

WORKING WITH DISTRIBUTION PARTNERS



WHO ARE DISTRIBUTION PARTNERS?

You can choose the types of distribution partners to work with based on what suits best for your business. Here are some examples of different partners who could sell a tourism product on your behalf:



COMMERCIAL/LOCAL TOUR OPERATORS (CTOS)

Private tour charters, bus groups, chauffeur drivers, etc.



RETAIL TRAVEL AGENTS (RTAS)

Examples include the likes of Phil Hoffmann Travel, Flight Centre, motoring organisations (e.g. RAA)



VISITOR INFORMATION CENTRES (VICs)

Accredited Visitor Information Centres such as the one in Adelaide, in your local area or perhaps a VIC located at a gateway to your region



ONLINE TRAVEL AGENTS (OTAS)

Examples include TripAdvisor Experiences (formerly Viator), RedBalloon, Wotif



WHOLESALEERS

Examples include Viva Holidays, Discover Australia Holidays, Infinity Holidays



INBOUND TOUR OPERATORS (ITOs)

Examples include the likes of Tranquil Travel, Abercrombie & Kent, Bob Wood Travel



WHAT DOES A DISTRIBUTION PARTNER DO THAT I CANNOT DO MYSELF?

Distribution partners offer their customers tourism products and experiences for purchase, with the primary goal to generate sales on your behalf. In most instances, their only means of income is the commission they get from those sales. Most distribution partners have large marketing budgets and therefore can reach a great number of potential customers. As a tourism operator, you can generate your own sales, however with limited time, people and budget resources, it often makes sense to take advantage of specialist salespeople with larger marketing budgets to reach a greater customer base around Australia and the world.

DECIDING ON THE RIGHT DISTRIBUTION PARTNER FOR YOUR BUSINESS

You can choose to enter an agreement or contract with a wide variety of partners who can help to distribute your tourism product through their global marketing platforms. Distribution partners can promote and sell your tourism product to different audiences, enabling you to access many global markets that may be beyond your current reach.

Partners may include a combination of:

- Commercial/Local Tour Operators,
- Retail Travel Agents,
- Visitor Information Centres,
- Online Travel Agents,
- Wholesalers, and
- Inbound Tour Operators.

Learn more about how these types of partners operate below.

Top Tip

Refer to the *Why Pay Commissions* fact sheet to learn how to factor commissions into your pricing structure.



COMMERCIAL TOUR OPERATORS (CTOS)

- If you offer an onsite experience or attraction, you might like to incentivise a local CTO to incorporate your product as part of their pre-packaged tour itineraries.
- Group sizes may vary from large bus charters to private small groups or chauffeur driven vehicles.
- CTOs differentiate themselves by offering their passengers a unique itinerary, so by offering exclusive special activities or 'value-added' experiences, your product is more likely to be considered for inclusion in one of their tours.
- Commission structures for CTOs vary significantly and can be negotiated depending on the number of guests they guarantee to bring to your business.
- Familiarise yourself with the broad range of local tour operators in South Australia by visiting the SATC's consumer website: southaustralia.com/things-to-do/tours-and-experiences
- Examples of Tour Operators working nationally include Journey Beyond, SeaLink Travel, AAT Kings and APT. The average commission that large-scale commercial tour operators would expect from the sale of your product is around 20%, however this can vary.



RETAIL TRAVEL AGENTS (RTAS)

- Retail Travel Agents act on behalf of their customers to book and purchase holiday packages, flights, transfers, accommodation, tours etc., usually through a face-to-face shop-front setting, or sometimes over the phone or via email.
- RTAs attract a wide range of customers through their physical retail presence, which is usually supported by highly visited websites.
- Some agents service the Australian domestic market, while others have a global reach.
- Retail Travel Agency groups undertake cooperative marketing with wholesalers and airline partners to develop tactical marketing campaigns - which results in heavily targeted marketing initiatives bolstered with significant budgets.
- The average commission that RTAs would expect from the sale of your product is around 10-15%, however this can vary.
- Examples of Retail Travel Agents include Phil Hoffmann Travel, Flight Centre, HelloWorld and travel divisions of motoring organisations (e.g. RAA, RAC, RACQ, NRMA, RACV, RACT, AANT).



