Planning for Inbound Success

INBOUND TOURISM
– WHERE DO YOU START?
Prepare Your Business 5
Information And Assistance 5

INTRODUCTION TO INBOUND TOURISM
Inbound Tourism 8
Inbound vs Domestic – What’s The Difference? 9
Why Inbound Tourism? 10
Is Your Product ‘Export Ready’? 11

THE INBOUND TRAVELLER
Where Do Inbound Travellers Come From? 12
What Motivates Inbound Travellers To Come To Australia? 13
Long Haul And Short Haul Travellers 14
How Does Cultural Background Influence Travel Choices? 14
Long Haul And Short Haul Travellers 14
The Experience Seeker 14

INBOUND TRENDS
Consumer Trends 18
Ways Consumers Are Using The Web 19
How This Impacts Your Business 20
Tourism Industry Trends 20

THE TRAVEL DISTRIBUTION SYSTEM
What Is The Travel Distribution System? 22
How Does The Distribution System Work? 24
Working With Inbound Tour Operators 25
Working With Online Travel Agents 26
Working With Wholesalers 27
The Aussie Specialist Program 28
Working With Meeting And Incentives Planners 28
Working With General Sales Agents 29
Tourism Australia Market Categories 30

THE MARKETING PLAN
Developing A Marketing Plan 32
Identifying Your Target Markets 33
The Four Ps Of Marketing 34
> Product 34
> Price 36
> Place 38
> Promotion 40

MARKETING TO INBOUND TRAVELLERS
Digital Marketing 42
How To Market Effectively On Your Website 44
The Australian Tourism Data Warehouse 44
Social Media And How You Can Make It Work For Your Businesses 44
Brochure Product And Distribution 45
Public Relations And The Media 46
Familiarisations 46
Sales Calls 46
Staff Training 47
Sales Missions 48
Trade Shows 48

TOURISM ACRONYMS

Planning for Inbound Success
INBOUND TOURISM - WHERE DO YOU START?

→ Bay of Fires, TAS
PREPARE YOUR BUSINESS

Before you begin to market to inbound travellers, it is important to do some research and planning. You will need to:

› Research international markets to establish who will use your products;
› Make refinements or enhancements to your product to better meet the needs of travellers from these markets;
› Determine what your competition is offering these markets;
› Recognise the different travel styles of inbound travellers;
› Understand the travel distribution system and its rate structure;
› Develop a marketing plan and budget to target international visitors through a range of mediums and distribution channels;
› Research opportunities to package your product with other complementary product in your region;
› Develop a range of promotional material in English and other languages for both consumers and the travel trade;
› Read the Planning for Inbound Success e-booklet and
› Seek advice from your local, regional and state tourism office.

Quick Links
Research and Insights
www.tourism.australia.com/research
Market Information
www.tourism.australia.com/markets
Marketing Opportunities
www.tourism.australia.com/industrydevelopment
www.tourism.australia.com/marketing

INFORMATION AND ASSISTANCE

Do your homework! There are many sources of advice and assistance for tourism operators interested in finding out more before investing time and resources into international marketing. In this section you will find details on how to work with the various types of industry associations as well as contact details for some of the key organisations who can assist.

Local Tourism Associations

Local Tourism Associations (LTAs) are generally operated by local government and focus on servicing visitors once they are in the area or region. Generally the LTA will run the local Visitor Information Centre. LTAs nurture and strengthen local tourism businesses by liaising with regional tourism authorities and state bodies on behalf of operators. Local operators who are members of the LTA are also great sources of information, and potential partners in regional tourism packages.

Regional Tourism Organisations or Associations

Regional Tourism Organisations (RTOs) or Regional Tourism Associations (RTAs) are organisations of local tourism associations and local tourism operators coordinated through a regional marketing authority. RTOs develop regional tourism marketing strategies, and work cooperatively with the State Tourism Organisations (STOs) to promote quality tourism experiences to ensure their region maximises its tourism potential. Not all RTOs are actively involved in the international market. Many, although not all, are membership based. Some are part funded by the State Tourism Organisations.

Key Points

› Meet your local tourism manager to discuss your product and plans in the international market
› Discuss cooperative marketing opportunities that suit your business
› Provide staff with a briefing on your product and give them regular updates
› Be an active member of the organisation - attend networking functions and other events
› Remember the first step is to sell your destination, then your product, so it is important to have a good relationship with your local and regional tourism association
State Tourism Organisations

Each state and territory in Australia has its own government tourism agency that works with industry. The role of the state tourism organisations (STOs) is to support the development and marketing of sustainable tourism destinations and experiences within their state, to increase awareness and attract visitors.

In addition to offices in Australia, STOs also have international offices located within their priority markets. Within Australia, STOs have dedicated product or industry development units that can assist operators in developing their product for the international market. This may include marketing consulting services, advisory services for new operators, workshops and accreditation schemes.

Key Points

1. Discuss your product and plans with the international and product development units at your STO head office
2. Ask for introductions to other key staff such as the famil and media staff
3. Sign up your product as part of the Australian Tourism Data Warehouse (ATDW), and subscribe to the STO email database
4. Review your STOs cooperative marketing prospectus for the most suitable opportunities for your organisation
5. Provide briefings, train, educate and provide feedback to STO staff both in Australia and overseas

Quick Links

STO Contacts
www.tourism.australia.com/contacts

ATDW
www.atdw.com.au

Tourism Australia

Tourism Australia is the Australian Government agency responsible for international and domestic tourism marketing. Their activities in over 20 markets, including Australia, include advertising, public relations and media programs, trade shows and programs for the tourism industry, consumer promotions, online communications and research.

Tourism Australia’s Business Development Managers are your best contact point for information about Tourism Australia’s activities, events, research and marketing opportunities. Their aim is to connect you directly to marketing programs and resources that will help you generate more business and help you gain a better understanding of market conditions.

Australian Tourism Export Council (ATEC)

ATEC is the industry development body that represents the interests of over 1,000 tourism export businesses throughout Australia. ATEC is a membership-based organisation that currently represents inbound tour operators (ITOs), online operators, Australian tourism product suppliers and service providers around Australia.

ATEC’s primary role is to optimise the business success of its members so that the resulting economic and social impact of tourism exports for Australians is maximised. ATEC represents the interests of its members to government, industry and the wider business community.

Austrade

Austrade is the Federal government agency responsible for assisting Australian exporters gain entry into international markets. Located in 55 countries worldwide they offer practical advice, market intelligence and ongoing support to Australian businesses looking to develop business from international markets. It also offers financial support to some categories of exporters through the Export Market Development Grants (EMDG) Scheme.

International tourism is an international export which is eligible for assistance under the EMDG scheme.

Department of Resources, Energy and Tourism (RET)

The Federal Department of Resources, Energy and Tourism has primary responsibility for tourism policy and works closely with industry to identify and address impediments to growth and maximise yield. The Department also provides detailed reports and strategies on different issues that affect tourism in Australia.

Tourism Research Australia (TRA)

Tourism Research Australia provides superior research information that supports improved decision making, marketing and tourism industry performance. Tourism Research Australia is a branch of RET and offers a full range of reports, covering international and domestic tourism, and research tailored to regional areas.
Quick Links
ATEC’s activities and events
www.atec.net.au
Austrade
www.austrade.gov.au
Business advice on planning, starting and growing your business
www.business.gov.au
Tourism industry contacts
www.tourism.australia.com/contacts
TRA
INTRODUCTION TO INBOUND TOURISM
INBOUND TOURISM

Inbound tourism covers all international tourist traffic entering a country. It is also known as ‘export tourism’ (Australia is the export), because although tourists enjoy their travel experience within Australia, they are paying for it using foreign currency. Inbound tourism is big business in Australia with the tourism export sector worth $26 billion.

Visitor arrival details are published on a monthly basis by the Australian Bureau of Statistics and the Tourism Forecasting Committee (TFC) publishes forecasts for Australian inbound travel twice a year. The International Visitor Survey (IVS) is published quarterly by Tourism Research Australia and is the most comprehensive source of information on international visitors to Australia. The IVS samples 40,000 departing, short-term international travellers over the age of 15 years who have been visiting Australia.

Quick Links

Tourism Australia Research
www.tourism.australia.com/research

INBOUND VS DOMESTIC – WHAT’S THE DIFFERENCE?

Domestic tourism accounts for 75 per cent of all tourism in Australia. International visitors make up the remaining 25 per cent. International tourists usually travel for longer and spend more money than domestic travellers.

The vast majority of Australian operators concentrate on marketing their product domestically and then market to international travellers once they have secured a foothold at home. While marketing your product to international travellers has many benefits, there are a number of differences between domestic and international tourism markets.

Key Points

It is important to understand that overseas markets are very competitive. Not only are you competing against companies that provide similar products, you are also competing against other international destinations. Selling your region and educating travellers about your destination and its attributes is often the first step in selling your product.

<table>
<thead>
<tr>
<th>Domestic Market</th>
<th>International Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travellers are familiar with Australia</td>
<td>Travellers may have limited knowledge of Australia</td>
</tr>
<tr>
<td>Lower marketing costs</td>
<td>Higher marketing costs</td>
</tr>
<tr>
<td>Traveller needs are consistent across segments</td>
<td>Traveller needs vary in each market and segment</td>
</tr>
<tr>
<td>Distribution system is consistent and operators often deal with consumers directly</td>
<td>Distribution systems vary in each market</td>
</tr>
<tr>
<td>Simpler, short break style itineraries</td>
<td>Complex itineraries</td>
</tr>
<tr>
<td>No language or cultural barriers</td>
<td>Language and cultural differences</td>
</tr>
<tr>
<td>Easy market to enter and return on investment established more quickly</td>
<td>Long term investment to recoup costs</td>
</tr>
</tbody>
</table>
WHY INBOUND TOURISM?

Inbound tourism allows tourism operators to diversify their markets and access new areas of business that may balance out regular domestic business patterns.

There are many benefits to inbound tourism including:

- International travel patterns are not focused around weekends and may level out seasonality problems;
- Spreading risk across a range of international markets can minimise the impact of any changes in the domestic or a single international travel market;
- Tapping into inbound distribution networks opens up new forms of distribution and gives millions of potential travellers around the world easy access to your product;
- International travellers provide a higher yield and spend, on average, three times more than domestic travellers on each trip;
- Booking lead times are usually longer, allowing better business planning; and
- The opportunity to meet people from a range of cultures and backgrounds can be extremely rewarding.

Key Points

- Successful inbound marketing requires a large investment of time and money and is based on establishing and maintaining good business relationships
- You may have to wait several years before you earn a return on your investment

IS YOUR PRODUCT EXPORT READY?

