



TRAVEL

Beyond The Obvious

Services & Pricing

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What problem are you solving for the customer and how much are you going to charge them for it?

Exercise:

What's your Value Proposition?

1. For [target customer]
2. Who is not happy with the [current market alternative]
3. Our product is [description]
4. That provides [problem-solving capability]
5. Unlike [alternative]
6. Our product [key features]

Our Value Proposition

Italy Beyond the Obvious provides custom travel planning services for independent travelers who are not interested in packaged trips created by travel agents who do not have our depth of destination expertise.

Our planning fees mean we are not dependent on commissions, allowing us to spend time on details such as optimized logistics, shopping recommendations, details of a perfect day exploring the countryside, hiking route instructions, a list of local foods to try, and more.

Unlike the travel agent's packages, our fees are separate and all trip costs are transparent.

Service Levels

“What do you need me to do for you?”

Italy Beyond the Obvious dream vacation planning

Services		Coaching	Gold	Platinum
Consultation of overall flow, where to go, what to see		✓	✓	✓
Unlimited travel advice		✓	✓	✓
Advice	Hotels	✓	✓	✓
	Restaurants	✓	✓	✓
	Activities e.g. guides, beaches, wineries, hiking, biking, shopping	✓	✓	✓
	Internal transfers e.g. limos, rental cars, trains, boats	✓	✓	✓
Bookings	Hotels		✓	✓
	Restaurants		1/day	✓
	Activities e.g. guides, beaches, wineries, hiking, biking, shopping		✓	✓
	Internal transfers e.g. limos, rental cars, trains, boats		✓	✓
<u>Written itinerary (pdf and app versions)</u>			✓	✓
Maps: daily maps, hiking maps, city maps, road atlas where needed				✓
Multiple daily itineraries				✓
Detailed historical information on specific sights				✓
<u>On trip support</u>			\$50/day	✓
Fees <i>[Note: Fees are based on up to 6 travellers. For larger groups, contact us.]</i>		\$750 flat fee	\$225/trip day	\$350 - \$500/day

*Imitation is the sincerest
form of flattery*

Charles Caleb Colton

Coaching Service

This is for people who want to plan their own trip, with my recommendations. Sometimes they are overwhelmed with online research. Sometimes they want to save money.

My time commitment is 7 hours, total. One hour per coaching day, scheduled as mutually convenient. Email only. Client then will spend 40 – 80 hours finishing the trip.

When I started the coaching service, it was a flat fee of \$200. Then it went to \$250, then \$350, then \$450, then \$499, then \$750.

Coaching is highly structured around the 5-step travel planning process.

Gold Travel Planning Service

I own the project. This is “the basics”. For independent travelers who want a “relaxed itinerary”. Client does no bookings.

This includes the overall itinerary, accommodations, logistics, one activity per day, and one restaurant booking per day.

Gold Travel planning started at \$100 per travel day (I think), then went to \$150, and is now at \$225. Travelers can add on-trip support for \$50 / day, for the whole trip only.

Platinum Travel Planning Service

I own the project. This is “full service”. Is for the traveler who wants a full schedule, an alternate schedule, or on-trip support.

I started this service level at \$200 / day (I think), then increased it to \$250. This is a tricky level so I made it a range. Currently, Platinum is \$350 – \$500 per travel day and I am still testing this.

Tips on thinking about services

- Three levels of service seems to be about right.
 - Some people will always pick the middle one.
 - Some want the high end one.
 - The lowest end service is ideal for people who think your fees are too expensive but they value your expertise, or they have time to (or enjoy) plan their own trip, or they are doing a very long trip.
- Define what each service does and does not include ahead of time. This needs to be very clear.

Tips on thinking about your pricing

- Ask yourself what you need to charge in order for this to be worth your time.
- Don't think too much about the competition. Look at what they are charging and then forget about them.
- Track the time it takes you to create your product, starting with the first customer email through to the final invoice. Get a sense of how much money you are going to make.
- Pricing for each type of service should be distinct and different.
- Put pricing on your website. I think the “contact us for pricing” approach is a waste of time. You'll spend more time on the phone selling. Have them get in touch when they understand what the cost is.

Key point: keep in mind perceived value!

- DO NOT start with a low price, thinking that it will attract customers, and that you'll increase your prices later.
- Customers perceive a higher value from a higher price.
- Wine example: researchers told subjects their wine was either from a \$5 bottle or a \$45 bottle. Pleasure sensors in the brain were more active for the more expensive bottle. People actually got more pleasure from the wine that they *perceived* to be more expensive.

Exercises

1. Determine estimated daily trip costs for 2 people
 - Accommodations
 - Logistics (rental car, train, airport transfers etc)
 - Tours
 - Don't include flights
 - Do include your fees
2. Find a package tour online, and do a bottom-up calculation for how much it would cost you to re-create it.
 - Calculate cost of hotel, tours, logistics, food where included
 - Add in your fees
 - Remember that these tours often are accompanied by a guide
 - You will likely come out a lot lower

Discussing pricing with your client. You should be very comfortable:

1. Telling your client about your distinct planning services and associated pricing.
2. Telling them the value of each planning service, ie what they get for their money.
3. Advising the client on which service best meets their needs.
4. Advising the client on the service based on their budget (which you will have a good sense of after the exercises)

Don't worry – you will get better with practice!

Return on Investment

Time saved during the planning process: To organize a trip to Italy with the level of organization and detail provided by us, plan on spending about 8 hours per travel day if you are going to do it yourself. A 10-day trip = 80 hours of time to plan. Or, plan on 2-3 hours spent via phone or email with us. A 10-day trip = 77 hours of time saved. How much is your time worth per hour?

Time used more efficiently on the trip: when a trip is well-organized ahead of time, you won't waste time getting lost; showing up at the train station and realizing that train doesn't run on Sundays; fixing errors due to the language barrier during the booking process, etc. We estimate that travelers with organized pre-booked itineraries can accomplish 20% more in a day, and don't forget: you accomplish more in a single day, at a lower stress level, for more enjoyment.

An Example: Let's say your 10-day trip to Italy costs \$600/day. Let's say you have 12 hours per day of "out and about time", to enjoy, explore, and relax. Each Italian vacation hour essentially costs \$50. A 10-day vacation has 120 vacation hours. Therefore being able to do 20% more because of a well-planned vacation equals 24 hours during the vacation which are spent relaxing and enjoying Italy rather than spent problem-solving and stressed in a foreign country. To put a dollar value on it, those 24 hours x \$50 per hour is \$1200 worth of time that can be used to enjoy Italy instead of lost due to planning mistakes.

Lessons learned: services & pricing

Do not mix services.

During the process, activities and things will get switched around based on availability. It gets very difficult to keep track of. Exceptions are when the size of the group changes for a segment of the trip, maybe.

Own the entire trip. Do not do a day on and a day off.

This is when mistakes are made, in my experience.

Do not discount your prices.

Someone who asks you for a discount does not value your expertise, but while you're spending your time on the discount client, you won't have time for the client who is paying you your full fee.



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