VISITOR INFORMATION CENTRES (VICS)

- Visitor Information Centres without booking functionality may provide a referral to your product at no cost, however unless the customer is requesting something that fits your product description, it can be difficult to stand out from the crowd.
- Structured similarly to a RTA, some accredited VICS can book on behalf of their online or walk-in customers. These VICS may be incentivised to sell your product if you offer a commission.
- VICS have a strong affiliation with the region they reside in and will usually service customers making 'last minute' bookings.
- The average commission that VICS would expect from the sale of your product is around 10-12%, however this can vary.
- Find a list of South Australian Visitor Information Centre on the SATC's corporate website: tourism.sa.gov.au/about/regions/visitor-information-centres



ONLINE TRAVEL AGENTS (OTAS)

- Customers use OTA websites to research and book travel online.
- Websites vary and can offer a combination of flights, holiday packages, tours, attractions and car hire to domestic and/or international audiences.
- OTAs can provide a direct link between tourism operators and customers; they invest significantly in paid media and other online advertising channels.
- You may be required to upload and maintain your online product information for each OTA you work with, which can be time consuming depending on how many sites you are listed on. Ensure you understand clearly how your product will be presented on an OTA website, as well as the process for updating your product information, prior to entering a contract with them.
- Be aware of any affiliate sites that your OTA might on-sell your product through. It is important to keep track of where your product rates may appear online.
- The average commission that OTAs would expect from the sale of your product is around 7-25%, however this can vary depending on your product type and their marketing reach (i.e. domestic focus vs. global).
- Examples of Online Travel Agents include Wotif, Stayz by HomeAway, Lastminute.com, TripAdvisor Experiences (previously Viator), RAA Travel, Booking.com, GetYourGuide.com, Webjet, Luxury Escapes and RedBalloon.



WHOLESALEERS

- Wholesalers are companies that supply RTAs with itineraries in the form of touring, flight and accommodation packages to on-sell to customers.
- These types of partners create itineraries featuring complementary products (e.g. flights, accommodation, tours, attractions) in a bid to appeal to specific markets. These packages are promoted through their website, brochures and other communication channels.
- Internationally based Wholesalers usually book tours, attractions and accommodation arrangements through Australian based ITOs.
- Some Wholesalers also act as RTAs, so it is important to be aware of which mediums they will sell your product through to determine the most appropriate commission rate to offer.
- The average commission that Wholesalers would expect from the sale of your product is around 20%, however this can vary.
- Examples of Wholesalers include Viva Holidays, Discover Australia Holidays and Infinity Holidays.



INBOUND TOUR OPERATORS (ITOs)

- ITOs are the link or 'middle-man distributor' between your business and agents based overseas.
- The ITOs you will work with are based in Australia and will coordinate all travel reservations and payments on behalf of international Wholesalers and international RTAs.
- Many ITOs who work on behalf of non-English-speaking countries will also translate your product information for their overseas agents.
- ITOs develop programs and itineraries, as well as provide product advice and planning assistance for Wholesalers to market through their international networks.
- You may need to be flexible and tailor your products for ITOs to suit their requirements.
- Working with ITOs is a long-term proposition and heavily based on developing business rapport. It will likely take several years of building relationships to see reliable bookings through ITOs.
- The average commission that ITOs would expect from the sale of your product is around 25-30%, however this can vary.
- Examples of Inbound Tour Operators include Tranquil Travel, Abercrombie & Kent, South Australia Tours/ Across Australia, Bob Wood Travel, Pan Pacific, The Tailor, Pacific Destinations, JATS and Ctrip.

Top Tip

Refer to the SATC's campaign calendars for a snapshot of who we are working with on cooperative campaigns this financial year:

tourism.sa.gov.au/campaigns/international

tourism.sa.gov.au/campaigns/domestic/current-campaigns

WHICH DISTRIBUTION PARTNER SHOULD I CHOOSE?

Before deciding which distribution partners to work with, you need to identify which target market/s you want help in attracting to your business. Choose partners that promote to your ideal target market and effectively use their reach to broaden your customer base. You will need to undertake research to identify:

- Which market segments does the distributor target? Perhaps they specialise in a specific area.
- How will they promote your product and/or business?
- Do they offer different brand segments under a larger incorporation?
- Who else do they work with?
- What other tourism products do they promote/sell and do these complement your offering?

In most cases, the domestic market will be your primary market, offering a higher volume of visitors. Once you are confident that you can satisfy the needs and wants of domestic travellers, you might like to consider broadening your reach to target specific overseas market segments. It may take around three years to develop an international market for your product, so this may form part of your long-term focus.

Top Tip

Ensure you can manage each of the partnerships you are establishing. You will need to allocate resources toward maintaining relationships with all contracted distribution partners.

HOW DO I APPROACH A DISTRIBUTION PARTNER?

In most instances, you will need to reach out to a product manager from the specific tourism distribution company. It generally helps if the partner has pre-existing knowledge of South Australia to provide context surrounding your business. The SATC can provide assistance with identifying who to approach and the relevant contact information. Industry associations, such as the Australian Tourism Export Council, are able to assist in providing introductions, however your business may need to pay a membership fee.

Offer to email the product manager a copy of your rate sheet which shows the specific commission structure you are willing to offer them (refer to *Rate Sheet Templates* for examples). The rate sheet provides a snapshot of your inclusions, restrictions, pricing, reservation contact details and other essential information including cancellation policies. Rate sheets should contain functional information only, you can always point the partner to your website and collateral for more in-depth information and marketing spiels.

