

# Are you Travel Trade ready?



**Your guide to working with the Travel Trade**

# Why work with the Travel Trade?

**The travel trade - intermediaries such as tour operators, wholesalers, travel agents and online travel agents - play a significant role in attracting visitors to Scotland and your area.**

It's true that consumers more and more are planning their own trip directly but working with the travel trade continues to be an effective and valuable way of reaching large numbers of potential travellers in a global market. Many still see Scotland as an exotic destination and will go to a known, trusted source to book a trip or for inspiration.

The travel trade is often associated with the large group market or tour buses but in fact the travel trade is also used extensively for small, niche groups and individual travel. Research shows the travel trade is actively looking for bookable, travel trade ready, commissionable products and experiences outside of London. Attracting these visitors to your business requires some industry awareness and knowledge and understanding of travel trade activity.

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# What is the Travel Trade?

The travel trade is a distribution network for tourism and travel intermediaries. It plays a significant role in the decision-making process of many visitors. The key travel trade distribution channels are:

## WHOLESALEERS

Tour wholesalers supply touring options including transport, accommodation, tours and attractions. Wholesalers don't sell directly to the public but link individual tourism businesses with retailers. Examples of tour wholesalers are Albatross Travel, GTA, Greatdays, Trafalgar, Service-Reisen, Behringer Touristik (Germany), TUI.

### Tips for working with wholesalers:

- Research – find out which markets and 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 the area to make your product 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.

## TOUR OPERATORS AND GROUP TOURS

Tour operators offer travel at lower rates than a person or business could get by booking their travel on their own. They offer tours that buy services from different accommodation providers, attractions and transport companies. They book blocks of their inventories and can combine these services into different tours. A tour operator may sell direct to the consumer or through travel agents and may promote their tours in print or online. Examples of well-known Tour operators are Tauck Tours, Brendan Tours, Trafalgar, Evan Evans, Holidaybreak and Superbreak.

## TRAVEL AGENTS (TAs)

Based in the consumer's country of origin, travel agents sell holiday and travel products to the consumer and generally focus on out-of-country destinations. Well-known examples of travel agents in this country are Barrhead Travel, Virgin Holidays and Kuoni Travel (note that Kuoni is both a wholesaler and a travel agent).

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### Tips for Working with Retail Travel Agents:

- Register your business on VisitScotland's Travel Trade site and VisitBritain: <https://traveltrade.visitscotland.org>  
<http://trade.visitbritain.com/en>
- Meet retail agents and wholesale reservation agents by attending trade shows.

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### Tips for working with group travel:

- The nature of group travel is changing. Rather than more generic, groups tend to be a collection of individuals travelling together based on a common interest or motivation. The organiser is not necessarily a tour operator or travel agent – it could be the secretary of a club or institute.
- Research dedicated group travel organiser (GTO) publications and trade events.
- Ensure that reservation teams have been briefed on the terms and conditions, who the contact is for rooming list/ queries etc.

#### [www.visitscotland.org/pdf/CoachMarket](http://www.visitscotland.org/pdf/CoachMarket)

JeremyTinsley.pdf is a good resource for being coach or group friendly.

## INBOUND TOUR OPERATORS (ITOs)

An inbound tour operator (ITO), also known as a ground handler or destination management company (DMC), is a UK or Scottish based business which specialises in packaging and bundling programmes and itineraries for marketing and selling to the overseas travel trade. ITOs are the link between Scottish tourism operators and the overseas travel distributors that buy the products, including travel wholesalers, direct sellers, travel agents, meeting planners and event planners. ITOs can be very helpful in getting your product to market. Examples of ITOs include Abbey Tours, Cashel Travel, Hello Scotland, Experience Scotland, Aberdeen Tours, Go-Scotland and Rabbies.

### Tips for working with inbound tour operators:

- Research who the ITO works with in the distribution system and which markets they target to ensure your product and service is the correct fit.
- Compile a sales kit with product fact sheets in PDF format, brochures and images.
- Ensure information on local websites are up to date.
- Provide net rates and include concise terms and conditions. Be prepared to provide rates up to 18 months in advance.
- Provide information in the relevant language (online fact sheets, brochures) if targeting markets where English is not commonly spoken.
- Provide ITOs with prompt (same-day) turnarounds on enquiries, quotations and bookings.
- Prepayments or deposits may be asked for in the early days of working together until a credit payment system is agreed.
- Accept ITO vouchers and trading terms.

