

WORKING WITH TOUR OPERATORS

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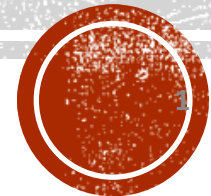
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#2016IATC

The Travel Trade is a network of businesses whose job is to distribute and sell your travel experiences to other buyers and /or consumers

Travel Trade is a collective term for tour operators, receptive tour operators and travel agents



Why should you work with the travel trade?

- Consumer purchasing behaviour differs by market
- Add to your own market diversification
- Access to new distribution channels
- Wider reach = get your product in front of more customers
- Easier consumer access to your experience and product



Why should you work with the travel trade?

- Maximize your reach
- Promotion in markets you may not be able to reach
- Longer Booking Lead Time = Better Planning
- Minimized impact of changes in the regional or a single international market
- Marketing dollars you pay only when the trip sells



What is the travel trade?

Tour Operators Come In All Shapes And Sizes



What is the travel trade?

Receptive Tour Operators

RTOs may specialize in particular markets:

 → Japan

 → Global

 → China



What is the travel trade?

Traditional & Online Travel Agencies

- Traditional Travel Agents sell in storefront locations, a convenient place for travellers to buy holidays
- They buy from Receptive Tour Operators, Tour Operators or directly from Suppliers



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How to get started with the Travel Trade

3 Years Out

- Initial meetings between tour operator and destination (or ATAC)
- Initial product pitch

2 Years Out

- Supplier meets company
- Sales meetings with tour operators
- Further product explanations, prices, dates

1 Year out

- Partner to host buyer on FAM tour
- Contracts signed

FINALLY!

- Product to market

Although there can be immediate results, the typical sales cycle from initial introductions to product being available through the trade to consumers takes an average of three years.



How does Travel Distribution work?

Direct to Consumer

- Usually only over a small geographic radius due to high marketing costs (Manitoba focuses on Primary Access Markets 500 mi radius)
- Fully independent travellers (FIT)
- Up front marketing costs

Tourism Product (You)

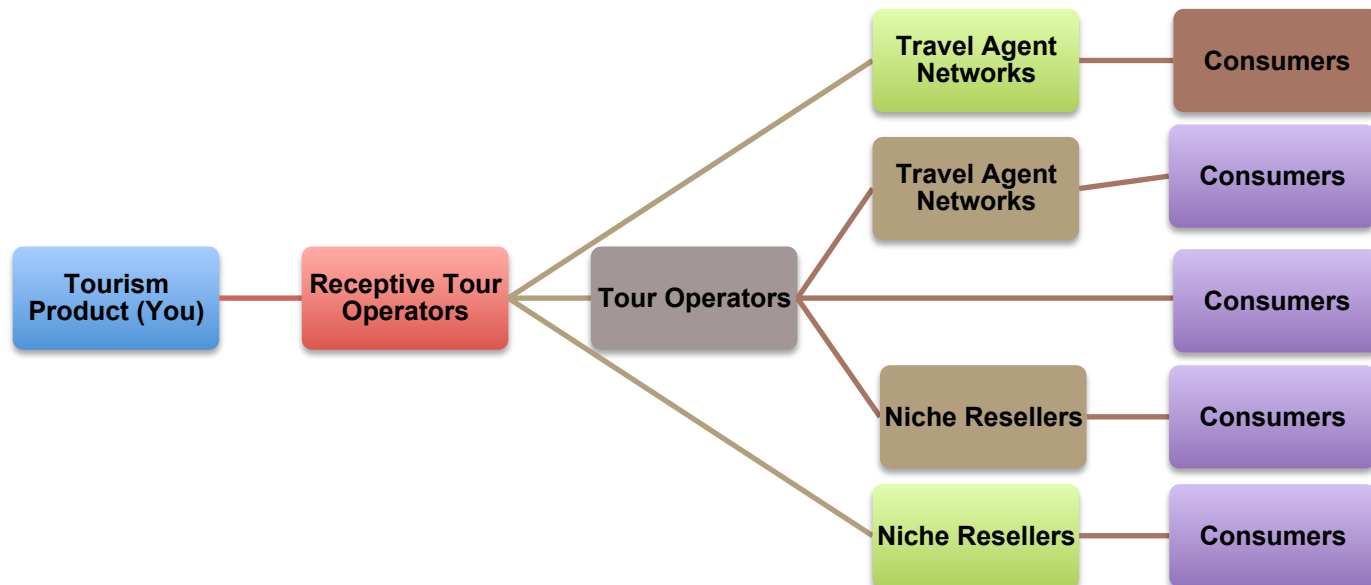
Consumers



How does Travel Distribution work?

Receptive Tour Operator (RTO) > Tour Operator > Travel Agent > Consumer

- International consumers
- Receptive Tour Operators represent your product to resellers (tour operators and travel agencies) around the world
- Benefits of getting a RTO “stamp of approval”



Commissions and Pricing

Distribution Channel	Commissions	Comments
Receptive Tour Operator	30%	You will provide a net rate based on a 30% margin.
Tour Operator	20%	You will provide a net rate based on a 20% margin.
Online Travel Agent (Expedia)	20-30%	You will provide a net rate based on a 20-30% margin.
Traditional Travel Agent	10%	A travel agent charges the retail rate and retains 10% commission.
Consumer Direct	0%	The consumer pays the retail rate which should be the same as provided by the other channels.

This table is intended only as a guide and commission levels may vary by market and relationship.

Commissions and Pricing

Distribution Channel	Your price to them	Comments
Consumer Direct	\$100	Advertised retail price which includes your own profit margins.
Receptive Tour Operator	\$70	This is your agreed-upon wholesaler rate to RTOs. RTOs will mark up the product based upon their commission structures.
Tour Operator	\$80	This is your agreed-upon tour operator rate. Tour operators may include your product in a larger trip and will mark up your product based upon their own commission structures.
Online Travel Agent (Expedia)	\$70-\$80	OTAs will require 20-30% commission depending on your agreement with them.
Traditional Travel Agent	\$90	A travel agent charges the retail rate and retains 10% commission.

This table is intended only as a guide and commission levels may vary by market and relationship.



Commissions and Pricing

Important!

- The travel trade extends the reach of your marketing to area that would be very costly to reach on your own.
- Think of commissions as a marketing expense, which only has to be paid once a sale has been made.