoadtrippers does not have to fight competition regarding the day tours. The day tour operators are all offering either a small range of tours which are not similar to ours or target people with special interests or a higher budget and do not target adventurous backpackers. Moreover these Tours are very expensive, compared to the backpacker tour prices on the East Coast. These prices of between AU\$ 195 and AU\$ 225 are definitely not suitable for young budget travelers. This is why we do not see those operators as competitors. In our opinion, backpacker day tours are a niche market in Perth. We will be the first operator in Perth who is specializing on one day tours for backpackers and budget travelers.

Regarding our multi day tours we have to fight against a bigger competition. There are three big competitors for multi day tours in the Western Australia: Adventure Tours Australia, Aussie Wanderer and Outback Camp Tours. After describing each of our biggest competitors for multi day tours, we will search for their weaknesses and for our resulting opportunities:

Adventure Tours Australia is a big company for tours throughout Australia. They are in this business since more than 20 years and this can be very advantageous for them. Their level of familiarity is high and they are cooperating with worldwide known Intrepid Travel. Adventure Tours is advertising all of its tours on Ozbackpackertours.com.au, which is not good for us because this online travel agent is very popular among backpackers and appears very high in the google search engine. Ozbackpackertours attracts backpackers very well by offering discounted travel deals and by using the term 'backpacker' in its name. Moreover they have a very high ranking in the google search engine. This is why it is a very important distributor for us and why we see Adventure Tours as a big competitor.

Aussie Wanderer is a tour operator who specializes on tours on the West Coast of Australia. The tours offered on their website look very appealing as they use really nice pictures and a nice design. They are not that known like Adventure Tours Australia, but they are cheaper than them and still a popular operator at the West Coast. They know how to attract people with their website and this is why they represent a high competition for us. Again here they do not specialize on day tours and thus we will have an advantage. Nonetheless they offer a one day Pinnacle Desert tour and this one is the cheapest on the market. As they already offer one day tour, there is the risk that they start offering more day tours. Then they would represent a threat for OZRoadtrippers.

Outback Camp Tours is a small one-man company, has been founded two years ago and is not very known or popular. Its lack of popularity results from too little advertisement, a weak SEO and little experience in business. The owner, Mark Polich, is also the guide and started doing his tours as a lifestyle. He offers authentic low budget camping tours in small groups. At the moment he is the cheapest provider for tours through Western Australia. Many of these aspects are similar to the business we want to start. The only advantage for us is, that Outback Camp Tours does not offer any day tours. Moreover he focuses on his Perth to Darwin Tours and does not offer return trips to Exmouth or Kalbarri. Nonetheless we have to watch Outback Camp Tours carefully because it is in a growing stage, can get popular and can expand his tour offers.

Nonetheless these three tour operators also have some weaknesses. For example, the descriptions of the itineraries are very factual and do not raise emotions. With a convincing presentation of our tours on the internet using many attractive pictures and videos and describing our tours as ‘time of your life’, we will set us apart from our competitors.

Furthermore, except their online presence, they do not promote their tours or their business very well. At this point our tour operator will do it better and convince with an extraordinary marketing with successful strategies like an appealing image video, monthly events, meetings or competitions in Perth, up-to-date promotion on Facebook and much more. Another important argument is that our tours are different to the others by being focused on socializing and entertainment and not only on adventure or nature. A big advantage is also that these competitors do not offer day tours, so that we have at least one part of our business who is not faced with this competition.

3.6. The business idea

More and more backpackers come to Australia and want to explore the country. Especially Western Australia gives the impression of incredible nature and unexplored land, since it is not yet traveled as strong as the east coast of Australia. On one side most backpackers, who travel to WA, want to discover the breathtaking nature of Western Australia and experience an unforgettable adventure in the wilderness. On the other side, they also want to meet new people and share with them a common experience.

For these young travelers OZRoadtrippers provides the ultimate Off-Road-Adventure Tours. On the Tours we visit the most beautiful natural attractions of Western Australia in an off-road adventure safari style. On our Tours we offer activities and experiences with adrenalin rush guarantee like snorkeling with turtles, swimming with whale sharks, cuddling koalas, petting kangaroos on the beach, stand up paddle, surfing, sand boarding, four wheel driving, rock climbing, abseiling, cliff jumping, hiking and swimming under waterfalls. And besides all this we even meet the desire for social contact and group experience. The tour guide will take care of a continuous entertainment during the tour to make sure that there is a good mood, lots of fun and a relaxed atmosphere. The entertainment includes icebreakers, competitions, beach games, funny group photoshoots, drinking games, moonlight cinema and much more. Young people should get to know each other in the group and form a community. OZRoadtrippers offers a wide range of tours. Offered are four different day tours and three multi day tours with different durations. The tour groups are with approximate ten to twelve travelers rather small. The means of transport is a four-wheel drive van with eleven seats.

The customers have many options to join the Tour. Long tours for example can be also divided and booked in sections. Thus, travelers can decide to stay longer at selected locations before they complete the journey. In addition to this, OZRoadtrippers will offer something special for travelers who want to travel with their own vehicle. We offer them the opportunity to join the tour with an own or a rented campervan or car. However we will not take any responsibility for these cars. These customers will benefit from the organization of the journey, the food, the camping spots and the entertainment. Since they do not book our transportation, the price is lower accordingly.

3.6.1. Unique Selling Proposition

The backpacker tours market in Perth is not saturated and this opens up great opportunities for a new backpacker tour operator in this area. The day tour competition is not strong as the existing day tour operators in Perth do not really target backpackers and are very expensive. We will set us apart from our competitors by targeting backpackers and young travelers, by advertising our tours as extraordinary adventures and by offering tours to places that are not visited by any other tour operators. To set us apart from the big competitors of multi day tours, we will attach great importance to the atmosphere, adventure and entertainment of our tours. Our unique selling proposition is the focus on socializing, adventure and entertainment.

We make sure that no one gets bored and that our customers bring home great memories. The tour guide, Agnes, will take care of a continuous entertainment during the tour to make sure that there is a good mood, lots of fun and a relaxed atmosphere.

In addition to this, our motto is: "For backpackers from backpackers". This means that OZRoadtrippers wants travelers to feel like just travelling with other like-minded travelers. The Guide is there as a friend, helper and organizer and not as a leader or decision maker.

With our slogan "*Once in a lifetime OZ adventure*", we want to arise the emotions of young travelers. To achieve this we will focus on an extraordinary, innovative and target group oriented marketing. With a convincing presentation of our tours on the internet using many attractive pictures and videos and describing our tours as 'time of your life', we will set us apart from our competitors. Furthermore we will attract backpackers will innovative marketing strategies like an appealing image video, monthly events, meetings or competitions in Perth, up-to-date promotion on Facebook and much more.