## ONLINE TRAVEL AGENTS (OTAs)

OTAs are online versions of the traditional travel agent or tour operator, acting as a bridge between consumers and suppliers (hotels, airlines, car hire companies, activity providers and visitor attractions). They are the fastest growing distribution channel for travel products and deal directly both with the consumer and tourism businesses. Consumers can purchase individual products or experiences, a specific tour or an entire holiday package. Well-known examples of OTAs include Expedia, Viator, Booking.com, Hotels.com and Adventure Finder.

OTAs can be very effective for independent hotels, B&Bs and guesthouses who will not typically be known internationally and who might not have the expertise or marketing budgets to directly target international visitors. Working with OTAs can be a relatively low maintenance way of reaching new and international visitors.

### 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 and updated – by you or the site host?
- How is the site promoted? Is it targeted at the trade or consumers? Are there any distribution agreements in place?
- Many OTAs do not promote the country, region or your product. They are a vehicle for rate search only.
- Check the fine print for their refund policy.

# Attracting an International market...



Overall in Scotland, 38% of tourism trips are made by Scottish residents, 40% by English and 19% from overseas with Wales and Northern Ireland making up the balance.

The international market is a growth area for the Cairngorms National Park and we see great opportunity in continuing to increase the number of international visitors to our area. They usually travel for longer and spend more money than domestic visitors - in 2016, they made up 38% of total visitor spend, making this segment a highly lucrative target market.

VisitScotland and VisitBritain have extensive research available on international and domestic visitors, their travel styles and the experiences they are looking for on a Scottish holiday.

Looking at the research available can help you build a profile of visitors who may be interested in your product or experience. You can use the research to help you identify which are the key target markets for your business.

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 the area and all it has to offer is often the first step in selling your product. You should also tailor your product offering, your messaging, your delivery, etc. to the nuances of each market you want to target and always focus on building long-term relationships with the travel trade.

# Are you Travel Trade Ready?

Before investing time and money in the international and domestic markets, you need to ask yourself the following questions:

## Do you understand the distribution systems explained in this document?

**Do you have booking mechanisms in place?**  
**Can you:**



Accept international bookings both direct, and via the travel distribution network (on and offline)

Confirm and guarantee booking quickly or within 24 hours.

Work within tour operators' booking and cancellation policies.

Accept vouchers on arrival supplied by the travel trade to their customers (known as 'free sale').

Pay commissions of up to 30% for distribution through Inbound Tour Operators / 20% for wholesalers

Guarantee rates for 12-18 months in advance?  
(01 April -31 March)

Work within tour operators' booking and cancellation policies.



**Do you understand the concept of commissions and net rates? Will you:**

**Have you thoroughly researched markets to establish where your product fits?**



Consider the travel styles, language and cultural differences of international and domestic travellers

Research if your product fits with the markets and visitor types that you are targeting

Work with the CBP and VisitScotland on advertising and promotional opportunities

Work with complementary businesses in the area to jointly package and promote internationally



**Are you prepared to work cooperatively with other businesses and organisations in the region?**

**Have you allocated resources and administrative support?**



Marketing budget

Are you prepared to set up an account (credit arrangements with the tour operator, wholesale agency or local tour operator)?

A trade fact sheet that gives information on your product, experiences etc

Destination information including a map

Rate sheets with detailed trade terms

A gallery of hi-res images of your business



**Do you have appropriate collateral materials for your clients that is informative, targeted and culturally sensitive?**



# What to include in your trade toolkit...

## A FACTSHEET INCLUDING

### COMPANY INFORMATION

- An overview about you and what you offer, your tour, attraction and/or accommodation.

### DESTINATION INFORMATION

- Highlight the destination's unique selling points, how it's accessed, and how far it is from hubs such as Inverness/ Aberdeen / Edinburgh / Glasgow
- Check the VisitScotland media library for images you can use.
- Give a couple of broad itinerary examples to demonstrate how your product might fit into the buyer's programmes.
- Consider including a map.
- In addition to having your appropriate rate structure, it's important to also have separate rate sheets ready for retail, wholesale and ITO buyers, so you are always able to provide the right rates to the right kind of buyer.