Not all tourism products are suitable for marketing overseas. Some products may need to be refined before being marketed to inbound consumers, or may only suit specific markets or niche consumer segments. Other products may be more attractive to inbound markets as part of a package. Before investing your time and money in the international market ask yourself the following questions. If you can answer YES to these questions then you are on your way to becoming export ready.
**INTRODUCTION TO INBOUND TOURISM**

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is your business established in the domestic market?</td>
<td>Very few businesses enter the inbound market without first establishing themselves in the domestic market.</td>
</tr>
<tr>
<td>Do you have booking mechanisms in place for international markets?</td>
<td>You should offer same day booking confirmation via email or the internet within 3 to 4 hours.</td>
</tr>
<tr>
<td>Do you understand the international distribution system?</td>
<td>Be familiar with the role of an Inbound Tour Operator, Wholesaler, Online and Retail Travel Agent.</td>
</tr>
<tr>
<td>Are you familiar with commission levels?</td>
<td>You should allow up to 30% commission for distribution through Inbound Tour Operators and 20% for wholesalers.</td>
</tr>
<tr>
<td>Do you understand online distribution channels?</td>
<td>Understand how to distribute your product online and how this impacts on other distribution partners.</td>
</tr>
<tr>
<td>Do you understand the concept of pricing?</td>
<td>Set and guarantee rates up to 18 months ahead to coincide with the travel industry calendar from 1 April – 31 March.</td>
</tr>
<tr>
<td>Do you understand where consumers can source information about your product?</td>
<td>Be aware of User Generated Content travel websites and how these influence consumer’s product choice.</td>
</tr>
<tr>
<td>Have you researched international markets to establish where your product fits?</td>
<td>Use industry resources to understand key source markets.</td>
</tr>
<tr>
<td>Do you understand the needs of international markets?</td>
<td>Consider the travel styles, motivations, expectations language and cultural differences of international travellers.</td>
</tr>
<tr>
<td>Have you researched international markets to establish where your product fits?</td>
<td>Use industry resources to understand key source markets.</td>
</tr>
<tr>
<td>Do you have an active quality assurance program?</td>
<td>Provide consistent levels of service, quality products and reliable operating schedules to adhere to consumer protection laws.</td>
</tr>
<tr>
<td>Are you prepared to work cooperatively with Tourism Australia, your STO, RTA, RTO, and LTA?</td>
<td>These organisations can offer a range of cooperative advertising and promotional opportunities.</td>
</tr>
</tbody>
</table>
THE INBOUND TRAVELLER
WHERE DO INBOUND TRAVELLERS COME FROM?

Tourism Australia operates in over 20 markets within six major regions worldwide: North Asia, South and South East Asia and the Gulf Countries in the eastern hemisphere and the United Kingdom and Europe, the Americas and New Zealand in the western hemisphere.

The major source markets for Australia include New Zealand, United Kingdom, United States, China, Japan, Korea, Malaysia, Singapore, Germany and Hong Kong.

Where a traveller comes from will influence a number of factors including:

- The length of visit;
- How much they spend, what they eat and what they buy;
- What they do and the attractions they visit;
- What destinations within Australia they visit; and
- The type of accommodation, touring, activities and attractions they prefer.

WHAT MOTIVATES INBOUND TRAVELLERS TO COME TO AUSTRALIA?

People travel to experience difference and travel choices are influenced by many factors, including age, cultural background, previous travel experience and available holiday time. Current economic, environmental and political concerns also impact travel choices. The primary motivation for planning a holiday will affect a tourist’s choice of destination. For example, an Asian honeymoon couple will have very different requirements from a German backpacker or an American family.

Experiences are increasingly important to international travellers, and what compels and motivates people to travel varies from market to market. When planning a trip, travellers will generally select a destination that can provide the experiences that they are looking for. These experiences are underpinned by specific tourism products. While the product itself is an important part of the overall tourism experience, it is generally not the primary reason for visiting a destination.

Key Points

- Research international markets and segments to determine which ones match your product
- Don’t try to appeal to all markets and all people as you end up satisfying no one
- Work cooperatively with complimenting partners to promote your destination or region as a total package or experience
THE INBOUND TRAVELLER

LONG HAUL AND SHORT HAUL TRAVELLERS

Tourist perceptions are influenced by their knowledge of the destination, the distance they need to travel to the destination, media coverage, advertising, their available holiday time and whether it is a first or repeat visit.

In short haul markets, such as New Zealand, Australia is a highly achievable destination. Short haul visitors often travel to Australia more than once and purchase shorter, more frequent trips. With familiarity comes the confidence to plan their own trip, travel to destinations beyond the gateways or travel in a less structured, more independent style.

In long haul travel markets, such as the United States and Europe, Australia is seen as a destination that requires a large commitment of both time and money. There is much greater pressure on first time visitors to see as much as possible or to see the key ‘icons’. In many instances, long haul travellers believe Australia is the ‘trip of a lifetime’ and see it as a single visit destination.

HOW DOES CULTURAL BACKGROUND INFLUENCE TRAVEL CHOICES?

Cultural background greatly influences the way an international traveller experiences Australia’s key natural and cultural attractions. International travellers often visit the same attractions but they may each take something completely different out of the experience. For example, an Asian visitor may visit the Sydney Opera House to see the building and have their picture taken but an American visitor may want to experience a performance.

Cultural background also drives the types of tours, activities, food and accommodation requested by international travellers during their stay in Australia. A German tourist may want to hire a campervan and visit remote, unpopulated locations. An American couple may request a twin room with two queen beds. A Chinese group may express a desire for certain foods during a tour.

Key Point

You will need to vary your product presentation in each market to appeal to different consumers.

THE EXPERIENCE SEEKER

Tourism Australia’s target market - Experience Seekers - can be found among all age groups, income levels, and geographic locations. They are not a demographic – they have a particular mindset!

Using psychographic research, studies find how travellers think and feel to determine the personal factors that influence them to travel. Experience Seekers are less affected by the traditional barriers to travel of distance, time and cost. They are more informed, interested and curious about potential travel destinations. They constitute around 30 to 50 per cent of all potential long haul outbound travellers from key source markets. This target market is highly predisposed to Australia’s offer and is more likely to stay longer, spend more and disperse to regional areas.

Research has shown that the Experience Seeker has a number of key ‘wants’ to satisfy their travel experience:

- Authentic personal experiences;
- Social interactions;
- Meeting and interacting with the locals;
- Experiencing something different from their normal day-to-day life;
- Understanding and learning about different lifestyles and cultures;
- Participating in the lifestyle and experiencing it, rather than observing it;
- Challenging themselves – physically, emotionally and/or mentally;
- Visiting authentic destinations that are not necessarily part of the tourist route; and
- Exposure to unique and compelling experiences.

To assist with global marketing efforts, Tourism Australia takes a segmented approach, allowing messages to be appropriately targeted to various life stages and mind sets. In each segment, there is an emphasis on attracting first time visitors. Segments include youth, family, holiday maker and honeymoon.

Quick Links

Tourism Australia’s Market Information
www.tourism.australia.com/markets

International Visitors Survey

Quick Links

Our Target Market. The Experience Seeker
Segments we target
http://www.tourism.australia.com/marketing
AUSTRALIA’S KEY EXPERIENCES

Tourism Australia’s aim is to move Australia to the top of the list for the Experience Seeker by promoting Australia’s key experiences. These key experiences have been identified as taking into account the Experience Seekers’ motivations and needs. The seven experiences are based on Australia’s core strengths and our points of difference from the rest of the world.

Australia’s key experiences are:

- Aboriginal Australia – learning about traditional Aboriginal practices as well as contemporary interpretations
- Nature in Australia – discover and learn about distinctive plants and intriguing wildlife that cannot be found anywhere else in the world
- Outback Australia – enjoy the vast open spaces and meet the people that make this uniquely Australian landscape what it is
- Aussie Coastal Lifestyle – offers some of the most diverse, least-crowded and unspoilt coastal experiences in the world
- Food and Wine – enjoy Australia’s fabulous food and wine served by friendly Aussies in great locations
- Australian Major Cities – enjoy Australia’s way of life and culture
- Australian Journeys – discover the diversity, the wonders, the towns, the people and their unique way of life.

Quick Links

Australian Experiences Framework
www.tourism.australia.com/experiences

Australian Experiences Industry Toolkit - Boosting your bottomline
www.tourism.australia.com/boostingyourbottomline
**WHAT ARE THE DIFFERENT STYLES OF TRAVEL?**

Tourists can choose from a range of different travel styles based on whether their trip is for leisure, business, a special interest or family reasons. A tourist’s travel style will influence their choice of tours and activities, style of accommodation, transport and the location of their product purchases. These choices will be influenced by the tourist’s age, budget, cultural background and previous travel experience. The maturity of the outbound travel market from the tourist’s home country will also influence their preferred style of travel.

The following section outlines several loosely defined travel styles. As with everything in the tourism industry, travel styles are constantly evolving and definitions vary from market to market.

<table>
<thead>
<tr>
<th>Group Inclusive Tour or Travellers (GIT)</th>
<th>Fully Independent Travellers (FIT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-purchase the bulk of their holiday before leaving home via distributors</td>
<td>Like the freedom of planning their own arrangements</td>
</tr>
<tr>
<td>Prefer structured itineraries</td>
<td>Arrange some core holiday components prior to arrival</td>
</tr>
<tr>
<td>Have highly organised and pre booked tour arrangements</td>
<td>Organise the bulk of their itinerary independently often after their arrival</td>
</tr>
<tr>
<td>Use distributor’s preferred products</td>
<td>Rely heavily on word of mouth, the internet and social media when planning their trip</td>
</tr>
<tr>
<td>Common in less mature markets and with certain segments such as educational groups</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partially Packaged Travellers</th>
<th>Visiting Friends and Relatives (VFR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre book ‘skeleton package’ of airfares, transfers and accommodation prior to arrival</td>
<td>Cite friends and relatives as the primary reason for travel</td>
</tr>
<tr>
<td>Search for competitive rates</td>
<td>Often travel beyond the family base to other destinations</td>
</tr>
<tr>
<td>Optional themed extras such as car hire and tours are offered at the point of sale to appeal to different segments</td>
<td>Rely on the recommendations and advice of their Australian-based friends and relatives when planning their trip</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Backpackers</th>
<th>Education Travellers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend at least one night in a backpacker hotel or youth hostel during their stay</td>
<td>Include short course participants, long term university students, school excursions and exchanges</td>
</tr>
<tr>
<td>Traditionally 18 to 25 year olds but often people aged 30 and beyond travel this way</td>
<td>Cite study as the main purpose of their visit but there may be a tourism component to the trip</td>
</tr>
<tr>
<td>Prefer a highly independent and unstructured approach towards travel</td>
<td>Have families who may visit and travel throughout the course of study</td>
</tr>
<tr>
<td>Rely heavily on the internet and social media for information</td>
<td>Often require specialised arrangements depending on the age of students</td>
</tr>
<tr>
<td>Often include voluntourism in their travels - volunteering for a charitable cause</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Travellers</th>
<th>Special Interest Travellers (SIT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Include delegates of a large conference or an individual on a business trip</td>
<td>Travel for reasons associated with personal interests such as agritourism, health and wellness or bird watching</td>
</tr>
<tr>
<td>Often include a component of leisure travel during their visit such as pre and post conference touring</td>
<td>Book through agents or operators who possess a high level of expertise and can access specialised tours, guides, expert lectures and location visits that are not part of the traditional tourism infrastructure</td>
</tr>
<tr>
<td>Include delegates participating in an incentive tour - a specialised business segment which rewards performance with travel experiences</td>
<td>Have customised itineraries</td>
</tr>
<tr>
<td>Offer high yield as the per head spend is often very high</td>
<td>Offer high yield but often low volume</td>
</tr>
</tbody>
</table>
INBOUND TRENDS
CONSUMER TRENDS

Inbound tourism is consumer driven due to consumer’s increased access to travel information and their customised travel requirements. Increasingly, consumers do not wish to be packaged.

Consumers are researching, planning and booking their travel online and booking lead times are becoming shorter. Consumers are searching for last minute deals, usually the airfare.

Consumers are booking components of their itinerary online; however the travel agent or wholesaler is seen as a risk mitigator, particularly in long haul markets.

Consumer’s expectations are changing. They have been exposed to more of the world either physically (through travel) or virtually (through travel documentaries and the internet) and have become more perceptive with a better understanding of value for money.

