



# Step 2:

## Understanding the Travel Distribution Channels

## Understanding the Travel Distribution Channels

Confused about the difference between a DMC and an incoming tour operator? Not sure if your product is of interest to a PCO? Should you sell through an OTA or a GDS or both? Is there an advantage for you to working with a tour operator? Puzzled about when to offer commission or net rates? Not sure what your policy is on rate parity?

Well, the good news is that you're not alone... This section aims to demystify the process of getting your tourism product to your customer, the tourist. It is presented in an easy to read style to try to clear up any confusion about the fast changing world of travel distribution. It presents an overview of:

- the travel distribution channels.
- the roles of the different players who comprise the travel trade.
- advice on what distribution channels you should consider for your product.

The internet has transformed how people research, plan and book their

holidays. In Ireland's main overseas markets, the demand for planning and booking a holiday online continues to grow. This growth will be at the expense of offline demand. In fact, online demand will overtake offline demand in certain segments (e.g. younger, more cost-conscious leisure travellers, last minute trips etc). However, despite the impact of the internet, the travel trade or travel intermediaries are a very important distributor of the Irish tourism product and play a significant part in helping Irish product providers win overseas business.

Think of a French tourist sitting in a café in Paris dreaming about their upcoming holiday in Ireland. Where does he start? Who does he turn to for information? Where can he buy his Irish holiday? Now, more than ever, he has a choice; he can pop around the corner to the travel agent and buy a package from a tour operator's brochure or he can take out his laptop and plan and purchase his entire holiday himself.



## How do tourism products get to the tourist?

There are two main distribution channels for tourism and travel products:

### 1. DIRECT - Channels can be online or offline;

- Direct online bookings and sales mainly via the booking engine on your website.
- Direct offline bookings and sales mainly by phone, email, fax or walk-in business.

### 2. INDIRECT - Channels are mainly through the travel trade, also known as travel intermediaries, or 3rd party websites. They too can be online or offline;

- The travel trade or travel intermediaries include market-based and Irish-based tour operators, travel agents, handling agents, Destination Management Companies (DMCs) and Professional Conference Organisers (PCOs). Traditionally the travel trade were mainly offline but increasingly they also sell online via the internet.
- 3rd party websites include Online Travel Agents (OTAs), Global Distribution Systems (GDSs) and other websites such as hotels.com, booking.com etc.



The key distribution channels are highlighted in the chart below



This section is structured to encompass the key points which should be considered when:

- Selling through the Traditional Travel Trade / a Travel Intermediary
- Selling through online channels

The section concludes with information on how Irish product providers distribute their product coupled with top tips on deciding on what distribution channels to use.

## Selling Through the Traditional Travel Trade and Travel Intermediaries

Direct sales alone are usually not enough for many Irish suppliers – a combination of selling directly to the tourist and working with the travel trade usually works best. This can be especially true if you are new to targeting an overseas market.

### Advantages of working with the travel trade include:

- They partner with you to market and sell your product.
- They have well established distribution channels and an established customer base.
- They have market knowledge – they are experts in their field.

### Requirements and expectations – what does the travel trade need?

- Realistic net rates - for FIT (Frequent Independent Traveller) and for group business – without compromising service
- Promotional material and high quality photographs
- Product information – what makes your product special? Where can you add value? What experience are you offering?
- Regular, useful and interesting updates on product developments

- An easy booking mechanism. Most tour operators still use direct contact by email and telephone to make reservations with the Irish supplier
- Assurance that you will look after their clients
- Remember their brochure timescales
- Details of your payment and cancellation policy
- No single supplements
- Provide information in the relevant language as appropriate



Some market-based or international tour operators deal directly with Irish suppliers; others will only work with you through an incoming tour operator / DMC.

Before you make contact, do your research to establish how they like to deal with Irish product providers. Contact the relevant Tourism Ireland market office for advice.

There are no hard and fast rules: Across the four markets, GB, the US, Germany and France, some tour operators buy direct from Irish product providers, others will only deal with you through their incoming tour operator / DMC partner.

The important thing; do your research before you make contact!



