



Tourism, the Distribution Channel and working with ITOC

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Inbound Tour Operators Council of New Zealand

New name 2012: New Zealand Tourism Export Council

Global Results YE 2010 and Trends

- 940,000 million international visitors
- US\$919 billion tourism receipts
- Asia Pacific fastest growing +6%, Europe +6%, Americas +5%, Africa -9%, Middle East -10%
- Growth forecast 4-5% in 2011
- Growth trends in cruise, ecotourism, cultural tourism, luxury tourism and responsible tourism
- Shift from group market to FIT market
- Senior/youth markets, technology, macro alliances
- End-of- the earth experiences, submarine, orbit etc.

Top International Destinations

- France 74.2 million
- USA 54.9 million
- Spain 52.2 million
- China 50.9 million
- Italy 43.2 million
- United Kingdom 28.0 million
- Turkey 25.5 million
- Germany 24.2 million
- Malaysia 23.6 million
- Mexico 21.5 million
- *Australia 5.5 million*
- *New Zealand 2.4 million*

Source: UNWTO 2009

Tourism as an Economic Driver

- Transport, accommodation, catering, recreation and services
- Human resource intensive – 1 in 10.7 jobs globally
- Services are largest and fastest growing sector of world economy
- Last 25 years grown more than 500%
- Open borders, global markets, more leisure time, technology
- Regional diversification
- Small to medium size businesses
- Minimal financial assistance from government
- Relatively low pollutant – conservation of natural and cultural heritage
- Medium for cultural exchange, promoting international goodwill
- Private sector driven – government shapes operating environment and provides infrastructure development

Why invest in Tourism?

Answer: Job creation

- High flow-through effect of jobs throughout the economy
- Employment growth both direct and indirect. Higher proportion than manufacturing industry
- Provides large number of entry level jobs for young persons, first time employees, women and ethnic groups
- Jobs dispersed throughout country, rural areas
- High proportion of jobs generate revenue in foreign exchange
- Range of jobs from executives to unskilled employees
- Currently 10% of global employment

Tourism in New Zealand

- \$9.5 billion foreign exchange earnings each year - NZ's biggest export industry
- 18.2% of foreign exchange earnings ahead of dairy industry \$9 billion or 17.1% of foreign exchange (March 2010)
- 9% contributed towards GDP
- Employs between 1 – 10 employees = 184,000 FTEs
- \$61 million per day industry
- \$26 million per day in foreign exchange earnings
- \$35 million per day in domestic expenditure
- Total tourism expenditure \$22.4 billion for YE March 2010

Source: Statistics NZ 2010 and Tourism Satellite Account



Top Visitor Destinations in NZ

Region	Total Guest Nights	Market Share
1. Auckland	5,724,326	17%
2. Christchurch	4,474,271	14%
3. Queenstown	3,224,991	10%
4. Wellington	2,018,640	6%
5. Rotorua	1,816,029	6%
6. Waikato	n/a	n/a
7. Northland	1,695,986	5%
8. Nelson Tasman	1,277,325	4%
9. Bay of Plenty	1,243,945	4%
10. Hawkes Bay	991,296	3%
11. Taupo	972,258	3%

Source: Statistics NZ, Commercial Accommodation Monitor 2010

Primary Industries

Accommodation	*Transportation	*Sales	Ancillary
<ul style="list-style-type: none"> Hotels Motels Backpackers Hostels Bed/Bfasts Farmstays Homestays Cruise ships Luxury lodges 	<ul style="list-style-type: none"> Taxis Launches Airlines Rental cars Coaches Touring operators Trains 	<ul style="list-style-type: none"> ITOC RTO's I-sites Events Conferences 	<ul style="list-style-type: none"> Restaurants, Bars Entertainment Attractions Activities Petrol stations Retail Arts/Crafts/Heritage

