

## GETTING YOUR PRODUCT TO MARKET

### Purchasing international travel:

For an international traveller there are many ways to plan, book and take an overseas holiday. As a tourism operator you will need to analyse your business and create a plan that will take your product to the market place so that the international traveller is able to include you in their decision making process. There are different ways of getting your product to the market ranging from the direct approach through the traditional distribution channel via a travel agent.

Some products in New Zealand don't need the traditional distribution system to reach international tourists. A B&B in a rural area of New Zealand may find the most effective way to reach potential international customers is to attract them once they are in New Zealand and so the best distribution methods are to advertise in local guidebooks or with the local visitor info centre.

Internet is also changing the way people plan their travel and some operators are finding that the Internet plays a big part in attracting people to their operation. There is however still a high proportion of the travelling population who like the security of making prior arrangements and the advice of a travel expert. There are opportunities as a tourism operator to capture those people that are booking through the traditional distribution system. Understanding the system and how your product fits will help you gain maximum exposure for your product.

### Travel purchasing trends

#### 1. Traditional

Traditionally people have made their travel arrangements and booking through a retail travel agent. These people are likely to be first time travellers to a particular destination, have not travelled overseas at all, or do not speak the local language. They like to know exactly what is happening everyday – where they are staying and what they are doing. To a certain extent they rely on a travel agent for advice on the destination that they have chosen i.e. accommodation selection and activities to do, time/distances etc...

#### 2. Direct bookings

In more recent times some people have started making their bookings directly via telephone, by fax or via email. Tourism suppliers are now able to promote themselves on the international web enabling customers to access them via email. There are varying levels of this direct behaviour ranging from simply purchasing an airline ticket to making all arrangements directly with tourism operators.

#### 3. Mixture – Direct and Traditional

Some people do a mixture of booking direct and visiting their travel agent. Eg; they may book their airline ticket with air-points and then visit their travel agent for the land arrangements i.e.; car hire, accommodation.

#### 4. "Free-wheelers"

At the other end of the scale consumers book their airline ticket/s via the web, research and plan a rough route before leaving and on arrival to their destination make their arrangements as they travel. They rely what is in-market to make their decisions such as visiting I-sites and other information centres.

These people are likely to be regular travellers who may have already travelled to this destination before or are confident travellers and enjoy the “no ties” approach. These people tend to have more time available for their holiday and have the flexibility to stay additional nights in a region if they like it. As a tourism operator you need be highly visible in-market to attract the attention of these ‘direct’ travellers.

***Following is an explanation of the traditional distribution chain:***

- Who makes up the distribution chain?
- What do they all do?
- Benefits of working with the international travel trade?
- How to work with Inbound Tour Operator (IBOs) and overseas wholesalers

**WHO ARE THEY?**

***The traveller***

The traveller that goes through the traditional distribution channel is someone who wants the security of having his/her travel arrangements made by a specialist in the travel industry.

***Retail travel agents***

Sell directly to consumers and usually have a shop front presence. Offer advice and make travel arrangements on behalf of their clients. Retail travel agents are either independent or part of a buying group. Examples of buying groups are Harvey World Travel and Flightcentre. A buying group allows a retail travel agent to have the support of a franchise/brand name and group buying benefits as well as access to other sales, marketing and training initiatives. Buying groups are usually aligned to several travel wholesalers who offer benefits to retail travel agents for supporting them, i.e. additional commission for reaching certain sales levels. In some cases the same company owns a retail buying group and a wholesaler.

Travel agents sometimes book directly with tourism operators - you will be expected to offer a 10% commission to any bookings that come directly from a travel agent.

**How does Tourism Bay of Plenty work with travel agents?**

- Co-ordinate trade famils to the region
- Participates in offshore trade education to travel agent groups
- Co-ordinates local itinerary arrangements for Tourism New Zealand (TNZ) co-ordinated trade famils
- Establishes and maintains relationships with travel agents
- Keeps travel agents informed through regular communications

***Wholesalers***

Wholesalers provide retail travel agents and buying groups with brochured travel packages supplied by New Zealand operators and Inbound Tour Operators (IBO). These packages include transport, accommodation, activities and attractions for both group and FIT travellers. Most wholesalers are based offshore. Some wholesalers also own their own series of retail travel agencies or sell directly to the public. Wholesalers generally appoint an IBO to work on their behalf in a particular country, such as New Zealand.

