

NAVIGATING THE TRAVEL MAZE

THE TRAVEL DISTRIBUTION SYSTEM CAN BE A COMPLEX SYSTEM TO TRY TO NAVIGATE THROUGH WHEN YOU FIRST START TO SELL YOUR PRODUCT TO DOMESTIC AND INTERNATIONAL MARKETS.

This guide aims to simplify the system and help you to understand how to sell your tourism product (accommodation, tour, experience, activity, attraction) through the travel distribution system.

Working with travel distributors allows you to broaden your customer base beyond your own reach and marketing budgets and allows you access to new markets.

Getting to know your distribution partners and developing and maintaining strong working relationships is crucial to your success as they have a wealth of market intelligence and expertise on individual markets, such as:

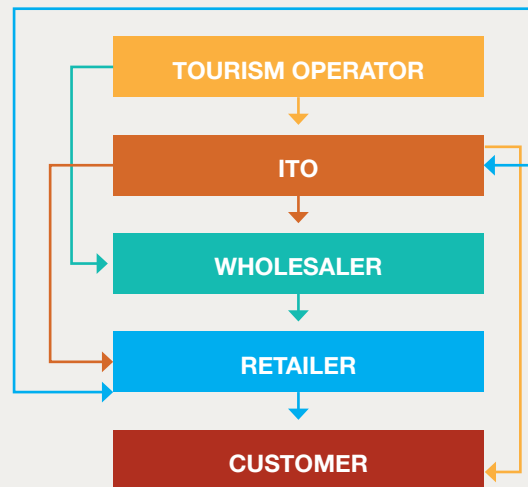
- Top distribution channels
- Specific consumer purchasing behaviour (e.g. seasonality; lead times)
- Product and market alignment
- Product and distribution channel alignment to maximise exposure
- Targeted consumer databases

THE TRADITIONAL DISTRIBUTION SYSTEM

There are two ways a consumer can purchase your tourism product:

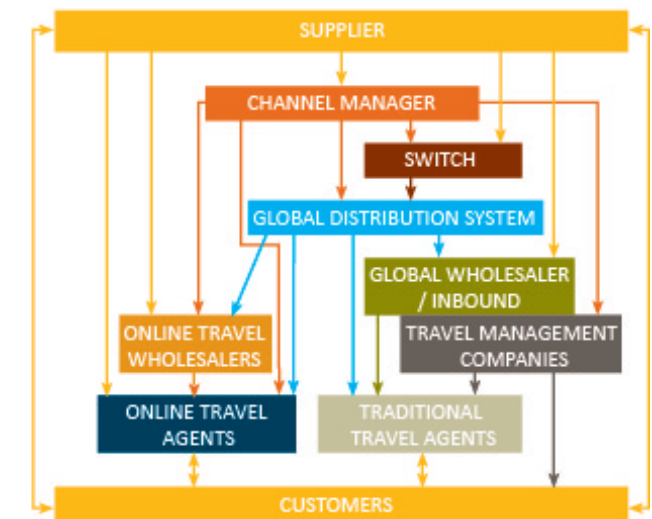
Directly – through your advertising, brochures, website, publicity, social media, referrals and more.

Indirectly – through a third party by using travel distribution channels such as retail agents, wholesalers, inbound tour operators and online travel agents.



THE NEW DISTRIBUTION SYSTEM

The distribution system is evolving with rapidly changing online and technology improvements. Consumers can now book their holiday online live in real time 24 hours a day through the use of websites, online booking systems and online travel agents.



EXAMPLES OF HOW THE DISTRIBUTION NETWORK WORKS



Helga from Germany wants to holiday in Queensland and decides to find out more. She visits her local **retail travel agency** for information. The retail travel agent plans an itinerary from a brochure and database of products available from a **wholesaler**. Once Helga is happy with the itinerary the **retail travel agency** then proceeds to book all tours, transfers and accommodation through the **wholesaler**. The wholesaler contacts their **inbound tour operator (ITO)** to book each individual element of the itinerary. The ITO contacts the individual tourism operators to make the booking.





Scott from Canada attends a consumer travel show and picks up a number of wholesale brochures. He then goes home to conduct his own research and then books all or some of the products he is interested in directly with the tourism providers.



Jess from Ireland plans her working holiday trip to Australia by visiting retail travel agents for advice, talking to friends who have already been, researching travel and accommodation websites and following social media sites of places and products she is interested in. Once she arrives in Australia she goes into a retail travel agency or talks to someone at the travel desk of where she is staying and books a package deal for the East Coast of Australia including Queensland.



