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## Tour Operators

John Kent: Online reservations the only future of the tourism industry  
Friday, December 21, 2007

*Mr. John Kent, CEO of youtravel.com talks to TravelDailyNews International about youtravel.com, the company's future, the trends in online reservations in Europe as well as the hotel sector in the Mediterranean.*

**TravelDailyNews:** *How do you comment youtravel.com presence in the market so far?*

**John Kent:** *I believe we had a very good year at youtravel.com. The company reached a 70 million euros turnover and approximately 300,000 customers with an average stay of 8 days from 28 October 2006 to 31 October 2007. The result is quite satisfactory especially for a company in its first year of operation. We exceeded our target and plans at 20%.*



**TDN:** *What is your target for the second year of operation?*

**J. K.:** *The target for us is to exceed 100% and it will fluctuate from 110% to 120%. We want to reach 150 million euros for next year.*

**TDN:** *Do you see this trend to continue strong?*

**J. K.:** *Yes, definitely and not only from UK where we had the biggest turnover for this year as 80% of our business was from UK and 20% from Italy and many other countries. We recently opened offices in France and Sweden and Germany is next. Greece and Italy were the only countries that we did business outside UK. I believe France, Sweden and Germany will give us the boost we need as our model does not exist organized in any other country except UK. And this is why I started youtravel.com as this model is quite mature in UK. MedHotels.com was something new back then but now there are too many copies in UK. There are 4-5 companies with great numbers and we are among them and then others follow with lower numbers. Our B2B resort-only model, with one more special characteristic that we and MedHotels.com have, is based on the fact that all the companies or almost all that offer hotels either resorts or city hotels do not offer repping services in the resorts as tour operators do. In other words, I would say that our model is something between a tour operator and an online hotel reservation system. In every destination that we go, we have either our people or representation through a cooperation, we offer 24/7 service and our people help in every problem that a traveler can face. And we do this because even the big companies in the online reservation market do not cover this. We don't do the repping as the big tour operators do it. We don't sale packages as reps and we solve problems too. Our primary aim is to solve problems on the spot for any problem or situation our travelers in a destination may face. We have 24/7 in all our destinations.*

**TDN:** *So, you believe that personal touch is essential.*

**J. K.:** *Yes, very much, especially if we compare this with what the big online companies do. When someone chooses to go with them, then the traveler faces a serious communication problem. We have representatives in each destination that we work with who provide solutions immediately and I believe this is very important especially for a resort as in a city things are much easier.*

**TDN:** *Do you believe that mass tourism will lose its dynamic?*

**J. K.:** *No. Mass tourism will remain strong as it is cheaper and people in the big markets of Europe especially in UK and Germany travel a lot with 70% of them to make two trips per year at least. Moreover, we have to take under consideration the fact that the middle class will not be able to go to the upper end easily. So, independently of the models, mass market either with our model or with the tour operators' traditional package will never cease to exist.*

**TDN:** *Give us more details for your new expansion plans in Germany and Sweden. Is youtravel.com going to operate with the same way?*

**J. K.:** *Exactly with the same way. We have already opened our offices in Sweden and France. There are some big companies, almost like us, but they do more cities than resorts, they do not have our repping services which are very important and almost all are weak in the Eastern Mediterranean. For example, two Spanish companies that are in the same market with us are interested more in Spain. However, when we go to the East Mediterranean, which is a quite big and includes Greece, Turkey, Egypt, Cyprus, Bulgaria and Croatia -although it lacks of hotel units- all the traditional companies apart from two competitive companies of youtravel.com in UK are weak in the Eastern Mediterranean.*

**TDN:** *What's the reason for this? Are they only interested in Western Mediterranean?*

**J. K.:** *They are not only interested in this region as they tried to enter in Eastern Mediterranean as well. The attitude of the hoteliers as to with whom they are willing to work and how they give prices in Eastern Mediterranean is completely different from the one that hoteliers have in Spain, which is the largest market for us. Spain is the biggest market either for the majority of tour operators or for online bed banks like us. Actually, we separate Spain in Canary Islands and Spain whilst it's the same market. And if we place Canaries with mainland Spain, Majorca and Ibiza then Spain receives a great percentage. 35% to 40% of our clients go there and the rest go elsewhere. But all the rest, excluding Portugal, is in the Eastern Mediterranean. As in the E. Med the attitude is quite different many have tried to enter but few achieved it and I am not only talking about Greece, which has the same philosophy with Turkey and Egypt.*