Product managers can specialise in certain product types (i.e. accommodation or tours), or they could be responsible for a specific region (i.e. Asia Pacific). They are in contact with hundreds of tourism operators every week, so it is important to consider your approach, to ensure that they will give you time over another operator. This is also another example of where being a member of an industry association can support you in 'getting a foot in the door', particularly for the much larger distribution partners.

Request feedback from the partners you want to work with. If at first you do not get a reply or call back, wait a few weeks and follow up with another email or a phone call. They may suggest for an inclusion or variation to your product that would make your product more appealing for their customer base. They know their customers best, so you may need to decide if you are willing to make these changes or perhaps investigate an alternative distribution method.

Top Tip

Keep a record of what commission you have offered to which partners.

CONTRACTING A DISTRIBUTION PARTNER

Once your preferred distribution partner has agreed to include your tourism business/product in their saleable portfolio and you have agreed on the commission they will receive for each sale they make on your behalf, you will need to enter a formal contract.

For larger distribution partners, the contracts can be very long. Ensure you understand all of the clauses outlined in the agreement and seek legal advice if required.

Distribution partners typically contract between August to February, ready to promote the next 'tourism calendar year' (1 April to 31 March). If you miss their deadlines, it is likely that you will not be included in any campaigns or collateral until at least the following year.

It is important to honour the pricing structure that you have agreed to with all partners to foster your relationships, but also to make it less confusing for customers. If you need to make a change to your prices, try to wait until the new tourism calendar year.

HOW DO I MAINTAIN MY RELATIONSHIP WITH A DISTRIBUTION PARTNER?

It is important to build a strong relationship with the distribution partners you are working with and to gain the trust of the product managers that will be directly working with you over your contract period.

You may wish to arrange a meeting with the product manager/s at their office. Most ITOs are based interstate, over telephone, or video conferencing to brief them on your business and the products and experiences you have on offer for them to sell. It's always a good idea to keep the conversations interesting and provide something new to update them with, or alternatively you could suggest informal conversations to demonstrate your interest in keeping in touch.

You might offer to invite your partner/s to experience your product firsthand on a familiarisation visit (commonly referred to as a 'famil') as a way to educate their staff about your offering. The best way for a partner to be confident in promoting and selling your product is to experience it for themselves first.

Keep an open line of communication with the product managers and ask them to keep you updated with their upcoming campaigns, and if relevant you can express your interest in being involved. You may be required to negotiate a discounted rate or offer more commission to increase your chance of being featured in their campaigns.

Some tourism trade events, such as the Australian Tourism Exchange (ATE), offer an opportunity to meet product managers from your existing partnerships, and potentially some new distribution partners, in a face-to-face environment.

Top Tip

Events such as ATE are generally more suited to those working with 25-30% commission structured into their product pricing. Learn more about this through the *Attending Trade Events* fact sheet.

Once you have established a strong rapport with your distribution partner product managers, you could have access to a wealth of market intelligence including:

- Market specific purchasing behaviour (e.g. purchasing lead times, seasonality)
- Alignment strategies to maximise exposure
- Customer databases

GETTING READY TO WORK WITH DISTRIBUTION PARTNERS

Before approaching distribution partners, you might like to complete this checklist:

- Identify your target market and distribution partners that promote to this market
- Incorporate the cost of commissions into your retail price (see *Why Pay Commission* factsheet)
- Develop a rate sheet for each commission rate you will offer (see *Rate Sheet* templates)
- Keep your website up to date, including all product and contact information
- Ensure your product is consistently delivered to a high standard, and as promised
- Confirm bookings with a maximum of 24-hours turnaround time
- Consider utilising an online booking system and channel manager to help manage bookings (see *Online Booking Systems* fact sheet)
- Approach localised or domestic partners in the first instance

GETTING READY FOR INTERNATIONAL DISTRIBUTION

If you are confident and experienced in the domestic or online distribution system, and you are able to factor a higher commission rate into your pricing, you may be ready to move into international distribution.

- Engage with the SATC's Global Markets Team to discuss the international markets you want to target: trade@tourism.sa.com
- Adapt your collateral for international markets (e.g. language, imagery) and ensure rates are presented in line with the tourism calendar year (1 April to 31 March)
- Offer set departures year-round
- Familiarise yourself with Australian Tourism Export Council's (ATEC) Tourism Export Toolkit: tourism.australia.com/en/events-and-tools/industry-resources/resources-for-industry/tourism-export-toolkit.html
- Attend the SATC's annual Global Markets Industry Forum (by invitation only)
- List your product on SATC's trade website: trade.southaustralia.com
- Consider participation in inbound tourism workshops and trade events

Top Tip

There are many successful tourism businesses that do not work in the international travel distribution system. Like every customer, each business is unique and you may find that domestic visitors are a better fit for your product offering.

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