3.6.2. Vision, mission and corporate identity

OZRoadtrippe's vision:

„ Being on our Tour, you can have the best time of your life! In a thrilling and fun adventure, you will meet new friends, feel the Australian lifestyle and experience the beauty of Western Australia“

The company's mission is to create a 'once-in-a-lifetime' experience for young budget travelers. We attach great importance to the fun atmosphere, the adventure level and the entertainment on our tours. We want to let everyone know: Here you can have the time of your life. Our aim is to develop OzRoadtrippers to the most popular operator for budget travelers in Western Australia. With an outstanding and innovative marketing strategy Roadtrippers will succeed to inspire its target audience.

OZRoadtripper's corporate identity is very informal. It will embody the typical relaxed backpacker lifestyle together with a holiday, explorer and adventurer travel feeling. The prospective clients should be able to identify themselves with the company. This will be reflected in all areas of the company. For example, the design of business cards, flyers and

emails will be colorfully and with many pictures and holiday symbols. We will not use formalities, wear casual dresses and our home offices will be decorated in a holiday-adventure style.

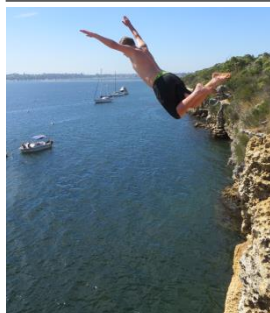
3.6.3. Description of the Service

The service of OZRoadtrippers includes the organization and realization of tours. Travel will be on a 4WD Adventure van, which is fully air conditioned, with comfortable seating and with a good sound system. For multi day tours a trailer with all camping and cooking equipment is provided.

Oz Roadtrippers will operate the day tours every week from Wednesday to Sunday, except on selected weeks when the multi day tours take place. In the winter months July and August, we do not offer any tours and can take holidays. Thus our tours will be operating from 01 September to 30 June each year. Nonetheless we still have to manage bookings and stay connected during our free time. We can also use this time to reflect the year, develop new strategies and improve the business. As a result we will operate our day tours during 28 weeks and the multi day tours during 15 weeks. The multi day tours require a lot of organization. Thus they will operate only a few times per year. An additional feature at OZRoadtrippers are tailor made tours, where customers can do a self-designed tour with us. The departure days and the frequencies of all tours can change in the first year of operation, depending on bookings. Also routes can change and new tours can evolve. The first year will be a testing phase, where we will survey customers, analyze booking behavior and tailor our tours.

Please see below the presentation of OZRoadtripper's tours:

River & Cliffs Getaway: Kingspark Skyline, Blue House, Kangaroos & Cliffs day tour



Own picture

Discount Deal: AU\$ 59

Duration: 2pm to 8pm, departs every Wednesday and Friday

Activities: Cuddle kangaroos, visit the charming blue house on the river, enjoy beautiful views down the cliffs, relax in the sun by the cliffs, do a cliff jump and enjoy Perth's beautiful skyline at sunset. (Included: National park and entry fees, group photoshoots & BBQ, cold drinks can be purchased)

Wildlife Adventure: KoalaPark, Serpentine Falls & Penguin Island Daytour



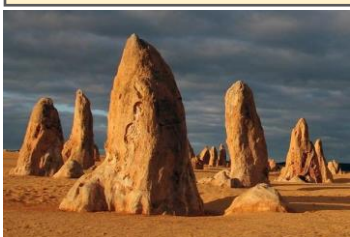
Own picture

Discount Deal: AU\$ 119

Duration: 9am to 6pm, departs every Saturday

Activities: Cuddle a koala, feed kangaroos, wombats and other wildlife, swim at the plunge pool of Serpentine falls, enjoy Penguin Island and get the chance to swim with sea lions (Included: National Park Fees, Entry to Koala Park, Ferry to Penguin Island and BBQ Lunch, cold drinks with extra charge)

Off-Road Desert Adventure: Pinnacle Desert & Lancelin Sand 'n' Surf Daytour



Own picture

Discount Deal: AU\$ 129

Duration: 8am to 7pm, departs every Sunday

Activities: Watching Koalas in Yanchep National Park, see the mysterious Pinnacles, sandboarding and surfing in Lancelin (Included: Sandboard & Surfboard hire, National Park fees and BBQ Lunch, cold drinks with extra charge)

Wine & Waterfall Escape: Swan Valley Wine Tasting & Lesmurdie Waterfall Daytour



Own picture

Discount Deal: AU\$ 79

Duration: 12pm to 6pm, departs every Thursday

Activities: Enjoy the relaxing sound of the waterfall and take a swim before heading to the wineries of Swan Valley for your wine tastings, as well as chocolate and cheese tastings (Included: Wine tastings, Entry fees and National Park fees)

4 Days Western Australia Explorer: Perth to Monkey Mia, Kalbarri & Pinnacles



Own picture

Discount Deal: AU\$ 449

Departures: 6. November, 4. December, 19 February

Take a visit to the Pinnacles Desert before surfing your way down a sand dune. Get your adrenalin rush with an abseil experience down the cliffs at Kalbarri National Park and do some hikes with overwhelming views. Keep your eyes open for dolphins in Money Mia, take a swim at the famous shell beach and take your camera out for unbelievable photos at the famous pink lake!

10 Days Wild West OZ Adventure: Perth to Exmouth & Karijini



Own picture

Discount Deal: AU\$ 1250

Departures: 23 Sep, 21 Oct, 07 April, 28 May

Get your adventure on with this ten day tour from Perth along the WA coast to the breathtaking Karijini National Park. Take a visit to the Pinnacles Desert before surfing your way down a sand dune. Hike through the overwhelming Kalbarri National Park and take an abseil down the steep cliffs. Sunbake on Turquoise Bay, spot dolphins at Monkey Mia, visit the unbelievable pink lake, get your snorkel out at Coral Bay and swim with dolphins, turtles and even whale sharks! And finally get ready for two days of hiking and swimming through breathtaking stone formations and caves with magic turquoise waterholes in Karijini National Park. This tour will take you on an action and adrenaline packed adventure!

6 Days South West Adventure: Perth to Esperance, Albany & Margaret River



Own picture

Discount Deal: AU\$ 599

Departures: 30 Nov, 16 Dec, 07 Jan, 06 Feb

Esperance is a coastal town you'll fall instantly in love with. Here you can relax at the crystal clear beaches of the Cape le Grand National Park and watch kangaroos jumping around on the beach. On this tour you will explore the famous Wave Rock, take a swim at the turquoise Green pool, watch surfers in Margaret River and visit the Valley of the Giants for a 40m high tree top walk with some of the most enormous rare trees in the world, only found in this area of Australia. At the end get ready for an adrenalin experience as we climb up a 61 meter high karri tree with extraordinary views. Enjoy five nights of bush camping under the stars, with great entertainment and a relaxed atmosphere.

Tailor made tours: Explore Western Australia the way YOU want

Here we allow our customers to choose their own adventure and tailor their tour to the one they've ever wanted. We are catering for groups of minimum five to maximum ten people. The trailer is equipped with a table for food preparation, all cutlery, cooking, camping equipment and fridges for the budget conscious who wish to prepare own food. Please email the details of your desired tour to get a quote.