**TDN:** *Does it help the fact that you know this philosophy being Greek yourself?*

**J. K.:** *Yes, this is true. It's all about relationships and there are many aspects as hoteliers in this region think completely different. For example, the common price policy for each hotel that exists in Spain is quite rare in Eastern Mediterranean. This could be wrong or right and depends on how you see it. Either you are a big tour operator or a company that started yesterday, the price you are going to get is the same, no penny less unless there is commitment. That's the policy in Spain and there are no exclusivities.*

*The story is completely different in Eastern Mediterranean as here we see a great number of exclusivities. Youtravel.com alone has exclusivity with 500 hotels in this region as far as our model is concerned. There is also the price variation as a hotel in this region can give ten different prices to ten different tour operators or online accommodation systems. Things are so different in the E. Mediterranean.*

**TDN:** *How does youtravel.com manage to have so extended network of exclusivities?*

**J. K.:** *Exclusivity depends on the turnover that you do and how you help the hotel. Exclusivity is banned by the European Union but still exists and all the big companies used it. On the other hand, there is no way for an hotelier to have exclusivity unless he has the entire hotel under commitment. The whole idea is based on the good relationship between the hotelier and the company. If their cooperation is successful and the hotelier has the results and the beds he wants from the tour operator, then he has no reason to breach the agreement.*

*If he doesn't have the result he wants because, for example, our company promised to a hotel 70 rooms allotment and we gave him only 10%, then he has every reason to break the exclusivity and to give the hotel to other companies as well. The same is from the company's side. If a hotel doesn't reach the expected results and has a bad performance, it is not sure that we will include it in our list for next year. That's why we have a list of hotels and always renew it.*

***TDN: In which countries are you thinking to open new offices in the near future?***

***J. K.:*** *The only thing we are thinking right now but we are still not sure if we will be able to do this next year is Spain. Spain is the number one destination for us but we want to do outbound from there as wherever we open new offices we mostly target the outbound traffic. Spanish people have the same ways with Greeks as they travel at 75% in Spain and it is quite logical if we consider the beaches and seas that they have. Moreover, they do not travel a lot in resorts when they travel abroad as they mostly visit cities and that's why we are thinking to expand more in this market. However, this will be our last expansion in Europe.*

***TDN: Do you believe the prices will remain low even in China where you also have representation?***

***J. K.:*** *Yes, I believe so. And one thing that we will do from January is to place cities starting with no more than 20 destinations. But I will dare to say that cities are not the key product for us but a secondary one and we will place only big cities.*

***TDN: In this way you raise competition with Expedia. Is this the case?***

***J. K.:*** *I want to be more competitive with all who work with cities and I would like to be honest as in the beginning we probably won't be as competitive as any Expedia is as this market has many competitors. I prefer niche markets like resorts. However, a reason that we are going to enter in this market in China is because we have very good partners in the country and Chinese people are not used to come in resorts in Mediterranean such as Majorca, Crete, Rhodes and Sharm El-Sheikh.*

*They come but there are few and tailor-made for the time being but I believe that this percentage will increase in the years ahead. Chinese travel as Japanese used to travel 20 years ago. They fly to Paris, do shopping and sightseeing and then they take the bus and go to Brussels and then Rome. They visit 5 cities in 21 days and then return to China. This happens as Chinese haven't visited Europe and they want to do it in this way as they have their own sea destinations closer. They have Thailand, South China for example and that's why we will offer Thailand and South China from next summer in our program aiming to sale local.*

***TDN: Is it possible this model to work and especially in China will youtravel.com be able to attract Chinese to do inbound in their country?***

***J. K.:*** *That's what we are trying to do with some of our partners and if we manage to have success it will be due to our system. We have a unique system and we believe pretty much in this. To make the life of the consumer and the travel agent easier is what matters most.*

***TDN: What are the new services that you have presented so far? What are you planning for youtravel.com search engine?***

