



### **Introduction and Market Background**

Karma Group is a privately owned company operating 29 luxury resorts across 4 continents. Chairman and Founder John Spence, Ernst & Young Entrepreneur of the Year 2010, set out to create a new type of travel offering, appealing to those looking for a “five star hippy experience”, whether on the beaches of Asia or the ski slopes of Europe.

The travel market has become very competitive and cluttered. Especially in South East Asia which has been Karma’s traditional heartland. Karma is competing against major multinational hotel groups with huge advertising budgets. Standing out is difficult. And especially when the key differentiator between Karma and the more corporate branded competitors is down to something you can only really experience by being there.

Between 2015-2016 John expanded significantly beyond Asia, with several new resorts opening in Europe. At the very heart of John’s proposition is that if you experience Karma, and you are a Karma type of person, you will become a Karma “junkie” – whether it is “feet-in-the-sand” island life on the tiny Gili Islands, luxury villa living in Bali, chilled Karma Beach Club DJ sets, award winning “Martini and Manicure” spa sessions, exclusive events with their award winning mixologists overlooking Paradise Beach in Mykonos, or 6 Nations intimate lunches with player Ambassadors.

But Karma is a “find” and not everyone knows about it.

So we decided to flip the model. We would introduce lots of new people to the Karma experience by inviting them to join a private members travel club and then lavish them with kindness by letting them use spare inventory - \$300 vouchers, 25% off best advertised rate, 25% off Food and Beverages, automatic upgrades, free airport transfers, free baby-sitting. Plus a welcome call from your Karma Concierge offering you a **free week’s accommodation** (excluding travel). Membership costs \$499 ....but is free for the first year.

There is such a thing as a free lunch! 36,000 members in 12 months agree.

### **The Campaign Objectives**

- Raise the profile of the Karma brand, awareness of the global reach of its resorts and of its new European resorts
- Introduce Karma to a completely new audience
- Use excess inventory to initiate the strongest form of trial possible

- Fill empty rooms with guests who will all be spending whilst on resort – food and beverage, spa treatments etc.
- Provide a compelling reason for members to renew at \$499
- Create subsequent and incremental repeat room reservations by virtue of the strength of the Karma experience.

### Targets

- Target Year 1 Enrolments 25,000
- Target Bookings Year 1 20%
- Target Renewal Rate 20%

### About Karma Club and Recruiting Members

“I would like to take this opportunity to personally invite you to join Karma Group’s latest exciting initiative and welcome you to a members club with a difference – no strings, no stuffiness, just a superb way to enjoy a lot more Karma in your life. Karma Club is your opportunity to immerse yourself in the unique experiences we offer with huge discounts and savings, while enjoying exclusive, member-only benefits. I very much look forward to welcoming you to one of our luxury Karma Group resorts soon. ” John Spence, Chairman

### Recruitment Channels:

- Day visitors to Resorts, Beach Clubs, Spas
- Value-in-kind sponsorship of England 7’s Rugby and access to all RFU channels (database, Touchline Magazine etc)
- National Schools 7’s sponsorship and competition to win England coaching session to school that generates most parent enrolments (800 private schools)
- City AM reader offer (300,000 readership) chance to win a holiday every day to anyone who enrolls
- Rottneet Channel Swim sponsorship event
- Ernst & Young employee offer (15,000) with \$5 contributed to Prince’s Trust for every club enrolment
- Sponsorship of National Schools Lacrosse Championship
- Cross promotion with Wyndham Resorts to their member database
- Provision of holiday auction prizes with enrolment forms at high profile dinners – e.g. 6 Nations Dinner Savoy, Fight Night Charity Dinner, Joe Simpson Testimonial Dinner,
- Rugby dinners with Karma brand ambassador Simon Shaw OBE
- Experiential data collection during Autumn Internationals
- Cross promotions with complimentary 3<sup>rd</sup> parties – offering free holidays to Kingfisher Lager, Oddbins to promote through their social channels
- Social media – Facebook (160,000), Instagram (31,000), Twitter (11,000)
- Sign up online via [www.karmagroup.com](http://www.karmagroup.com) and [www.karmaclub.com](http://www.karmaclub.com)
- Weekly e-newsletters to main database of 110,000
- Word-of-mouth

## Results and Effectiveness

Karma Club has been an astonishing success. One of the main problems we have created is that people simply don't believe it. Anecdotally, I was at a house party with several couples I didn't know – I overheard "St Martin, Bavaria and Bali" and realised the person was not only talking about Karma but was frustrated trying to make the group believe her when she said she had had been given free weeks at each – "it's not listed in the member pack but my Concierge called me up and said they had space, so I was welcome. Each time I kept expecting there to be a catch – there isn't".

The word-of-mouth impact of that is immeasurable. But the following speaks for itself

Results have and are far exceeding expectations and targets:

Actual Year 1 Enrolments 35,717\*

*Exceeding an already ambitious target by 43%*

Complimentary bookings to date 11,429\*

*32% take-up rate*

Average Spend Per Member Visit \$1,250\*

*\*Commercially sensitive*

***Generating \$14.2 million of incremental revenue***

## Effective Use of Budget

Karma Group is owned by one man and he doesn't owe a £ of debt to anyone. We don't have the blank cheques that many large corporate branded hotel groups enjoy, the philosophy is that every £ spent is coming out of one man's bank account. That is not to say that the budgets to get the job done are not there – more that we are constantly charged with making every £ count.

So we have to think cleverly.

We embarked on a deliberate strategy to create value through their non-financial assets. To make their resorts available for high-level corporate entertainment in return for media contras; to secure cost effective sponsorship platforms giving us access to specific demographics; to ensure that most of the England rugby team spend their holidays at Karma resorts and tell everyone about it; to host the England 7's squad and their partners in Bali after the Commonwealth Games; to use our relationships with celebrities to leverage communications platforms throughout a variety of channels whether it be events, on-line or social.

This approach meant that the large % of our costs went on administering that mechanics of the club rather than the recruitment of members.

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|--|----------|
| Member packs and fulfilment:                 | £90,000  |
| Website Development:                         | £7,500   |
| Resort POS:                                  | £10,000  |
| Sponsorship:                                 | £25,000  |
| Media, Design only                           | £12,000  |
| Social, organic and existing but not engaged | £0       |
| Staffing                                     | £16,000  |
| Agency fees                                  | £60,000  |
| Total  | £220,500 |

***With an ROI of £11,800,000 (\$14.2) incremental revenue***

### **Innovation**

Karma is a “find”. It delivers its claim to create lasting memories of wonderful experiences. Before we launched Karma Club the headline cost to stay at a resort will have put some off because it was an unknown brand. By creating a vehicle to talk to discrete audiences and make them feel special by inviting them into a private members club with a difference – where everyone benefits – we have turned empty beds into a new £ multi-million revenue stream at little cost.

And this is just the beginning. Yes we will lose people who do not want to renew their membership at \$499 but we will be adding new members to the 36,000 enrolled in just 12 months. Those members that do renew will be actively engaged. They will still receive regular contact from their Concierge offering free weeks at resorts with spare capacity, thus fulfilling our promise of a win win relationship with our members.

### **Why we think this campaign should win an award**

Quite simply, we turned empty beds into a baseline incremental revenue stream of well in excess of £10 million pounds in year 1 alone, introduced the Karma brand to a completely new audience of people who have been given the ultimate trial incentive and in so doing have built a loyal following of travellers who will want to come and visit Karma Group resorts around the world for as long as the Karma experience is relevant to their lifestyle.

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