3.7. Organization and administration

The following chapter demonstrates the different tasks and conditions that need to be fulfilled in order to establish a new tour operator in Western Australia. In this section various government regulations regarding working permit, taxation, licensing and insurance are explained in detail with regard to OZRoadtrippers.

3.7.1. Working permit and Visa

In order to establish a tour operator in Australia, the founders must have a working permission. Michael Brookes, who is Australian citizen, can set up a business without restrictions. Agnes Mazur is from Germany. Thus she needs the right visa to start up a business in Australia.

According to the Department of Immigration and Border Protection Australia, a person who wants to “own and manage a new or existing business in Australia” needs the "Business Innovation and Investment (Provisional) visa (subclass 188)". The visa has three different streams and in this case, the "Business Innovation Stream" is required. Most Business Innovation and Investment migrants enter Australia on this provisional visa for four years and after satisfactory evidence of a specified level of business or investment activity, they can apply for permanent residence. To get this visa the applicant needs to meet the following requirements: “Lodge an expression of interest (EOI) in SkillSelect and get invited to apply; Meet certain health and character requirements, Be less than 55 years of age, Meet the points tested pass mark (65 points); Have a genuine and realistic commitment to be involved as an owner of a new or existing business in Australia; Have an overall successful business career; Have net business and personal assets of AUD800,000; Have business turnover of AUD500,000” (Department of Immigration, 2015b). The cost of the visa is AU \$ 575.

Another option to be able to start up a business in Australia is to get permanent residence through the Partner visa (subclass 820). To get this visa, the applicant must be married to or in a de facto relationship with an Australian citizen or an Australian permanent resident. As Michael Brookes and Agnes Mazur are in a relationship, this visa is applicable. The applicant must be in Australia when he or she applies, must meet certain health and character requirements and must be in a genuine and ongoing relationship. Both parties must freely consent to the relationship. In most cases, permanent residence can be granted two years from when the applicant lodges his application. The cost of this visa is AU\$6,865 (cf. Department of Immigration, 2015c).

3.7.2. Legal structure, registration and taxes

The business structure of OZRoadtrippers will be a partnership with the partners being Agnes Mazur and Michael Brooks. In a partnership, control or management of the business is shared and both partners are personally liable for all debts and obligations of the business. There are no limits on this liability, as a partnership is not a separate legal entity.

To run a business in Australia, the entrepreneur needs an Australian Business Number (ABN). The ABN is a unique 11 digit number that identifies the business or organization to the government and community. An ABN is free when you register with the Australian Business Register (cf. ABR, 2015). In addition to this all partners of a partnership have to get individual Tax File Numbers (TFN).

According to the Australian Taxation Office (ATO) businesses have to lodge activity statements to report and pay tax obligations. Tax obligations like pay as you go instalments (PAYGI), pay as you go withholding (PAYGW) and fringe benefits tax (FBT) are only required if the business employs people, which is not applicable to OZRoadtrippers for now. If the turnover of a business is AU\$75,000 or more, a registration of Goods and Services Tax (GST) must be made. If our turnover exceeds this amount, we will include GST in the price of the sales to our customers, and claim credits for the GST included in the price of our business purchases.

In pursuance of the Australian Taxation Office a partnership itself does not pay tax on its income. It must lodge a partnership tax return declaring all income earned by the partnership with all deductible expenses and showing how the net income has been distributed between the partners individually. When the Partnership and individual partners' Income Tax Returns are assessed, a liability for each entity is calculated and each of the partners will either receive a refund (if they operated at a loss this particular financial year) or is required to pay an amount owing (if a profit was made) determined by the share of the partnership income they each received, but also determined by their individual circumstances as well.⁴ They can also claim deductions for costs incurred in running the business. The partnership tax return is

⁴ Individual circumstances are: trust income, dividends, bank interest, working away from home allowance, winning the lottery and so on. Each person has differing circumstances that attribute the amount of tax they pay. The income from a partnership they're involved in is just a combining factor of that.

due by 31 October each year. As Michael Brookes already is a sole trader and is experienced with all administration and taxation matters, he will be the responsible person for this.

3.7.3. Insurance

There are three types of insurance we have to consider for our tour operation: Assets and revenue insurance, liability insurance and workers compensation insurance. The assets and revenue insurance covers us against breakdown and damage of business assets like fire or equipment breakdown and against business interruption. The liability insurance will free us from responsibility if someone gets hurt or their belongings are stolen while on our tour. If we employ people, we are legally required to take workers compensation insurance to protect our business against costly compensation claims as a result of workplace accident or illness. All Australian businesses also have to insure company vehicles for third party injury liability.

The most important and inevitable insurance for OZRoadtrippers is the public liability insurance. We will get public liability insurance with a cover of AU\$10 million per event with AIB Insurance Brokers. The insurance will cover all areas and activities we offer and will cost AU\$ 2,260 per year.⁵ As we do not employ anyone for now, we do not need workers compensation insurance. In the beginning we will also resign an assets and revenue insurance to save costs. But if our business starts running good, we will consider an assets and revenue insurance.

3.7.4. Licensing of a tour operator in WA

According to the Government of Western Australia and the Department of Parks and Wildlife, there are several conditions for Tour Operators to obtain a commercial tour operations license in Western Australia: The Tour Operator must attend an online training program relating to the values and management of land managed by the Department. This training program is aimed at ensuring that license holders have read and understood the license conditions contained within the Commercial Operator Handbook (cf. DEC, 2011). In addition to this, the operator must be accredited through one of Australia's Accreditation Programs. Another important condition for the license is that the Tour Operator must have public liability insurance which covers the areas and activities included in the license for the value of at least AU\$10 million

⁵ To see more details on our insurance policy with AIB Insurance Brokers, please see attachment 3.

per event. The cost of this commercial tour operations license is AUD 350 per year plus an additional fee of \$100 for the application. The benefit of this license is that the Department of Parks and Wildlife is supporting tourism in Western Australia by providing licensed operators with up-to-date information, news and marketing opportunities (cf. Department of Parks and Wildlife, 2013).

Furthermore the Department of Passenger Transport Services is responsible for licensing all tour operations vehicles in Western Australia. In this case OZRoadtrippers needs an Omnibus license for Tour and Charter Passenger Vehicles. An omnibus is any vehicle used to carry passengers for profit, other than a taxi. The license can be issued to the following classes of vehicle: regular passenger transport; safari tour and charter; tour and charter; shuttle service; tourism transfer and small charter vehicles. The cost of this license is AU\$ 103 plus AU\$ 25 for the plates (cf. Department of Transport, 2013a). The following conditions are applicable for this license: First the vehicle must pass a visual and mechanical inspection at a Department of Transport. Secondly all drivers must hold an F extension on their Western Australian Driver's license, which gives the holder the authority to drive a motor vehicle for the purposes of carrying passengers for reward. In order to get the F extension, Agnes Mazur will have to transfer her overseas license into a Western Australia license. The application fee for the transfer and the F extension is AU\$72 each. In addition to this a license fee of AU\$ 128 has to be paid every five years. With this license the holder can transport up to 12 passengers for reward (cf. Department of Transport, 2013b). In the end, the total cost for all transport licenses will be AU\$ 400.