## An Overview of the Traditional Travel Trade and Travel Intermediaries

### Market Based Tour Operators / Wholesalers

The tour operator or wholesaler designs and compiles the ingredients of the holiday. He publishes his programme on his website and / or prints the details in a glossy brochure which he distributes through selected retail travel agents or directly to the customer. In recent years the number of channels has increased to also include supermarkets, reader offers, special interest groups etc.

The tour operator plans and prices his holiday packages well in advance of the holiday season, usually during the summer / early autumn when he enters into contracts with hotels, car hire firms, coach operators, visitor attractions and airlines for the following season. The brochure or website are usually available in the market around October/ November/December. Note: this timing varies slightly from market to market.

Tour operators will look for keen net rates (all inclusive B&B or D/B/B {dinner, bed and breakfast}) to cover the costs of print, distribution, promotion, travel agent commission etc. You can adjust your rates according to the volume of business expected. Big volume operators will expect much keener rates than lower volume operators.

Although rates vary, market-based tour operators will generally expect a net price of about 20-30% less than your normal price to cover their costs and margin. Again, there are no hard and fast rules; negotiation on prices is a key part of working with the travel trade and the price you quote should depend on the likely level of business you will do with the tour operator.

Try to work towards a long-term relationship; cut rates or short-term introductory offers are of little value in the long-term.





## Travel Agents

Retail travel agents sell holiday products to the public. They get a negotiated commission from the tour operator on sales.

Some travel agents also organise specialist or group travel and will expect to receive approximately 10% commission on your gross rates for any business they send to you.

There has been a huge reduction in the number of retail travel agents and the demise of non-specialist independent retailers due to the role of the internet in distributing travel products.

## Incoming Tour Operators / Irish Based Travel Trade

Incoming Tour Operators are Irish based. They package and bundle all aspects of the Irish tourism product for marketing and selling to the overseas travel trade. Incoming Tour Operators are active promoters in the market place, selling the destination of Ireland to overseas partners.

They provide services for overseas traffic generators / overseas travel trade in a number of ways:

- Full comprehensive land arrangements
- Partial services of an overall land programme
- Direct representation services

Incoming Tour Operators include:-

### **Ground Handlers or Handling Agents**

Typically a company that provides full comprehensive land arrangements or specific partial service of an overall land programme for group tours, individual travel and other large movements of passengers such as cruise ships. These companies generally also act as the direct representative to the international travel trade client.

### **DMC – Destination Management Company**

Companies providing full management services for corporate meetings and incentive programmes in a destination. DMCs design, plan and deliver programmes for the corporate meeting or incentive sectors working with travel trade organisations or direct with the corporate end user.

### **PCO – Professional Conference Organisers**

These are companies with skills and expertise in the conference industry that manage all aspects of large international conferences and congresses.

**Incoming Tour Operators** are active promoters in the marketplace by working with overseas tour operators to put their programmes together, and packaging the ground arrangements to which the tour operator adds the air or sea ticket. Approximately 55% of their business is group and coach tour business.

**For an Irish supplier who is new to working in an overseas market, or for a small supplier who cannot afford to market themselves overseas, contacting an incoming tour operator should be your first step. Incoming Tour Operators have well established links with overseas tour operators and they can promote you to their partners in the markets. They can be an important marketing partner as well as your shop window.**

Incoming Tour Operators will expect a net price (all inclusive price for B&B or D/B/B) of about 35-40% less than your normal price to cover their margin.

**The Irish Tour Operators Association (ITOA)** consists of over 31 companies that operate incoming leisure and business tourism to the island of Ireland. Its members package and promote various elements of the Irish tourism product and have relationships with over 4,000 overseas leisure tour operators and others in the incentive, events and conference sectors. Members include ground handler or handling agencies, destination management companies (DMCs) and professional conference organisers (PCOs). The ITOA operates two workshops annually in March – one west coast and one east coast - which provide a valuable opportunity for Irish product providers to sell to incoming tour operators See [www.irishtouroperators.com](http://www.irishtouroperators.com) for more information.

