

# Authentrex: Technology meets Tourism in an Entrepreneurial Venture

By Alfonso Vargas-Sanchez

## Introduction

September 29<sup>th</sup>, 2010, 9.44 am. Mark Walker, Managing Director of Authentrex S.A., sent an email to the author of this case study, following up their previous meeting, held on September 13<sup>th</sup>. In this e-mail Mr. Walker wrote: "Also mentioned in this meeting was that the company is now at a crossroads, this is a critical time for us, it's never too late to change direction and adapt to new circumstances". Apparently, after several years (2004-2010) of very hard work and some achievements, it was time to rethink and refocus what the company was doing, time to formulate a new and consistent strategy for the future, as a result of some "new circumstances", not only within its business environment but within the company itself.

## The Company and Its Context

In 2010 VisitHuelva, the Authentrex's trade mark, was already a fully-fledged and operational specialist online travel agency dealing with all aspects of travel and tourism for the province of Huelva, in the South-West of Spain (hence the company name), although at that time they were also rapidly incorporating a range of travel products from the surrounding and better known destinations, which are Seville, Cadiz and the Portuguese Algarve, as part of a wider geographical focus for their activity. When Mark Walker said "all aspects of travel and tourism" he meant a full range of "hard" commercial travel products, from the most simple hotel bookings to complex holiday packages of their own creation, plus what could be considered the "soft" non-commercial part, i.e. travel guides, destination guides, where to eat, what to do, what to see... In summary, *visithuelva.com* was a fully integrated online platform where people can not only book all types of travel products online but also get all the complementary information that they might need for their stay, the objective being a seamless integration of destination promotion and commercial efficiency.

However, tough times of economic downturn in the last few years have been hitting the economies of Spain and traditional European sources of tourists to the area (Portugal, the UK and Germany, mainly), and for a recently-configured destination such as Huelva, the promotional efforts made by public agencies (namely the Provincial Tourism Board) were critical for generating demand. In parallel, its current

business (online bookings for visitors to the Huelva area) began to be potentially threatened by similar public-financed initiatives launched by the regional government, in a sort of an "unfair roughshod competition", in Mark Walker's words. Under those circumstances, especially his unsuccessful attempts to create a mutually fruitful public-private partnership at the local level, he was seriously concerned about the future of his young company, which had been a genuine innovation in the local industry. As Walker said in that recent e-mail: "You implied in the last meeting that the personality of the entrepreneur is at times paramount to the success or failure of a business venture, not the venture in itself, and I would tend to agree with that".

## Its Origin

To understand the evolution of this company, we should go back to 2004 when it was no more than a simple idea. Mark Walker, an Irishman from Belfast, was invited to lunch on the beach at El Rompido by Carmelo Ferrera, a man he had met through a business associate in the sea-side holiday locality of Punta Umbría. At that time Mark was the owner and director of a successful private language academy in that locality. In many respects the business had reached saturation point and could grow little more in its current format. Nearly 3,000 pupils had passed through the doors, most from a village whose total population was only about 16,000 people. The business had a full range of private teaching courses and a staff of 12. The courses ranged from English and German language teaching, computing, and even a nursery school, to preparation for entrance exams for government posts, teaching Spanish to foreigners, and professional training courses for jobs in hotels abroad.

When he was approached by Mr. Ferrera, his present business partner, he was looking for a new challenge. He felt that he had gone as far as he wanted to go after 15 years in the private teaching business, and that if he left it any longer there would be little chance to change direction. Mark Walker's understanding is that there are two types of people in any business: the hunter and the farmer, both necessary to the overall success. The hunter goes in search of new ideas, new markets, new customers... while the farmer looks after the business making sure it is well run, well administered and that the customers and staff are happy. He had set up this first company from scratch, which was exciting, and opened up new areas of business every year, but it was getting to the stage for him to settle and become a

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farmer merely looking after the “crops” in a sensible, comfortable manner, or to go hunting.

So having reached this point, he was open to suggestions at this particular stage of his life. Over lunch Carmelo Ferrera proposed that they go into partnership to set up a new business based on two broad concepts: the Internet and Tourism. The exploitation of these two concepts was the only thing that they agreed upon at that time, nothing else: to use the Internet as the sales and promotion channel and to sell “something related to travel & tourism” as the product. Sensing an opportunity there, they agreed to set up a business on the mere intuition that both the Internet and Tourism were growth areas, and that when combined a winning formula might emerge, whatever the precise formula might be.