With the convergence of technology into one device such as the iPhone or iPad, consumers have instant access to information including:
  • flight schedules;
  • check-in applications;
  • geo location based travel information and map updates;
  • virtual reality views of hotel rooms and locations;
  • user profile preferences that can alert you to restaurants, shops or galleries as you travel; and
  • social media sites.

WAYS CONSUMERS ARE USING THE WEB

Consumers using the web are offered credible knowledge and engaging tools to help them create the perfect trip. Due to user generated content (UGC) travel review websites, blogs and the internet, consumers have access to a large range of information to research and plan their travel.

This means consumers are more informed in their travel product choices. Many consumers now base their travel decisions around customer ratings they read online.

Consumers are also talking to each other on the internet which enables them to reach a large audience quickly. Word of mouth is a trusted source of information for travellers.
INBOUND TRENDS

These sites are used to cross check travel information and to update friends and family whilst travelling. The conversations act as personal recommendations in real-time to an individual’s entire network.

Using the web, consumers can produce information which can be more powerful than your own marketing in encouraging potential customers to purchase your product. This means the relevance of official travel sites are declining due to community forums and UGC sites for travellers that are often considered more credible.

Key Point

! The internet has increased the reach of word-of-mouth by giving every consumer the power to publish their thoughts, feelings and experiences online.

The following websites are popular with travellers:

Travel sites
- realltravel: www.realtravel.com
- VirtualTourist: www.virtualtourist.com
- gusto!: www.gusto.com
- tripadvisor: www.tripadvisor.com
- world66: www.world66.com
- Wikitravel: www.wikitravel.org
- WAYN: www.wayn.com
- Hostelworld: www.hostelworld.com
- IgoUgo: www.igougo.com

Websites that may include travel
- YouTube: www.youtube.com
- Facebook: www.facebook.com
- Twitter: www.twitter.com
- Vimeo: www.vimeo.com
- Flickr: www.flickr.com
- videoegg: www.videoegg.com
- Second Life: www.secondlife.com
- Reverb: www.reverb.com
- MySpace.com: www.myspace.com
- bebo: www.bebo.com

HOW THIS IMPACTS YOUR BUSINESS

The best strategy is to ensure the quality of the products and services you deliver meet the expectations of your visitors.

Some points to consider:
- Make your product about the experience you offer. Ensure it stands out in terms of quality, value and uniqueness;
- Ensure customers can find you on the internet. Use Search Engine Optimisation (SEO) and key words that highlight your experience;
- Make it easy for customers to contact you and make bookings;
- Where possible personalise your customer service;
- Provide a place where customers can write reviews or leave photos on your website;
- See what customer information already exists about you by searching online; and
- If a complaint is received or things go wrong, ensure you handle the situation professionally.

Key Point

! Use Google Alerts www.google.com/alerts, www.search.twitter.com and www.socialmention.com to monitor what is being said about your business online and have your product mystery shopped.

Quick Links
Tourism e-kit

TOURISM INDUSTRY TRENDS

As a tourism product supplier it is important to be aware of trends that are occurring in the tourism industry and how these may impact on your business. Regular newsletters and updates are available from Tourism Australia, ATEC (Australian Tourism Export Council), STOs, RTOs and LTAs and other relevant industry associations. Be sure to subscribe to keep up to date!

Here are the major trends occurring in the tourism industry:
- Online distribution is increasing in the traditional distribution system with wholesalers and retail travel agents having an online presence;
- Increasingly, consumers are using online travel agents to research, plan and book their travel;
- Retail travel agents are consolidating into large consortiums to increase their buying and marketing power;
Dynamic pricing and packaging is commonplace due to yield management, yet rate integrity is still vital;
Channel managers are emerging in the accommodation sector. Their role is to distribute inventory across multiple online channels to assist with yield management;
Sustainability and being ‘green’ has become increasingly relevant to tourism businesses and events;
There is a shift to customised itineraries and more demand for special interest travel with a high per person spend;
There is continued interest from consumers in self-drive itineraries into regional areas with local interaction important and product bundling more prevalent;
Lack of training and labour shortages due to the mining boom are having an impact on service levels in the tourism sector, particularly in regional and remote areas;
Backpackers are more discerning in their travel choices due to increased standards and choices in the accommodation sector;
The cruising sector has seen growth both in inbound and outbound markets;
The rise of low cost air carriers has made travel more affordable and taken market share away from full service carriers;
Outbound travel is on the increase and has impacted on tourism operators as domestic travel is often their core business. Many operators are now looking at inbound markets to diversify their market mix and spread the risk;
Education travel has slowed due to external factors and the Global Financial Crisis (GFC); and
Visas in many key markets are taking longer to be approved as the Australian government is concerned about overstays.
WHAT IS THE TRAVEL DISTRIBUTION SYSTEM?

The travel distribution system is a complex, global network of independent businesses. This network includes a series of distributors or intermediaries, who play a specific role in the development, promotion and purchasing process of Australian tourism experiences.

Travel distributors allow you to broaden your customer base far beyond the reach of your own limited marketing budget. They are important to the inbound tourism industry as overseas consumers still heavily rely on the advice of local travel experts when planning and booking their Australian holiday, particularly in long haul and emerging markets.

The travel distribution system covers all the channels through which an international traveller can buy your product. Other than approaching you directly, international travellers may book your product as follows.

Key Point

Distribution channels and consumer purchasing behaviour varies from market to market so you will also need to understand the structure of the distribution system specific to your target markets.
HOW DOES THE DISTRIBUTION SYSTEM WORK?

The travel distribution system has traditionally been very structured with clearly defined functions for each role in the chain. However, online technology and company mergers have transformed the tourism industry, with an increasing amount of cross over in the roles and functions of various sectors of the distribution system. Businesses are engaging a mix of distribution partners to ensure the most effective way of reaching their target consumers.

Traditional Distribution Channels

New Distribution Channels

Source: www.traveltrends.biz
The traditional structure of the distribution system includes Inbound Tour Operators (ITOs) based in Australia, wholesalers based overseas and international retail travel agents, the link to the international consumer.

However, this varies considerably from market to market. For example, it is not uncommon for an inbound tour operator to be part of a larger company that may also operate a wholesale arm in an overseas market, or for a wholesaler to also operate the travel agencies that sell its packages. As the traditional distribution system continues to evolve, it is important to clearly understand the structure of the companies that you work with and their relationships with other organisations.

With the growth of the internet, many traditional travel distributors such as wholesalers and travel agents are taking an online approach as well as offering their services from a retail shopfront. There has also been an increase in online travel agencies (OTAs) who operate solely in the online environment.

Both online and traditional distribution partners have the opportunity to work with each other and directly with products and customers. Therefore it is vital to understand each partner’s role and how your product can benefit from their part in the distribution network.

What are travel distributors looking for?
Travel distributors seek product suppliers that can offer:

- Quality products and experiences;
- Reliability and efficiency (consistent operating hours and regular schedules);
- High levels of customer service and helpful reservations staff;
- Understanding of the cultural needs of different markets;
- Consistent pricing policies that consider all levels of distribution;
- Easy communication via email, toll free numbers and fax; and
- Fast and efficient turnaround and response times.

Key Point
Building relationships and establishing your product takes time. It can take a minimum of 12 to 18 months to see results.

Working with Inbound Tour Operators
An inbound tour operator (ITO), also known as a ground operator or destination management company (DMC), is an Australian based business that provides itinerary planning and product selection, and coordinates the reservation, confirmation and payment of travel arrangements on behalf of their overseas clients. They bring the components of accommodation, tours, transport and meals together to create a fully inclusive itinerary.

ITOs are the link between Australian tourism products and the overseas travel distributors that buy them, including travel wholesalers, direct sellers, travel agents, meeting planners and event planners.

The Office of Fair Trading allows ITOs to obtain a license under the Travel Agents Act in every Australian State and Territory (except the Northern Territory). ITOs must be licensed operators if they wish to join the Australian Tourism Export Council (ATEC). All ITOs must be audited annually and meet strict criteria provided by the Travel Compensation Fund (TCF) in order to qualify for their license.

Dealing with an ITO provides many benefits for overseas travel distributors, including:

- Local expertise on existing and new Australian tourism experiences;
- Itinerary consultation and advice on packaging products together;
- Instant access to a wide range of tourism products, eliminating the need to contact individual suppliers;
- Assisting in quality control by providing first hand feedback; and
- Acting as a local contact point for the clients of overseas distributors visiting Australia.

Dealing with an ITO offers many advantages for tourism operators, including:

- Regular business from a number of markets;
- Extensive knowledge of international consumer needs;
- ITOs make regular sales visits to their overseas markets and act as an extension to your marketing arm and booking office;
- Access to international travel partners, expanding your distribution network;
- Easier communication and payment recovery; and
- Payment in Australian currency.
THE TRAVEL DISTRIBUTION SYSTEM

How to distribute your product through an Inbound Tour Operator

Larger ITOs have product departments that identify and select the products and suppliers they want to sell. These departments can offer advice on suitable markets for your product and suggestions about product development and packaging. ITOs often specialise in particular inbound markets or market segments so it is important to research the ITO and understand their business and how your product fits into their programs.

Research who the ITO works with in the distribution system and which markets they target to ensure your product is the correct fit;

Become a member of ATEC;

Compile a sales kit with product fact sheets (in PDF format), brochures and images;

Ensure information on your website is up to date;

Provide rates that allow for ITO commissions and include concise terms and conditions. Be prepared to provide rates up to 18 months in advance;

Provide information in language (online fact sheets, brochures) if targeting markets where English is not commonly spoken;

Participate in ITO networking events, workshops or famils organised by ATEC, your STO or RTO;

Provide ITOs with prompt (same day) turnarounds on enquiries, quotations and bookings;

Don’t ask for prepayments or deposits;

Accept ITO vouchers and trading terms;

Action complaints promptly;

Provide updated product information, training and famils for key ITO staff; and

Check that the ITO is licensed by contacting ATEC or the Office of Fair Trading. Don’t be afraid to speak to other businesses that work with the ITO to confirm that it is a reputable company.

Where do you find ITOs?

ATEC can provide members with a list of ITOs and the markets in which they operate. Market Coordinators at your STO or your Tourism Australia Business Development Manager can also provide you with contact details for suitable ITOs.

WORKING WITH ONLINE TRAVEL AGENTS

Online travel agents (OTAs) specialise in online distribution and have no intermediaries – they deal directly with consumers and tourism product. Consumers can purchase a product or an entire holiday package online. Online distribution is less structured than the traditional travel distribution system. Commission levels vary, depending on how the site is operated.

How to distribute your product through an Online Travel Agent

Before establishing a distribution deal with any online partners, it is important to research the site, how it operates and how it will promote your product, as well as how information is loaded and updated. An excellent tool to determine the most visited consumer travel websites is Experian Hitwise. This company provides insights and reviews into the performance of travel websites.

Many sites provide you with access to maintain and update your details. While this does provide you with control over the information on your product it can also be very time consuming, especially if you are featured on a number of sites. Online distributors may also run a number of affiliate sites on-selling packages – just as an ITO would to a wholesaler. It is important that you are aware of any affiliate sites and where rates may appear.

Quick Links

Australian Tourism Export Council (ATEC)
www.atec.net.au

Travel Trends
www.traveltrends.biz
THE TRAVEL DISTRIBUTION SYSTEM

Rate Parity and Integrity

When distributing online, rate parity is critical. Rate parity exists when the same rate structure for a product exists across all its distribution channels. When a product effectively controls rate parity, rate integrity is assured and the consumer becomes confident in booking the product. Rate parity ensures an even playing field and protects a product’s relationship with all its distribution partners. This will ensure that consumers receive the best pricing and value no matter which of these channels they use to make their reservations.