**The Irish Golf Tour Operators Association (IGTOA)** represents 16 Irish based tour operators who sell Ireland as a golfing destination. See [www.igtoa.com](http://www.igtoa.com).

Remember, you should only deal with reputable incoming tour operators that are fully insured. When selling to the Incoming Tour Operators do your research – what markets do they sell in? Who are their clients? What category of business do they operate – leisure or business tourism? How does your product fit with their client base i.e. group, FIT, Incentive, Conference, etc.

## Professional Conference Organisers (PCOs)

PCOs are like a DMC but they specialise in the organisation, management and administration of incentive travel, corporate meetings, congresses, symposia and corporate conferences held in Ireland. Many PCOs are members of the Association of Irish Professional Conference Organisers (AIPCO) [www.aipco.ie](http://www.aipco.ie) or of the ITOA.

See [www.meetinireland.com](http://www.meetinireland.com) for a full list of professional conference organisers.



# 10 Steps to Working Successfully with the Travel Trade

## 1. Know your customer

- You must know who your target customer is and how your product or service can satisfy their needs better than the competition. This relates to both the end consumer and the tour operator who will sell to them on your behalf.
- To understand the needs of the end consumer from GB, US, Germany or France, see Step 1 and familiarise yourself with Fáilte Ireland and Tourism Ireland research and statistics about these four key source markets.
- Review the tour operator's website and other sources of information about them.
- Find out what is motivating the customer to buy. In order to make a successful pitch, you must understand your customer and their motivation for buying. Is it economic? Is it because you can offer a unique product or proposition? If they are open to change, is this due to poor previous service from a competitor?

## 2. Know your product

- You must understand your product or service intimately. You must know its benefits, values and unique selling points (USPs) and how it can satisfy your customers' needs better than the competition.
- You should also know about complementary tourism products in your geographic area and the access points into your region from your target source market.
- You should understand the tourism industry and the trends that make customers buy. This is the added value that will give you a competitive edge.
- Sell Ireland first, then your region, then your product or service.





### 3. Know your pricing and allocation policy

- Depending on the tour operator's requirements, you will need to give them net and/or commissionable rates as appropriate for groups and FITs (Frequent Independent Travellers) or individuals both for the current year and the forthcoming year.
- Within your pricing structure, be able to demonstrate how your price represents value for money based on what the product or service delivers relative to its competition and be specific about the ways you add value.
- Be clear about how you manage your allocation for individuals and groups and what the typical 'release periods' are within your allotment contracts.
- You also need to provide information about your payment & cancellation policy.

### 4. Before you contact potential customers

- It is always advisable that you liaise with Tourism Ireland before contacting potential new trade partners directly.
- Tourism Ireland in the market offices will be able to give you useful information like who the main decision makers in the company are, how important Ireland is within their total product portfolio, how Ireland has been performing within that portfolio, the kind of products or services they are looking for, new market entrants etc.
- You can save yourself a lot of legwork and costly mistakes by channelling your plans through Tourism Ireland in the relevant market office first.

## 5. Getting ready to contact potential customers

- If you are targeting Germany or France, you should have your brochure (or at least a fact sheet of your product or service) that has been professionally translated into the local language. Do not rely on Google Translate! While many operators will speak English it is always easier for them if you can sell to them in their own language.
- Tourism Ireland can give you a list of professional tourism translators in the respective markets or you can use a reliable local service.
- For GB and the US markets, you should also tailor the way you communicate your product offering to the needs of each market on a market specific fact sheet. This is material you can leave with the tour operator at the end of your meeting.

## 6. Setting up sales meetings

- You need to make appointments for sales calls and should make your request for a meeting in advance (approximately

2 weeks) in writing or by telephone. Never turn up without a pre-arranged appointment.

- If it is appropriate, call your potential customer in advance of the meeting and ask them what is important to them. Let them see that you understand their business and can cater for their needs. The more you research, the less you risk. Preparation and hard work eliminate error and reduce the temptation to rely on natural talent.
- Be clear about who you are, how you believe your product will be of interest to the trade partner and tell them that you will “be in the market” on dates X & Y and that you would welcome the opportunity to meet with them. If you have done your research properly, it will be easy for you to demonstrate how your product can add value to their programme.
- Be innovative - the travel trade are generally more receptive when tourism providers have something different to offer, whether through their product or a different approach to the sales call.