### TERMS AND CONDITIONS...

Clearly state all your terms relating to that sales relationship up front in a clear Terms of Trade document. This is generally supplied with rates once a travel trade buyer requests further information.

### INCLUSIONS AND/OR FACILITIES INFO

- Tours or attractions - List the inclusions and selling points to help the travel trade understand the experience that visitors will have.
- Accommodation - List the property facilities including dining options, room types and bed configurations
- Bookings Details - how the product can be booked, including phone and email details for your dedicated trade contact person if applicable
- Features - Highlight the features that make your product stand out.

### IMAGES

Pictures will convey the essence of your product or experience very well and so supplying great images as part of your Trade sales kit you should have a suite of good quality, high resolution images of your product, ideally with people in them. Trade partners will require these to promote your product.

- Select 5-10 quality images that depict all of your products and services. You will want to make sure you have an image for each room type or tour.
- Save these on to a USB or create an online folder with a service like Dropbox to easily share images with trade partners.

## Your rate sheet should include:

- **Your company name and booking or trade contact details.**
- **Rate validity from 1 April – 31 March in line with the tourism year. Rates should also apply for the next 18 months to two years.**
- **Child and concession rate age limits, detailing inclusive ages eligible for the child rate and any other child policy details.**
- **Blackout dates when the products cannot be booked (e.g. public holidays).**
- **Definition of a group including min and max numbers.**
- **Min and max numbers for each product type.**
- **Optional information can be included such as opening hours and product inclusions e.g. meals, to provide an extra level of detail.**

## rates should include commission...

Businesses selling product through the travel distribution system, need to factor commissions into the price structure. Commissions are the fee paid to the inbound tour operator, wholesaler, online or retail agent to market, distribute and sell the product. This is their income, paying for their operation and the services they provide you. Each level of the distribution system receives a different rate of commission. If the price of the product does not allow for these levels of payment, it will be very difficult for you to market your product through an inbound tour operator, wholesaler, online or retail agent. When dealing with the travel distribution system, you must provide the correct rates to the applicable level of distribution system. Rates should be clearly marked as either gross (retail) or net.

### **GROSS RATE = Net Rate + Agent's Commission:**

The gross 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 the business at a reduced price. Agents will not promote and market the business if they know the consumer is not going to buy from them or they may endorse/promote competitors. The reputation of an ITO can be affected if there is no price parity across all media.

### **NET RATE = Gross Rate - Agent's Commission:**

A net rate is the gross, retail or rack rate of the product "less" the commission paid to the booking agent. It is the amount the business will receive from the agent and should be kept confidential. The net rate should include all costs and the expected profit margin. Net 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 the usual retail rate but if a net rate is provided to a partner or an ITO you cannot dictate the rate at which your product is sold.

# COMMISSION RATE GUIDE...

SALES METHOD	APPROPRIATE COMMISSION LEVEL	EXPLANATION
<b>Inbound Tour Operator (ITO)</b>	Up to 30%	A net rate providing a 30% margin is agreed with the ITO and paid once a sale is made
Online Travel Agent (OTA)	10% - 30%	A net rate providing a 10-30% margin is agreed with the OTA and paid once a sale is made
Wholesaler	20%	A net rate providing a 20% margin is agreed with the wholesaler and paid once a sale is made
Retail Travel Agent	10% - 15%	A travel agent retains 10%-15% commission once the booking is confirmed and pays the balance
Direct to Consumer	nil	However, the retail or gross rate should be the same as that provided to distribution partners

## useful websites:

**VisitScotland** - <https://traveltrade.visitscotland.org>

**VisitBritain** - <https://trade.visitbritain.com>

**Independent Tour Operators Association** - [www.aito.com/](http://www.aito.com/)

**Scottish Destination Management Association** - [www.scotland-sdma.org.uk](http://www.scotland-sdma.org.uk)

**Scottish Enterprise** - [www.scottish-enterprise.com/industry-support/tourism](http://www.scottish-enterprise.com/industry-support/tourism)

**Scottish Tourism Alliance** - <http://scottishtourismalliance.co.uk>

**SDI** - [www.sdi.co.uk/invest/sectors/tourism](http://www.sdi.co.uk/invest/sectors/tourism)

**UK Inbound** - [www.ukinbound.org](http://www.ukinbound.org)

