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The travel distribution system

Distribution channels and consumer purchasing behaviour vary from market to market.

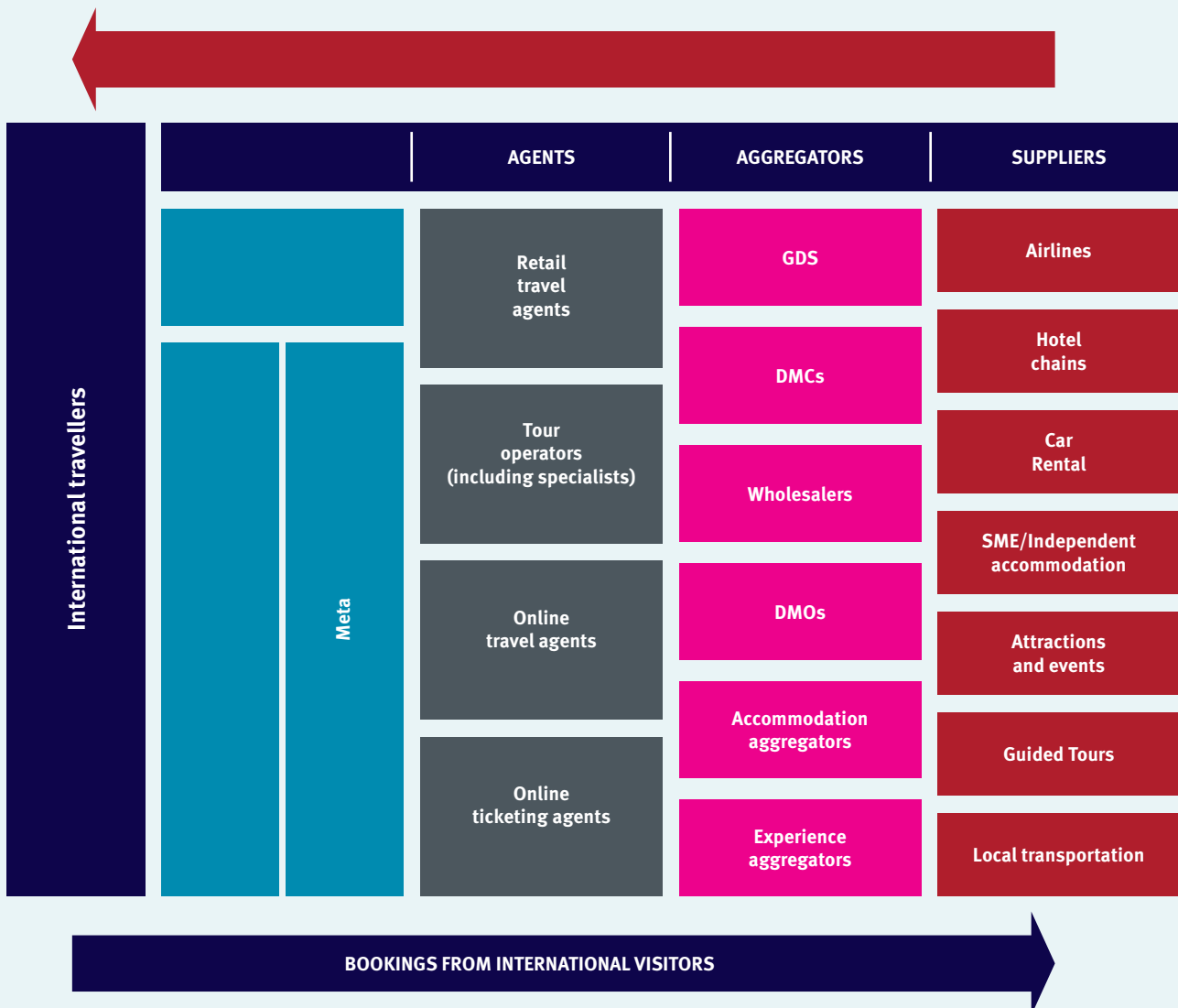
The travel distribution system is a complex, global network of independent businesses, so you will need to understand the structure of the distribution system specific to your target markets before marketing internationally. This network includes a series of distributors or intermediaries, who play a specific role in the development, promotion and purchasing process of English tourism experiences.

Why work with travel distributors?

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 rely heavily on the advice of local travel experts when planning and booking their holiday in England, particularly in long haul and emerging markets. Travel distributors can also provide market intelligence, insights and advice on a specific market.

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:

The travel distribution system



How does the distribution system work?

The travel distribution system has customarily 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 crossover 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.

The diagram on the previous page shows the elements involved in the tourism distribution landscape. As this distribution system continues to evolve, it is important to 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 shop front. 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. *For further information, please refer to section 5 - Know your markets.*

Who are the key players?



Search

Traditional search

Involves offline search e.g. press, offline listings etc.

Search engines

Those online tools such as Google and Bing.

Meta search

Refers to aggregators (see Experience aggregators and Accommodation aggregators) which search across multiple websites and show the results in one place on their own website e.g. **Viator, Get Your Guide, Trivago.**



Agents

Retail travel agents

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

Retail travel agents usually belong to a larger chain of travel agencies, and may be vertically integrated, selling the products of a specific tour operator.

Tour operators

e.g. Flight Centre, DER tour, Cox & Kings, TUI, coach operators

Tour operators contract supplier product or may have it supplied by a wholesaler, or a DMC.

They coordinate the reservation, confirmation and payment of travel arrangements on behalf of the consumer and may package up ground arrangements with flights.

They operate B2C when selling direct, or B2B via a travel agent.



Agents

Online travel agents

e.g. Expedia

Online travel agents (OTAs) specialise in online distribution and deal directly with consumers and tourism product. Consumers can purchase a product or an entire holiday package online.

Online ticketing agents

e.g. Viator

Online ticketing agents contract tickets to attractions, and sell directly to the consumer online.



Aggregators

Global distribution systems (GDS)

e.g. Amadeus, Sabre, Galileo

A global distribution system is a computer system that holds inventory from airlines, hotels, car hire etc. Sellers (e.g. retail travel agent, online travel agent) have direct access to this inventory.

Destination management companies (DMCs)

e.g. Hotels and More, Abbey Tours

A Destination Management Company normally operates in two ways:

1. As a contracting operation and supplier of packages or itineraries which it sells B2B (e.g. via a tour operator). For example, Hotels and More supply product for Dertour, in Germany.
2. As a provider of group travel services (e.g. bespoke travel services for groups). This may involve some or all aspects of meetings, incentives, conferences and events travel (MICE). It may also involve travel for schools, or other groups. Here the DMC can be involved in a few or all elements of the group travel.

Wholesalers

e.g. GTA, Miki Travel, JAC Travel

Wholesalers contract supplier product. They are B2B and act as a silent partner. They will sell these products via travel agents, tour operators, coach operators and other third parties.

Destination management organisations (DMOs)

e.g. Marketing Manchester

Some DMOs have their own retail sites, for products they have contracted relevant to their geographical area.

Accommodation aggregators

e.g. Trivago

An accommodation aggregator searches across multiple websites and show the results in one place on its own website.

Experience aggregators

e.g. Viator, Get Your Guide

An experience aggregator searches across multiple websites and show the results in one place on its own website.

Documentation branding will either be that of the aggregator or the supplier, depending on the set up of the aggregator.

For more information on how to work with each of these distribution system players, please refer to *Section 9 – How to work with the distribution system's main players.*



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