### 7. At the sales meeting

- Now is your chance to maximise all your hard work in preparing for the meeting; you really need to shine!
- Your potential trade partners will already have formed an opinion of you from your earlier correspondence, they will probably have reviewed your website and may have done a bit of research on you themselves!
- You need to make a formal, professional presentation that you aim to convert into a long-term relationship to the mutual benefit of both parties. See the section on "making a sales presentation" for guidelines to making the most of your first opportunity to make a lasting impression.

### 8. Following the sales meeting

- After your sales meeting, make sure you follow up within 3-4 days with a personalised letter/email that provides any additional information you promised.
- You should also link in with Tourism Ireland to let them know how things went and where you see the opportunities to convert the sales meeting into real business.
- Tourism Ireland can support follow up FAM trips and/or co-operative campaigns.

### 9. Look after the business at home

- Once you have established a business relationship with an overseas tour operator, it is up to you to optimise that relationship.
- When you start working with a new trade partner, it is likely that the volume of business you do together will be on the low side, but with the potential to grow significantly to the mutual benefit of both parties.

- Always make sure that you look after the tour operator and their customers when they are holidaying with you. You want their customers to tell the tour operator, friends, family, colleagues and their online communities that they have had an exceptional experience with you. They will become your sales people!

### 10. Stay in touch

- Keeping the business is as important as securing the business in the first place. In addition to ensuring your trade customers' clients have an exceptional experience with you, you also need to maintain regular contact with your trade partners.
- Staying in touch after the sale is one of the most common failures of sales people who are often too busy seeking out the next exciting opportunity. Yet, a customer already recruited is less costly to maintain and staying in touch will help to nurture valuable relationships.
- Keeping in touch with your customer with information that is useful, helpful or valuable to them through technology is important and there are plenty of online tools that make it easier than ever to stay in touch (emails, ezines, website, social media etc.).
- However, you should also pencil in phone calls and face to face meetings with key customers throughout the year as person-to-person contact is still really important. Customers who generate a lot of business for you need to know that you appreciate their business. But you also need to look after customers who have the potential to generate more business for you.
- You need to build up a personal relationship with your customers over time. Good business relationships represent a "win-win" for all parties, for you, for your trade partner and for the end consumer whom you both share.

# Travel Trade Specifics in the 4 Key Markets



## Some specifics about the GB Travel Trade

- 1** Although only 7% of GB holidaymakers come to Ireland on a package or inclusive holiday, it is still a considerable number of people. Tourism Ireland is increasing engagement with the GB travel trade and with group organisers to target certain segments of the market and to increase Irish inventory, particularly with online travel agents.
- 2** Coach business from the GB market is very price sensitive.
- 3** The Tourism Ireland GB office can assist you in identifying which operators are most suitable for your product.

See pages 33-34 for a list of GB Tour Operators who programme Ireland.

## Some specifics about the US Travel Trade

- 1** Travel agents continue to play a significant role in the US market. Tourism Ireland's retail strategy is to focus on harnessing the most productive agents in key Designated Marketing Areas (DMAs). Tourism Ireland is a preferred destination member of three major retail consortia in the United States namely, Ensemble, Signature and Virtuoso, and works closely with their members to increase awareness of Ireland as an attractive vacation destination among their upscale leisure clients, and to generate incremental sales. Activities include attending in-market national and regional business to business workshops, engaging in client facing advertising, email marketing as well as inviting prequalified consortia agents to attend Tourism Ireland-led sales missions and trade events with Irish trade partners and to participate in a series of familiarisation trips.
- 2** Some US travel agents develop their own customer programmes, especially in the ad hoc and affinity group areas. Many of the upscale consortia agents also make custom arrangements for upscale FIT clients e.g. castle and culinary stay with chauffeur drive). (Travel agent consortia: where a group of companies offer higher commissions and other incentives to travel agencies that enter into "preferred supplier" relationships with them.)
- 3** 27% of US holidaymakers to Ireland come here on a package.
- 4** The Tourism Ireland US office can assist you in identifying which operators are most suitable for your product.