3.7.5. Business set up and equipment requirements

To create the tours we, the founders of OzRoadtrippers, will have many organizational tasks. We schedule a time frame of two to three months to set up the business on-site in Perth, before we can start to operate the tours. The opening of our business will be on the 23th August 2016.

The first tasks for the set up are to register the business and to make agreements and contracts with all suppliers. Only after this we can calculate the final prices of the Tours. We have a friend who is working at the tax office and we hope that she can help us with all tax purposes. My partner Mike Brookes is digital media designer and will take care of the print media, the

website and the search engine optimization in the meantime. After 3 weeks we will start advertising the tours on the internet and in the hostels to make sure that we will have enough bookings for our first tours. In the second month we will purchase the equipment needed for our business. The four wheel drive van is the heart of our company. It will be either leased or purchased and needs to have at least 11 seats. Before we start the Tours it is very important to maintenance the vehicle, get spare tires, get all emergency tools and to install a satellite telephone. To start first with the day tours we need to purchase things like jukeboxes, one or two surfboards, a sand board, a barbeque and a fridge or cool box. For multi day tours we will need to buy tents, mattresses, camping chairs, camping table, gas stove, cooking gear and more.

For the opening of our business we will organize a little event on the beach on the 23th August 2016. For this event we will invite friends, suppliers, customers and other young travelers. With this event we hope to attract more potential customers and to raise confidence into our touring business. The first day tour will operate on the 01th September 2016.

3.7.6. Organization and employees

In the first few years the company OZRoadtrippers will be managed from home and will not occupy any employees. For Agnes the tour operator will be the main occupation. She will operate the tours as tour guide, organize marketing campaigns and be the contact person for new customers. Michael will still keep his design business and work on both businesses at once. For the time Agnes is on a tour, Michael will handle new bookings and take phone calls. He will also guide some of the Tours to help Agnes out. All other daily business tasks will be divided between them both.

In the first year we will focus on customer acquisition and marketing to heavily raise our familiarity. The first year will be a testing phase. In order to develop the perfect target group oriented service, we will adapt it to the needs and wishes of our customers. This means that we will survey customers and analyze their booking behavior. We will accept criticism and suggestions and we will implement them. Thus in the first year many things can change. To minimize the risk and to ensure cash-flow, we will hold our costs as low as possible in the first year. If the business runs well, the employment of volunteers or interns will be considered. With online volunteering programs like “Helpx” and “Woofing” it is easy to find

people who work for free, only in exchange for accommodation. These programs are very popular amongst backpackers and other young travelers. The usage of these programs costs only AU\$ 20 for three years. Thus we keep our costs low and employ people who even belong to our target group.

3.8. Marketing Mix

Marketing is the most important part of our business as it is the crucial factor that attracts customers and thus generates profit. The Marketing Mix for service companies consists of seven P's: Product, Price, Placement, Promotion, Process, Personal and Physical Facilities.

In this chapter the first four P's will be elaborated and for each one adequate strategy will be developed.

3.8.1. Product

The core benefit of the service "tour" is the transport to sights and natural landscapes around Perth or along the coast of Western Australia. The core benefit of multi-day tours also includes the overnight stays. To develop a saleable service we need to consider actual benefits like reducing organizational efforts for the passengers, the group experience and the supply of information through the guide. For solo travelers an organized tour is even more cost-effective than renting a car alone.

To have a competitive advantage, OZRoadtrippers needs to focus on the augmented benefit, because this makes the service special and distinguishes it from other offers. The tour guide plays an important role being not only informative but also interactive by entertaining the passengers and making a nice atmosphere. In addition to this, experiences such as sand boarding, surfing, swimming under waterfalls, stroking Koala and much more are offered during the tours. Regarding the day tours, the supply of a BBQ lunch is also an augmented benefit. This is not a big expense and has a very positive effect on customer satisfaction. An important highlight is the personal experience video that is edited individually for each group and can be purchased after the tour. This forms an important part of our customer relationship management, because it builds a personal and emotional relationship to the customers.

All these additional services are emphasized in the marketing. They awake emotions of young travelers and make them feel that the tour is worth the price.

3.8.2. Price

For the pricing of our tours we will apply yield management. Yield management is a variable pricing strategy based on influencing consumer behavior in order to maximize profits from a fixed resource. The aim is to sell the service or product to the right customer at the right time for the right price (cf. Kimes, 1989: 15). Most important for us is the last minute pricing strategy to fill the empty spaces for tours that will operate anyway. For multi day tours the early bird pricing is important in order to ensure guaranteed departures. In addition to this we will apply seasonal pricing and peak pricing.

Furthermore price strategies like discounts, competitions and vouchers will be used to attract backpacker and to maximize bookings. Backpackers are looking permanently for cheap deals. Therefore it is important to make our prices look like great discounts to attract backpackers. But actually the discounted price will be corresponding to our desired price.

The founders want to operate OZRoadtrippers more as a lifestyle, than a big money-making business. Above all in the first year OZRoadtrippers will try to have the lowest prices of all tour operators in WA to raise the awareness level and get popular. This will be achieved by many cost reduction strategies, such as the lack of employees and effective low budget marketing strategies.

3.8.3. Place

On the one hand OzRoadtrippers will do self-distribution on an own website, on the other hand we will also engage secondary distributors, such as hostels, visitor centers and online agents, to maximize our bookings. Regarding our website, we are considering the following Internet domain: www.ozroadtrippers.com.au. We will purchase this domain with the domain provider “onlydomains.com”, who offers the lowest prices and also provides assistance with the set up.⁶ Our website will provide all important information about the tours in a marketing

⁶ For more information on the domain provider, please visit: <https://www.onlydomains.com/hosting/one-click-apps>

oriented design. A mix of inspiring words, breathtaking pictures and videos will wake the customers desire to purchase one of our tours. The tours can be booked through a reservation enquiry form via email. To keep the costs low, OZRoadtrippers will forgo a professional booking system. We will also adapt our website to new technology trends, like for example the adaptation to smartphones and tablets or the insertion of social sharing buttons. In addition to the distribution on the website, OzRoadtrippers will use the following secondary distribution channels:

The distribution through hostels in Perth is the cheapest possibility to promote our tours. After a small survey with the hostels in Perth, we found out that many hostels advertise all sorts of tours leaving flyers on their desks, without taking any commission. Other hostels take commissions of five to ten percent, if the clients book directly through them. We will negotiate with all the hostels in Perth and display our flyers on their desks. Another important distribution channel for us is OZBackpackertours.com.au. Oz Backpacker Tours is an online travel agent who offers Backpacker Tours operated by many different Tour Operators throughout Australia. Ozroadtrippers will arrange a commission based agreement with OZBackpackertours to ensure an Australia-wide and target group oriented promotion of our Tours and to benefit from their high level of familiarity. A similar commission based agreement will be arranged with Realaussieadventures.com.au, who targets adventure travelers. Advertising with Scoopon is a great and cheap opportunity of distribution. Backpackers and budget travelers usually want to find cheap deals. As far as we know, many travelers browse through the scoopon website to find nice activities at lower prices and to try out new experiences. And a Scoopon gives them the perfect excuse to try something different. With Scoopon, we will only pay commission after we have made a sale, without the pain of a big up-front payment.