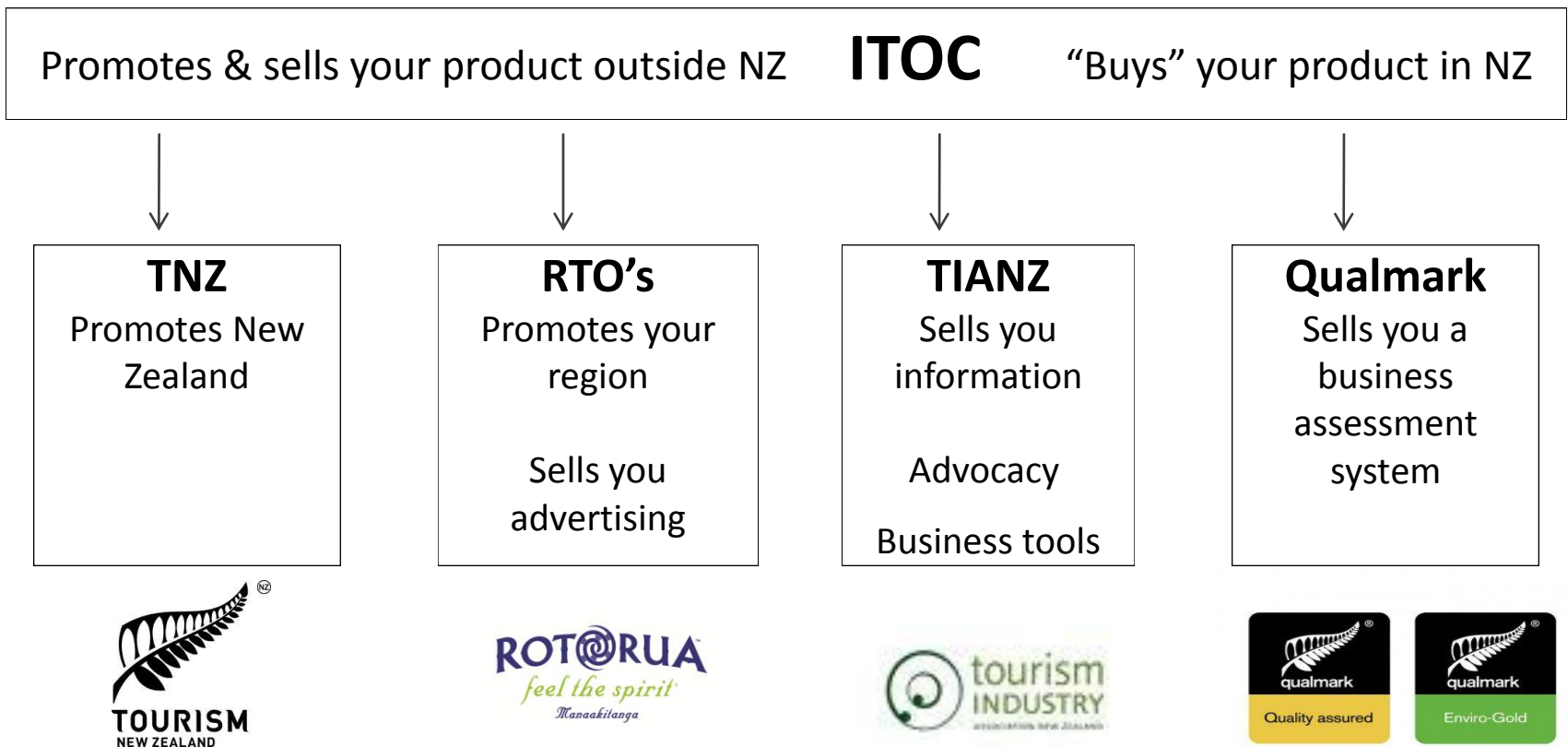
*** Transportation & Sales:** International, Domestic and Local

Secondary Industries

- Councils – rates, building consents
- DOC – concessions
- Construction industry - plumbers, electricians
- Agriculture industry
- Wine industry
- Advertising industry
- Accounting industry
- Printing industry
- Finance industry
- Insurance industry
- Manufacturing industry
- Education industry

ITOC – who are we, what do we do?

- ▶ Founded 1971 – Private sector
- ▶ 40 Full member inbound tour or ground operators
- ▶ 200 Allied member ‘product suppliers’
- ▶ Commercially focused



What is an IBO?

- An inbound tour operator is a 'ground operator' in a destination who organises accommodation, sightseeing, meals and transportation for visitors
- IBO's (inbound operators) or ITO's (inbound tour operators) can work with either the group touring market or free and independent travellers (FIT)



The Role of the IBO has Changed



Today's Inbound Tour Operator



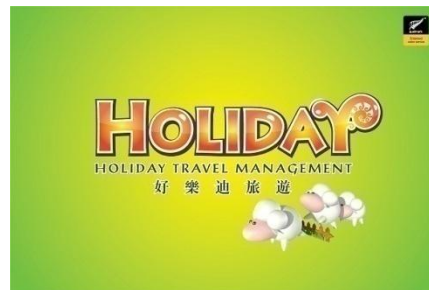
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Who are ITOC Full Members?