See pages 51-53 for a list of US Tour Operators who programme Ireland.



## Some specifics about the German Travel Trade



- 1 The role of travel agents and tour operators is still important in Germany with 47% of all German trips abroad (to all destinations) being organised by the travel trade.
- 2 17% of German holidaymakers to Ireland come here on a package.
- 3 Tourism Ireland works closely with the German travel trade especially for targeting German tourists aged 55+.
- 4 As well as a number of large key players, Germany has lots of small specialist tour operators.
- 5 The Tourism Ireland German office can assist you in identifying which operators are most suitable for your product

See pages 72-73 for a list of German Tour Operators who programme Ireland.

## Some specifics about the French Travel Trade



- 1 All French companies with more than 50 employees are obliged to establish a Comités d'Enterpris or CE (the direct translation is a Work Council and the onus is on the employer to establish it). The employer must give a minimum input of 0.2% of turnover (there is no binding limit beyond that amount) and the gathered funds are spent for the benefit of employees on social and cultural pursuits. Group holiday outings fall under this classification but the benefits are not uniquely travel related. There are 50,000 CEs in France and the larger ones receive intense targeting. They represent an opportunity for Ireland but they need to be researched and screened to determine their potential for any meaningful return on investment.
- 2 19% of French holidaymakers to Ireland come here on a package.
- 3 The Tourism Ireland French office can assist you in identifying which operators are most suitable for your product.

See pages 92-94 for a list of French Tour Operators who programme Ireland.

## Don't forget to consider...Group / Coach Travel

Group and coach travel represents significant potential from the overseas markets, especially the German and US markets. Tourism Ireland is also increasing its focus on group / coach travel in the GB market with an emphasis on special interest and affiliate groups.

Coach and group travel can be booked using either direct or indirect methods i.e. a group can book directly with you the product provider, or use the services of a specialist group tour operator.

The nature of group travel is changing. Groups tend to no longer be just a generic group but rather a collection of individuals travelling together based on a common interest or a common motivation for travel.

If you're targeting group / coach travel, remember the following:

- Not all groups are the same.
- Groups can be, and often are (particularly on tour series), a collection of individual clients who have purchased the same holiday package, so treat them as individuals.
- Ask the question, what country they are from?
- Go out to the coach and welcome the guests before they enter your premises.
- Remember to brief your operations team on new business such as a new group series.
- Ensure that your reservations team has been briefed on the terms and conditions, who the contact is for rooming list / queries etc.





- Brief the Food & Beverage team – consider group menus to suit the client’s country of origin, e.g. French & Italians love breads & cheeses, alter the menu for groups staying longer than 1 night etc.
  - Mealtimes are vital – people tend to prefer to dine in small groups so leave tables set up for 2-4 people rather than one large ‘group’ table.
  - Look after the driver and the guide – they could well be the owner.
  - Enquiries and bookings are displaying a preference for longer stays than in previous years.
  - There is an emerging trend to allow guests more time for themselves and for optional day trips.
  - There is a move from tight and stressful travel programmes in favour of relaxation.
  - Strong demand for culture, history, scenery and activities including walking.
  - Groups often require a dinner, bed and breakfast rate.
  - A group organiser is not necessarily a tour operator or travel agent – it could be the secretary of the golf club, the secretary of the local Women’s Institute etc.
  - Remember that you need adequate parking if you are targeting the coach market.
- Contact the Client Service Manger at your local Fáilte Ireland office (contact details included at the back of this guide) to discuss the suitability of your product for the group/coach market and contact Tourism Ireland in the overseas markets to help identify potential operators or group organisers that you can target. You can also contact the ITOA for additional information.

## Selling Through Online Channels

The most important online sales channel for your business is your own website which should generate the highest yield of any channel. See page 163 for more information on how to maximise your online opportunities.

As well as ensuring that you make it as easy as possible for customers to do business with you on your own website, there are a variety of 3rd party online sales channels which are examined over the following pages.

