



Australian Government



Going Global

An action plan to adapt to the changing tourism distribution landscape



Australian Government



GOING GLOBAL

AN ACTION PLAN TO ADAPT TO THE CHANGING TOURISM DISTRIBUTION LANDSCAPE

Keystone Corporate Positioning
Digital Distribution Working Group
Australian Tourism Data Warehouse



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Introduction

As we become more accustomed to using technology to assist us in our everyday lives we are finding that consumers and the tourism industry have more ways to interact with each other during the travel planning and booking process.

Consumers are becoming increasingly savvy about how to search for and use new technology to source information to help them make decisions about travel and are also more willing to use the Internet to tell of their experiences, whether good or bad.

The Australian tourism industry is comprised of 96.5 per cent Small to Medium Enterprises plus some very large organisations, all of which have differing needs and levels of participation and technical capability. This guide aims to help tourism operators adapt to the changing environment of the tourism distribution network by providing advice on using digital distribution and new technologies to assist in running and growing their businesses. It also aims to provide advice on how to work in partnership with government to create greater awareness of our tourism products and destinations on a global scale.

What is Tourism Distribution?

Travel and tourism are unique as industries as the buyer generally comes to the product, rather than the reverse. Tourism distribution is the link between the owners/operators of tourism products and the consumer. The way you sell your product can be 'direct' – where you sell to the consumer, or via an intermediary.

Until the Internet, tourism and travel distribution networks were not clear or visible to the traveller. Much of the activity was behind the scenes and delivered by custom-built technology systems, largely by intermediaries.

Today the tourism, travel and hospitality businesses of the world are largely connected through three large, international Global Distribution Systems (GDS) and the Internet. The GDS and the Internet interface on many levels with the tourism industry, including in-house, custom-built systems creating networks to process sales and manage inventory and revenue. The three 'large scale' GDS are:

- > Sabre (which includes Abacus);
- > Amadeus; and
- > Travelport (which owns Galileo and Worldspan).

In the past, travellers and tourists did not have access directly to these interconnected systems; instead, they made their bookings through a 'chain' of intermediaries, known as the 'trade'.

The traditional tourism distribution network

Historically, the tourism distribution network consisted of a number of participants with well defined roles operating within a highly structured environment.

'Traditional' intermediaries in the travel distribution channel include:

- > 'Retail' Travel Agents who sell to the consumer;
- > Wholesalers/Inbound Tour Operators who sell to travel agents but often advertise directly to consumers; and
- > Aggregators of products, services and experiences who co-ordinate inventory for sale by members of the supply chain.

The intermediaries are paid for their distribution services with their fees taken as a commission on the sale price to the consumer. Commission levels depend on their place in the 'chain' and individual agreements reached with the supplier. Intermediaries can generally justify charging commissions due to the investment in additional services they make to sell an operator's product. The commission is in effect a fee for a successful booking.

Each link in the chain provides targeted, yet wide-scale exposure for the product by means of particular services. For example a wholesaler will normally provide the following:

- > Product development
- > Brochure production and distribution to consumers through travel agents
- > Advertising to visitors and travel agents
- > Travel agents training
- > Point of sale/in-store merchandising and window displays
- > Invoicing and collection of participation fees.

The changing distribution landscape

While traditional channels remain a vital part of the opportunity to distribute your tourism product or service, the Internet has made the 'chain' more open for consumers and travel business operators alike.

You, and your customers, existing and potential, now have even more options to choose from when trying to connect with one another. For tourism operators, this means that traditional distribution, which does not require the use of the Internet by the supplier/or buyer can now be supplemented, complemented or in some cases, replaced by digital distribution, which requires the use of the Internet by the supplier and buyer and may or may not involve intermediaries.

Digital distribution in the Tourism context can be defined as the use of online or Internet technologies to connect a consumer with an operator. This can either be direct or through intermediaries, and allow the consumer to research, plan or purchase a tourism product or service.

Traditional intermediaries have recognised this shift, with many now opting to use additional digital distribution methods. Establishing retail travel agencies, developing in-house wholesale operations and/or intermediaries to provide effective digital options directly to consumers is becoming increasingly common.

Traditional and digital distribution channels are not separate or exclusive to one another, as consumers often research online and book offline, and vice versa. They may also modify this behaviour over time, depending on the destination, length or type of trip and their travelling companions.