***J. K.:*** *Firstly, we have some unique functionalities and I believe we are the only one in resorts that we offer Google maps so anyone to be able to see them on the map. The most important feature of our system, and I am really proud of our system, is our reservation system, which I believe is the best, having a wide knowledge of how other systems operate. It's tailor-made; we maintain it in-house and has incredible functionality not only for the B2C part but also for the B2B part, especially for the many functionalities it gives to travel agents. But you have to login in so as to see these features. For example, we have an online incentive system for the agents. This system not only helps the agency*

that makes the booking but also the staff of the agency, in other words it addresses to sub-categories of employees because there are many agencies in UK with a great number of staff. This allows everyone to see the “staff incentive”, as we called it, which doesn’t go to the owner of the agency but to the person who makes the booking. As far as functionality is concerned, the most of the online hotel reservation systems are based on cities and cities work completely different from resorts. For example, cities rarely have early booking discount and rarely give 7=6, things that are everyday life for resort hoteliers. Cities of course have some features of their own such as different prices for mid-week and other prices for the weekend. There are also many “things: that you have to consider in a contract with a hotel as each hotelier thinks differently. These “things” are handled manual in other systems and as a result they cause discrepancies in many departments of a company. We have covered all these online and as result we have a very good functionality not only for the consumer and the agent but also for us.

**TDN:** *How do you see the future of online reservations in Europe?*

**J. K.:** *For me there is no other future. It’s only this. In discussions I had with a tour operator one year ago, he told me that the model I brought to the market and especially the move I made with MedHotels.com changed the market because the 100% of British used to travel in resorts through the package model, while now 30% - 35% go with this model. In other words, the structure changed. Nowadays, Thomas Cook, TUI, First Choice with HotelsBeds apart from Mytravel, which due to bureaucratic reasons was left behind and after the merger has no reason to do this anymore, made copies of MedHotels.com and youtravel.com. TUI even launched it in Germany and UK. He told me that “if we could cut the brochure costs and the packages and implement a dynamic packaging in our system with our own flights, we will have done this even today by 100%, but we are still so bureaucratic that is still not possible.” Towards this direction we are heading he told me but it will take us 5 more years as this costs less and the customer prefers it. The package has still many problems as it is impossible to visit many destinations with how things work now. Today, this can only be achieved by making tailor-made trips but is too expensive. On the other hand, someone is able to do this with our system. He can take a flight and the transfer that we offer and can visit many places in one destination or more destinations. That’s the trend and I believe the whole industry follows this direction. There are no packages in America as have here in Europe. When there was no online there was tailor-made. We find a cheaper flight; cheaper hotel, a transfer and we make a package. I am certain that all will follow this direction. This will take no more than 3 to 5 years.*

**TDN:** *Are you supporter of Sir Stelios model? Has this model helped your business model?*

**J. K.:** *I am, but Stelios model is very different from mine. It deals with B2C, expands in many sectors and depends on its brand and Stelios has invested a lot to his brand. It is a completely different model from ours as our model depends in a very specific niche market and this is my philosophy. To do as less as you can but be the best in what you do instead of doing a lot of things. I believe there is no comparison between these two models.*

**TDN:** *Is there a time limit for the companies you create and why?*

**J. K.:** *My philosophy regarding the companies is that you must have an exit plan even before you start setting up one. When you make a business plan to set up a company you have to see how far it can go and make an exit plan. You have to say “I will set up this company and in five or three years’ time when I will have these results I will have to leave.” And this exit is perhaps to sell the company or to list it in the stock market or some private equities to invest in your company. There are solutions but you can not start a company, even if it is profitable from the first year of operation, in which you don’t have an exit plan. I believe this is wrong, it’s an old philosophy. We have to move on and you have to take the company’s performance up to the maximum. I am fan of this philosophy, that’s what I have done with my companies during the last decade and I will continue to do. I am person who always has new ideas and when I manage to make few of them reality, I always set a plan and say “in three or five years’ time I will leave or sell it or do something about it.” I always want something new*

and fresh.

**TDN:** *You have reached online reservation business to high level. What is your next step?*

**J. K.:** *You shall wait to hear it as the issue is to surprise when we do something. It has no sense when you give something ready.*

For more information about John Kent you can visit his personal website and blog at

[www.johnkent.eu](http://www.johnkent.eu)

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