When considering online distribution it is important to consider possible impacts on your traditional distribution partners. You need to manage and preserve the relationship you have with these partners. It should be your goal to mirror the same retail rates at all points of reservation for your travel distribution partners.

Top Tips for working with OTAs

» Clarify commission and inventory levels required and the level of promotion for your product;
» Find out how much new business the site may generate;
» Check if there are any affiliate sites that may operate in addition to the main site;
» How is your information on the site maintained – by you or the site host? and
» How is the site promoted? Is it targeted at the trade or consumers? Are there any distribution agreements in place?

WORKING WITH WHOLESALERS

Wholesalers are located in overseas markets and have traditionally provided a link between travel agents and ITOs or tourism product. Wholesalers purchase programs developed by Australian based ITOs or develop their own packages and itineraries for travel agents and consumers. These packages will usually offer transport, accommodation, tours and attractions.

In some markets, wholesalers are also ‘direct sellers’ who bypass travel agents to directly target consumers. In other markets, there are no wholesalers in the traditional sense and travel agents perform both roles.

Traditionally, travel packages are published in brochures and promoted and distributed via retail travel networks. Wholesalers may operate their own retail outlets or work with an established network of travel agents in their own country. Many wholesalers specialise in specific market segments such as adventure or the seniors market and many also have an online presence.

How to distribute your product through a Wholesaler

Many wholesalers rely on an ITO to identify and recommend new Australian products to include in their programs. It is essential that you establish good relationships with ITOs, who specialise in your target markets.

Building a relationship with a wholesaler is critical. This can be achieved by conducting in market sales calls to meet with the Product Manager or by participating in trade events such as the Australian Tourism Exchange (ATE) to meet with key wholesale travel decision makers. ATE is an annual event for major international wholesalers who brochure and promote Australian tourism experiences to meet with Australian tourism products.

Don’t be surprised if it takes several years of contact before a wholesaler begins to use your new product. This is partially due to their loyalty to existing product suppliers and stringent consumer protection laws in some major markets. Wholesalers also need assurance that you are an established operator that will remain in business for many years.

Once you have secured a product distribution deal with a wholesaler, you will need to provide the wholesaler and key frontline sales staff with ongoing education and product updates to keep your product front of mind via newsletters, sales calls, trade shows and famils.

Top Tips for working with Wholesalers

» Research – find out which markets and market segments the wholesaler targets, the type of experience they sell and who their distribution partners are;
» Keep wholesalers updated on any new developments or changes to your product;
» Suggest ideas for packaging your product with complementary products in your region to make it easier to sell;
» Highlight your unique selling point (USP), the benefits of your product and the factors that set you apart from the competition;
» Ensure you allow for wholesaler commissions in your rates and include concise terms and conditions. Be prepared to provide rates up to 18 months in advance; and
» Keep in mind consumer protection laws that the wholesaler must adhere to. Europe and Japan have strict consumer laws that require companies to deliver the promised standard of holiday experience.
THE TRAVEL DISTRIBUTION SYSTEM

WORKING WITH RETAIL TRAVEL AGENTS

Retail travel agents are based in the consumers’ country of origin and deal directly with consumers. Retail travel agents offer wide distribution in prominent shopfront locations and a convenient place for travellers to make bookings and buy holidays.

Traditionally, retail travel agents have provided a link between the wholesaler and consumers. With the integration of distribution roles, the retailer may deal directly with ITOs or Australian-based products, particularly in Asian markets.

Many retail travel agents belong to a larger chain of travel agencies or consortiums that use their combined resources to market the agency brand. In some countries, retail agencies may be operated by travel wholesalers, or may concentrate on particular market segments such as special interest or family travel. Many retail travel agents also have an online presence.

How to distribute your product through Retail Travel Agents

One of the best ways of distributing your product at the retail level in markets where travel agents prefer to work with a wholesaler and/or ITO is to identify established wholesalers with a wide distribution via retail agents. Training the wholesalers and ITO about your product and providing them with the tools to effectively train their retail partners is the most effective way to target these retail agents.

- Get involved in the Aussie Specialists Program and offer special deals to encourage agents to experience your product first-hand;
- Meet retail agents and wholesale reservation agents by attending trade shows that target these staff;
- Establish and maintain good relationships with your retail travel agent’s preferred wholesalers and ITOs, and
- Provide key agents with regular but relevant product updates.

THE AUSSIE SPECIALIST PROGRAM

Aussie Specialists are a group of retail travel agents actively selling and promoting Australia around the world. The program is designed to provide travel agents and distributors with the knowledge and skills to sell Australia more effectively. These ‘Aussie Experts’ have been educated and trained through the Aussie Specialist Program, run by Tourism Australia and the STOs.

In 2010, Tourism Australia launched a new version of the program, which is now available in 11 languages. Globally, there are over 20,000 registered agents across more than 110 countries including the key markets of the United Kingdom, Europe, North America and Asia. Tourism Australia maintains active relationships with qualified Aussie Specialists through trade events, the online training program, e-newsletters and familiarisation trips to Australia.

You can get involved in the program through:
- Travel Club
- E-newsletters
- Partner Training Modules
- Training Events

Quick Links

- Aussie Specialist Program
  www.tourism.australia.com/aussiespecialists
- Aussie Specialist Website
  www.aussiespecialist.com

WORKING WITH MEETING AND INCENTIVE PLANNERS

Meeting and incentive planners organise and manage all aspects of meetings and events including conventions, conferences, incentives, seminars, workshops, symposiums, exhibitions and special events. Incentive trips are awarded as a non-cash bonus for good performance and may include a corporate meeting or corporate team-building activity. All these events attract delegates and participants from Australia and overseas. This sector is called business events and is one of the highest yielding inbound tourism segments.

Meeting and incentive planners use a wide variety of venues, tour operators, accommodation, team building companies and restaurants. They look for unique travel experiences and require different support and facilities to leisure tourism.

Meeting and incentive planners are also known as:
- Professional Conference Organisers (PCO);
- Destination Management Companies (DMIC);
- Conference Managers;
- Event Managers;
- Incentive Houses;
- Travel Fulfilment Companies; and
- Special Project Managers.

Top Tips for working with Retail Travel Agents

- Offer a variety of itineraries that include unique and diverse experiences;
- Ensure the ITOs and DMCs that handle business and incentive travel are familiar with your product;
- Suggest interesting ways to package your product together with other experiences; and
- Participate in cooperative marketing activities organised by Tourism Australia and your local Convention and Visitors Bureau (CVB).

Top Tips for working with Meeting and Incentive Planners

- Offer a variety of itineraries that include unique and diverse experiences;
- Ensure the ITOs and DMCs that handle business and incentive travel are familiar with your product;
- Suggest interesting ways to package your product together with other experiences; and
- Participate in cooperative marketing activities organised by Tourism Australia and your local Convention and Visitors Bureau (CVB).

Tourism Australia
WORKING WITH GENERAL SALES AGENTS

A general sales agent (GSA) can represent and market your product in key international markets and provide a local booking service for retail agents. It is essential that you consider all channels of distribution and the needs of your business before signing a GSA agreement. Many businesses choose to appoint an international sales representative or product representation company (PRC) to actively promote their product in their key international markets. However, unlike a GSA, a PRC doesn’t provide a booking service.

PRC’s can:
- Make sales calls to wholesalers and retail agents;
- Train wholesale and retail agency staff;
- Provide representation at trade and consumer shows in the market; and
- Give feedback and advice on market trends.

Key factors to consider when appointing product representation
- Do they have experience in destination and product-type representation? Do they have other clients with Australian product? Have they represented similar products to yours in the past?
- Do they hold other contracts and are they complementary or competitive?
- Can they provide trade contact records and reports? How will you measure their effectiveness and how will they report on their activities to you?
- Do they have established relationships with the clients that you want to reach?
- What is their reputation in the market? Are they respected by the industry?
- Does the GSA retail products and how will this impact on their ability to sell your product? and
- Consider the cost versus the level of business from the market and balance these against the cost and benefit of making calls and attending trade shows yourself.
Tourism Australia operates in over 20 markets within six major regions worldwide: North Asia, South and South East Asia and the Gulf Countries in the eastern hemisphere and the United Kingdom and Europe, the Americas and New Zealand in the western hemisphere.

The markets are divided into four strategic categories based on market performance, investment decisions and industry consultation. These are:

- **Maximise leisure arrivals from large markets** – New Zealand, UK, United States, China and Japan. These markets provide over 50% of total leisure arrivals and are forecast to have improving growth.

- **Maximise growth potential from medium and small markets** – Korea, India, Indonesia, Singapore, Malaysia, Hong Kong, Taiwan, Canada and France. These markets are forecast to have average to strong growth in arrivals.

- **Maximise dispersal and total inbound economic value (TIEV)** – Italy, Germany, Netherlands, Ireland and Switzerland. These markets are the highest in dispersal and average spend.

- **Develop markets for future growth** – Vietnam, Brazil and Argentina. These markets provide the best opportunity for longer term growth.

All other markets fall into the Rest of the World category and are serviced by Regional or International Operations teams.

**Key Point**

Tourism Australia produces regular, up to date information on all markets via the Global Market Monitor, International Video Portal, Market Updates, Market Briefings and Market Share reports on the corporate website.

**Quick Links**

Tourism Australia – Know your markets

www.tourism.australia.com/markets

For these markets, Tourism Australia provides information on:

- Country overview
- How consumers purchase travel
- Planning a visit to the market
- International visitor profile
- Market updates
- Aviation updates
- Market share reports
- Marketing activities
THE MARKETING PLAN
DEVELOPING A MARKETING PLAN

As with any business venture, your entry into international markets should be well planned. A detailed marketing plan should be developed to provide a blueprint for your marketing activities. The purpose of marketing is to match the right product to the right market, providing an optimum return on investment. Essentially there are four elements (the four Ps) of marketing: product, price, place and promotion. A good marketing plan incorporates a combination of these elements.

Writing a marketing plan is one of the most important steps that you can take to improve your business’s effectiveness and efficiency. The plan will guide your marketing decisions and assist in allocating your resources.

It should incorporate:

- **Overall business objectives.** What is it that your organisation wants to accomplish?
- **Assessment of the market environment.** What are the factors, internally and externally, that will affect your business and servicing of identified markets?
- **Market Identification.** What are the specific markets and segments that are most likely to use your product?
- **Marketing Objectives.** Are the objectives for each target market measurable, achievable, time-specific, non-ambiguous and flexible?
- **Marketing Strategies.** What is the best combination of the four Ps for each of your target markets?
- **The action plan.** What are the actions needed to make the plan work, who will do it and when?
- **The Marketing Budget.** How much do you have to spend and how will you allocate the resources? and
- **Monitoring and evaluation.** How will you measure the performance of your marketing efforts?

The challenge with tourism marketing is that the principal products are experiences. These are intangibles and much more difficult to market than tangible items such as household appliances. The consumer also needs to travel to the product in order to experience it.