## Online Travel Agents (OTAs)

Online Travel Agents (OTAs) are basically online versions of the traditional travel agent or tour operator. They build packages and act as a bridge between suppliers (hotels, airlines, car hire companies, visitor attractions etc.) and consumers.

Expedia is the market leader and other major players include Orbitz, Travelocity, Last Minute, Priceline, HostelWorld etc.

Expedia also owns Tripadvisor, hotels.com, Venere.com etc.

OTAs are the fastest growing distribution channel for travel products. They are particularly successful for short breaks and where price is the main driver of choice.

OTAs are used to drive bookings by 90% of Irish hotels, by 70% of Irish B&Bs and by 60% of Irish self-catering providers.

Remember that commissions can be as high as 30% to some OTAs although the average is usually lower - between 15% and 25%. Remember too, that you pay commissions to OTAs based on your promotional rates or rates that you have already discounted for them. For some hotels, a lot of their OTA business has a short lead-in time.



## Questions to ask yourself when deciding which OTAs to work with:

- What is the volume of searches and bookings in your area?
- Can you see case studies of success?
- What type of account management support is available?
- Is there regular reporting?
- What is the commission rate?
- What are the promotional opportunities and plans?
- Are your competitors on their site?

Remember that OTAs are not just for accommodation providers!



# Global Distribution Systems (GDS)

Global Distribution Systems (GDS) were originally established by the airline industry in the 1970s to enable travel agents to make airline reservations via dedicated terminals in their offices. Over time, they expanded their offer to include hotels, car hire, tour operators and cruise lines seeking to distribute their products to travel agencies.

With the advent of the internet, GDSs have evolved into content providers for online travel agencies (OTAs) in addition

to traditional or offline travel agents. They have also both established and acquired OTAs to become large players in that field. There are three major GDS companies operating in the North America, British and European markets, and they control six global distribution systems.

The likes of the world's largest OTA, Expedia, work both directly with suppliers and with a GDS.

GDS Parent	Leisure Market Brands / OTAs	Corporate market brands / Travel agents
		

## Managing your Distribution on 3rd Party Websites

- Depending on your product, the mix of business you get from 3rd party websites will vary. Make sure you are not over reliant on them; if you are, you may find they dictate your pricing strategy for you. Many accommodation providers aim towards having 20% or less of their total revenue coming from 3rd party sites while for others, they are a larger source of business.
- Most 3rd party sites will insist on a best rate guarantee or at least rate parity with your own website, but you will also need to factor in their commission.
- There are a wide range of sites and it is not possible or realistic for you to work with all of them. Pick 5-6 sites and focus most of your time on them (there will be some trial and error until you are happy that you are working with the 5-6 sites that are most relevant to your business).
- Commission rates vary hugely, e.g.:
  - B&B Ireland 2-10%
  - Bookassist.com 3-12%
  - Booking.com 15%
  - Expedia 15-30%
  - Gulliver 7-12.5%
  - Hotels.com 15-25%
  - IrelandHotels.com 10%
  - Justgo.ie 12%
  - Lastminute.com 15-20%
  - Laterooms.com 10-19%
- Get to know your account manager for each site and keep in regular contact to ensure your property stays prominent.
- Many 3rd party sites want room only or B&B rates, so this gives you an opportunity to put together creative packages on your own website that offer additional value to customers who visit you directly.
- Always ensure that you give good value to previous customers or those who contact you directly. For a customer, it is annoying to see a better rate on a 3rd party booking engine than the rate they get if they contact you directly.
- Customers sometimes have a perception that they won't get the best quality room if they book through 3rd party sites – hotels sometimes use this to their advantage.
- Analyse all your sales channels regularly and see how the 3rd party sites are performing.
- Keep an eye on competitors' online rates.

Note: commission rates change so the rates quoted here should only be used as an indicator.



## What is 'Dynamic Packaging'?

Dynamic packaging is a relatively new type of package holiday that enables consumers to build their own package of flights, accommodation, car rental etc. instead of a pre defined set of services in a "traditional" package holidays.