Mark has since come to realize just how important it is to start a business based on clear emerging trends and growing demand. Both the Internet and Tourism had enormous potential for the future and he quickly realized that there were literally an infinite number of business models possible from combining the two.

“It would be interesting if you could pause for a moment and try putting yourself in my position back then”, Mark said. “Imagine that you are determined and committed to setting up a new business from scratch with a blank sheet of paper, and that you know absolutely nothing about either travel or tourism. You have no background or experience, no technical knowledge or training, no computing skills, only a simple idea to set up some sort of e-tourism business”. The fact was that he had no contacts in the industry, not in Travel nor in the Internet, no infrastructure of any kind (not even an office) and a very limited financial backing. “What would you do in this situation? Would you continue? How would you feel?” he asked, not really expecting an answer. He confessed that the self-imposed challenge to set up a new business in this way was as exciting as it was demanding, although at the same time, he thought that starting afresh is in many ways easier than trying to adapt or convert an existing business or structure. But what should his first step be?

## **The First Steps**

As a first step, rather than jump in and immediately commit themselves to a specific model, structure or even a company name, they decided to keep all options open and spend as long as necessary on serious research until they had discovered what they considered to be a winning formula. They believed that “to do something new and innovative you must first also have a very clear idea of what is neither new nor innovative. You must know what the rules are before you start to break them or at least bend them. You have to know first where the “ball” is now, before trying to figure out where the “ballpark” is going to be in the future.”

According to Mark’s understanding, Carmelo is quite visionary in many senses. He was clear that you don’t invest in businesses or

companies, products or production, your first investment should be in people, the acquisition of knowledge, skills and contacts. Don’t learn the tricks of the trade, learn the trade. “See what’s being done, identify the trends and then place your bet”, he said.

So over a period of 18 months Mark Walker did some serious, active, hands-on research into all aspects of travel, tourism and the Internet. This research took him to 84 conferences, seminars, talks and trade fairs in 26 countries, meeting, talking and establishing contacts within the industry, at all levels, with people of very different backgrounds. He soon came to realize that networking was the single most productive activity when setting up or running a business; without it your chances of success were minimal.

His research at first concentrated on developments within travel and Internet technologies, but he soon found that more global themes were also highly relevant and of importance for putting the business in the right context. These more global areas of research were e-business, business innovation, sustainable development and corporate social responsibility. Apart from being highly interesting and relevant aspects, both Carmelo and Mark needed to have a philosophical base for their company, something on a higher plane than simply setting up a profitable company. This research gave them both vision and motivation to keep going.

On the time spent attending conferences, meeting people and traveling, Mark made the following comment: “Although it may sound idyllic for some, it was in fact by far the most difficult and uncomfortable period of all, full of uncertainty and self-doubts. It takes a great deal of courage to present yourself to people at all levels when you are a ‘nobody’, simply someone looking for ideas, doing basic research without an established company behind you and with no track record or own experiences to share. I must also say, though, that it was definitely worth it. The ideas began to flow and you begin to have an overall picture of how things work, a basic idea of the mechanisms of the industry that you are planning to enter and a general idea of the world trends that should determine the focus and “DNA” of the future company. I soon realized that the broader the scope of the investigation, the better the chances were to innovate. Lessons learned from one industry are beyond doubt transferable to another”.

## **The Project Takes Shape**

In short, after 6 months of thinking about it, all the preliminary investigation, Authentrex S.A. was constituted in 2005 as an online travel agency, after ruling out other different possible business models. As already explained, another 18 months of research followed. This covered a variety of interrelated areas: Internet technologies; technology in tourism; global trends in tourism; business innovation; and sustainable development, principally sustainable tourism. The result of the full two years of investigation was a five year business plan for Authentrex S.A. (the Authentrex name is an anagram of The AUTHENTIC TRavel EXPERIENCE).

Mark Walker commented that "Authentic Travel Experience was selected because there seemed to be a direct relationship between the principles of sustainable tourism and the emerging trends in global demand. Tourists are less and less satisfied with standard mass-market, artificially-created, supply-driven consumer tourism products: they are looking for something specifically local, autochthonous, for a unique tourism experience. Tourism that is more concerned with personal enrichment and spiritual wellbeing, rather than personal pleasure and consumption. The new values seemed to be to learn about local customs and traditions, to share, participate and come into contact with local people, to respect and appreciate cultural differences... in short, the natural and cultural environment of a destination should become the value proposition; the reason to travel."