If you are working with wholesalers via an Inbound Tour Operator you will be expected to offer between 25-30% commission. If a wholesaler does not work with a New Zealand based agent ie; an IBO, you will be expected to offer 20% commission.

**How does Tourism Bay of Plenty work with offshore wholesalers?**

- Establishes relationships on your behalf by way of market visits.
- Profiles regions to them and pitches itinerary ideas
- Provides regular newsletters
- Provides images for brochure work
- Trains reservation staff who work directly with travel agents or customers

**Inbound Tour Operators (IBOs)**

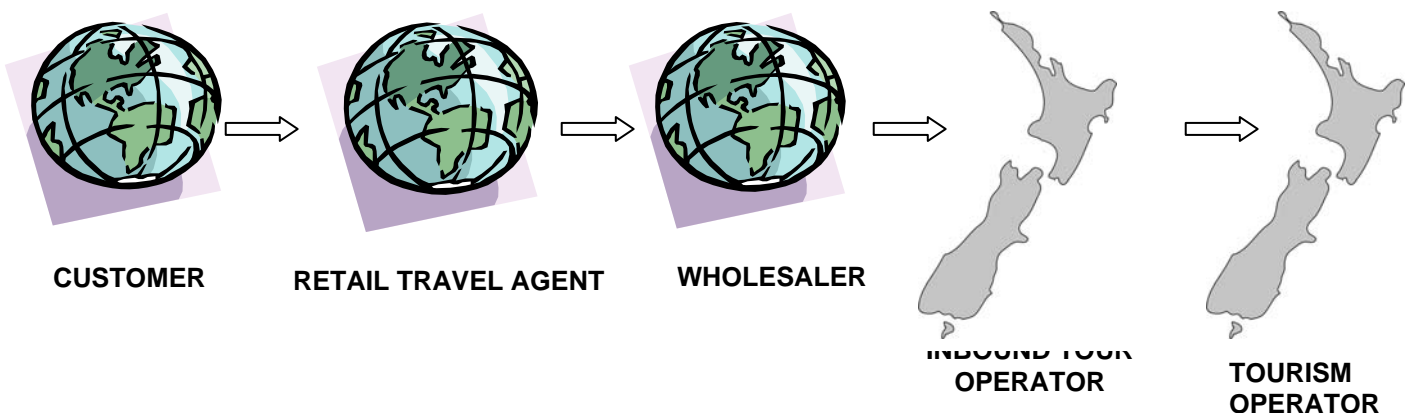
Inbound Tour operators are based in New Zealand. An offshore wholesaler uses an Inbound tour operator to provide a link between the suppliers of New Zealand tourism product and themselves. The appointment of an IBO by a wholesaler generally happens in countries that are a great distance from New Zealand as it becomes more necessary to have an agent acting on their behalf. In countries such as Australia wholesalers do not tend to appoint IBOs as they are close enough to New Zealand to make regular visits and forge their own relationships directly with tourism operators.

IBOs play an important role as tourism 'brokers' for wholesalers, providing a wide range of services including advice on product, price and availability, handling land arrangements and payments, and supervision of product delivery.

Many people assume IBOs only look after group package tours, however they also cater for the growing number of free and independent travellers (FITs) who often purchase simple airfare/accommodation and activity packages.

As a tourism operator you will be expected to offer an Inbound Tour Operator between 25%-30% commission.

**The traditional distribution process**



## BENEFITS OF WORKING WITH THE INTERNATIONAL TRAVEL TRADE?

- **Additional profile:** Whilst you will naturally get people that want to experience your product once they are in New Zealand, by working with the International Travel trade you will get exposure before they leave their country by way of a travel agent. With the ability to accept these pre-bookings via agents you will have a better hand on what you are doing in advance and can plan accordingly.
- **Flattening out of the seasonal peaks:** The work that RTOs (Regional Tourism Organisations) such as Tourism Bay of Plenty, Inbound Tour Operators and Tourism New Zealand does overseas educating the international travel trade means that they are more aware of the key selling points of the different seasons in New Zealand. As a result the travel trade are aware that they can sell New Zealand to clients outside of our traditional summer period – December and January.