3.8.4. Promotion

The promotion is the most important part of this business. Only with a good promotion we will get customers and make profit. OZRoadtrippers will use many new low-budget promotion channels which target backpackers very well. Due to the growing number of backpackers using the internet for bookings and information, the most important part of our promotion will be the online marketing. Also important is the customer relationship management (CRM) to generate good word of mouth marketing. Another important

marketing strategy is the printed media. We will create appealing flyers and brochures and distribute them in hostels, visitor centers and on our events. Moreover we will try to get included into the guidebook “Lonely Planet”, as it is the most known guidebook among backpackers. The following sections will describe some of the most important marketing measures.

Online marketing is very important for the promotion of Tours. Due to constant development of new technologies, tourism marketing is subject to permanent changes. Nowadays it is very important to adapt the own marketing strategies to the growing internet trend. Social media, Google, blogs and review portals have more and more influence over the consumer behavior of young travelers. They cause a strong word-of-mouth propaganda and build trust.⁷ As mentioned in the study, internet and social media like Facebook have a great influence over backpackers’ decisions. Most backpackers plan and book the individual components of their journey on the internet. Therefore OZRoadtrippers will adapt this trend and focus on the online marketing accordingly. The Google Search Engine Optimization (SEO) is one of the most important things in our online marketing. With the free Search Engine Optimization starter guide from Google we will let OZRoadtrippers appear as high as possible in the Google search engine (cf. Google, 2010).

Another main marketing task will be advertising on Facebook. Facebook groups such as "Ride Share Perth/ WA", "Perth Backpackers" and "Australia Rideshare" bring backpackers together and form the perfect environment for a targeted and low-budget advertisement. In groups like these backpackers try to find like-minded people, meet up with each other or are looking for travel partners. But it is not always easy, to find the right person at the right time who wants to do the same things. Therefore OZRoadtrippers will share its own tour advertisements in these groups. In addition to this, OZRoadtrippers will build an own Facebook page and an own group named „Perth Trips & Events” where every traveler will be able to share pictures, videos, events, meet-ups, suggestions and ideas to the subject travelling around Perth. The aim is to get a huge number of people into the group who like travelling and stay in Perth for the moment. Besides their communication among each other in the group, we will share marketing videos and pictures of our tours, share our events and share discounted last minute deals. All of our marketing on Facebook will refer to our Website, where customers can book the tours. A similar function has the website Gumtree.com.au.

⁷ (<http://www.travelbusinesssuccess.com/2014-tourism-business-forecast/>)

Under the category "Travel Partners & Rideshare", backpackers are looking for travel partners and road trips. Also here we will post our advertisement. Another important aspect is to maintain a good presence on platforms such as TripAdvisor because many backpackers are looking there for good referrals. To manage an own blog is also of advantage.

One of the cheapest and most effective forms of promotion is 'word of mouth' or referrals. They boost the level of familiarity and increase the confidence of potential customers. This is why we will attach high importance to our customer service before and during the tours and our customer relationship management after the tours. Satisfied customers will tell their friends and others about our product and make referrals. But they could also tell negative experiences. This is why customer service and delivering an extraordinary experience is so important. The following things will be considered to ensure customer satisfaction: Be reliable and always answer phone and emails, listen to our customers and be helpful, don't make promises unless we can keep them, deal with complaints and through in something extra. To maximize customer referrals and 'word of mouth' we will concentrate on our customer relationship management and try to keep in touch with our customers via Facebook. We will create individual private groups for every tour so that backpackers who already know each other from the tour stay in touch and can share pictures, videos and comments about the trip. Another important point of the customer relationship management is the personal experience video, which will be created for each group individually and passed to the passengers after the tour via Email or Facebook. We assume that many travelers will share this video with friends and other young travelers by posting it on social media networks, travel communities or blogs. Thereby OZRoadtrippers can achieve an enormous word-of-mouth advertising, increase its visibility and let grow the confidence. As it is a lot of work to create a video, we will have templates for the different tours, where we can put in short videos and pictures of the group.

Moreover OZRoadtrippers will concentrate on a demand-oriented merchandising. Our strategies to merchandise are events, competitions, vouchers and discounted prices. Little competitions will be held in hostels and online on Facebook or our website. Prizes will vary between little gifts like a beer in hostels up to a free or half prize tour. The last one will be offered if we want to fill the last free spots in the last minute. Budget travelers love the idea of getting something for free and will gladly take part. With this strategy we will acquire new customers and increase our familiarity.

In the recent years, above all marketing events developed into an innovative communication tool that contributes to emotional customer loyalty and acquisition of new customers. Strategic goals of marketing events are to influence the awareness and image, customer loyalty and to awake buying interest (cf. Meffert, 2015: 677). This is why OZRoadtrippers will organize a "Get Together" on the beach in Perth once a month. These will be small, free events on the beach with music, beach volleyball, soccer, surfing and barbeque. Here young travelers will meet new people in a relaxed and fun atmosphere and get informed on our products. The event will achieve new customer acquisition and customer loyalty. People who have already made a tour can meet the others again and talk about their experiences on the tour. Thus potential customers get ideally a good impression of the tours. We will invite all young travelers who are currently in Perth. The marketing of the events will take place by creating events on Facebook and Couchsurfing and through leaflets in various hostels. By selling sausages and cold drinks on the event, OZRoadtrippers will additionally earn some money.

In addition to this we will try to promote Western Australia as the "Real Beauty of Australia" to attract more people to visit WA and to explore it on our tours. With video clips and Photos we will show how beautiful WA is. With the red landscapes, turquoise waters, white sands, kangaroos on the beaches, surfers on big waves, festivals and the endless wilderness, we show what WA has to offer.

3.9. Finance plan: Capital requirements, Costs, Breakeven and Profit

This chapter will deal with the finances of our business. The most important and cost-intensive part of our business is the touring vehicle. We have to decide if we either lease or purchase a vehicle for our tours. After detailed researches we decide to use a "TOYOTA LANDCRUISER WORKMATE 4WD" with 11 seats for our touring business. The retail price for a new Toyota Landcruiser Workmate is AU\$ 62,990 which is above our budget. The price for a used one is between AU\$ 28,000 and 50,000 (cf. Carsguide, 2015). In order to avoid high loans, we decide to lease this vehicle for the first five years. After the lease, we will consider to purchase one. Accordingly, the vehicle is not listed in the long-term investment table, but in the annual costs table.

Thanks to the car leasing opportunity, the capital requirement to start up OZRoadtrippers is not very high and we can avoid high loans and interests. Both partners will contribute net assets to the business in order to ensure a continuous cash flow. Each partner will make a contribution of AU\$ 10,000 into the capital account of the business. The business capital will thus be AU\$ 20,000 in the first year.

The following table shows the equipment that needs to be purchased before we can start to operate our tours.