The years 2005 and 2006 were devoted to the development of the computer system (the booking engine), and the decision to start with a pilot project, [visithuelva.com](http://visithuelva.com), was made, to gain experience by developing the business as an online travel agency, testing ideas and training a team.

Huelva was chosen as for the pilot project principally because, on one hand, they lived there, and this would reduce costs and facilitate contacts; on the other hand, Huelva was a fertile ground for offering that travel experience based on "authentic Spain". The destination offered a whole range of comparative advantages. It has "an identifiable personality". It was also a virgin territory for an online travel company given the absence of significant competition. Some background about the province of Huelva as a tourism destination has been added as an appendix to this article.

Later (in 2006-2007), offices were opened and equipped, staff contracted and trained. Also the first web contents online were ready, the first suppliers were contracted, and the business was generally configured. In July 2007 [visithuelva.com](http://visithuelva.com) was launched with limited contents, limited suppliers and, at first, limited success.

In 2008 the company was admitted as an affiliate member of the World Tourism Organization Business Council. 2009 was the year when the range of suppliers was extended to Seville, the Algarve and Cadiz, with expansion of the range of packages online.

Finally, in 2010 they benefited from the successful consolidation of the company business model. The evolution of the number of online bookings is clear in this respect:

Since its launch in July 2007, [www.visithuelva.com](http://www.visithuelva.com) has also received more than 1.5 million unique web visitors, from 282 cities in Spain and 145 countries, nearly 7 million page views, and nearly 9,000 online bookings, which represent approximately 37,000 tourists and nearly 40,000 room nights booked online.

The company has a staff of 6 members, all self-taught, multilingual and multi-skilled. Each member of staff is capable of multitasking in the different areas of the company. With regard to the human side of his company, this quotation of Mark's is pretty significant: "When

I select staff I don't really consider qualifications, past experience or background, but the desire to learn and grow. This is hard to evaluate when you hire someone, but you quickly see if this is their attitude when they start to work. Basically an attitude of self-improvement, never being satisfied with yourself, constantly looking for new and better ways to do things, accepting a challenge as an opportunity to learn and grow, happy to do difficult tasks because they are difficult and accepting that improvement is a constant process that never stops. Someone who says 'yes! I did it!' when completing the task, a sense of personal achievement and pride". He recognized that, in the past, all bad experiences and dismissals have come from employing people who have come to the company with set ideas on how to do things and an attitude that their ideas were in some way superior to those of the rest of the team. Fixed rather than flexible, static rather than dynamic, unable to adapt to a fluid work environment.

Its organizational culture is based on the following principles:

- Value the opinions of the other team members. If you have two members of the team that have the same opinion and think the same way, then you only need one of them. An environment of openness and respect for other people's ideas and opinions is critical. Mark said: "Our team meetings are so enjoyable and productive in giving us a lift and sense of purpose, that I often call meetings for no particular reason."
- Fertility. When an open environment of mutual respect is encouraged, then differences of opinion create new ideas. There are no two members of staff with the same background: gender, nationality, age, native language – all such differences are a recipe for creative contribution. Great ideas come from a melting pot of multiple ingredients. A multidisciplinary approach to problem solving is the right approach. Everyone has something to offer and ideas from one industry are definitely transferable to another.
- Involvement. If your opinion is valued and respected and you are clearly part of the decision-making process, then the company becomes something personal for you, it becomes partly yours. In this company successes and failures are shared on a day-to-day basis as a collective event.
- Recognition. When a member of the staff does something that deserves praise, public praise is given in front of the others. It's so important to celebrate successes and, at the same time, to learn and move on quickly from failures. The only real failure is to stop trying.
- Autonomy. Everyone is expected to organize and be responsible for planning their own work within the general scheme of things. Timetables are fairly flexible and plenty of room is given for personal matters and time off. The result is that, in general, everyone gets things done within the timescale but in their own way.
- Planning. Defining a vision, setting objectives, listing tasks,

committing resources, ordering activities, setting time constraints, identifying milestones... Planning and coordinating projects together binds the team, it makes the team, it gives direction and a sense of purpose. All team members find this both highly enjoyable and satisfying, especially when there are tangible results. Part of this process is sharing the right information at the right time, keeping everyone in the loop.