Perhaps most significantly, the advances in technology that make working through intermediaries easier and more effective for you and your customer have also made it possible for them to book your product online directly with you.

Distribution now and the changing role of the consumer

Traditional and digital distribution channels are converging providing the distribution chain with more entry and exit points for industry and consumers and more ways to interact with each other. The Internet is now used not only to research potential destinations but in many cases book individual elements of holidays as well as book whole trips.

In 2009, 44% of international visitors used the Internet as an information source for their visit to Australia¹. The most common reasons for international visitors using the Internet were:

- > To look for information on airfares and air schedules for travel to Australia;
- > To find out more about Australia after deciding to visit;
- > To help plan trip itineraries; and
- > To find out about accommodation in Australia.

Travellers are using social media as a means of gathering information and are willing to place their trust in user reviews when making their travel decisions. More recent research from the Opinion Research Corporation indicates that 82% of consumers research online before they travel. 80% of those agree that online word of mouth posts influence their decision. Online bookings in Australia have increased from 5% in 2001 to almost 35% in 2008 at an average annual growth rate of 34.6%. Globally, this figure is estimated at over 50%.

The influence of user generated content and social networks on travel choices is significant and growing, and the ability of consumers to directly compare fares, rates and availability through the web has made consumers increasingly savvy about their purchase decisions. User generated content distributed through social media channels such as Facebook, TripAdvisor, YouTube and Twitter can have a profound effect on your business and it is crucial that you understand how to monitor and manage this information to your advantage.

Mobile technology is also changing the way customers interact online. Smart phones and tablets are taking over from laptops as the new way to communicate whilst travelling or without the need to be sitting at a desk. These smaller devices offer a wide range of applications (apps), many of which are

¹ Snapshots 2009, Internet Use in Trip Planning - Australian Government, Department of Resources, Energy and Tourism, Tourism Research Australia

designed specifically with travel in mind. Increasingly apps are available that are location-aware – meaning that the geographical locations of tourism products are pinpointed on maps and are positioned relevant to the physical location of the mobile device.

The immediacy with which consumers can search for, respond to and upload, information about your business means that it is imperative for you to understand the impacts of new technology and ways of interacting with your customers.

Opportunities through the National Broadband Network

The National Broadband Network (NBN) provides unprecedented opportunities for Australian tourism businesses. For the first time, 93 per cent of Australia will have access to the same high quality broadband services delivered via a fibre network and the remaining seven per cent will have their existing internet services significantly upgraded.

The NBN will enable more Australian tourism businesses to develop data rich websites, showing video and high-resolution images of products and services as well as allowing access to increasingly sophisticated applications which require high-speed broadband services.

The NBN will create opportunities for Australian businesses to increase revenue through the expansion of markets allowing businesses to compete in the national and global marketplace.

Further information is available at: www.nbn.gov.au.

What you need to know about

To be able to use Internet and digital distribution methods effectively to promote your business there are a number of things you need to know about before you get started. The following sections explain the steps involved in getting your own website, through to developing strategies for online marketing, social media and other advanced techniques.



All of the digital distribution and online marketing functions discussed in this guide have tutorials in the Tourism e-kit. The Tourism e-kit is a free resource which was launched in September 2008 as a collaborative initiative of the Australian Tourism Data Warehouse (ATDW) and all the Australian State and Territory Tourism Organisations.

The Tourism e-kit consists of more than 40 user friendly tutorials and videos covering a wide range of subjects and is designed to assist tourism operators to make the most of opportunities the Internet provides. The Tourism e-kit will quickly and effectively give you the skills and knowledge to make informed decisions about your digital marketing and distribution strategy. Tutorials have been developed for both beginners and those whose online strategies are advanced. The Tourism e-kit is reviewed and updated every six months and new tutorials are added to keep pace with emerging trends.

The Tourism e-kit also contains a glossary of terms frequently used in online marketing and digital distribution.

For more information about the Tourism e-kit visit: www.atdw.com.au/tourism_e_kit.asp

Getting a website

Creating and operating your own website is the first step to making the most of the opportunities that the changing distribution landscape offers you. There are several decisions you need to make before you start to use the Internet to promote and distribute your product which will formulate your online strategy:

- > Why do I want to have my own website? *e.g. increase sales*
- > What is my target market? *e.g. families, singles or groups*
- > What do I want to be able to do with my website? *e.g. just to display my contact details or to take online bookings*
- > Can I do it myself or do I need help? *e.g. design, hosting, content management*

It is worth spending a few weeks looking at your target market and thinking about the design and structure of your website before you make any firm plans. If you decide to use a professional web developer to build and design your site you need to write a brief detailing what you want from your website. When this is done you can start to look for web developers. You also need to think about

how consumers are searching for information and ensure that your website can be viewed on mobile devices such as smart phones and tablets.