Table 2: Long Term Investments

Long-term Investments	Costs	Notes
Omnibus license and WA driver's license	\$ 400	Must be renewed every five years for AU\$ 128
Legal advise	\$ 500	
New Laptop	\$ 1,000	
Start-up budget	\$ 10,000	
Ice box cooler and Jukebox	\$ 399	All-in-one cooler and jukebox: "Tunes2go" from Kmart
Satellite telephone	\$ 869	Needed for emergencies in remote areas, Inmarsat Phone from ClientSAT
Tour operator license fee	\$ 100	
Barbeque	\$ 34	Small gas barbeque
2 Stand up paddle Surfboards (used)	\$ 800	From gumtree.com.au, also for private use
Gas cooker and cooking gear	\$ 120	From Kmart
10x Snorkel Mask	\$ 99	
Tents and mattresses	\$ 400	For multi day tours, from Kmart ⁸
Off Road Box Trailer	\$ 1,550	
Total Investment	\$ 16,271	

Own illustration

Office equipment such as tablets, smartphones, one laptop, desk and printer is already available and thus does not have to be listed in the long-term investments table. We calculate with a total investment of \$ 16,271 for all our equipment and licenses. This amount will be subtracted from our net assets. Furthermore we have to consider the costs of the business set-up and the living costs during the business set-up. The set up will take about two months. We set a budget of AU\$ 2,000 to organize all tour components, check routes and complete contracts. In addition to this we calculate an own salary of AU\$ 2,000 per person per month for our labor. This will cover our living costs and efforts. In total we expect the set up costs of AU\$10,000 in total. Also this will be subtracted from our net assets.

⁸ The off road box trailer and the tents and mattresses are only needed for the multi day tours and can be purchased later, when we start offering the multi day tours.

As indicated in the table below, the total fixed costs of the business will be AU\$ **98,335** per year. This includes employer's salary of AU\$ 3,000 per month for Agnes and AU\$ 2,500 per month for Michael. Regarding the vehicle lease, we received the below leasing quote from ALP – Automotive Leasing Packages for a Toyota Landcruiser Workmate 4WD with 11 seats: **\$2,265.31** per month. The leasing time is five years and includes registration, servicing, new tyres, roadside assistance, 50,000 kilometers per year and even a fuel budget of 1,210 per month. The annual cost of the lease is \$ 27,180 which includes \$ 14,520 fuel budget. As we do not employ people, we do not have to take into account wages, salaries, workers compensation insurance or employee tax. We also leave out the rent of business premises as we operate the business from our home.

Table 3: Annual business costs

Annual business expenditure	Amount	Notes
Vehicle Lease	\$ 27,180	Includes \$ 14,520 fuel budget (attachment 1)
Liability insurance	\$ 2,260	AIB Insurance Brokers (attachment 2)
Vehicle comprehensive insurance	\$ 936	AAMI Comprehensive Car Insurance (attachment 3)
Tour operator licenses and permits	\$ 350	
Satellite Phone	\$ 99	Inmarsat Pre-Paid Voucher
Advertising and promotion	\$ 600	5.000 flyers (\$50), business cards, posters
Printing, postage and stationery	\$ 70	
Telephone and internet	\$ 840	\$360 Internet, \$480 mobile contract of Amaysim
Employer's salary	\$ 66,000	Monthly \$ 3,000 for Agnes and \$2,500 for Michael
Total business costs	- \$ 98,335	

Own illustration

We will operate the day tours five days a week and 28 weeks a year. The multi day tours will occupy 15 weeks of the year. Nine weeks remain for holidays, or if booked tailor made tours. The average price of our tours can vary depending on some factors that influence the pricing such as seasonality, operating costs, competition and demand. Thus tour prices can change during the year but for now we will calculate with our desired price. As our tours are all different, with different prices or costs, we will calculate our earnings for each tour individually. In addition to this we will calculate the breakeven number of PAX for each single tour and the breakeven price calculated with different occupancy rates. The breakeven price is the price that covers the variable and the annual fixed costs of the business. The short-term lower price is the price that is equal to the variable costs of the tour, below which it will

produce no output. The tables below show how the costs are distributed for each tour. After determining the variable and the fixed costs for each tour, we calculate the earnings per person and the profit contribution level for each tour to see the number of passengers at which it becomes profitable to operate the tour. Consequential our tours will be operating at a minimum number of 3 passengers. We will reserve the right to cancel the tour if the minimum number is not reached and will include this into our Terms and Conditions.

Table 4: Day Tour Costs, Earnings and Breakeven price

Daytours	Tour 1: River & Cliffs Getaway	Tour 2: Koala & Penguin	Tour 3: Pinnacle Desert Adventure	Tour 4: Wine & Waterfall
Fuel ⁹	50km: \$ 15	150km: \$ 40	410km: \$ 90	80km: \$ 25
Labour (\$20/h + \$20 preparation)	6h: \$140	9h: \$200	10h: \$ 220	6h: \$140
Total (fixed) tour cost	\$ 155	\$ 240	\$ 320	\$ 165
Meal pp	\$ 4	\$ 4	\$ 4	\$ 4
Activities pp	\$0	Koala park: \$15 NP: \$5.5	Pinnacle NP: \$5.5 Yanchep NP: \$ 5.5	
Other pp	-	PI: \$8.5	Sandboard: \$ 20	Tastings: \$11.5
Total variable cost pp	\$ 4	\$33	\$ 35	\$ 15.50
GST tax cost pp	\$7	\$13	\$14	\$9
Tour price pp	\$ 69	\$ 129	\$ 139	\$ 89
Revenue pp	\$ 58	\$ 83	\$ 90	\$ 54
Profit contribution, minimum of PAX	3 PAX \$ 155	3 PAX \$ 240	4 PAX \$ 310	4 PAX \$165
Annual No. of tours	56	28	28	28
Breakeven price				
Share of Fixed Costs	18% \$ 17,700	14% \$13,766	18% \$17,700	10% \$9,833
Short-term low price, 70% capacity	\$ 33	\$ 80	\$ 93	\$ 48
Breakeven price, 100% capacity	\$ 43	\$ 95	\$ 112	\$ 60
Breakeven price, 70% capacity	\$ 56	\$ 116	\$ 139	\$ 75
Breakeven price, 50% capacity	\$ 74	\$ 144	\$ 175	\$ 95
Breakeven Number of PAX per year	305	166	196	182