Regional Rap, published by Tourism New Zealand commented in May 2004 that outbound operators from the UK have commented that they are noticing a rise in bookings for the shoulder seasons and New Zealand winter whereas two years ago, departures were strictly limited to the Nov – Mar period.

**Please note:** Regional Rap aims to give an anecdotal market commentary on International Markets.

- **New Zealand representation:** Inbound Tour Operators give offshore wholesalers a first-hand view of the local scene. These are people who have travelled throughout the country, and can they recommend the places they have been, they also fly regularly on New Zealand routes. IBOs regularly provide wholesalers with new product and product changes. As a tourism operator you don't have to worry about time delays, payments and other issues that may arise when dealing with companies overseas.

## HOW DO I WORK WITH THE INTERNATIONAL TRAVEL INDUSTRY?

Firstly you must assess whether you are ready to work with the International Travel Industry.

Before presenting to the international market, consider that you have done the following:

- *You have identified your target markets and established your potential customer base.* For example is your product/service suited to the international visitor market or is it more suitable for the domestic market? Does the market you want to target actually come to your region? Find out from your RTO what markets the region's visitors are arriving from.

- *You have a commission structure in place and have set your price/s for a 12-18 month period.*

Travel agents, wholesalers and inbound tour operators work on your behalf to take your product to market. It is therefore expected that you pay them a commission. In most cases you will be expected to work through an Inbound Tour Operator in which case you will need to offer them 20-30% commission depending on the level of service they provide.

When considering your retail rate you will need to take into consideration these commission levels. Consider the commission a marketing cost that you are incurring, therefore as with other costs you incur these need to be build into the cost of the service/product you are providing to the end user.

Please note: Do not add commission onto your retail rack rate as this will cause inconsistencies in your pricing structure. Commission must come out off your retail rate. See the examples below to help you set out a rates sheet to present to an IBO or wholesaler.

- *You are working with your local Regional Tourism Organisation and are profiled in their Product Manual/Trade Directory.*

Part of the role of an RTO is to work with IBOs and wholesalers by way of market visits, sales visits to IBOs and at the annual TRENZ event. As an operator in that region you can pay a fee to be profiled in their annual /biannual product manual which is distributed to the international travel trade. By working with your local RTO you will have greater opportunities to be included in media and travel agent visits to your area.

- *You have made sales visits to Inbound Tour Operators and continuously target appropriate offshore wholesalers.*

It is important that you work with directly with the International Travel Trade and let them know that you are out there. A good start is to contact your RTO to ask advice on appropriate IBOs and wholesalers to target. Your target market and what your product/service offers, determines whom you should approach. For example there is no point targeting an IBO that specialises in coach group travel if you are an upmarket B&B with only four rooms to offer.

There are opportunities to work directly with wholesalers particular in Australia where it is easier to make direct contact with wholesalers. However, some wholesalers will require you to work with their appointed IBO.

- *You have systems in place to capture overseas bookings and have an accounting system in place to invoice IBOs, wholesalers or travel agents.*

Wholesalers and Inbound Tour Operators tend to issue vouchers to their customers, and will pay after the customer has experienced the product. You will need to invoice the tour operator for the net rate agreed on. You should agree credit terms with IBOs and wholesalers – these terms are usually payment within 30 days.

- *Are you up to date with Tourism New Zealand initiatives.*

- You are listed on [www.newzealand.com](http://www.newzealand.com)
- You receive Tourism News and Regional Rap – industry publications that keeps you up-to-date with what is happening in the tourism industry. To register for these important publications e-mail Josie Brennan on [josieb@tnz.govt.nz](mailto:josieb@tnz.govt.nz) and provide her with your details.
- You are part of the Explore New Zealand programme (information on this is also enclosed). This scheme is operated to give discounts to travel agents, product planners and media that visit New Zealand outside a TNZ sponsored trip. Operators have the opportunity to list in this booklet but need to be able to offer a discount off their retail rate.
- You regularly visit [www.tourisminfo.govt.nz](http://www.tourisminfo.govt.nz) to access valuable industry resources such as research, industry publications and market reviews.