- Research. Everyone has regular research topics, which they report back to the team when ready. Apart from allowing them to develop as individuals, this brings fresh information and ideas to the company.
- Work philosophy. Work should be challenging and fun at the same time. Being at work should make you feel satisfied at the end of the day.
- Remuneration. Creating the correct work environment is only part of the equation. Staff have to be well paid, so that financial issues do not interfere with performance.

Finally, he adds: "I try to apply the right management style to the right circumstances. When I have to step in with a hands-on approach, it's normally because I didn't foresee the problem and take the necessary action before it became a problem. When I have to call order and adopt a dictatorial approach, I see this as a personal failure and last resort."

## Its Business Model

It would seem that the economic downturn would slow company growth, but it was not severe enough to reverse the general trend of growth. To explain this resilience, Mark Walker describes the company's business model, as a registered and bonded travel agency with direct contracting with each supplier and direct sales to the customer (B2B2C) for a specific geographical area (the province of Huelva and its surroundings). It didn't have to work with wholesalers for the inventory of products nor to distribute through affiliate travel agency networks. Nor had they worked in collaboration with the public sector, not for finance, promotion, destination marketing, nor for creation of web contents. He has a very clear understanding of the advantages and disadvantages of this business model. Lists of both follow.

**Table 1**

### Evolution of Bookings

Year	Online Bookings	Yearly Growth Rate
2007	108	---
2008	1,721	c.1,500%
2009	2,983	73%
2010	4,066	36%
Total	8,878	---

Source: Authentrex, S.A.

## Advantages

- Personally known suppliers (hotels, activities, transport,...), which leads to a bottom-up rather than a top-down approach. To create a meaningful picture from the tourism mosaic, it is paramount to know the needs, objectives and capabilities of each supplier.
- The result is not only better contractual conditions but a more harmonious relationship.
- Range of suppliers: working with smaller companies that would otherwise have limited access to online sales. Many companies, particularly small accommodation suppliers and active tourism initiatives are below the radar of the traditional distribution channels.
- Top class customer call centre support, staffed by people who know the product first hand. Many customers simply need to be advised and orientated.
- React very quickly to supply (availability) and demand (what the customers are looking for). Local suppliers don't have the mechanisms or experience for longer-term management of inventory. Changes in availability are on a daily, if not hourly, basis. Innovative travel products are often created on request for customers.
- Competitive advantage in our ability to create complex packages and travel arrangements which would be virtually impossible at a distance. To combine transport, activities, accommodation and restaurants, the company must be on the ground, in direct contact with each supplier.
- Independence from public sector priorities or wholesaler policies. The public sector very often acts on political objectives rather than customer demand. Wholesalers tend to impose monopolistic conditions on suppliers: this lowers profit, reduces flexibility for entering into other commercial relationships, and, at the same time, creates sales channel dependency.
- Unique web contents and exclusive inventory. When the company is local, with the depth and breadth of our web contents, we can highlight attractive offers that might otherwise be ignored.

## Disadvantages

- Time consuming management of supplier relationships to encourage mid-term planning, technology usage, inventory updates...
- Laborious contract and product configuration. Direct contracting implies manual configurations and updates on a daily basis.
- Laborious booking fulfillment and customer relations management. Much of the booking staff's time is spent on non-commercial activity, giving general advice and information. Complex packages require constant confirming and reconfirming.

- Wholesalers have better leverage and often undermine contractual conditions with individual suppliers. Monopolistic conditions for products, configured once then distributed through multiple sales channels.
- No multiple 3rd party sales channels used. This creates dependency on web page visits and direct sales.
- Financial constraints on the marketing and promotion of the destination, traditionally the competence of the local tourist board and tourism authorities. More synergy would obviously result from coordination in objectives.

## Technological Issues

It was clear in the minds of the partners that what had made their company possible is its Internet booking technology, independently of how the technology was used: online sales channels, affiliate webs, online distribution, etc. The booking engine has been developed on a bespoke basis with a software engineering company in the UK. How the booking engine should work was specified on paper during the first six months of the establishment of the firm. Mark Walker then looked for a company that would be able to develop this blueprint. After 8 months of investigation, consultancy and visiting technology trade shows, he finally found the right company to partner with. The software company not only had an existing system in development similar to his blueprint, but everything was customizable according to present and future requirements. Mark commented: "I had finally found the company that would be the key to what we wanted to achieve. Not only was the system surprisingly similar to my original idea but they described themselves as 'plumbers', saying: "Tell us where you want the data and what you want to do with it and we'll do it. You are the architect. Tell us what you'd like us to do". All other companies gave me an off-the-shelf "black box" solution looking for a problem; this company, in contrast, gave me a solution to the problem".

