

DISTRIBUTION FACT SHEET



WHAT IS DISTRIBUTION?

Put simply, distribution is how you reach your customers or how they find you.

Distribution channels are the links between your business and your customers. Understanding distribution systems, recommended rates of commission and the roles of various booking agents is essential for a successful tourism business.

There are two ways of reaching potential customers:

1. Directly – targeting customers directly, without any intermediaries, through advertising, brochure distribution, your company’s own website, social media and client referrals.
2. Indirectly – targeting your customers through third parties by using tourism distribution channels such as retail travel agents, online travel agents, wholesalers and inbound tour operators, and visitor information centres.

MARKETING VS DISTRIBUTION

You have a marketing strategy to increase your direct bookings. These activities do cost, but the benefit is more bookings without you having to pay commissions to third parties.

Distribution comes in when you want to reach more potential customers and grow your business.

Distribution allows you to connect with agents and take advantage of their marketing efforts to reach customers you wouldn’t otherwise have access to. For this access, you’ll probably have to pay a commission.

WHO’S WHO?

Retail travel agents

Retail travel agents (RTAs) are retailers that sell services—holiday packages, travel, accommodation and tours—directly to customers. RTAs usually have a shopfront office. Visitor information centres are also considered retail agents.

Online travel agents

Online travel agents (OTAs) are just like retail travel agents but operate online. OTAs sell the same services—holiday packages, travel, accommodation and tours—directly to customers but they don’t have a shopfront. Expedia and Viator are examples online travel agents.

Tour wholesalers

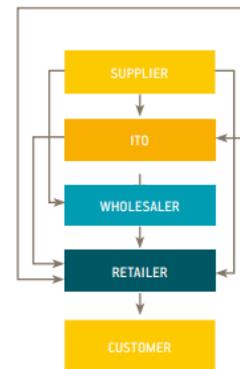
Tour wholesalers package products together. Wholesalers

supply retailers, and they don’t generally deal directly with customers. There are few Australian-based wholesalers that are based overseas and would usually turn to a local inbound tour operator to book specific tour options.

Inbound tour operator

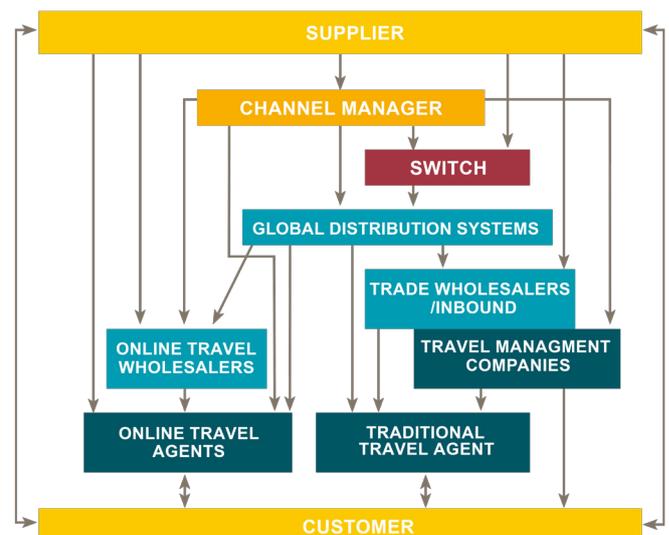
Inbound tour operators (ITOs) are businesses, based in Australia, that develop tourism itineraries for overseas distributors. ITOs create individually tailored packages of Australian tour product and link with overseas distributors that buy them, including wholesalers and retail agents.

Traditional Distribution Channels



source: traveltrends.biz

New Distribution Channels



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TOP TIPS FOR DISTRIBUTION

Strategy

By diversifying your distribution channels, your business will grow with the increased bookings. If you currently sell directly to customers, consider expanding your distribution channels to include third parties. Think about who your customers are and where they come from—are they domestic, international, FITs or groups? Is your product priced correctly to allow for commissions if necessary?

Direct Marketing

If you mostly sell directly to customers, hone your direct marketing. Make sure your website is up to date, optimised for search engines and connects to your online booking system. Be consistent with your social media to drive customers to your website. Ensure your brochures and signage stand out from the crowd.

Be a member

Join your regional tourism office or visitor information centre (VIC) to collaborate and stay up to date with local industry activities, trade shows and events. If you have a compatible online booking system, VICs can easily book and sell your product. This is especially good for your last-minute availability because many travellers stop in at a VIC when they arrive at a destination to find out what to see and do and book in.

Get local

Partner with other local businesses, including restaurants, to create packages to grow your business and promote the destination as a whole. And build relationships with concierges in hotels. If they know about your offering, they can recommend it to their guests.

Get export ready

If you're considering marketing your business overseas, your business must be export ready. Check out the Tourism Export Toolkit (TEXT) produced by ATEC and Tourism Australia.