**Key Point**

| Don’t try to enter every market at once. Select your markets carefully and take the time to plan your approach, allocating your resources to the markets which will generate the greatest return |

For the consumer, the travel experience is made up of a number of components including: transportation, accommodation, food, shopping, entertainment, touring and events. It is important to consider this when developing your marketing plan.
Consider the following when selecting a target market and consumer segment:

- **What does the consumer (or market) want?**
- **What can I provide to meet the consumer’s needs?**
- **What is the size of the market?**
- Is the market large enough to support the marketing costs required? Will I receive a return on my investment?
- **How long do these travellers stay in Australia? Do they make repeat visits?**
- **How much do these travellers spend, what do they eat, and what do they buy?**
- **What type and standard of food, transport, accommodation, touring, activities and attractions do these travellers prefer?**
- **What parts of Australia do these travellers visit? Do they visit your area?**
- **Do these travellers prefer FIT, group, backpacking or another style of travel?**
- **Do their interests suit my product and why?**
- **How will my product fit into a wider itinerary? Can I work with any complementary products in my region to bundle an experience?**
- **How do they travel to my region? How will they access my product? and How do they book their holidays?**

**Quick Links**

Tourism Australia’s key markets
www.tourism.australia.com/markets

**THE FOUR Ps OF MARKETING**

**Product**

Your product is the combination of ‘goods and services’ that make up the visitor experience, including the standard of your facilities and equipment, the level of service you provide and the quality of your interpretation.

An individual product will make up only part of the total travel experience for a consumer. The complete travel experience includes all the elements that a tourist consumes from the time they leave home until they return. This includes transport, accommodation, meals, attractions and activities. These may be purchased independently by the consumer or bundled into a package for sale by an ITO or wholesaler.

**Developing Your Product**

The development of your product should be guided by the type of experience your target market seeks. An example of the accommodation and touring needs for different market segments is shown above.

When developing your product you should:

- **Location** – are there attractions and facilities nearby which enhance the appeal of your product?
- **Price** – is the product competitively priced and does it allow for all levels of commission?
- **Accessibility** – how do visitors get to your product? Is transport available?
- **Seasonality** – are you open to coincide with peak arrivals from your target market?
- **Hours of operation** – are they regular and compatible with transport times?
- **Time** – how do you fit into an international itinerary? Do visitors need to stay overnight? Will they miss out on other attractions if they visit you?
- **Information availability** – for both tourists and your distribution partners; and
- **Reservations** – How easy is it for consumers to book your product?

**Bundling Your Product**

It is often difficult to attract international visitors to an area outside established destinations as they may have limited time and knowledge of the area. By working cooperatively with your region to promote the destination as a whole, there is a better chance that visitors will take the time to visit. Work in cooperation with local operators and create a bundle that will make your product more enticing.

Bundling refers to aligning and marketing complementary products together to form compelling and unique experiences for the consumer. It helps to improve visitation through regions and increase tourist revenue through multiple suppliers offering complementary products, or via single suppliers providing services that complement their core offering. It also assists by offering a stronger commissionable proposition for distribution partners.
Here’s how it would look in reality:

Consider a bed and breakfast operator operating in a wine region. The BandB operator can only offer a single product (accommodation), but by working together with other operators, such as wineries, restaurants and delicatessens specialising in local produce, the combined attractions could offer the ultimate food and wine holiday experience.

Adopting a collaborative approach and promoting a multi-layered experience means visitors are more likely to visit the destination, stay longer and spend more money. Bundling will assist in making a visit to your area more appealing by enhancing the perceived value of the overall experience. This means that more of the revenue from these experiences will stay in your region.

**Key Point**

Product bundling is about providing complementary products to like-minded travellers. It is not about dictating the experiences that a visitor will have, but rather making them aware of what your business AND your region has to offer.

Bundling can be done in many ways. It could be as simple as having links to other organisation’s websites on your website. Or it could involve joining forces with other businesses in your region to create more substantial marketing activity and promotions. Most importantly, the key to effectively bundling your experience is to cross-promote like-minded experiences that enhance the overall visitor experience in your region.

**Quick Links**

Product Bundling Information and Case Studies
www.tourism.australia.com/
boostingyourbottomline

**QUALITY STANDARDS AND ACCREDITATION**

As tourism is a service industry it is essential that quality standards permeate every aspect of your operations. The foundations for quality are comprehensive training, evaluation and accreditation programs for both management and staff. Organisations such as Tourism Training Australia and Tourism Accreditation Australia can assist you in developing quality service standards.

In addition to these programs, there are several accreditation schemes that evaluate your product on certain operational and quality standards. These include the Eco Certification, Climate Action Certification and Respecting our Culture programs coordinated by Ecotourism Australia, ATEC’s Tourism Export Code of Ethics and Business Practice and AAA Tourism’s Accommodation Rating Scheme.

Operators that successfully meet certain standards can use their accreditation certification in their marketing programs. Consumers and the travel trade are increasingly choosing product based on their accreditation, as this provides an assurance that suppliers are committed to professional service delivery and operations.
PRICE

Your price is the cost to consumers at various points in the distribution chain. It includes the price that consumers pay when they buy direct from you, the commission and nett rate structures offered for intermediaries and the rates for children or students. It also includes your booking terms and conditions.

A product must be priced consistently, accurately and competitively to be successful in the market place. This requires a clear understanding of each individual cost component, including commissions and their impact on the total price of the product.

Getting your pricing right is a key requirement for success. The price should be set according to:

› Your competitors’ pricing;
› The level that your target market is prepared to pay;
› The cost of distribution (i.e. commissions) built into the overall price;
› Fixed and variable costs;
› Seasonality; and
› Your profit margin.

Key Points

! Travel agents, wholesalers and ITOs provide valuable distribution that you may never be able to secure on your own

! Commission is only paid once a sale has been made

When dealing with the travel distribution system, you must understand the difference between nett and gross (or retail) rates and ‘protect your rates’ by providing the correct rates to each level of the distribution system. Rates should be clearly marked as either gross (retail) or nett.

Gross Rate = Nett Rate + Agent’s Commission

The gross or retail rate of a product is the amount that the consumer pays and should be consistent across all distribution channels. For example, a customer should pay the same price if they book direct, via an international travel agent or via the internet.

Consumers will not purchase the product from a travel agent in advance if they know they can purchase it directly from you at a reduced price. Agents will not promote and market your product if they know the consumer is not going to buy from them.

What are the different types of rates?

If you plan to sell your product through the travel distribution system, you will need to factor commissions into your price structure. Commissions are the fee paid to the inbound tour operator, wholesaler, online and retail agent to market, distribute and sell your product. This is their income, paying for their operation and the services they provide.

Each level of the distribution system receives a different rate of commission. If the price of your product does not allow for these levels of payment, you will find it very difficult to market your product through an inbound tour operator, wholesaler, online or retail agent.

<table>
<thead>
<tr>
<th>Sales Method</th>
<th>Commission Level</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inbound tour operator (ITO)</td>
<td>30%</td>
<td>A nett rate providing a 30% margin is agreed with the ITO and paid to you once a sale is made.</td>
</tr>
<tr>
<td>Online travel agent (OTA)</td>
<td>20 - 30%</td>
<td>A nett rate providing a 20-30% margin is agreed with the OTA and paid to you once a sale is made.</td>
</tr>
<tr>
<td>Wholesaler</td>
<td>20%</td>
<td>A nett rate providing a 20% margin is agreed with the wholesaler and paid to you once a sale is made.</td>
</tr>
<tr>
<td>Retail travel agent</td>
<td>10%</td>
<td>A travel agent retains 10% commission once the booking is confirmed and pays you the balance.</td>
</tr>
<tr>
<td>Direct to consumer</td>
<td>Nil</td>
<td>The consumer pays your retail rate – however the retail or gross rate should be the same as that provided to your distribution partners.</td>
</tr>
</tbody>
</table>

Please note: Information on commission levels is intended as a guide only.
Nett Rate = Gross Rate – Agent’s Commission

A nett rate is the gross, retail or rack rate of your product less the commission paid to the booking agent. It is the amount that you will receive from the agent and should be kept confidential. Your nett rate should include all your costs and your profit margin. Nett rates are supplied to ITOs and wholesalers and are marked up by an appropriate amount to cover the agent’s costs and commissions, before the product is sold to the consumer. The end cost should never exceed your usual retail rate but if you provide a nett rate to a partner, you cannot dictate the rate at which your product is sold.

Managing the Business Mix

When each commission level is considered, it may seem that agents receive a large proportion of your takings, eroding your profits. It is important to consider the volume of international business coming from each channel as a percentage of your total business, as well as the benefits of working with the international travel distribution system. Your trade distribution strategy should allow for a business mix which will meet your volume and profit targets. The diagram above shows how a commission structure could work.

If the supplier honours pricing as per the distribution system and the supplier receives an equal one third of their business from ITOs, wholesalers and direct from consumers, the average commission works out at 16.67 per cent.

Frustrations occur in the distribution system when the ITO and the wholesaler get the same commission, or when there is only a 5 per cent difference between commissions offered to the ITO, wholesaler and retail travel agent or if the tourism product supplier gives better rates to online distributors.

The table below illustrates another example of a possible business mix:

<table>
<thead>
<tr>
<th>Booking Channel</th>
<th>Commission</th>
<th>Percentage of Business</th>
<th>Gross or Retail Rate</th>
<th>Nett Rate</th>
<th>Nett Revenue</th>
<th>Commission Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>Nil</td>
<td>50</td>
<td>$100</td>
<td>NA</td>
<td>$5000</td>
<td>Nil</td>
</tr>
<tr>
<td>Retail</td>
<td>10%</td>
<td>10</td>
<td>$100</td>
<td>$90</td>
<td>$900</td>
<td>$100</td>
</tr>
<tr>
<td>Wholesale</td>
<td>20%</td>
<td>20</td>
<td>$100</td>
<td>$80</td>
<td>$1600</td>
<td>$400</td>
</tr>
<tr>
<td>Online</td>
<td>30%</td>
<td>10</td>
<td>$100</td>
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<td>$700</td>
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</table>

Please note: Information on commission levels is intended as a guide only.

Key Point

Rate integrity is vital in maintaining good business partnership.
THE MARKETING PLAN

Rate Validity, Terms and Conditions

In order to make your product easy to sell for your distribution partners, when setting your rates, keep it as simple as possible. If your product is seasonal, or if you have chosen to use mid week and weekend rates, keep the number of seasons or price categories to a minimum. Having too many rate periods is confusing for agents, makes your product more difficult to sell and may mean that your product is less likely to be featured in distributor’s programs. This doesn’t mean that ‘specials’ can’t be offered throughout the year. When offering special rates or packages ensure that they are structured to include all levels of distribution and that the validity and terms and conditions are clearly stated.

To protect your business it is important to clearly state all the booking terms and conditions with your rates. It is preferable that the terms and conditions are on one page, attached to your rates. This should include the following:

- Rate validity dates (1 April to 31 March);
- Contact details - phone, mobile, email, website;
- Cancellation charges - based on different periods prior to travel;
- Amendment charges;
- Child rates and ages;
- Free of charge (FOC) policy for groups – usually 1 FOC for every 15 paying guests or 10 rooms;
- Inclusions and exclusions;
- Minimum night stays;
- Minimum and maximum guest capacity;
- Bedding configuration;
- Departure times and points;
- Payment policy;
- Any special conditions or blackout dates;
- Gross and nett rates including GST; and
- Be clear – are your rates per person, per room, per vehicle?

Ensure that you identify any seasonality in your product (i.e. high season, low season, and days of operation) and clearly identify the corresponding rate alterations; and

Ensure you know who you have distributed rates to so you can update them.

DON’T

- Distribute rates intended for wholesalers and inbound operators to retail agents. This will either increase your commission payments or dispense with one level of the distribution system for your product;
- Consider commissions as a ‘discount’ as they are part of the cost of doing business. ‘Intermediaries’ have to promote your product and pay their costs in selling and packaging your product; and
- Try to set different rates for local and overseas visitors unless there is a variation in the product offering.