Planning and developing a website requires considerable investment, both in terms of time and money. During this phase you should consider the next steps for your business's growth and where you plan to be in the next 12 months. This will allow you to build more functionality into your site that you can grow into as your capability increases.

For more information see: Tutorial 3: [Web strategy: assessment and components in the Tourism e-kit](#).



The Australian Tourism Data Warehouse

The Australian Tourism Data Warehouse (ATDW) is the combined effort of all Australian State and Territory Tourism Organisations, as well as Tourism Australia. It operates to provide industry with a national database of tourism products and destinations so that they can be published, promoted and sold through multiple websites and other digital media.



The ATDW is the only government recognised, nation-wide distribution facility for Australian tourism content. The database has more than 23,000 listings and over 80,000 images that are quality assured with daily updates made by state tourism offices to ensure accuracy and relevance to the consumer who views the information.

As a tourism operator, being on the ATDW is a simple way to maximise your product's exposure. You only need to submit your product information once as this single entry allows your content to be accessed and published through ATDW distributors including online tourism marketers and other digital publishers that promote tourism products and destinations through their websites. These include Tourism Australia and your State or Territory Tourism Organisation.

To learn more about getting your product listed and the benefits of joining the ATDW go to [the ATDW website](#) and Tutorial 31: [Australian Tourism Data Warehouse in the Tourism e-kit](#).

Online booking systems

As a tourism operator, you can take advantage of travellers' growing preference for booking online by adding this functionality to your website. A consumer who is searching for products online has many product choices and may disregard your product if they cannot check availability and pricing and book online.

Online booking systems are technology that:

- > Allow you to display your availability in real time on your website and on your selected distributors' websites
- > Accept payments from consumers on your own website without requiring human interaction
- > Give you the opportunity to also make your product bookable on a variety of the selected distributors' websites (by using services such as Tourism Exchange Australia (TXA))
- > Manage and update your inventory on your website and on your selected distributors' websites (optional) when a purchase is made.

There are many online booking systems available to Australian tourism operators. They are simple to install and can be much cheaper than custom-built systems. Online booking systems provide your business with big time savings in handling bookings, data-entry, centrally managing inventory, avoiding double-handling of data and streamlining payments. They also allow you to display your product or service availability on your website and offer reporting tools to help you track your results.

When considering an online booking system you need to be aware of the ongoing costs involved after purchase. Generally there are costs for:

- > Licensing – this is the cost to use the system and can be either a fixed monthly or annual licensing fee, a percentage of the transaction value (commission) or a combination of both. It usually includes system support and upgrades.
- > Installation and training – cost for installing and initial training on how to use it.
- > Support – cost for support once the system is installed. May be charged on a “pay as you use” basis.

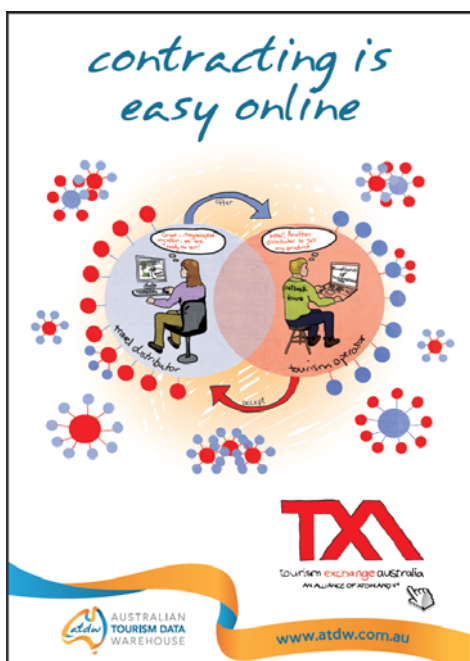
For more information see: Tutorial 32: [Tourism Exchange Australia \(TXA\)](#), Tutorial 34: Online booking systems 101, and Tutorial 35: [Online booking systems advanced in the Tourism e-kit](#).

