

FINANCIAL REVIEW

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BY	Simon Evans
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South Australia's largest privately owned travel agency group, Phil Hoffmann Travel, has turned down buyout offers and is eyeing acquisitions, as annual revenue approaches \$127 **million**, fuelled by an army of affluent self-funded retirees who relish the availability of Wi-Fi on river cruising vessels going up the River Danube in Europe.

Owner Phil Hoffmann, who started the business in 1990 and now employs 180 staff in eight retail outlets in suburban Adelaide, estimates that between 40 per cent and 50 per cent of the **firm's** leisure travel customers are self-funded retirees. They are tech-savvy and closely monitor share prices and the unit prices of managed funds while river cruising, which continues to accelerate in popularity, with bookings growing at 30 per cent annually.

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Phil Hoffmann Travel chief executive Peter Williams says river cruising on luxury vessels is in hot demand among the group's 20,000 customers because of the smaller size of the vessel with an average 135 to 160 people on board, and the ability to float up to smaller docks for access to ancient landmarks that can be inaccessible by road.

"It's a luxury floating hotel with very good flexibility," he said.

Mr Williams will increase his **stake** in Phil Hoffmann Travel from 47.5 per cent to 50 per cent in June, under a succession plan which leaves the Hoffmann family with the other 50 per cent of the business. Acquisitions on the horizon

Mr Williams won't divulge specific details about profit growth at the business, but said the **firm** is on target to generate an increase in revenue of 11 per cent in 2013-14 to \$127 **million**.

It is also eyeing acquisitions and expects to complete due diligence soon on three or four local travel agencies which may **lead** to acquisitions worth a combined \$10 **million** over the next six months.

It is a deliberate attempt to build more scale, as operators with just one outlet who may be approaching their retirement look to exit the travel industry.

"Scale is very important. It's about building more critical mass and being able to have the very best product offerings," Mr Williams said.

The business was last year named Australia's best retail travel agency for multiple locations at the AFTA National Travel Industry Awards, a gong it has won on 10 occasions over the past 22 years.

Mr Hoffmann says strong customer service has been a hallmark of the business, with wealthy self-funded retirees wanting personal service they can't get from more commoditised online businesses.

Those sophisticated customers often tried online sites but would inevitably return because the overall experience was better and led to repeat business over generations. He also said one of the increasing

trends was in bookings of three generations of families, as grandparents, parents and grandchildren all went to a particular destination to catch up in a "time-poor" society.

Mr Hoffmann said he had received "three or four" buyout offers in the past decade, including one in 2005 from a potential **Chinese** buyer, but had preferred to keep control.

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