Welcome to Pan Pacific Travel



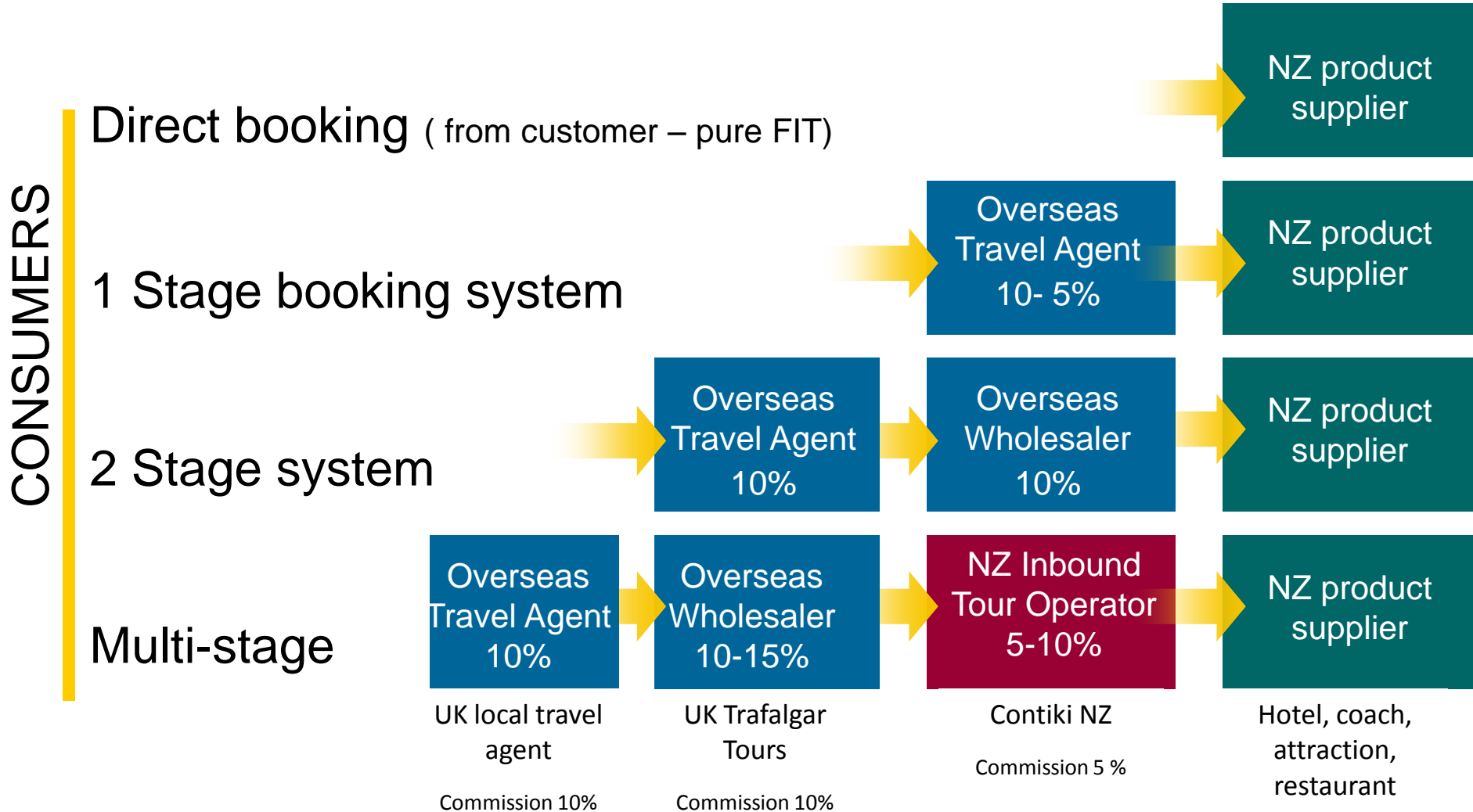
Who are Allied Members?

- Attraction operators eg. Te Puia, Whalewatch, Museums,
- Activity operators eg. Air Safaris, Agrodome, Huka Falls Jet
- Accommodation providers eg. hotels, motels, luxury lodges
- Transport agencies eg. airlines, train, coach, ferry, car rentals
- Regional Tourism Organisations eg. Nelson Tasman Tourism
- Publishing companies, tourism consultants, agencies (NZMTC)



The Distribution Channel

(traditional)



The Distribution Channel

(traditional eg. travel agent)



OVERSEAS
VISITORS
\$125



OVERSEAS
TRAVEL
AGENT
Commission
10% **\$10**



OVERSEAS
WHOLESALER
Commission
10-15% **\$10**



**ITOC Full
Member**

NZ BASED
INBOUND
TOUR
OPERATOR
Commission
5-10% **\$5**

*IBO's budget \$125
per person to book
this room even though
operator only gets
\$100*