Distribution strategy

Distribution means making sure information about your product or service reaches consumers. In recent years, the Internet has further refined the distribution of travel products. The industry now talks about **digital distribution**, requiring the use of the Internet and **traditional distribution**, which can be done without using the Internet.



When distributing your product you will need to work out what options make sense for your business. You can do this by working out where your current bookings come from, such as direct to you by phone, email or your online booking system, via the local visitor information centre, an online distributor or a travel agent, and how much each booking costs you. This will give you a clear idea of how much revenue is generated from each distribution channel you are currently using and can help you to focus your efforts and evaluate new distribution channels. You also need to have an understanding of commission structures and how product distribution works.



For more information see: Tutorial 38: [Online distribution 101](#) and Tutorial 39: [Online distribution: advanced in the Tourism e-kit](#).

Online marketing

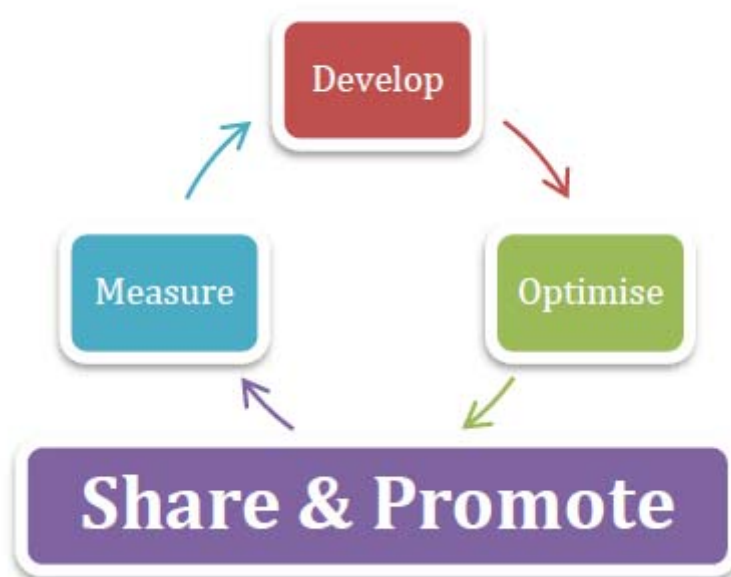
It is no longer sufficient to rely on your website as the sole means of marketing your tourism product or service. Your business needs to be promoted online and not just through your website. You need to ensure you have a clear online marketing strategy to promote your business, which is defined by your business objectives first and foremost.

There are many techniques you can employ to promote and improve your business's online visibility. Activities are broad and often overlap, making it difficult to place them in a single category; most rely on a reliable website to which the consumer will be directed to make contact with you.

Basic online marketing consists of activities such as:

- > Partnering and clustering – including information on your website that tells your customers about things to do and see while visiting your region.
- > Issuing media releases – to make an announcement about your business and direct traffic to your website.
- > Banner advertising - allows operators to display a clickable advertisement on websites with high traffic and is an excellent way to increase brand awareness. However, it may not provide a return on investment high enough to justify the expense for most small and medium tourism operators.
- > Email marketing – email remains the most used tool of the Internet. Email marketing allows operators to collect email addresses from existing or potential customers and use those email addresses, with prior permission, to continue to develop a relationship with your customers over time.

For more information see: Tutorial 24: [Bringing people to my site with e-marketing](#) and Tutorial 25: [Email Marketing in the Tourism e-kit](#).



Search

Search describes all techniques that can be used to make consumers aware of your website and how you can make it more visible.

Two key techniques are search engine optimisation and search engine marketing. Search engine optimisation is about harnessing the power of the search engine and search engine marketing is about driving traffic to your website.

Search Engine Optimisation (SEO)

Search engines such as Google, Yahoo! MSN and Bing are the Internet stakeholders. They work by ranking the most trusted, usable, functional and informative sites. To increase the chances of your website appearing high in the search engine result list it has to be optimised and meet key search engine requirements.

Optimisation can take a few weeks to become fully effective and provide you with power results. During this period it is a good idea to undertake search engine marketing to drive traffic to your website.

For more information see: Tutorial 19: [Search engines 101 in the Tourism e-kit](#).

Search Engine Marketing (SEM)

Search engine marketing, also called pay per click, is a cost-effective way to increase your online visibility.

Pay per click (PPC) is a form of e-marketing that involves setting up an online advertising campaign which will be displayed on search engine results pages and advertising networks such as websites and blogs.