PLACE

Distribution is the vital link between your product and the consumer. A distribution strategy considers the ‘place’ your product is sold and the range of different ways a consumer may use to make a purchase decision.

International consumers may buy a wholesale package from a local travel agent before they leave home, or book at their hotel’s tour desk following their arrival. The booking may be channelled through an inbound tour operator or conference organiser. Consumers may have found your product on the internet, in a guide book or received a recommendation from a friend via a social media site.

Less independent travellers are far more likely to go through traditional travel distribution channels. More experienced travellers might organise the bulk of their arrangements once they arrive in Australia. Therefore, don’t overlook distribution points such as visitor information centres (VIC’s), and hotel concierges that your target consumers may approach and factor these into your business and marketing planning.

Your trade marketing strategy should address the following points:

- How does your target market purchase this type of product?
- How does your target market research their visit?
- How will they find out about your product?
- How do you distribute your product through those outlets?
- What are the costs involved?
- Have you set goals for your distributors?
- Are they trained in selling your product?
- What feedback do you expect? How frequently? and
- Do they handle direct competitors?

Once you have established distribution channels, it is important to set up a system to track your bookings, recording where they come from. It is essential to monitor how each of your distribution
partners are performing, as knowing where your bookings are coming from and which partners are generating business for you, will help to maximise your marketing expenditure. It will also allow you to strengthen your relationships with agents and partners who are performing well.

Tourism Australia, ATEC, the STOs and RTOs offer a range of activities to assist you to target key travel trade contacts including trade shows, sales missions, product manuals and familiarisations.

**Quick Links**

**Trade Events Calendar**
www.tradeevents.australia.com

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**PROMOTION**
Promoting your product to consumers and the travel trade requires an understanding of your target market and the most cost effective way to reach them.

The promotional mix usually comprises a combination of the following:

- **Advertising** – print, broadcast, direct mail and the internet;
- **Public Relations** – media release, media kits, press conferences, media familiarisations, interviews and speeches;
- **Personal Selling** – trade and consumer events, sales calls, sales missions and staff training; and
- **Sales Promotions** – competitions and sales incentives.

A good promotional strategy should include a mixture of activities that you can refine as your business experience grows. Don’t be afraid to experiment with new strategies but make sure you can measure their effectiveness.

Rather than go direct, many operators choose to promote their product cooperatively through marketing opportunities offered by Tourism Australia, STOs and RTOs. Many of these opportunities are cost-effective and offer greater exposure and impact than activities undertaken by individual businesses.

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**Quick Links**

**Tourism Australia Marketing Campaign Opportunities**
www.tourism.australia.com/marketing

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No matter what promotional activities you choose, tracking the impact of your marketing spend is paramount. It will help you decide which campaigns to continue and which ones need refinement.

- Are you able to set up a unique phone number or website address which allows you to track the response to your advertising?
- Can you set up a special tour code or package deal which is only promoted through your advertising?
- Or simply ask customers how they found out about your product when they contact you to make an enquiry or a booking.

**Advertising**

Advertising can be an expensive option, especially when marketing internationally. While advertising is likely to play an important role in your domestic marketing strategy, it is unlikely to be as important to your international marketing activities. This is mainly due to your dependence on travel trade distribution partners for promotion.

Understanding how your target markets make travel decisions will enable you to pinpoint the best mediums and the best audiences to target to get your message across. If your target markets rely heavily on travel agents for booking advice, it might be more effective to advertise in a product manual or trade publication. If your target audience plans the majority of their trip on the internet, then consider advertising on a high profile travel website. If you want to target consumers following their arrival, advertising in a tourist guide distributed in city hotels might produce results. Cooperative advertising with partners is another great way to share the costs and package with other travel products.

**Public Relations**

One of the most cost-effective ways of promoting your product or experience is by generating publicity. And the best way of generating publicity is by having a story published on your business in a reputable media channel such as a newspaper, a magazine, television or radio station or via an Internet news channel.

Publicity is different from advertising, where you pay for space to promote your business. Editorial is perceived to be more credible than advertising as it relies on an independent source to write about your business.

When planning your public relations strategy, research the different mediums available:

- What type of information do they present?
- How is the information presented? and
- Who are the target audiences, readers or listeners?

The key to success is developing ‘media ready’ materials that will encourage a journalist or an editor to write a feature on your product. Media seek newsworthy stories that are new, different or unique, have a human interest element or provide eye catching and emotive visuals.
Personal Selling

There is nothing better than personal contact to build rapport with your business partners.

Tourism Australia and STOs regularly conduct international sales missions to key markets. These sales missions are useful for first time entrants into the market as well as operators already established in the market looking to further develop their business.

Regular sales calls to key ITOs should also be conducted. These may be done independently or together with other complementary products. Staff training to educate frontline staff on your product and how to sell it should also be included in your call schedule.

Trade shows are another excellent opportunity to meet with a large number of targeted clients in the one place at the one time. Consumer shows are open for attendance by the general public and provide a good opportunity to talk to consumers, especially in the markets where there is good awareness of Australia.

Sales Promotions

You may choose to run sales promotions to support other promotional activities. These may be targeted directly at the consumer in the form of a competition or at distribution partners through a sales incentive program. Agent sales incentives can be run with ITOs, wholesalers and travel agents. They provide a reward for meeting sales targets for your product. It may be vouchers for your product or a retail store or increased commission if sales exceed set targets. Agent incentives can be a good way to improve agents’ knowledge of your product and increase sales. As with any promotional activity, they should form only part of any integrated campaign.
MARKETING TO INBOUND TRAVELLERS
In this section, you will find details on how to tap into the inbound market, by targeting the consumer, travel trade and the media with a variety of marketing methods.

**DIGITAL MARKETING**

Digital marketing (also known as eMarketing, online marketing or Internet marketing) is a type of marketing that focuses on the electronic environment. Digital marketing incorporates the following:

- Online advertising;
- Search Engine Marketing and Search Engine Optimisation;
- Social networking and user generated content;
- Videos, podcasting and vidcasting;
- The use of mobile phones to search the internet;
- Geo search maps;
- Website promotions; and
- Email and viral campaigns.

To work out which tools to use for your business, you need to be clear on your business and marketing objectives. Consider how you can:

- Drive cost efficient sales;
- Build brand and product awareness;
- Differentiate your experience.

Some of the benefits of promoting your product online include:

- Access to a global audience of potential new customers;
- Low cost of entry;
- Cost effectiveness compared to traditional forms of marketing such as advertising;
- The ability to measure and analyse results from marketing activities; and
- Automated processing of enquiries and bookings.

One of the most effective ways to become involved with digital marketing is to work cooperatively with your local, regional and state tourism organisations. Most run a variety of activities targeting their chosen international markets. Tourism Australia also offers a range of cooperative opportunities that allow the Australian tourism industry to get involved in digital marketing programs.

The Australian Tourism Data Warehouse (ATDW) **Tourism e-kit** is designed to assist tourism operators to make the most of opportunities the internet provides. A series of simple tutorials will quickly give you the skills and knowledge to make informed decisions for your business. The e-kit covers a wide range of subjects from the basics of developing a good website to advanced topics like search engine marketing and blogging. The e-kit is free and can be downloaded in print or video format.

**Quick Links**

- Promoting your experience through Digital Marketing
  www.tourism.australia.com/boostingyourbottomline
- Tourism e-kit
- There’s Nothing Like Australia Interactive Content Widget
  http://www.tourism.australia.com/widget
HOW TO MARKET EFFECTIVELY VIA YOUR WEBSITE

As worldwide usage and access to the internet grows, it is important to maintain an online presence for your product. Your website should reflect the personality of your business and clearly communicate your experience and unique selling proposition (USP) to market your product effectively.

Points to consider when developing your website:
- Ensure the site is quick to load and easy to use;
- Secure a domain name that is easy to remember and if possible, keep it simple;
- Use a Search Engine Optimisation (SEO) service to improve consumer’s ability to find your website;
- Provide clear navigation paths and group information in a way that is relevant to consumers;
- Use clear and simple copy - consider language barriers;
- Provide accurate, high quality and up-to-date information;
- Use geo search maps to assist the consumer to find your location;
- Set up links to social networking sites;
- Use a blog to develop a two way rapport with your customers;
- Include video, vodcasts/podcasts and images on your website;
- Show clear validity dates on your rates;
- Provide links to your site from major tourism organisations, dedicated travel websites and complementary product sites in your region;
- Provide an interactive way for consumers to discuss/review your product – user generated feedback; and
- Offer simple booking processes and secure payment technology so users feel comfortable entering their payment details.

THE AUSTRALIAN TOURISM DATA WAREHOUSE

The Australian Tourism Data Warehouse (ATDW) is the national platform for digital tourism information on Australia. The ATDW is a joint initiative of the State or Territory Tourism Organisations (STOs) and Tourism Australia. The ATDW produces the only nationwide tourism database of its kind in Australia and the world, including more than 26,000 listings. These listings are made up of information on accommodation, tour, attraction, event, hire, and transport products, as well as destination information.

All ATDW content is quality assured and updated daily to the national database by the STOs. With daily updates, tourism operators and ATDW distributors can ensure their information is always cutting edge.

This content is distributed through a network of over 50 websites including state and regional tourism organisations. The ATDW supplies the product information on Tourism Australia’s consumer website, www.australia.com which is designed to target consumers interested in planning an Australian holiday and receives over 5 million visitors per annum. Australia.com has nine international versions to service Australia’s most lucrative inbound markets and the website is fully integrated into Tourism Australia’s marketing campaigns. Having a listing with your relevant STO through ATDW offers tourism operators:
- International exposure;
- Low cost marketing opportunities;
- Ensured quality data standards;
- Distribution to all ATDW distributors of tourism product; and
- ATDW tourism content attracts over 4.6 million page impressions per month.

SOCIAL MEDIA AND HOW YOU CAN MAKE IT WORK FOR YOUR BUSINESS

Social media is an umbrella term used to describe online technologies that facilitate interaction and exchange of information online. Social media is an entire online environment built on people’s contributions and interactions, connecting groups of people together.

Businesses are using social media as a tool to reach customers and to build or maintain their reputation. As social media continues to grow, the ability to reach more consumers globally has also increased. Here are some of the more popular networking sites and ways you can incorporate them into your tourism business:

Facebook
Facebook is a social networking site with over 400 million active users worldwide. Facebook’s fastest growing demographic is those 35 years old and older. This can be used as a platform to interact with clients and obtain feedback, provide updates on your product and it is free. If you’re a business owner, you can set up a Fan Page - this is a place to house all the pertinent information about your company. You can update information regularly and the fresher your content, the more you will engage people.
Twitter

Twitter is a popular social networking and interactive micro-blogging service. It enables people to send short 140 character messages to Twitter using a web or phone interface. If people are interested in a user’s messages (called tweets) they may decide to follow this user and therefore be informed every time they send a new tweet. As a tourism business you can use Twitter to keep up with industry news, build industry contacts, monitor your online reputation and share quirky facts about what happened on tour today.

YouTube

YouTube is a video-sharing site with over 100 million users. Every minute, more than twenty hours of video are uploaded to YouTube. You can create quality short videos about your property or tour, preferably showing guests experiencing your product. However, make your video look real, and not an ad for your business. Show some quirky facts, things that will captivate the online viewer.

Flickr

Flickr is an online photo management site on which anyone can upload their photos and share them with the world. Flickr has a strong online community focus. Displaying your property or tour photos on online photo management sites will increase the exposure of your product and allow you to capture a different market.