**ITOC Allied
Member**

NZ accom,
activity,
attraction
operator

Distribution Models

- Traditional model with travel agent, travel wholesaler, inbound tour operator, product supplier (15-30% commission)
- RTO's – Regional Tourism Organisations (some commission)
- i-SITE network (10-15% commission)
- Internet wholesalers eg. Expedia, Wotif (commission varies)
- Event organisers eg. DMS or PCO
 - DMS = Destination Management Specialists
 - PCO = Professional Conference Organiser
- FIT & SIT (free and semi independent travellers)

Modern Model of Distribution



ONLINE WHOLESALERS

Commission

eg. Lastminute., Grab-one, Kayak, Expedia, Wotif .com



OVERSEAS TRAVEL AGENT
Commission



OVERSEAS TRAVEL AGENT
Commission



OVERSEAS WHOLESALER
Commission



NZ inbound operator
Commission

**HOTEL, MOTEL, COACH,
ATTRACTION, ACTIVITY
OPERATORS**



Airline packages
Commission



Hotel & event packages
Commission

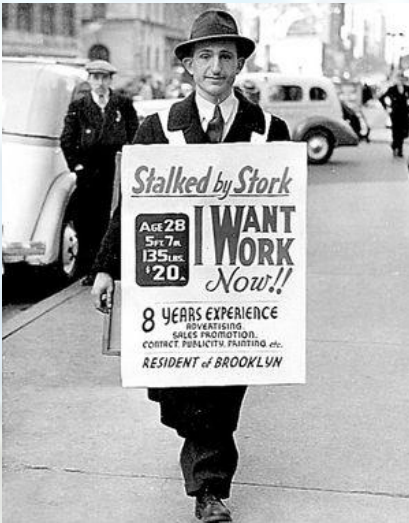


RTO and I-site packages
Commission



OVERSEAS VISITORS
Direct – no commission

Unless you want to do this 24/7...



Get over having to pay a commission – you only have to pay once they are at your door. Learn to love your inbound operator. New business for them is new business for you...

Benefits of working with an IBO

IBOs have hundreds of downstream relationships with off-shore travel agents. They will do your international marketing for you.

Working with an IBO or PCO can bring you:

- bulk bookings
- repeat business
- on-going (series) bookings
- conference & event bookings
- confidence if any adversity should occur
- enjoyment being part of the tourism industry

How to work with an IBO?

DO YOUR HOMEWORK:

- Visit their website/brochures - check their itineraries ahead of time to determine:
- Who are their customers? Check their age and if any cultural considerations
- How long do they spend in your area and what do they do?
- How many passengers per group or are they FIT/SIT customers?

Know their business before you tell them about your business!

Talking with an Inbound Operator:

3-5 minute 'elevator talk'

1. Describe your product/accommodation using images or what is new this year
2. How long does it take to experience your product/benefit of your accommodation
3. How many can you accommodate?
e.g. 2 groups x 20 pax in 3 hours
4. Can you package with other operators
5. Provide commissionable price

Be Trade Ready

- Join the appropriate tourism organisations eg. ITOC, TIANZ
- have a **proven understanding of tourism distribution channels**, the role of the travel wholesaler and commission structures
- **offer both retail and commissionable** (wholesale) **pricing**
- demonstrate investment and ongoing commitment to **product development**
- have experience in international marketing and **meeting the needs of international clients**
- have a **quality rating** (where relevant) via an independent accreditation body (e.g. QualMark, AA, Motel Association, Hotel Association)
- have a **professional** and up to date **website**
- have **professional sales collateral** (e.g. brochures, business cards)

Working with your RTO

Benefits:

- Promotes the region and your product
- Works with NZ inbound wholesalers
- Act as conduit for media
- Acts as an advisor between national bodies
- Provides statistics and research information
- Provide information for tourism investors
- Explores event development opportunities
- Acts as educator and advocacy for industry



Working with i-SITE

- “ask a local”
- sell your property for you 7/days 364 per year
- recommendations are significant
- welcome approx 100,000 through doors p.a.
- consider brochure display – visual impact
- recommend back to i-SITE so we can upsell more regional and neighbouring product

Thank you for your consideration.

For more information or a copy of this power-point presentation for you to adapt for your business, school or organisation, contact the Chief Executive at info@itoc.org.nz



The internet will make tour wholesalers and travel agents redundant

Yeah right.

