



## Flight Centre - The Business



**Flight Centre Limited (FCL)** is Australia and New Zealand's most successful retail travel group, founded by Geoff Harris, Jim Goldberg and Graham Turner, who is the current Executive Director and Managing Director of the Flight Centre Group. FCL operates across some 9 countries under a range of brands including Flight Centre, Escape Travel, Student Flights, FCm Travel Solutions, Campus Travel, Ci Events, Stage and Screen, Travel Associates, quickbeds.com, Kistend Travel, Infinity Holidays, Overseas Working Holidays and Cruiseabout. FCL has a turnover in excess of AUD\$3 billion worldwide and 18 years of consecutive profit.

FCL is founded on a culture of innovation, teamwork and measurable results that are reflected in the commitment of more than 8000 consultants and support staff worldwide across over 1200 company operated stores and locations.



**Escape Travel**, a wholly owned subsidiary of FCL, is a package holiday specialist offering customers a range of deals on international and domestic holiday packages. As FCL's second largest retail brand, Escape Travel was originally known as Great Holiday Escape, and has operated in Australia since 1993. It was relaunched as Escape Travel in January 2004 to better represent the range of services provided as a full service travel agency.



The brand has a 'Perfect Holiday Promise', along with professional, friendly service and an expansive range of products. Escape Travel has 50 stores nationally, located mainly in Australia's major cities, with a growth trajectory to a 150+ store network.



### Network Development

The key to a national network strategy is scale and presence

### The Challenge

In an increasingly competitive travel industry, FCL saw an immediate need to grow the Escape Travel retail network in order to increase profitability, brand recognition and market share for the second largest retail brand in the group.

Like all travel service providers, Escape Travel was under pressure from increasing competition for people, a fragmented travel market and the emergence of web-based bookings. FCL management also realised that Escape Travel had low brand recognition and there was a lack of public awareness of the Escape Travel offer – discount holidays.

Management needed a vehicle to grow the Escape Travel business in a controlled but effective way. The result would have to increase market share, maximise profitability and provide sustainable long-term growth across regional and metropolitan markets as a significant retail travel brand.

**Business Model**

The utilisation of a franchise strategy in a corporate context is an HR strategy and commitment to localised service experiences for the consumer

**Franchising**

The owner operator business model provides an opportunity to leverage the significant intellectual property and resources of the FCL group for the benefit of both the franchisee and franchisor

**The Solution**

FCL management identified the franchise business model as a potential solution for the growth of the Escape Travel retail network. FCL engaged DC Strategy (DCS) as a specialist in retail, franchising and distribution to analyse the suitability of the retail franchise strategy.

The project initially involved an in-depth economic analysis examining the financial value proposition of the company operated and franchised business models. This was evaluated by the FCL board and management to determine the strategy and future direction.

The decision to proceed resulted in DCS and FCL working together to develop the necessary systems and infrastructure for the new business model. This included the development of the commercial policies and strategy to govern the operation of the Escape Travel network and to integrate, as required, with the broader FCL systems and infrastructure. A franchisee recruitment process, in-store operations manual, business plan, marketing collateral and PR strategy were also developed as part of the overall growth strategy.

DCS blended its specialist expertise with the current Escape Travel business practices to evolve the strategies and frameworks to provide the best possible outcome for both FCL and Escape Travel.

**The Outcomes**

The result of this project has been the creation of FCL's retail growth strategy and growth of the Escape Travel retail network.

FCL is now focused on expanding the retail network of both company operated and franchised stores across Australia and New Zealand. The outcomes include:

- The travel industry's first 'turn key' full format franchise business model
- A franchise business model that will enable franchisees to leverage the intellectual property and systems to grow and expand the Escape Travel brand and retail footprint of the network
- A strategy for regional areas of Australia and a strategic response to the increasing HR challenges associated with sourcing and retaining the best people
- A network growth solution that is both expedient and manageable and is focused on sustainable profitable growth
- A business model with the necessary commercial policies, procedures, recruitment processes and manuals to ensure Escape Travel is a 'turn key' business built to endure and evolve with the travel industry
- A more streamlined system and infrastructure going forward that will allow FCL and Escape Travel to achieve the goals of increased profitability and market share

FCL is very excited about the future. This new business model will provide the opportunity for potential franchisees, whose goals are aligned with those of the company, to own and grow their own business and as a result grow the Escape Travel network. Paraffine is now poised to implement its expansion strategy armed with the appropriate tools and procedures to manage and monitor the expansion of the network.

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