Dynamic packaging occurs where tourists build their own package and purchase it on a single website. They put together the elements of their holiday on a single website, either directly with an online

travel agent (OTA) or with product providers who are either linked off the site or whose inventory is available for purchase on that site.

Dynamic packaging differs to ordinary packaging in that all transactions occur on the one website, e.g. Lastminute.com and Ebookers. With the continuing changes in technology, dynamic packaging is growing in popularity.

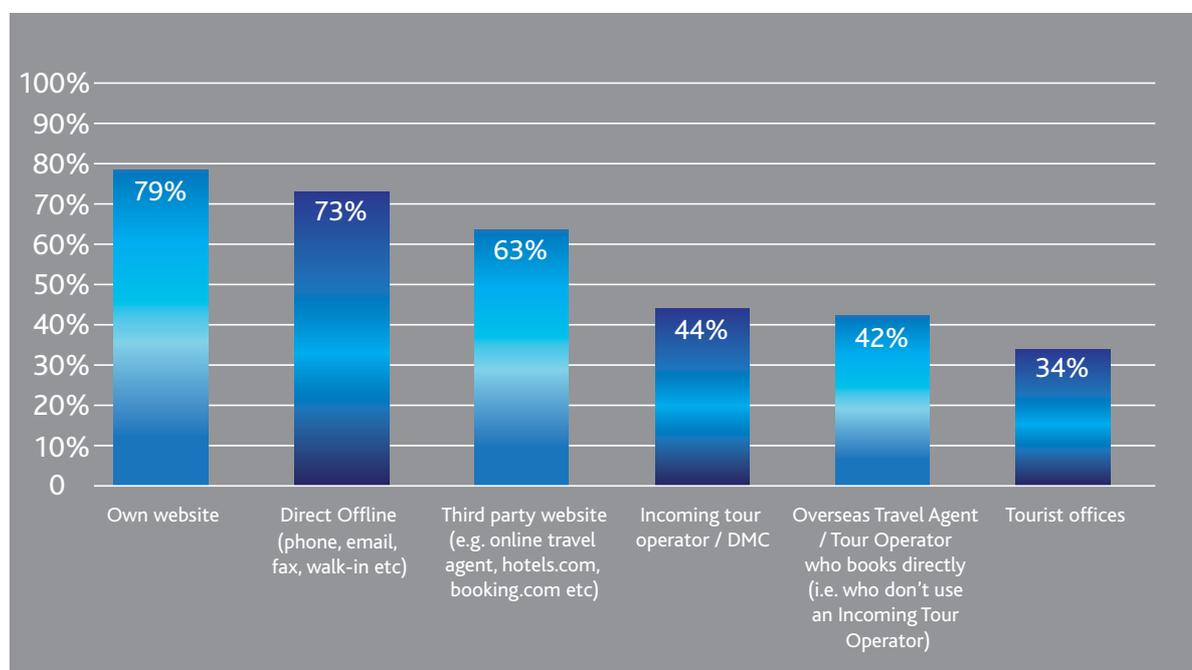


## How are Irish Product Providers Distributing their Product?

In a recent ITIC survey of Irish product providers, people were asked to rank the importance of various travel distribution channels to their business. Not surprisingly, most people said that their own website was the most important channel, followed by

other forms of direct bookings. These were followed by third party websites, incoming tour operators / DMCs, and overseas tour operators and travel agents who book directly with the Irish product provider.

### Important travel distribution channels for Irish product providers



The survey confirmed that the most important distribution channel for Irish product providers is their own website.

But, direct sales, or selling directly to tourists via your website alone, are usually not enough for many Irish suppliers – a combination of direct sales and working with the travel trade generally works best.

Most international holidaymakers to Ireland travel independently i.e. they make their own arrangements for flights, accommodation, car hire etc.

However in 2009, 27% of US holidaymakers came to Ireland on a package holiday. The figure for French holidaymakers was 19%, for German holidaymakers it was 17% and for GB holidaymakers it was 7%.

A 'package' or 'inclusive' holiday is where an inclusive price for fares to/from Ireland and at least one other element, such as accommodation, car hire, etc. was paid fully or partly in advance.