During the years of operation they have carried out system modifications and enhancements almost on a daily basis. In Mark's words: "Now we have one of the most robust and multifunctional booking engines available today. The technology has not only given us a competitive advantage with the *visithuelva.com* travel web, but also opened up a whole range of spin-off possibilities that we plan to exploit in the near future. We are in a position now that our development is limited by resources and imagination, not by technical capabilities".

### *The basic features of the original booking engine were:*

- Multiproduct types, such as accommodations, tours, transport, packages. The system can be adapted for online distribution or sales for practically every type of travel product.
- Direct contracting or XML inbound contracting (not in use until now). Working with wholesalers rather than directly with suppliers is possible, if desired.
- XML outbound to other booking systems (not in use until now). Becoming distributors rather than retailers is possible, if desired.
- Supplier interface for suppliers to manage their own rates, contents, special offers, sales stops.
- Customer interface to check, change or add to bookings.
- Shopping cart technology for the customer navigating the website. Customers can make multiple bookings of different travel products, and then pass through checkout.
- Agency interface: a booking tool for travel agents (not in use until now). Entering into partnership with retail travel agents, either high street or online, is possible, if desired.
- Affiliate interface for partner webs feeding off the system. Webs that earn a commission for channeling traffic to Authentrex's booking engine.
- Back office for booking, supplier and system management.
- Reporting system for payments, site performance and sales channel performance.
- Audit log to evaluate online demand for specific products. This enables the company to audit searches and adapt supply to demand.
- Multilanguage translation tools to launch multilingual web sales channels.
- Multicurrency sales platforms.
- Multiple payment models, such as pay at the hotel, pay online, deposit payments.

## Web Dependency

As mentioned above the business model for *visithuelva.com* is web dependent, meaning that all sales come directly through web visits. Therefore, the selling challenges they have had to face have been: how to maximize the total number of web visits, both nationally and internationally; and how to convert those visits into bookings.

### *Maximizing the number of visits*

On this initial phase of customer contact, Mark Walker's experience had led him to conclude that there is a direct relationship between quality web contents, search engine optimization, and destination marketing, both online and off.

As mentioned above, the *visithuelva.com* web has received more than 1,5 million visits. Mark explains how this has been achieved as follows: "If *visithuelva.com* is a destination-specific web, then we must first promote the destination before selling the individual online products. Over the past 4 years our staff have researched, edited and published the destination contents for the whole of the province of Huelva. By applying search engine optimization best practices to our own contents, the result is that the *visithuelva.com* platform is top ranking for practically any search for travel and tourism in the province of Huelva. We receive a high volume of quality Internet traffic on both

the national and international scale. The same search engine optimization best practices have been applied to the range of individual travel products: this means that the [visithuelva.com](http://visithuelva.com) platform has become the landing page for most Internet searches for the travel products available for booking”.

Concerning online and offline marketing, Mark was aware that they have had an insufficient marketing budget to make an impact on sales. This is why they have only carried out sporadic and specific campaigns.

### ***Customer conversion***

To convert visits into bookings, or “lookers into bookers”, they have had to deal with a number of different factors:

- Price, at least as cheap as everyone else, if not cheaper.
- Exclusivity. They have had the capacity to launch special offers that were not available on other webs. Its packages were in-house, meaning that they were not available anywhere else.
- Trust. If the brand or digital reputation was not strong enough then there would be no booking. Official backing would improve the degree of trust, but this hasn’t been the case.
- Ease of use. Mark’s experience had told him that “when the user experience is too complex, the booking will be abandoned”. This is why this aspect has been constantly monitored and improved on, looking for a balance: too much innovation will confuse the online customer; too little will result in limited booking functions and a lack of competitiveness.
- Product range. “Too many or too few products of a specific type will result in no bookings. Customers must be presented with a reasonable choice of options. Too many options results in an inability to choose”. A question of balance, once again.
- Timing. Mark commented that “last minute bookings do not imply a last minute decision to travel. Products must be online well in advance, within a seasonal framework”.
- Call centre support. Although the business model was online bookings, a high percentage of customers still prefer to do the booking by phone after seeing what is available online. The multilingual call centre was important to overall sales. Customer conversion rates through the call centre are higher than for net online customers.
- Repeat customers. A successful customer relationship management through an online direct marketing strategy was in place, using email marketing to the customer database. As an anecdote, Mark tells that “one customer in particular has made 14 different bookings to date”. The lesson learnt is that it is always cheaper and more effective to sell to current customers than to reach new ones.