**PROVIDING DETAILS TO THE INTERNATIONAL TRAVEL TRADE**

You will need to be prepared to work with the International Travel Trade. They will either be approaching you for your rates or a quotation or booking request. Alternatively you may be attending TRENZ or be making sales visits to IBOs or going offshore to visit wholesalers.

Following is an example of how you can set out a rate sheet.

**XYZ Motel (Company)  
Tauranga**

**2004-2005 Inbound Tour Operator rates**  
(Contract validity – 1/10/2004 – 31/3/2006)

Physical Address: 123 Long Lane, Tauranga  
 Postal Address: PO Box 111, Tauranga  
 Telephone: +64 7 123 4567  
 Fax: +64 7 123 4566  
 Contact: Mary and Bob Smith  
 Position: Owner/Managers  
 Email: xyzmotel@extra.co.nz  
 Website: www.xyzmotel.co.nz  
 Rooms: 14 rooms, all with ensuite bathroom  
 Rates include: Breakfast

ALL RATES QUOTED are inclusive of GST (12.5%) and are in New Zealand dollars per room per night

Please note this example gives net rates with 20% & 25% commissions. You can tailor rate sheets depending on which part of the distribution chain you are doing business with - Retail travel agents, Visitor information centres (10%), Wholesalers (20%) or Inbound Tour Operators (20-30%).

Period	Sngl Net (less 20%)	Sngl Net (less 25%)	Sngl Rack	Dbl/twin Net (less 20%)	Dbl/twin Net (less 25%)	Dbl/twin Rack
1/10/2004 – 31/4/2005	\$260.00	\$243.75	\$325.00	\$300.00	\$281.25	\$375.00
1/5/2005 – 30/9/2005	\$236.00	\$221.25	\$295.00	\$276.00	\$258.75	\$345.00
1/10/2005 – 31/3/2006	\$260.00	\$243.75	\$325.00	\$300.00	\$281.25	\$375.00

Child policy: No children under the age of 12 please  
 Extra bed cost for children and adults: Not applicable  
 Maximum number of quests per room: Two  
 Property Grading: Qualmark - 4star rated  
 Check in time: 1.00pm or earlier by arrangement  
 Check out time: Midday  
 Total number of rooms: Fourteen  
 Bedding configuration: Super King split

Cancellation policy: Up to 21 days prior to arrival without penalty  
Within 7-21 days 50%  
Within 7 days 100% charge  
Meals: Breakfast included in tariff

### **FACT SHEET**

It is also a good idea to have a fact sheet with all your details so this information can be loaded into the reservations systems of a Wholesaler or an Inbound Tour Operator.

Name: **XYZ Motel**  
Physical Address: 123 Long Lane, Tauranga  
Postal Address: PO Box 111, Tauranga  
Telephone: 64 7 123 4567  
Fax: 64 7 123 4566  
Contact: Mary and Bob Smith  
Position: Owner/Managers  
Email: xyzmotel@extra.co.nz  
Website: www.xyzmotel.co.nz  
Rooms: 14 rooms, all with ensuite bathroom  
Rates include: Breakfast  
Location: 5 drive mins from Tauranga town centre OR 20mins walking to restaurants and shops.  
[Give details of exact location if in a rural or remote location.](#)  
[Supply map or refer to map on your website](#)  
Closest airport/s: Tauranga – xx km, time from airport  
Rotorua – xx km, time from airport  
Description: 14 room luxury boutique hotel  
This property is elegantly furnished with the best in fine linen and quality furniture. All rooms are extremely large. 7 De luxe rooms, 7 suites with expansive views and balconies  
Facilities on site: Swimming pool, sauna and tennis court  
Rooms: King beds, Ensuite bathrooms  
Refrigerator, television, tea and coffee making facilities, selection of fine tea and fresh plunger coffee

Tourism Bay of Plenty thanks Rachael Voyce for providing the report.