Own illustration

⁹ Fuel consumption of the Toyota Landcruiser Workmate is 11.8 liter/100km

Table 5: Multi day Tour Costs, Earnings and breakeven price

	4 Days Shark Bay & Kalbarri		10 Days Wild West		5 Days South West	
Fuel (100km/12l)	2,000km:	\$ 340	4,000km:	\$ 680	2,000km:	\$340
Labour (\$200/day)		\$ 800		\$ 2,000		\$ 1,000
Total fixed cost		- \$ 1,140		- \$ 2,680		- \$ 1,340
Meals pp (\$7 per day)		\$ 28		\$ 70		\$ 35
National Parks pp	3x NP fee:	\$16.5	5xNP:	\$27.5	4x NP:	\$22
	Monkey Mia	\$8.5	Monkey Mia	\$8.50		
Camping pp (\$7.50/\$10)		\$ 25		\$ 77.5		\$ 30
GST tax		49		125		59
Total variable cost pp		- \$ 78		- \$183.5		- \$ 87.5
GST tax cost pp		- \$ 49		-\$ 125		-\$ 59
Tour price pp		\$ 499		\$1,250		\$ 599
Revenue pp		\$ 372		\$ 941		\$ 451
Profit contribution	3 PAX	\$1,140	3 PAX	\$2,680	3 PAX	\$1,340
Annual No. of tours		3		4		4
Break even price:						
Share of Fixed Costs	7%	\$ 6,883	22%	\$21,633	11%	\$10,816
Short-term low price, 70% capacity		\$ 290		\$ 691		\$ 338
Breakeven price, 100% capacity		\$ 356		\$ 850		\$ 417
Breakeven price, 70% capacity		\$ 454		\$ 1,082		\$ 533
Breakeven price, 50% capacity		\$ 586		\$ 1,391		\$ 687
Breakeven Number of PAX per year	18		22		24	

Own illustration

The next table will show how the capacity is influencing the profits that we can make.

Table 6: Annual turnover and profits depending on capacity

	Best case: 100 %	Average: 70 %	Worst case: 50%	Breakeven: 59.3%
Total Day Tour turnover	\$ 138,600	\$ 97,020	\$ 69,300	
Variable costs	\$ 25,620	\$ 17,934	\$ 12,810	
Day tours Profit	\$ 112,980	\$ 79,086	\$ 56,490	
Multi day tour turnover	\$ 88,930	\$ 62,251	\$ 44,465	
Variable costs	\$ 13,180	\$ 9,226	\$ 6,590	
Multi day tours profit	\$ 75,750	\$ 53,025	\$ 37,875	
Total Turnover	\$ 227,530	\$ 159,271	\$ 113, 765	\$ 134,925
GST	\$ 22,853	\$ 15,927	\$ 11,376	13,492
Total Variable Costs	\$ 38,800	\$ 27,160	\$ 19,400	23,008
Total Profit	165,877	\$ 116,114	\$ 82,938	\$ 98,335
Total of PAX	1,510	1057	755	\$913

Own illustration

As indicated in the table above, the break even capacity for our business is 59.3 percent. This means that we need at least 59.3 percent sold capacity or a breakeven number of at least 913 PAX in order to cover the annual fixed business expenses including entrepreneur's salary.

The most important part of the finance plan is the profit and loss statement. The annual profit or loss is calculated with a worst case capacity of 50 percent for the first year and then growing from an average capacity of 70 percent ideally to 90 percent after four years.

Table 7: Business Turnover and Profit

	1. year 50% capacity	2. year 70 % capacity	3. year 80% capacity	4. year 90% capacity	5. year 90 %
Total turnover	\$ 113, 765	\$ 159,271	\$ 182,024	\$ 204,777	\$ 204,777
GST	\$ 11,376	\$ 15,927	\$ 18,202	\$ 20,477	\$ 20,477
Variable costs	\$ 19,400	\$ 27,160	\$ 31,040	\$ 34,920	\$ 34,920
Fixed costs	\$ 32,335	\$ 32,335	\$ 32,335	\$ 32,335	\$ 32,335
Own salary	\$ 49,200	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000
Total costs	\$ 112,311	\$ 141,422	\$ 147,577	\$ 153,732	\$ 153,732
Profit or Loss	\$ 1,454	\$ 17,849	\$ 34,447	\$ 51,045	\$ 51,045
Account Balance		\$ 19,303	\$ 53,750	\$ 104,795	\$ 155,840
Return on equity:	7 %	89 %	172 %	255 %	255 %
Return on Sales:	1 %	11 %	19 %	25 %	25 %

Own illustration

In consideration of the table above, we assume that the first year of operation will only achieve the worst case capacity, as our tour operator will not have a high level of familiarity at the beginning. With a capacity of 50 percent in the first year, we will not perform all tours and therefore will have less labor. Consequently we will reduce our employer's salary for the first year in order to not make a loss. We assume that the capacity will increase to reach an average of 90 percent after three years. With growing capacity and growing profits a higher entrepreneur salary can be considered. Furthermore we can consider to payout our vehicle earlier due to the high account balance. The average annual fuel cost of AU\$ 10,805 for our tours is covered by the fuel budget we get from our leasing contractor.

In a business it is very important to have a positive liquidity, also called cash flow. To ensure a continuous cash flow the partners invest \$ 10,000 each into the net assets of the business.

Table 8: Liquidity/ Cash flow

	1 year	2 year	3 year	4 year	5 year
1. Inflows/ revenues					
1.1 Turnover	\$ 113,765	\$ 159,271	\$ 182,024	\$ 204,777	\$ 204,777
1.2 Personal net assets	\$ 20,000				
1.3 Borrowed funds	0	0	0	0	0
Liquidity inflows total	\$ 133,765	\$ 159,271	\$ 182,024	\$ 204,777	\$ 204,777
2. Payments					
2.1 Investments	\$ 16,271				
2.2. GST	\$ 11,376	\$ 15,927	\$ 18,202	\$ 20,477	\$ 20,477
2.3. Variable costs	\$ 19,400	\$ 27,160	\$ 31,040	\$ 34,920	\$ 34,920
2.4. Fixed costs	\$ 32,335	\$ 32,335	\$ 32,335	\$ 32,335	\$ 32,335
2.5. Personal draw	\$ 49,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000
Liquidity outflows total	\$ 128,382	\$ 141,422	\$ 147,577	\$ 153,732	\$ 153,732
3. Balance of liquid assets	\$ 5,383	\$ 17,849	\$ 34,447	\$ 51,045	\$ 51,045
4. Cumulative net liquidity		\$ 23,232	\$ 57,679	\$ 108,724	\$ 159,769

Own illustration

The employer salary of AU\$ 66,000 per year is set as average wage for the labor accomplished by both partners Michael and Agnes. It consists of a payment of AU\$ 20 per hour. The following table shows how the employer's salary of AU\$ 66,000 is calculated and how it is divided between the two partners Michael and Agnes.

Table 9: Share of annual labor input

	Total	Agnes	Michael
Day Tour labor	23,520	17,640	5,880
Multi day Tour labor	14,400	11,400	3,000
Preparation of multi day tours (3h per tour)	660	540	120
Office labor (4h per day/ 43 weeks)	24,080	4,480	19,600
Marketing efforts and events (4h per week)	3,340	1,940	1,400
Total	66,000	36,000	30,000
Monthly Salary	5,500	3,000	2,500

Own illustration

Once per week Michael will guide one of the weekend day tours and twice a year multi day tours. Therefore he will earn a part of the tour labor money as well. Agnes will do the office work¹⁰ twice per week: Michael's tour days plus one of the non-operating days (Monday or Tuesday). Thus both have at least one free day per week and have a bit change in their work. To make sure that we confirm always all bookings on time we will check our emails and calls daily.