## **Future Directions**

In spite of its upward trend, Mark and Carmelo understood that they had to define the new strategy for the company, dealing with some new threats that have arisen as a consequence, mainly, of the limitations that local public agencies face when promoting the destination; the impossibility of creating a mutually fruitful public-private partnership; and the similar initiative undertaken at the regional level by the government of Andalusia, which is considered as a potential competitor. The realization that the company was at a crossroads, with the consequent acceptance that “something had to be done”, provoked renewed energy in the company. And this has resulted in the following new online projects and brands:

- [www.viajesauthentrex.com](http://www.viajesauthentrex.com) and [www.authentrextravel.com](http://www.authentrextravel.com) were both launched in December 2010 and will become general travel webs for online bookings. The difference between the Authentrex brands and the [visithuelva.com](http://visithuelva.com) brand is that they are not limited geographically to the Huelva destination and can contain a global inventory, either through direct contracting or through XML integration with wholesalers. In any case, they are still in the early stages of development, and the partners have yet to define the direction it will take: either commodity-based online bookings through XML suppliers, competing on price and product range; or an exclusive channel for travel products with no geographical limitation. For the moment, “the experience of setting up a new sales channel running off the same booking engine is proving to be invaluable for future projects”, Walker says.
- [www.visitdonana.es](http://www.visitdonana.es) and [www.visitdonana.co.uk](http://www.visitdonana.co.uk), both also launched in December 2010, are new versions of [visithuelva.com](http://visithuelva.com) for the Doñana National Park (Huelva, Seville and Cadiz). It is believed that the Doñana brand will allow the company to specialize and develop to its full potential, not only in a limited geographical area and internationally renowned tourist destination, but also in the nature tourism niche market. Doñana is a destination which fits nicely into the sustainable tourism philosophy adhered to by Authentrex, S.A. This autonomous specialist nature tourism and travel web is bringing in the expected results, in line with the company’s objectives.
- [www.divertigrupos.com](http://www.divertigrupos.com). This new brand, expected to be launched by the end of 2011, will contain a full range of group tours, at first for the Huelva, Seville, Cadiz and Algarve areas, then gradually branch out to other parts of Andalusia in the first phase. This sales channel, initially planned to be in operation by March 2011, was not contemplated in the original project, but it has been created as an answer to the demand for this type of specialist web, especially for schools, universities and business organizations who wish to organize group tours.

Additionally, spin-offs resulting from company know-how, tech-

nology and expertise began to be considered. The reasons behind this are: 1. other destinations are looking into the possibility that Authentrex could implement a project similar to [visithuelva.com](http://visithuelva.com) for their territory; 2. travel agencies in other destinations may want to have their own web sales and booking engine; 3. hotel chains may want to use the booking and web technology for web sales. These lines of action could well be the new key strategic bet for the future, Mark Walker speculates. In any case, the company will continue to invest in research, technology and training, as they know this is the only way stay competitive, innovate and avoid a company's natural tendency towards ossification.

Both partners are convinced that a deeper and wider [visithuelva.com](http://visithuelva.com) has plenty of scope for growth and has not yet reached its full potential. This was the right time for a new momentum, they thought. The destination Huelva has an enormous potential to become an exemplary sustainable tourism travel destination, based solely on autochthonous and unique competitive advantages - nature tourism, wine tourism, gastronomy, industrial tourism [mining heritage], traditions and folklore, history [its association with Columbus and the discovery of America] beaches, mountains, white villages,... all the attractions of authentic Spain.

Coherently with the present business, one of the future directions they have in mind is to continue creating and developing travel experiences based on these natural tourism resources, with or without local public authority support. Nevertheless, "a common long-term global strategy for the destination with all stakeholders involved would help greatly, but this seems quite unlikely, due to the lack of leadership in the local industry. "If there are no long term measurable objectives in place, then how can we work together to reach them?"

## And Now What?

Mark has recognized that a start-up company of these characteristics has represented an enormous challenge, fraught with difficulties and doubts, while at the same time being one of the most rewarding experiences imaginable. For him, this is highly recommended for all those who are born with an entrepreneurial spirit, and who see difficulties as an opportunity for development and growth.

