

Sound Strategies

BY DAVID COGSWELL

Ya'lla Tours hit on the right formula to combat the recession

Ten weeks into 2010 Ya'lla Tours—a specialist in Egypt, Morocco, Israel, Turkey, Jordan and Greece—was having its best year ever. “It’s surprising, in one way, but predictable in another way,” says Ronen Paldi, Ya'lla’s president. “Since the summer of last year we’ve seen a constant increase in booking levels in both FITs and groups. If the rest of the year continues this way, it will be the best year in Ya'lla’s history, since its founding in 1993.” Not bad for a time period that has been deemed poor if not disastrous for most of the travel industry, and especially not bad for a company selling travel to areas that are considered off limits by many Americans.

The biggest-selling destinations in 2010 for the Portland, Ore.-based tour operator (Ya'lla means “let’s go” in both Hebrew and Arabic) are Israel and Egypt, followed by Jordan and Turkey. Cuba, says Paldi, is also doing well, but Ya'lla’s Cuba business is a distinct operation from its Middle Eastern business. Ya'lla has the advantage of being the only wholesaler in America that’s authorized by the U.S. Department of the Treasury to sell travel to Cuba under the embargo that has been in place since the Cuban Missile Crisis of the early 1960s. Ya'lla is licensed to sell travel to Cuba to Americans who qualify to travel there under federal guidelines.

Following are some of the strategies that have been key in allowing the company to maintain and even bolster its business.

Leaping Egypt. Ya'lla’s 2010 sales of travel to Egypt have jumped 20 percent over its sales in 2009, prompting the operator to set up an educational fam trip in August to help improve travel agents’ knowledge and ability to sell the destination. “The most successful agents selling Egypt have been to Egypt, that’s why we want to have more agents participate in the Ya'lla ‘Egypt Experience,’ so they can sell this very emotional adventure directly from their heart,” says Paldi. The trip is set for Aug. 24 through Sept. 2 and includes three nights at the Cairo Grand Hyatt, a three-night Nile cruise on the deluxe Amarco 1, two nights at the Cairo Hilton Pyramids and one night at Isis Island Aswan. The rate for agents is \$995 per person, double.

Shore excursions. It wasn’t just a matter of blind chance that led to Ya'lla’s success this year. “The breakthrough that really made the difference for Ya'lla,” says Paldi, “was that early last year, as I was analyzing the nature of the crisis and the tendencies

of the passengers, we started aggressively offering shore excursions in our destinations.” Ya’lla put the shore excursion business to work in all of its venues. The most successful destination markets were Egypt, Israel and Turkey. The company mounted a concerted outreach to bring agents into the market.

“We educated and trained travel agents to sell our shore excursions,” says Paldi, “not only because of a better commission for themselves, but also because they provide better quality for their customers. Instead of being dragged around in a bus with 45 or 50 passengers, they get a private van and get to travel on their own.” The shore excursions became a successful niche business that was instrumental in helping the company deal with the wilted markets of 2008 and 2009. “The agents who took advantage of the shore excursions we offered were the ones who helped us overcome the crisis and turn the ship around,” says Paldi.

A tight focus. Other than branching out with its shore excursion business, Ya’lla clung closely to its areas of expertise during the recession. Paldi says one of the reasons for Ya’lla’s success is its concentration on a small geographical area where it can exercise its advantage as an experienced specialist. “We only do Egypt, Israel, Greece, Morocco, Turkey, Jordan and Cuba,” he says. “That’s another crucial factor in our survival. We focus on one part of the world that we are experts on. Many travelers are confident booking with us because we know what we’re doing in each country. We don’t just sell the whole world because we can. We sell only the destinations we specialize in. When everybody was nervous because of the economy, that factor, along with many others, provided a strong comfort zone.”

Adjusting to the short-lead booking cycle. Although Ya’lla has succeeded in pushing its booking levels back up with the help of shore excursions, the trend to late bookings has continued. “We started to see last-minute bookings very strongly last summer, and even this year we’re still seeing a lot of them,” says Paldi. “We’ve had to make adjustments for groups that form and materialize in a relatively short period of time. We have groups that were sold out within days or a week from the moment they were put out on the market.”

Religious travel. The faith-based travel market has also been instrumental in helping Ya’lla avoid the ravages of recession. “Religious travel has been our core business since the day I opened Ya’lla,” says Paldi. “Because our work continues to support the agency community by not dealing directly with the churches or the public, we’re seeing the return in great numbers. The agents are very grateful. Travelers who were on the fence are jumping into the market. They are seeing a lot of benefits.”

Faith-based travel has been one of the most resilient markets for Ya’lla, and was one of the markets least affected by the recession. “Religious travel is at a constant

increase,” says Paldi. “We’re a member of the World Religious Travel Association. At the ASTA IDE (April 19-22) I’m going to conduct a seminar about pilgrimages, how to organize them, how to battle the tour companies that go directly to churches, how to benefit from that very lucrative market. We’ve got a few hundred agents that are already registered for that. I’m taking advantage of the ASTA IDE to hopefully have many agents listen and be trained in the religious market.”

Good agent karma. The story of Ya’lla’s survival through the recession is like a Dickensian story in which good deeds are rewarded. Ya’lla’s good relationships with travel agents, built over many years, have been a lifeline for the company since the onset of the recession in 2008. “A time of crisis, such as 9/11 or this economical crisis, separates boys from men,” says Paldi. “The strong support that we built with travel agents in the good days is paying off very well in the bad days. That’s been our philosophy and our business practice since day one.”

Adventure options. Although Ya’lla doesn’t consider itself an adventure tour operator, the company does offer much to quench many clients’ thirst for adventure. And adventure is increasingly becoming an essential component of all travel packages. “We’re not in the adventure market per se,” says Paldi. “But we have programs that are like adventure that do well, such as the desert safari in the Western Sahara in Egypt. We have some light adventure in Israel and Turkey.”

Mining the upscale market. Although Ya’lla could be called a Middle Eastern tour operator or a religious tour operator, Paldi says that the feature that most defines the company’s business is its high-end quality. Ya’lla’s main market segment is upscale travel. “Upscale, custom, attention to detail, this is what distinguishes us,” says Paldi. “We do not sell cheap. We do not compete on price. We compete on quality, and that has proven itself again and again.”

Jordan rising. Among Ya’lla’s more promising markets is Jordan, which has been on the rise steadily and even maintained some growth during the recession. Paldi says, “Jordan has been on the rise in the past 10 years. What really made the difference for Jordan was the war in Iraq. Since 2003 the increase in the demand for Jordan has been very high. And since Petra was announced as one of the Seven Wonders of the World in September 2007, that triggered so much demand and so much interest it was amazing. The hotels are at over 90 percent capacity year round.”

While Egypt and Israel are Ya’lla’s prime destinations, Paldi says Jordan is “not far behind. Jordan used to be almost exclusively an add-on destination to either Israel or Egypt. But we’re seeing more and more people who are going to Jordan alone or for a much longer time.”

Cuba on the horizon. There's one new market Ya'lla is watching very closely. "I do see that Cuba will be on the rise all the time," says Paldi. "There are still travel restrictions with Americans against travel to Cuba, but even with them we're seeing more and more demand. And when people can go legally, we will serve them."

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800-644-1595 | www.yallatours.com