## Other interesting findings from the ITIC research:

- A substantial proportion of Irish hotels manage at least 5 distribution channels and about half of all B&Bs manage between 2 and 5 channels.
- One third of Irish accommodation providers receive more than 60% of their bookings online and one quarter between 40% and 60%. About half of all bookings for all product providers in Ireland are offline (this includes email bookings and is across all markets; domestic and overseas).
- 70% of all accommodation providers and 94% of Irish hotels have an online reservations system on their website.
- 'On request basis' is the most popular means for international travel trade to access the Irish product, and email and telephone are the most important ways of making reservations. Although there has been high investment by overseas tour operators in online technology, direct contact with the Irish tourism provider or with the incoming tour operators / DMC remains a central element.

## Online intermediaries used by the Irish accommodation providers include:

[Ebookers.ie](#)      [Goireland.com](#)

[Bookassist.com](#)      [Expedia.ie](#)      [Centralr.com](#)

[Laterooms.com](#)      [DiscoverIreland.ie](#)      [Booking.com](#)

[Lastminute.com](#)      [Hotels.com](#)      [Gulliver.ie](#)

[IrelandHotels.com](#)      [Imagineireland.com](#)

[B&B Ireland / Town&Country.ie](#)      [Roomex.com](#)

[Venere.com](#)      [Otel.com](#)

## What Distribution Channels should I Use?

We have looked at the main distribution channels for getting your product to your customer. We have also seen how other Irish product providers distribute their products. So now might be a good time to think about your own distribution strategy. The following pointers should help.

1. Managing and marketing your own website should be your number one priority but not at the exclusion of other distribution channels. Your website should generate the highest yield of any channel but other channels can give you access to markets that you might otherwise find difficult to access yourself.
2. Do not neglect the travel trade or traditional channels (tour operators, DMCs, travel agents etc). Aim for distribution through multiple channels by identifying and evaluating suitable intermediaries or partners to work with.
3. Avoid a blanket distribution strategy covering all markets; instead be market specific to take account of the 'fit' between your product and the market, your market share, ease of access etc.
4. Have relevant pricing strategies – to suit both offline and online channels. Commissions / reductions to the trade will vary depending on who you are dealing with. For example, Incoming Tour Operators / DMCs will usually want a lower price from you than what you quote to a market-based tour operator because the Incoming Tour Operator / DMC does additional work on your behalf with the market-based tour operator. Some tour operators require 'brochure support' where you pay to be included in their programme.



5. Be sure to maintain rate parity across all your online distribution channels. Why? Because the internet makes your pricing transparent - customers don't like the idea that they may be charged more depending on where they buy.
6. Consider internationalisation of your website for relevant overseas markets for language, currency, imagery and search engine optimisation (SEO). See page 166 for more details.
7. Your distribution strategy must be flexible and be constantly open to change.
8. Remember that tourists often use multiple channels in their planning and purchase – they may find out about your product through a third party website but make the reservation directly on your site and vice versa.
9. Monitor your online reputation on sites such as Trip Advisor etc.
10. Remember that managing your inventory across a number of channels takes time and commitment. Most accommodation providers allocate time each day, others set aside a day each week. Try to manage your online distribution by using an online channel manager / tool. A number of companies supply this technology to the tourism sector.



## More on rate parity



If, for example you are a hotel, then on some level it might make commercial sense to offer cheaper rooms through a wholesaler or a GDS or a 3rd party website who guarantees you business on a Tuesday in November when you might otherwise have low occupancy.

However, if the rate quoted to your customer from your hotel reservations department or your website is higher than the rate offered on the third party website, your customer loses faith in your hotel.

Hotels, and all product providers, should aim to maintain rate parity across all channels so as to build trust from online customers. Customers are internet savvy – they can easily see what prices you offer in different distribution channels and your reputation will be damaged if they pay a higher price depending on where they buy your product. Customers like to feel that the price they booked is the best available price.

When working with overseas or Ireland based tour operators you should also have a recommended retail price so that there is pricing transparency across all your distribution channels.