He has emphasized the ongoing challenge of fighting with change, "the shifting sands of the business environment". "The truth is that, from one day to the next, everything can change to some degree, from geopolitics to adverse weather conditions", he said. He has questioned himself about what mechanisms should be in place to be receptive to change; how central the concept of constant change should be in the company's management; how quickly a company should react to external change factors; how long a company should wait before changing direction; in a nutshell, is the response time to current changes the key factor to company survival, or its ability to predict future change and plan accordingly? These are his main concerns, in fact.

In this context, some critical decisions for the future of the firm now have to be made. What would you suggest to the Managing Director of Authentrex? Do you agree with his strategic approach towards expansion? Is it well-founded in the resources and capabilities of this organization, developed over time, as well as in a profound understanding of its business environment? What do you think is its core competence, able to provide sustainable competitive advantages, if any? Could other alternatives be considered and evaluated?

To answer these questions, bear in mind the lessons learned by Mark Walker, as a result of his experience as a general manager:

- **Partnerships.** The current company structure is two partners, which works well if the partners have both a long-term commitment and long-term vision of the company. Profit has been not its goal but the result. The investment has been concentrated in know-how and expertise. Even more, "we are now at the point where we have the confidence to enter into partnerships, even if this means sharing with others in the decision-making process", Mark declares.
- **Finance.** The project has been privately financed with the two partners' own capital or through the banks. They felt that using public grant aid distorts the business plan, creates dependency and makes a company slow to innovate and react to change. Nevertheless, "if external finance is a means to an objective, and not the objective in itself, then we are willing to consider this option", Mark has recognized.
- **Research.** Without the two years spent on researching for the business plan, the company would have gone off course or closed shortly after opening. Similarly, empowering and training the staff was paramount.
- **Business plan.** The five year business plan not only gave them a "road map" to keep the company on course but has allowed all members of staff to have a global understanding of what they were trying to achieve. The business plan is constantly reviewed and updated.
- **Project planning.** One of the keys to its survival has been the ability to keep multiple projects on track and within budget with extremely limited resources. Project management will continue to be the cornerstone for resources allocation.
- **Business model.** A business model based on customer pre-payment and supplier credit terms guarantees liquidity; for a start-up business, cash flow is usually more important than profit. At the same time, multiple income sources increase the chances of success.
- **Destination web.** To start with a destination travel web as the pilot project was the right choice, as it provided focus; however, without public sector support it will never reach its full potential. An integrated and global destination focus would create richer travel experiences.

- Suppliers. Working with a mosaic of small local suppliers was a challenge and needed constant attention, although the benefits of these relationships outweighed the disadvantages.
- Technology. The competitive advantage gained through investment in technology represents the past, present and future of this company; it will continue to invest in this area, opening up new possibilities and gaining further expertise.
- Customer-centric. As a travel intermediary, everything is based on closeness and responsiveness to customers. The objective was to give a value added service and not merely compete on price or product. A demand-led strategy was, and is, the right one.
- In house. Key strategic elements of the firm cannot and should not be outsourced. For this reason web development, design, product development, content editing, search engine optimization, booking fulfillment and supplier contractual conditions have been all managed in-house by the company's staff. The only outsourced element has been the core bespoke enhancements to the booking engine, as it didn't have the technical know-how to bring this in house, nor this is envisaged in the near future.
- Public-Private Partnership. For destination travel webs, some

degree of public-private partnership is both logical and desirable. They have so far been unable and unsuccessful to make any real progress on this, but will continue to look for the formula to gain trust and involvement from the different stakeholders and somehow be seen as a means to reach objectives, rather than as a competitor.

## Appendix: The Province of Huelva as a Tourism Destination

The Province of Huelva (pop. 518,081 in 2010) is the western-most province in the autonomous region of Andalusia. Its capital, Huelva (pop. 149,310, in the same year), sits on the Gulf of Cadiz, equidistant between the international airports of Faro (Portugal) and Seville (Spain) (see Figure 1). Huelva is known for the mines of Rio Tinto, known to be amongst the oldest in the world, having attracted the interest of many other Mediterranean peoples including Phoenicians, Greeks, Carthaginians and Romans, from about 3000 BC onwards. Most recently, the mining company, Rio Tinto, originally mainly British managed, developed large scale open-cast mining and ore processing operations in the area, from the 1870s. This activity, in turn, contributed much to the Province's modern economic development through to the middle of the twentieth century.

Figure 1



Source: Provincial Tourism Board.