BROCHURE PRODUCTION AND DISTRIBUTION

Brochure production is a major promotional expense for many tourism businesses. By observing a few basic principles during the design phase, you can improve the effectiveness of your marketing messages. You will need to decide whether the brochure will be distributed to consumers, the travel trade, or both.

Consider the following points when preparing your brochure:

> Ensure that your brochure is created in a format that suits your target market. Consider where it will be distributed (brochure racks, trade shows, travel agencies) as this will affect the size and layout. Unusual shapes, sizes or layouts are appealing but may limit your display and distribution options;

> Place your company name at the top of the front cover so it is clearly visible in brochure racks;

> Provide a concise, factual description of your product and your key selling points. Use short sentences and language that’s easy to understand and focuses on the experience. Remember English might be a second language for some of your customers;

> Include contact details such as physical address, email address, website address and phone and fax number including international dialling codes;

> Use quality images that show people enjoying the experience you offer. Many tourism organisations provide access to their image library;

> Include any industry accreditations;

> Use a map to illustrate the location of your product;

> Pricing details may restrict the shelf life of your brochure. Make sure you clearly state validity dates and any terms and conditions. Consider using inserts for rates or directing consumers to your website for further details; and

> Make sure you carefully proofread a draft of the brochure before it goes to print.

There are a number of different options available when distributing your brochure to consumers and the trade:

1. Contact Tourism Australia and your STO to discuss their distribution methods and offer copies of your brochure to distribute to their international offices;

2. Many brochure distribution companies will distribute your brochure for a fee within Australia and overseas; and

3. Contact visitor information centres in your region and in gateway cities to discuss distribution options.
MARKETING TO INBOUND TRAVELLERS

PUBLIC RELATIONS AND THE MEDIA
Harnessing the power of the media through effective public relations is a cost effective way to promote your business to the world. Tourism Australia’s Global Public Relations team works with all levels of the Australian tourism industry to generate inspirational publicity about Australia in the world’s print, broadcast and online media. They also generate influential word-of-mouth commentary through a range of cutting-edge advocacy programs.

The Sydney-based Global Public Relations team works closely with an international network of in-house public relations specialists and PR agencies to generate stories and conversations to motivate people to select Australia for their next holiday or business events activity. Their aim is to help keep Australia top of mind amongst potential travellers by strengthening and adding value to Tourism Australia’s marketing campaigns.

You can become involved in Tourism Australia’s public relations activities by supporting the Global News Bureau, International Media Hosting Program and the Co-operative Broadcast and Advocacy programs.

Tourism Australia produces a practical guide for working with the media that includes information on generating your own publicity via media releases, media kits, newsletters, media familiarisations and media events.

Quick Links
Global Public Relations
www.tourism.australia.com/globalpr
Making a Splash - a practical guide for working with the media
www.tourism.australia.com/makingasplash
Tourism Australia Media Website
www.media.australia.com
Australia fan page on Facebook and Twitter
www.facebook.com/SeeAustralia
www.twitter.com/SeeAustralia

FAMILIARISATIONS
Familiarisation visits (famils) or educationals improve the product knowledge of the ITO, wholesaler and travel agent, by experiencing your product first hand.
They provide tourism operators with highly targeted exposure for their product and an opportunity to promote their product directly to their extended sales force - those people who will ultimately be selling your product to consumers.

STOs and RTOs are proactive in organising trade famil groups. ATEC also runs a series of famils, coordinated by the state branches of ATEC, often linked to industry workshops targeting ITOs.

Key Points

! If you are approached to participate in a famil, find out as much information as you can about the participants, before committing to host the group. Determine if they are part of your target market and what the benefits of hosting the visit are for your business. Don’t be afraid to say no to a request if you don’t think that your product is suited to the group.

! Generally support for famils is requested free of charge (FOC) in return for the benefits for your business via the exposure. If you are unable to offer complimentary services you may consider extending a reduced rate. Discuss options with the famil organiser to try and create a ‘win-win’ situation.

SALES CALLS
Maintaining regular contact with your distribution partners and providing them with updated product information helps foster strong relationships. Face to face sales calls are an excellent way of building rapport.

Plan a call schedule – the number of times you visit will depend on how much business, current and potential, they generate for you. You will also have an opportunity to meet with distribution partners at trade shows and workshops that you attend.

For international sales calls, the timing of your visit is also important and this will vary from market to market, so don’t just plan around your overseas holiday. When planning individual sales calls in market for the first time, contact your local STO as they can assist with planning and introductions to key wholesalers and travel agents on your first sales visits.

DO
√ Make sure you have something new and interesting to discuss or feedback to give;
√ Make an appointment and turn up on time;
√ Research the distributor before you call, what markets
How to host a successful famil

**BEFORE**
- Understand the participants in the group – who are they, where they are from, what is their position, do they sell your product or have the potential to sell your product?
- Know their itinerary and obtain contact details – when do they arrive and depart, where the group has been and where they are going, have they experienced a competitor’s product?
- Consider the available time and present your product as the customer would experience it.
- Brief staff, making sure all staff are aware of the group; and
- Prepare information for each participant tailored to their needs.

**DURING**
- Make sure that participants are welcomed – introduce yourself and exchange business cards.
- Outline the program while at your property or on your tour;
- Escort the group during the famil and be a gracious host;
- Give time and attention to questions and make a note to follow up any requests;
- Present an information kit and offer to post information to participants; and
- Ask the group for feedback on your product.

**AFTER**
- Add the participants to your contact data base;
- Send a thank you email and follow up any requests for additional information;
- Follow any sales lead opportunities presented by the famil; and
- Keep participants informed of any relevant changes or updates on your product.

**Quick Links**
- Sales Call Manual – North American market
  www.coastnorthamerica.com
- Sales Call Manual – United Kingdom and Ireland markets
  www.destinationaustralia.uk.com

**STAFF TRAINING**
Once you have established a relationship with ITOs and wholesalers and they have begun using your product, you should train and educate their staff so they are able to effectively sell your product. It is also a good idea to train staff when your product is being featured in any special campaigns or promotions. Speak with the Product Manager, as you will find some companies are more flexible with training than others.

When planning your training, consider how the agent will sell your product as part of an itinerary. Conduct training with other complementary products from your region, as selling the destination as a whole rather than selling an individual product can be more beneficial. Consider including details such as:
- What else there is to do in the area;
- How do they get there; and
- Where can they stay?

**Key Point**
Remember, ITOs and wholesalers are busy people, don’t visit them more often than you need to.
MARKETING TO INBOUND TRAVELLERS

Make sure your STO and RTO are also aware of your product and any changes, as they may update staff when visiting ITOs and wholesalers.

Before you go check: How many staff you will be training and how much time you will have?

Points to remember when conducting training

> Keep your presentation simple, factual and interesting;
> Make sure you communicate the key points about your product;
> If your product is featured in their brochure or upcoming campaigns, highlight where staff will find it;
> Take brochures and any additional sales collateral that may be relevant;
> Try to make your presentation interactive and fun;
> Keep in mind busy periods and avoid scheduling training at these times;
> Know your audience – think about who you are presenting to and the key message you want to get across; and
> It’s a good idea to take something for morning or afternoon tea.

SALES MISSIONS

Tourism Australia and STOs regularly conduct sales (or trade) missions into key overseas markets. These missions are useful for first time entrants into the market as well as operators already established in the market looking to further develop their business. Visiting the market allows you to present your product to the travel trade.

Travelling as part of an organised sales mission allows you to present your product and destination alongside other complementary products to a targeted group of distributors. The audience will vary from retail travel staff to wholesale product managers so make sure you are aware of who you are meeting and tailor your presentation to suit their needs.

Key Point

! Develop a sales kit for sales calls, sales missions and staff training to include: brochures, product fact sheets, your sales presentation, a collection of images on DVD/USB, online tools such as podcasts and vidcasts, display banners and posters

! When developing your sales kit, keep the look and feel consistent and ensure information is accurate and up to date

TRADE SHOWS

Trade shows are a forum to meet key industry players and develop or enhance business relationships. They are an excellent opportunity to meet with a large number of targeted clients in the one place at the one time. Events may be more cost and time effective than conducting individual sales calls, however often your appointment time will be limited.

If attending trade events, especially those held overseas, it is a good idea to incorporate individual sales calls, pre or post the event, into the visit. Trade shows require an organised and targeted approach, with clearly set goals and committed staff, to ensure you meet your trade marketing objectives.

Trade shows are held throughout the year, each targeting different audiences and designed to achieve different objectives. They may target specific members of the trade distribution system (wholesalers, ITOs, frontline retail staff), specific market segments (adventure, backpacker) or particular industries (business events).

Key Point

! The golden rule for international sales missions is ‘do your homework first’. The more preparation you do, the greater the return on your investment

The guiding principle in a successful sales mission is not the amount of ground covered or even the number of meetings held. It is in seeing the right people from the right organisations that have an interest in seeing you and the potential to sell your product. As with all types of sales activity, follow up is vital. Don’t forget to send a follow up thanking them for their time and include any information that may have been requested.

Certain countries have customs not usual to Australia; observing local courtesies and morals will be highly appreciated by your hosts and significantly enhances your chances of success.
Key Point

Whichever events you choose, be prepared to commit to participation in the same event for a minimum of three years. The awareness of your product will significantly increase each year, as will your own expertise and knowledge of how to work the show.

Preparing for a Trade show

- Read all pre-event literature and application forms carefully - note the cancellation policy and deadlines;
- If appointments are available, research who is attending and request appointments with those most relevant to your product;
- Obtain accurate information on the dimensions of your booth and its exact location to enable you to plan your display accordingly; and
- Make sure all your booth and marketing materials are ordered and delivered well before you need to leave.

Staff training is crucial to event success

- Staff should know who you are trying to target, and who will handle that client when they visit.
- Role plays of meeting situations are a good way to polish your sales delivery.
- Attendees should have a clear understanding of presentation standards, including dress codes, staff positioning within the booth, eating of meals, mobile phone use etc.
- You should also discuss what happens at the booth between appointments. Developing a roster will enable your booth to be attended at all times.
- Plan team meetings during the event to review your progress and make any necessary changes. This could happen between appointments or as a debriefing at the end of each day.

Quick Links

Tourism Australia Trade Events Website
www.tradeevents.australia.com

Develop a strategy for the event

- Contact key clients before they arrive
- Obtain an attendee list and schedule appointments
- Attend all key social and networking events
- Secure a booth in a prominent location or develop a catchy promotion
- Review next steps in your business relationships
- Compare the returns and potential business against your costs
- It may take several years to build your product’s profile at events, so consider your strategy for next time

- Consistent branding
- Keep your message short, sharp and memorable
- Listen for 80 per cent and sell for 20 per cent
- Tailor your sales messages to the buyer’s needs
- Sales collateral should highlight your USPs
- Design a template to capture key contacts and information
- Personalise your follow up correspondence
- Thank everyone you met
- Send all information and material you promised as soon as possible
### Tourism Acronyms

Here are some of the more common tourism acronyms and terms.