The table below shows the living costs for two persons in Australia. The total living expenditure per person is covered by the income generated by the touring business.

¹⁰ Office labor includes processing bookings, taking phone calls, updating online marketing, last minute price advertisements etc.

Table 10: Annual living expenditure for two people

Annual living expenditure	Amount	Notes
Superannuation/ Retirement pension	\$ 12,000	tax-deductible
Health insurance	\$ 3,239	CUA Health Insurance Quote
Life insurance	\$ 509	See attachment 5 for Quote
Appartment rent	\$ 21,600	3 bedrooms, \$ 450 per week
Gas and electricity	\$ 2,400	
Food	\$ 4,800	
Other Expenses	\$ 3,000	
Total living expenditure	- \$ 47,300	
Total living expenditure per person	- \$ 23,650	

Own illustration

3.10. SWOT Analysis

Figure 6: SWOT Analysis

	Opportunities	Threats
	<ul style="list-style-type: none"> + growth potential of tourism and backpacker sector in Australia, especially in WA → High demand + Working Holiday visa allows backpackers to earn money → willingness to spend on day tours + new backpacker trends develop new needs that haven't been considered by other tour operators yet + backpackers do not have high expectations, as long as it's cheap 	<ul style="list-style-type: none"> - new competitors - high familiarity of competitors with multi day tours - existing competitors can expand into backpacker day tours - more changes in backpacker travel behavior - not enough demand - many backpackers want to travel without operator - depreciation of the Australian Dollar - price sensitivity of backpackers
Strengths	SO Strategies	ST Strategies
<ul style="list-style-type: none"> + first day tour operator in WA who targets backpackers + innovative & targeted marketing + low price offers due to cost-saving measures + good understanding of backpacker culture + unique tours, different to those of other competitors + tours cover all motivations and desires of backpackers 	<ul style="list-style-type: none"> - target group oriented marketing - align tours to backpacker needs and expectations, - focus on targeting WHMs - Customer relationship management for positive word of mouth 	<ul style="list-style-type: none"> - focus on the day tours - hold pioneer position for backpacker day tours - offer price discounts - underline the uniqueness of our tours - adaption to new backpacking trends - target self-organized travelers with a self-drive package - marketing video to generate demand - open up new higher spending markets, f.e. offer incentive tours for businesses
Weaknesses	WO Strategies	WT strategies
<ul style="list-style-type: none"> - not much experience in business - wrong estimations possible - underestimating costs - limited budget - no employees, business depends on two persons - low familiarity at the beginning can result in not enough bookings - low turnover through low prices 	<ul style="list-style-type: none"> - Increase Tour prices! - visit courses for business start up - cost saving with lower quality - employ workers - focus strongly on target group oriented marketing in the first year to raise familiarity - cheap marketing channels like Facebook 	<ul style="list-style-type: none"> - pull back from multi day tours due to competition - develop worst case scenario - look for extra business fields - sidestep strategy - risk reduction management

4. Conclusion and recommended action

The aim of this Bachelor thesis was to find out, if it is realizable and profitable to start-up a new tour operator business for backpackers in Western Australia and to determine how this business should be like in order to meet the needs and expectations of backpackers and young travelers. This question has been analyzed in form of a business plan and came to the conclusion that it is realizable. The most important condition for the realization of this business is the visa, which enables the entrepreneur to obtain permanent residence in Australia in order to be permitted to set up a business. After checking all visa conditions it appears that the Business visa might be too difficult to get. This is why the other option of a partner visa has been disclosed.

Another objective of this bachelor thesis was to determine the opportunities and the potential for such a tour operator. The market analysis revealed that there is an enormous growth in the Australian tourism industry, as well as in backpacker tourism. Above all the Working Holiday Visa plays a crucial role in this trend, as it enables budget travelers to stay longer and travel more through Australia. And the opportunity of earning good money makes them to more affluent customers. Western Australia in particular, seems to be the fastest growing state in Australia with a continuously growing number of backpackers. The assumption that backpacker day tours in WA are a niche market has been confirmed by the detailed competitor analysis, which revealed that the existing day tour operators are not targeting backpackers and are very expensive.

Additionally a research on backpacker tourism has been made, in order to obtain detailed knowledge about the target group. Relating to the latest trends and changes in the backpacker culture and their motivations and travel patterns, a demand-driven business plan has been developed. For that matter it has been identified that backpackers have a set of core travel motivations such as meeting new people, experiencing something new, adventure and excitement, as well as personal development. These motivations play an important role for the decision making process of young budget travelers and therefore it has been adapted by the tour operator and brought into its promotional message. Furthermore new trends of backpacking highlight the importance and influence of internet and social media. This has been considered and applied into the online marketing strategies of the business. Another new trend is the packaging of tours on the East Coast of Australia. We assume that the East Coast

is a pioneer of backpacker tourism and expect this trend to come to WA one day as well. This would open up even more new opportunities. As a result it is advantageous to enter into the backpacker market now, before everyone realizes this big potential. In addition to this, the phenomenon of “massification” makes it easy to target this kind of traveler who is getting more and more homogenous.

The question, if such a business would be profitable has also been solved by providing a detailed finance plan. Despite a prospective loss for the first year of operation, resulting from the assumption of a low level of familiarity, the finance plan shows that huge profits can be achieved after some years. It comes to the result, that the capacity of the tours is strongly influencing the profit. This means that a high capacity promises enormous profits. An increased capacity can only be reached through a successful marketing. This is why the business plan focuses so much on marketing and describes certain important marketing strategies so explicitly. In order to get full capacity, the entrepreneurs have to focus on their marketing and use strong promotion such as last minute discount deals and competitions. Other innovative and creative marketing strategies, like for example promotional videos, events and a unique customer relationship management, have been developed and put into action in this business plan.

Nonetheless when starting a new business the entrepreneur needs to be prepared for all contingencies, like for example not enough demand or too big competition. Threats from the environment can bring many unexpected risks with them. This is why an entrepreneur always needs to be prepared and cautious. Risk minimization is an important part. In order to minimize the risk, the founders conclude insurances, analyze the market in detail, resign taking a loan from the bank, cut costs and do not employ workers.

In summary it can be said that this business idea has the potential to be successful. But this can only be found out by trying.

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6. Statutory Declaration

I declare that I have authored this thesis independently, that I have not used other than the declared sources / resources, and that I have explicitly marked all material which has been quoted either literally or by content from the used sources.

Eidesstattliche Erklärung

Hiermit erkläre ich an Eides statt, dass ich die vorliegende Arbeit selbstständig und ohne Benutzung anderer als der angegebenen Hilfsmittel angefertigt habe. Alle Stellen, die wörtlich oder sinngemäß aus veröffentlichten und nicht veröffentlichten Schriften entnommen wurden, sind als solche kenntlich gemacht. Die Arbeit ist in gleicher oder ähnlicher Form im Rahmen einer anderen Prüfung noch nicht vorgelegt worden.

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