**Table 2****Indicators of tourism growth in the Province of Huelva**

	1986		2008	
	No. of Establishments	Capacity (n°)	No. of Establishments	Capacity (n°)
Hotel 5 stars	-	-	3	840
Hotel 4 stars	1	201	26	13.488
Hotel 3 stars	7	1,185	11	1.206
Hotel 2 stars	9	498	37	1.935
Hotel 1 star	7	308	10	451
<b>Total Hotel</b>	<b>24</b>	<b>2,192</b>	<b>87</b>	<b>17,920</b>
Hotel-Apartment 5 stars	-	-	-	-
Hotel-Apartment 4 stars	-	-	4	2.219
Hotel-Apartment 3 stars	2	1,634	8	1.691
Hotel-Apartment 2 stars	-	-	1	33
Hotel-Apartment 1 star	-	-	1	34
<b>Total Hotels-Apartments</b>	<b>2</b>	<b>1,634</b>	<b>14</b>	<b>3,977</b>
Apartments 4 keys	-	-	-	-
Apartments 3 keys	-	-	8	2,411
Apartments 2 keys	2	616	24	1,731
Apartments 1 key	1	144	6	248
<b>Total Apartments</b>	<b>3</b>	<b>760</b>	<b>38</b>	<b>4,390</b>
<b>Campings</b>	<b>8</b>	<b>15,930</b>	<b>13</b>	<b>22,980</b>
Restaurants 5 forks	-	-	-	-
Restaurants 4 forks	1	178	-	-
Restaurants 3 forks	2	116	2	140
Restaurants 2 forks	117	8,607	222	24.870
Restaurants 1 fork	194	8.688	539	36.289
<b>Total Restaurants</b>	<b>314</b>	<b>17.589</b>	<b>763</b>	<b>61.299</b>
Cafes 2 cups	4	214	4	283
Cafes 1 cup	25	1,622	64	3,555
<b>Total Cafes</b>	<b>29</b>	<b>1,836</b>	<b>68</b>	<b>3,838</b>
<b>Travel Agencies</b>	<b>11</b>	-	<b>86</b>	-

Source: Regional Government.

Commencing around the middle of the twentieth century, Spain, like much of the industrial world, has undergone a process of de-industrialization and economic restructuring that has brought periods of stagnation and high unemployment. The Province of Huelva, being dominated by agriculture, fishing, mining and associated industries, such as chemical manufacturing, and having high levels of unskilled migrant workers in the primary sector, has faced considerable social and economic challenges as a result of this de-industrialization. Whilst tourism has also been subject to significant pressures due to

shifts in market demands, and overdevelopment in some areas, it was nonetheless seen as a motor for driving economic development and diversification. By the 1990s tourism residential development, including hotel resorts, golf courses, marinas, shopping centers, and housing complexes, grew rapidly along the coast. These developments represent a shift away from the mass tourism of the 1960s and 70s, being part of the so-called 'quality tourism' paradigm, and targeted higher yield markets such as European second home owners. Within this context, Huelva has been one of the last Provinces of Andalusia to exp

erience tourism development.

The causes of this time-lag can be attributed to the lack of strategic planning, the dominance of interest in industrial development, poor transport infrastructure in outlying locations and the perceived inaccessibility of the Province. Other adverse factors include the existence of large areas of coastal marshland (once considered 'wasteland' but now valued and protected) and, in general, the absence of major population centers on the coast. These factors all contributed to a situation where, even at the beginning of the 1990s, the coastline of Huelva was characterized by unregulated tourism activities and construction, and dispersed second residences established within well-preserved, natural environments yet to be developed. The Province's deficit in various infrastructures had left an area of extraordinary natural heritage almost virgin, as shown by the fact that approximately 30% of its surface area is under protected land tenure (e.g. nature reserves and national parks) and 70% of the surface area of the province (10,148 sq.km) is covered by forest. Traditionally seen as a weakness in strategic terms, its underdevelopment has been converted into a strength, based on a model of tourism development that not only respects but also encourages interest in the natural environment. This

situation, together with the crisis in the previous mass tourism model, allowed hotels and other up-market services to flourish. This led to a situation where tourism became supply-led, markets were slow to develop and occupancy rates were low. Political pressure began to build on the Provincial Tourism Board whose task it was to develop stronger marketing and branding activities that would help tourism to grow.

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**Note:** All the characters are real. None of the names have been disguised.

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