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AACB</td>
<td>Australian Association of Convention Bureaux</td>
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<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>ABTA</td>
<td>Association of British Travel Agents</td>
</tr>
<tr>
<td>ADS</td>
<td>Approved Destination Status (relates to the China travel market)</td>
</tr>
<tr>
<td>AEI</td>
<td>Australian Education International</td>
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<tr>
<td>AFTA</td>
<td>Australia Federation of Travel Agents</td>
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<tr>
<td>ASP</td>
<td>Aussie Specialist Program</td>
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<td>ATDW</td>
<td>Australian Tourism Data Warehouse</td>
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<tr>
<td>ATE</td>
<td>Australian Tourism Exchange</td>
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<tr>
<td>ATEC</td>
<td>Australian Tourism Export Council</td>
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<tr>
<td>BEC</td>
<td>Business Enterprise Centre</td>
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<tr>
<td>BIT</td>
<td>Borsa Internazionale del Turismo held in Italy each year (Trade Event)</td>
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<tr>
<td>BT</td>
<td>Business Tourism (Meetings, Incentives, Conferences and Exhibitions)</td>
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<tr>
<td>BTAP</td>
<td>Backpacker Tourism Advisory Panel</td>
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<tr>
<td>COAST</td>
<td>Coalition of Australian States and Territories (North America)</td>
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<tr>
<td>CRC</td>
<td>Cooperative Research Centre for Tourism</td>
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<tr>
<td>CRS</td>
<td>Computerised reservations system</td>
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<tr>
<td>CVB</td>
<td>Convention and visitors bureau</td>
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<tr>
<td>DAMA</td>
<td>Destination Australia Marketing Alliance</td>
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<tr>
<td>DFAT</td>
<td>Department of Foreign Affairs and Trade</td>
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<tr>
<td>DJ</td>
<td>Virgin Blue Airlines</td>
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<tr>
<td>DMC</td>
<td>Destination Management Company</td>
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<td>EA</td>
<td>Ecotourism Australia</td>
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<tr>
<td>EMDG</td>
<td>Export Market Development Grant</td>
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<tr>
<td>FIT</td>
<td>Fully independent traveller</td>
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<tr>
<td>FOC</td>
<td>Free of charge</td>
</tr>
<tr>
<td>GALTA</td>
<td>Gay and Lesbian Travel Association</td>
</tr>
<tr>
<td>GIT</td>
<td>Group inclusive traveller</td>
</tr>
<tr>
<td>GSA</td>
<td>General sales agent</td>
</tr>
<tr>
<td>IATA</td>
<td>International Airport Transport Association</td>
</tr>
<tr>
<td>ICCA</td>
<td>International Congress and Convention Association</td>
</tr>
<tr>
<td>IMR</td>
<td>International Media Relations</td>
</tr>
<tr>
<td>ITAA</td>
<td>Irish Travel Agents Association</td>
</tr>
<tr>
<td>ITB</td>
<td>International Travel Bourse held in March in Berlin each year</td>
</tr>
<tr>
<td>ITO</td>
<td>Inbound tour operator</td>
</tr>
<tr>
<td>IVS</td>
<td>International Visitor Survey</td>
</tr>
<tr>
<td>JAM</td>
<td>Japan Australia Mission conducted by Tourism Australia</td>
</tr>
<tr>
<td>LTA</td>
<td>Local Tourism Association</td>
</tr>
<tr>
<td>MIAA</td>
<td>Meetings Industry Association of Australia</td>
</tr>
<tr>
<td>NTO</td>
<td>National Tourism Office</td>
</tr>
<tr>
<td>PATA</td>
<td>Pacific Asia Travel Association</td>
</tr>
<tr>
<td>PAX</td>
<td>Passengers</td>
</tr>
<tr>
<td>PR</td>
<td>Public Relations</td>
</tr>
<tr>
<td>PRIME</td>
<td>Pacific Rim Incentives and Meetings Exchange (Business Tourism Event)</td>
</tr>
<tr>
<td>QF</td>
<td>Qantas Airways</td>
</tr>
<tr>
<td>RET</td>
<td>Department of Resources, Energy and Tourism</td>
</tr>
<tr>
<td>RTA/RTO</td>
<td>Regional tourism association/organisation</td>
</tr>
<tr>
<td>SATC</td>
<td>South Australian Tourism Commission</td>
</tr>
<tr>
<td>STO</td>
<td>State or Territory tourism office</td>
</tr>
<tr>
<td>TA</td>
<td>Tourism Australia</td>
</tr>
<tr>
<td>TFC</td>
<td>Tourism Forecasting Committee</td>
</tr>
<tr>
<td>TNSW</td>
<td>Tourism New South Wales</td>
</tr>
<tr>
<td>TNT</td>
<td>Tourism Northern Territory</td>
</tr>
<tr>
<td>TQ</td>
<td>Tourism Queensland</td>
</tr>
<tr>
<td>TRA</td>
<td>Tourism Research Australia</td>
</tr>
<tr>
<td>TT</td>
<td>Tourism Tasmania</td>
</tr>
<tr>
<td>TTF</td>
<td>Tourism and Transport Forum</td>
</tr>
<tr>
<td>TVIC</td>
<td>Tourism Victoria</td>
</tr>
<tr>
<td>TWA</td>
<td>Tourism Western Australia</td>
</tr>
<tr>
<td>USP</td>
<td>Unique Selling Proposition</td>
</tr>
<tr>
<td>VFR</td>
<td>Visiting friends and relatives</td>
</tr>
<tr>
<td>VIP</td>
<td>Visiting Journalist Program</td>
</tr>
<tr>
<td>WTM</td>
<td>World Travel Mart</td>
</tr>
<tr>
<td>WTO</td>
<td>World Tourism Organisation</td>
</tr>
</tbody>
</table>

**Quick Links!**

For more, check out [www.atec.net.au/383.html](http://www.atec.net.au/383.html)
**Tourism Terms**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Agent</td>
<td>A person or company that sells your product on your behalf, including ITOs, wholesalers and retail agents.</td>
</tr>
<tr>
<td>Allotment</td>
<td>A pre-negotiated number of seats/rooms/vehicles held by a wholesaler or inbound tour operator for sale.</td>
</tr>
<tr>
<td>Business Tourism</td>
<td>Incorporates visitors travelling for conventions, conferences, seminars, workshops, symposiums, incentives, exhibitions and special events.</td>
</tr>
<tr>
<td>Commission</td>
<td>The fee paid to agents for them to market, distribute and sell your product.</td>
</tr>
<tr>
<td>Co-operative Advertising</td>
<td>Advertising funded by two or more partners.</td>
</tr>
<tr>
<td>Distressed Inventory</td>
<td>Product whose potential to be sold at a normal cost will soon pass.</td>
</tr>
<tr>
<td>Distribution</td>
<td>The channels or places through which a consumer may purchase your product.</td>
</tr>
<tr>
<td>Eastern Markets</td>
<td>All Asian countries, including Japan.</td>
</tr>
<tr>
<td>Ecotourism</td>
<td>Ecologically sustainable tourism with a primary focus on experiencing natural areas that fosters environmental and cultural understanding, appreciation and conservation.</td>
</tr>
<tr>
<td>Export Tourism</td>
<td>International tourist traffic coming into a country, with foreign dollars contributing to the export economy.</td>
</tr>
<tr>
<td>Familiarisation Visits</td>
<td>Provide agents with the opportunity to experience your product first hand and improve their product knowledge.</td>
</tr>
<tr>
<td>Free Sell</td>
<td>A room, seat or vehicle provided by an operator to a wholesaler or inbound tour operator in unrestricted quantities until otherwise indicated, so a booking may be confirmed immediately to a client.</td>
</tr>
<tr>
<td>Frontline Staff</td>
<td>The agents that deal directly with consumers including retail agents and reservations staff.</td>
</tr>
<tr>
<td>Fully Independent Travellers (FIT)</td>
<td>Travellers who plan their own travel arrangements. There are a number of types of FIT including visiting friends and relatives, backpacking and partially packaged travel.</td>
</tr>
<tr>
<td>Gateway</td>
<td>A major air, land or sea entry point to a region or country.</td>
</tr>
<tr>
<td>General Sales Agent</td>
<td>Offer representation and marketing of your product in international markets. They may also provide a booking service.</td>
</tr>
<tr>
<td>Gross Rate</td>
<td>The price that consumers pay for your product. Also retail rate, rack rate or door rate.</td>
</tr>
<tr>
<td>Group Inclusive Travellers (GIT)</td>
<td>Travellers who purchase the bulk of their holiday arrangements before leaving home, also referred to as package travellers.</td>
</tr>
<tr>
<td>Inbound Tour Operator (ITO)</td>
<td>An Australian based agent that specialises in developing programs and itineraries for distributors. Also known as ground operators and destination management companies (DMC).</td>
</tr>
<tr>
<td>Inbound Tourism</td>
<td>International tourist traffic coming into a country. Also referred to as export tourism.</td>
</tr>
<tr>
<td>Incentive Travel</td>
<td>Incentive travel is a trip offered as a prize or reward, for top performing employees or sales agents.</td>
</tr>
<tr>
<td>Industry</td>
<td>All businesses that are involved in tourism including distribution agents and product suppliers.</td>
</tr>
<tr>
<td>Long Haul Travel</td>
<td>International travel to a destination, generally more than 5 hours from the point of origin, i.e. Australia is a long haul destination for travellers from Europe and America.</td>
</tr>
<tr>
<td>Meeting and Incentive Planners</td>
<td>Organise and manage all aspects of meetings, incentives and events.</td>
</tr>
<tr>
<td>Nett Rate</td>
<td>The gross rate less the commission amount. The amount that you receive from the agent.</td>
</tr>
<tr>
<td>Online Distribution</td>
<td>Using the internet and web portals to distribute or promote your product to consumers.</td>
</tr>
<tr>
<td>Operator</td>
<td>The owner and/or manager of the tourism product.</td>
</tr>
<tr>
<td>Outbound Tourism</td>
<td>Residents travelling out of their country to an international destination.</td>
</tr>
<tr>
<td><strong>Tourism Terms (continued)</strong></td>
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<tr>
<td>--------------------------------</td>
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</tr>
<tr>
<td><strong>Product Manager/ Department</strong></td>
<td>Responsible for identifying and selecting the products and suppliers that an ITO or wholesaler will sell.</td>
</tr>
<tr>
<td><strong>Retail Travel Agent</strong></td>
<td>The link to the consumer, retail agents allow travellers to book travel products either through a wholesaler, an ITO or direct with the supplier.</td>
</tr>
<tr>
<td><strong>Sales Calls</strong></td>
<td>Face to face meetings with agents. Purposes may include; to update and educate them on your product, negotiate inclusion in their programs, negotiate rates etc.</td>
</tr>
<tr>
<td><strong>Short Haul Travel</strong></td>
<td>International travel to a destination, generally less than 5 hours from the point of origin, i.e. Australia is a short haul destination for travellers from New Zealand.</td>
</tr>
<tr>
<td><strong>Trade Shows</strong></td>
<td>Events held both in Australia and overseas which act as a forum for product suppliers to meet with agents.</td>
</tr>
<tr>
<td><strong>Travel Distribution System</strong></td>
<td>A global network of independent businesses which allow international consumers to research and book travel.</td>
</tr>
<tr>
<td><strong>Travel Trade</strong></td>
<td>A collective term for the agents that make up the distribution system, including ITOs, wholesalers, retail and online agents.</td>
</tr>
<tr>
<td><strong>Visiting Friends and Relatives (VFR)</strong></td>
<td>Visitors whose main purpose is to visit with friends and relatives.</td>
</tr>
<tr>
<td><strong>Western Markets</strong></td>
<td>All non-Asian countries, including New Zealand, the Americas, UK and Europe, the Middle East and Africa.</td>
</tr>
<tr>
<td><strong>Wholesaler</strong></td>
<td>Located in overseas markets wholesalers are the link between international travel agents and ITOs or suppliers.</td>
</tr>
</tbody>
</table>