The Distribution Process:

Bringing Travelers and Tourism Service Providers Together
**Introduction**

- Travel necessitates a variety of services.

  Goal of service suppliers is reaching, serving, and satisfying travelers.

  Serving Traveler Needs
Operating Sectors of the Tourism Industry

- Travel Trade Sector
- Accommodation Sector
- Events Sector
- Transportation Sector
- Adventure & Outdoor Recreation Sector
- Food Services Sector
- Attractions Sector
- Entertainment Sector
- Tourism Services

Spiral Diagram: Operating Sectors of the Tourism Industry
Distribution Channel

- An operating structure, system, or linkage of various combinations of organisations through which a producer of travel products describes, sells, or confirms travel arrangements to the buyer.

- Products get to consumer through a distribution channel: Belikin Beer?
Tourism Services

- Services are actions; goods are material objects.
- Services are often accompanied by facilitating goods which support the service.
- In tourism there is no physical good that can be held in inventory and can be transferred from one middleman to the next.
Serving Traveler’s Needs

- Thomas Cook is credited with being the first tourism intermediary, packaging tourism services and then selling the packages to tourists.
- To attract business, tourism suppliers must provide prospective customers with information on which they will base tourism choice decisions.
- There are many alternative ways to provide information and services to prospective guests.
- Three types of distribution channels can be used.
Why Use Intermediaries?

- Intermediaries make information and services widely available cost-effectively.
- They perform a variety of value-added functions, e.g., types of services, potential customers, packages.
- Intermediaries are frequently paid on commission.
- May also charge the customer a modest fee.
- Exist where they perform a necessary role more cost-effectively than the supplier could perform the same role.
One-Level (Direct) Distribution Channels

- Simplest form of distribution, no intermediary between supplier and customer
- Most tourism suppliers utilize one-level distribution channels
- Purchase directly from the supplier
- World Wide Web is increasing the direct availability of information and purchase
- Airlines encouraging the use of the Web and ticketless travel
Advantages

- Simplicity
- Additional Sales Opportunity
- Flexibility
- Greater Profitability to Suppliers
- Personal Control over the Sale
Two-Level Distribution Channels

- Intermediary between tourism supplier and tourist
- Most common form of tourism supplier
- Travel agencies are the department stores of the travel industry
- Improving service delivery through cooperative systems
  - Global distribution system (GDS)
  - Computer reservation system (CRS)
Improving service delivery through cooperative systems

- Agencies big and small use global distribution systems (GDSs)
- Via GDSs agents have on-line information about schedules, availability, and fares, and allow booking of some reservations and printing tickets
- Two airline GDSs; Sabre and TravelPort
- These GDSs are also used as databases/reservation systems for many other tourism services such as hotels and rental cars

Two important cooperative systems for airline ticketing

- Airlines Reporting Corporation (ARC)
- International Airline Travel Agency Network (IATAN)
Advantages

- Professional Assistance
- Multiple Options
- Free or Low-Cost Assistance
- Cumulative Group Power
- Single-Charge Billing
- Cost Less???
Three-Level Distribution Channels

- Add another level of intermediary such as tour operators to low-level channel
- Some travel agencies have entered tour packaging business
- Tours
  - A package of two or more tourism services priced together
  - Four primary forms of tours
    - Independent
    - Foreign/domestic independent
    - Hosted
    - Escorted
Tour Operators

- Purchase tourism services in bulk and then mark up the price and resell in packaged form
- Plan, prepare, market and often operate vacation tours
- Also termed tour packager or tour wholesaler
- Many financial risks in the tour packaging business
- Receptive service operator is local company that handles group’s needs while in its location
Three-Level Distribution

Channels, continued

Consolidators and Travel Clubs
- Consolidators buy excess airline capacity and resell at discounted prices
- Travel clubs perform similar function for their members plus offer discounts on other tourism services

Meeting Planners
- Professionals employed by corporations, associations, etc. to organize all the details entailed in meetings
- Meeting planner must balance meeting costs with meeting attendee desires
Tourism Distribution Channels

Suppliers
Transportation Providers Accommodations Food Service Resorts
Recreation, Entertainment, Etc.

Customers
Individuals Pleasure Groups Business Groups, Etc.

- Direct Channel via Internet Telephone Suppliers Office
- Retail Travel Agent
- Home-based Travel Agent
- Tour Wholesaler
- Specialty Channeler
- Tour Wholesaler
- Specialty Channeler
- Tour Wholesaler
- Specialty Channeler
- Retail Travel Agent
- Specialty Channeler
- Tour Wholesaler
- Specialty Channeler
- Retail Travel Agent
- Specialty Channeler
- Tour Wholesaler
- Specialty Channeler
- Retail Travel Agent

- Host Retail Travel Agent
- Tour Wholesaler
- Specialty Channeler
- Retail Travel Agent
- Specialty Channeler
- Tour Wholesaler
- Specialty Channeler
- Retail Travel Agent
- Specialty Channeler
- Tour Wholesaler
- Specialty Channeler
- Retail Travel Agent
- Specialty Channeler
- Tour Wholesaler
- Specialty Channeler
- Retail Travel Agent
- Specialty Channeler
- Tour Wholesaler
- Specialty Channeler
- Retail Travel Agent
Flow of Payments, Information, and Service Delivery
Tapping the Power of Dual Distribution

- Internet increasing the use of the direct channel
- Direct channel using mall locations
- Indirect channel using traditional travel agents
- Indirect channel using Internet-based cruise-only agents
- Indirect channel using last-minute fire sale agencies to fill cabins close to sailing dates
Tourism Information Sources and Services

- Tourism offices provide general information
- Often operate tourist information centers
- Large cities have conventions and visitors bureaus; small cities use chamber of commerce—both funded by local tourism service suppliers
Selling Adds a Personal Touch

- Most tourism suppliers have their own sales force
- Often conduct missionary sales activities to supply information and brochures to aid in sales efforts
Seven Steps to “Making the Sale” at BETEX

- Acquiring product knowledge
- Approach
- Qualifying the customer
- Making sales presentation
- Closing the sale
- Follow-up
- Build relationships