RETAIL TRAVEL AGENTS

- Sell and book all types of travel directly with the consumer
- Some agents service the Australian domestic market, others have global reach
- Are an important part of the distribution chain as they attract customers via their shop fronts as well as via their highly visited online websites
- Undertake cooperative marketing with wholesalers and airline partners to develop tactical marketing campaigns direct to the consumer
- Can be based overseas or in Australia
- Local tour / travel desks and visitor information centres are also types of retail travel agents
- May receive 10 - 15% commission*

WHOLESALEERS

- Are companies that supply retail travel agents with tour packages and accommodation to sell to consumers
- Create packages with complementary tourism products (flights, accommodation, tours and attractions) to appeal to individual markets and promote accordingly via their website, in their brochure and frequently through their marketing communications channels
- May use Inbound Tour Operators (ITOs) to handle booking arrangements or with tour, activity and accommodation providers
- Can act as both retail travel agents and wholesalers
- May receive 15 - 25% commission*

INBOUND TOUR OPERATORS (ITO)

- Are based in Australia and coordinate all travel reservations and payments on behalf of international wholesalers and retail travel agents
- Are the link between tourism operators and international wholesalers and travel agents
- Develop programs and itineraries for wholesalers
- Provide product advice and planning assistance for international wholesalers and overseas travel distributors
- Expect flexibility with your product offerings, potentially even tailoring to suit what works for them
- May receive 25 - 30% commission*

ONLINE TRAVEL AGENTS (OTA)

- Provide a similar service to traditional travel agents, however the customer will use a website to research and book their travel
- Can deliver both domestic and international business to tourism operators, find out which market segments and international markets the OTA targets
- Are now starting to offer a wide variety of options including flights, holiday packages, tours, attractions and car hire across their website
- Traditionally dealt directly with tourism product suppliers and consumers however most OTA systems now have a broader reach through a variety of channels including retail travel agents, media channels and other online advertising channels
- Offer various functionality and terms and conditions to allow you to upload rates and product information
- May also run a number of affiliate sites on-selling packages – just as an inbound tour operator would to a wholesaler. It is important that you are aware of any affiliate sites and where rates may appear
- May receive 10 - 30% commission*

* See Money, Money, Money fact sheet for information on commission.

EXAMPLES OF DOMESTIC RETAIL TRAVEL AGENTS



EXAMPLES OF INTERNATIONAL RETAIL TRAVEL AGENTS



EXAMPLES OF DOMESTIC WHOLESALERS



EXAMPLES OF INTERNATIONAL WHOLESALERS



EXAMPLES OF ITOs



EXAMPLES OF OTAs



WHO IS RIGHT FOR YOU?

Before partnering with distribution partners you need to establish that each potential partner is reaching the right consumers and will deliver sales for your business by researching:

- The target markets and market segments of the distributor
- The distribution channels and partners of the distributor
- The type of accommodation, experiences, flights and car hire they sell to ensure they are selling tourism products that are complementary with your offering
- How the distributor will market promote your product

NB: Before working with OTAs you must have a channel manager which will link your product inventory instantly to be bookable in 'real time' through an OTA. Examples of Channel Managers are: Siteminder, Res Online, Book Easy.

NOTE: Like with all your business dealings, relationships are vital. Spending time on developing a good rapport with your wholesalers and retailers will make a big difference to your bottom line. After all, they are selling your product to the world and the more they like you and your product, the more they'll want to sell it.

HOW PARTNERS ACCESS YOUR PRODUCT

When working with a number of different distribution partners, it is imperative that your business has a centralised booking system / procedure that ensures up to date availability. If you have an online booking system, some partners may be able to feed your availability into their own system through a channel manager. If not, you will need to ensure that you are clear with distribution partners how they can make and confirm a booking with you. The options are as follows:

1. Freesale

Agents are able to make and confirm bookings immediately without checking availability with you first

2. Allotment

You provide the agent with a set number of seats / beds to sell each day for your product up to a certain number of days before travel

3. On Request

The agent must check availability with you for every potential booking before they can confirm the booking with their client

Stop Sell

Notification from you to the agent that they can no longer sell your product for a particular date

Release Back

The number of days that an agent can make a freesale or allotment booking before the seats are given back to you to sell.