In Australia, the three major PPC players are Google AdWords (<http://adwords.google.com>), Yahoo! Search Marketing (<http://searchmarketing.yahoo.com>) and Microsoft adCenter (<http://adcenter.microsoft.com>).

For more information see: Tutorial 26: [Pay-per-click 101 in the Tourism e-kit](#).

Social media strategy



Social media is defined by Wikipedia as “the various activities that integrate technology, social interaction, and the construction of words, pictures, videos and audio”. It is more than just a new way to communicate; it refers to an entire online environment built on people’s contributions and interactions.

Travellers use social media tools such as Twitter, YouTube, Facebook and others to research their holiday and also use such tools to share information during and after their holiday.

The communication in social media is done using “social networking” sites connecting groups of people together. The online environment replicates the behaviours that people have in an offline environment (e.g. being part of an association or a special interest group). The online environment is extremely well suited to networking, as it doesn’t involve location or time constraints, allowing for participation by anyone from anywhere at anytime.

It is therefore important that tourism businesses consider developing a social media strategy to ensure they are visible and active in an environment where large numbers of their target market congregate. For example, as at July 2010 Facebook had 500 million global users with 9 million of those in Australia. Facebook captures detailed profiling information from its users and tourism businesses can use these profiles to their advantage when targeting messages to their potential customers. The majority of social media tools are free to use however they require an investment in terms of time and resources.

Leveraging social media to market tourism products has proven to be an excellent strategy. However, you need to be involved for you and your business to reap the rewards.

For more information see: Tutorial 28: [Social media for tourism in the Tourism e-kit](#).

User generated content and reviews

User generated content covers a wide range of applications, including problem processing, news, gossip, reviews and research that are accessible to the general public.

Tourism operators should monitor, manage and grow their online reviews. TripAdvisor (www.tripadvisor.com) is the most popular online review site in the world and a basic listing is free.

Managing customer reviews is imperative in order not only to improve, but also to lift, your business’ reputation. If you turn a blind eye, you risk losing business.

NEW RESEARCH FROM THE OPINION RESEARCH CORPORATION INDICATES THAT 82% OF CONSUMERS RESEARCH ONLINE BEFORE THEY TRAVEL. 80% OF THOSE AGREE THAT ONLINE WORD OF MOUTH POSTS INFLUENCE THEIR DECISION.

The implication for you as a tourism operator is that all this user-generated content is being indexed by search engines. Consequently, people searching for you online have a very large chance of finding these reviews as well. Staying passive is therefore not an option. The only solution is to embrace this user-generated content and turn it to your advantage.

For more information see: Tutorial 29: [Customer Reviews and TripAdvisor in the Tourism e-kit](#).

Where can I go for help?

Government Tourism Resources

Tourism Australia and the State and Territory Tourism Organisations have a range of individual programs to support the tourism industry in developing their business, including workshops, seminars, coaching programs and trade shows.

Contact your State or Territory Tourism Organisation for more information about programs relating to your region or Tourism Australia to find out about national programs:

Australian Capital Territory: <http://www.tourism.act.gov.au/industry-services>

New South Wales: http://corporate.tourism.nsw.gov.au/Business_Resources_p107.aspx

Northern Territory: <http://www.tourismnt.com.au/industry-resources.aspx>

Queensland: <http://www.tq.com.au/marketing/index.cfm>

South Australia: <http://www.tourism.sa.gov.au/industryinfo/default.asp>

Tasmania: <http://www.tourismtasmania.com.au/industry>

Victoria: <http://www.tourism.vic.gov.au/industry-resources/>

Western Australia:

http://www.tourism.wa.gov.au/Growing_Your_Business/Pages/Growing_Your_Business.aspx

Tourism Australia: <http://www.tourism.australia.com/en-au/industry/toolkits.aspx>



Familiarisation and Trade Education Programs

Tourism Australia and all State and Territory Tourism Organisations offer education and familiarisation programs to industry operators. These initiatives are an excellent way to promote awareness of your business and find more channels through which you can distribute your product.

Familiarisation Programs

Familiarisations are sponsored tours designed for overseas trade buyers of travel products and services, the objective of which is to convert the experience into sales and further distribute your product.

These unique opportunities, coordinated and developed by State and Territory Tourism Organisations and Tourism Australia, are a chance for you to showcase your product first hand to international product planners, front line travel agents and other key sales staff. By experiencing the product first hand through site inspections, meals, tours, etc famils help to sell your product in the market.

Aussie Specialist Program: education and familiarisations

The Aussie Specialist Program, operated by Tourism Australia, trains and accredits retail agents who are selling Australia as a destination. The program includes famil visits to Australian destinations.

Operators can support the Trade Education program by offering to showcase their product to visiting international agents. Look for specific showcasing opportunities as part of the trade visits in each market prospectus.

Trade Events & Sales Missions

The Australian Tourism Exchange (ATE) is Australia's premier tourism trade event and the largest international travel trade show in the Southern Hemisphere. It provides a forum for Australian Tourism businesses to showcase their products, make overseas contacts and negotiate distribution deals. International industry counterparts get an opportunity to meet and greet and see the products and destinations they will be selling to their market.

State and Territory Tourism Organisations organise and lead international sales missions on behalf of participating operators. Missions involve workshops and presentations by tourism operators to key international wholesale and retail travel agents.

For more information on familiarisation programs, trade events and sales missions contact your State or Territory Tourism Organisation or Tourism Australia.

Research and Insights

A wide range of research and insights into emerging trends, technological advances and consumer online behaviour is available through your State or Territory Tourism Organisation and Tourism Australia.

A great place to start is with the Internet Snapshot, produced by Tourism Research Australia, which is available from the Department of Resources, Energy & Tourism website at:

<http://www.ret.gov.au/tourism/tra/snapshots/Pages/default.aspx>

Industry Associations

The tourism industry has a range of state and sector based industry associations who work to improve the quality of the industry overall, and to provide support and training to their members. Check with the relevant association(s) in your state and sector – many of them will be able to provide insights about sector or state specific issues that you may wish to consider.

Jobs and recruitment in tourism and hospitality

If you're looking for information about joining the industry or are a business looking to recruit staff, Restaurant & Catering Australia has developed the 'Discover Jobs' website, which is dedicated to providing information about careers in tourism and hospitality in Australia. Businesses can also advertise for and recruit staff from the 'Discover Jobs' website www.discoverjobs.com.au.

'Discover Jobs' links to the 'Discover Tourism' www.discovertourism.com.au and 'Discover Hospitality' www.discoverhospitality.com websites, both of which provide careers information to prospective jobseekers as well as information about training, work conditions and starting a business.

General Government Resources

The Commonwealth Government's Small Business Online Program funds eligible organisations to deliver training seminars on e-business, advice on establishing an online presence and the development of other e-business resources to build the capacity of small businesses. Courses are available nationwide, operated through expert service providers such as business enterprise centres, professional and business organisations and industry associations.

For more information about training courses available in your area, go to: www.ausindustry.gov.au or contact the AusIndustry hotline 13 28 46 or hotline@ausindustry.gov.au.

The Commonwealth Government has also developed the Australian Guidelines for Electronic Commerce. The guidelines aim to increase consumer confidence by providing practical guidance to businesses on how to deal with customers when carrying out business online. The guidelines are accompanied by the Checklist for Business-to-consumer E-commerce in Australia which is designed to enhance business awareness of key issues to be considered when dealing with customers online.

The guidelines and checklist are available online at:

<http://www.treasury.gov.au/contentitem.asp?NavId=014&ContentID=1083>.

Enterprise Connect

The Remote Enterprise Centre is based in Alice Springs and provides small and medium enterprises operating in remote areas of Australia with access to specialist advice and services to help them boost productivity and competitiveness. The Centre provides a practical range of services designed to link businesses in the Northern Territory, and remote areas of Western Australia, South Australia, New South Wales and Queensland to new ideas, technologies and markets. The types of businesses that can be assisted through the Remote Enterprise Centre include outback tourism, indigenous arts & crafts, carbon trading, land management, horticulture, livestock, and mining and mining associated industries.

See the Enterprise Connect website for more details:

<http://www.enterpriseconnect.gov.au/Pages/Home.aspx>.

Other Initiatives



Google Australia and MYOB launched the Getting Aussie Business Online initiative in March 2011. This nationwide offer provides Australian businesses with a free website for a year. Their objective is to sign up as many businesses as possible and their goal is 50,000 in 2011. The Getting Aussie Business Online offer includes a free website for a year then moving the business to a nominal monthly fee arrangement.

For more information about the Getting Aussie Business Online Program go to:

<http://www.gettingbusinessonline.com.au/atdw>.

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