DISTRIBUTION OPTIONS FOR REGIONAL ACCOMMODATION OPERATORS

Roger March

SUSTAINABLE TOURISM CRC

Technical Reports

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ACRONYMS

ABS	Australian Bureau of Statistics
ATDW	Australian Tourism Data Warehouse
ATEC	Australian Tourism Export Council
B&B	Bed and Breakfast
CRS	Computer reservation system
DMO	Destination marketing organisation
GTO	Government tourism organisation
HMAA	Hotels & Motels Association of Australia
ITO	Inbound tour operator
LGO	Local government organisation
LTA	Local tourism association
NRMA	National Roads & Motorist's Association
NSW	New South Wales
POSM	Point-of-sale material
RACV	Royal Automobile Club of Victoria
RTA	Regional tourism association
RTO	Regional tourism organisation
STCRC	Sustainable Tourism Cooperative Research Centre
STO	State tourism organisation
VIC	Visitor information centre
WWW	World Wide Web

ABSTRACT

This report serves two purposes. First it details the findings of an online survey of accommodation operators in regional Victoria and New South Wales. The survey investigated the distribution strategies adopted by the operators and sought their feedback and advice about efficient and effective marketing and distribution strategies. This information will be useful both for the experienced and novice operators in the regional tourism sector. Second, for novice and new entrants into the regional accommodation sector, the report provides a thorough overview, drawn from a variety of secondary sources, of the distribution options that operators have in today's tourism industry. Overall, it is hoped this report represents a valuable resource kit for accommodation operators in regional Australia. The major caveat is that the research was undertaken in two states and therefore circumstances may differ in some other states.

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SUMMARY

This report seeks to examine the distribution strategies employed by regional accommodation operators in New South Wales and Victoria. The findings from this research have been incorporated into a comprehensive resource kit that will, it is hoped, be useful for inexperienced or new entrants to this highly competitive tourism sector. The regional focus of this project reflects the importance of increased research into regional tourism that was contained in the 2003 Tourism White Paper.

Study Objectives

The objectives of the study were twofold:

- To identify the types of distribution strategies and options available to accommodation operators of B&Bs and farmstays in regional Australia, and
- To create an informative resource kit detailing distribution options for accommodation operators in regional Australia (using Victoria and New South Wales as case studies).

The study was a combination of a desktop review of existing research and knowledge and an online survey to accommodation operators.

Method

An extensive desktop research involved an examination of popular consumer websites for travellers accommodation, and preliminary face-to-face interviews were undertaken with several accommodation operators in regional New South Wales and Victoria to identify the key issues facing regional accommodation operators. The insights and information garnered from these interviews were then incorporated into a trial questionnaire, which was tested among the operators interviewed earlier. A final questionnaire was prepared that examined attitudes and approaches of tourism operators toward distribution in general, and distribution strategies in particular, including but not limited to the use of the Internet.

Findings

The survey generated a number of insights into the approach of accommodation operators toward marketing in general, and distribution in particular:

- The Internet accounts for the majority of bookings for the majority of operators. While a small number of operators cited word-of-mouth, referrals and repeat customers as their main source of bookings, most operators generated over 60% of business from the Internet.
- Just over one-third of all bookings were made through the operators' own website. While the great majority of (but not all) operators placed their properties on commercial websites, this result highlights the importance of operators creating a quality website.
- Wotif.com was easily the highest rated website for generating business, although it only accepts properties with at least five rooms in Victoria. In New South Wales, lobbying by the association B&B and Farmstay NSW-ACT, resulted in this criterion being removed.
- Operators were generally very sceptical of the value of printed material and advertising.
- Only 31% of operators had a booking facility on their website.
- Few operators reported or mentioned the value of cooperative marketing activities with their fellow accommodation operators – despite the high level of inter-dependence in the tourism industry.
- Though database management was not a subject of this survey, very few operators mentioned the importance of generating a database of guests and enquiries.
- Only one operator acknowledged the importance of operators and other tourism stakeholders working together toward creating greater awareness of the destination in which their property lies.

Recommendations

This report demonstrates a number of key lessons and marketing imperatives for accommodation operators in regional Australia. These are summarised as follows:

- A high-quality website that is attractive, with easy navigation and, ideally, with a booking capability, offers operators greater competitiveness in a crowded accommodation market. While many customers often use commercial websites to find prices and information, they will still link to the operator's website to seek both further information and reassurance that they are making the right choice.
- The commercial sites of stayz.com.au, ozsays.com.au and takeabreakaway.com.au were highly recommended by industry for their effectiveness in generating business. Operators who consider 'throwing the net as wide as possible' by advertising their product through as many sites as possible should first consider the costs and time involved to update multiple sites.
- Small Victorian accommodation operators should lobby Wotif.com to accept properties with less than five rooms, as the industry had successfully done in New South Wales.
- Operators should only commit to producing attractive printed collateral and advertising in print media after careful consideration of the overall costs and benefits. A significant number of respondents were sceptical of the benefit of advertising in today's Internet dominated world.
- Operators, particularly in relatively unknown regional areas with low levels of consumer awareness, must engage in cooperative marketing activities to stimulate more demand for their destination. Except for unique accommodation offerings, travellers choose the destination first and the accommodation second.
- Operators must create or better manage their customer databases. Operators can maintain database information in different ways: as spreadsheets containing list of commercial websites they are listed on and how many enquiries are generated through these sites; a list of guests from information completed on a check-in registration form, with email addresses and a question of 'where did you learn about us?'

Chapter 1

INTRODUCTION

This report examines the distribution strategies employed by regional accommodation operators in New South Wales and Victoria and incorporates those findings and insights into a comprehensive resource kit about distribution that will, it is hoped, be useful for inexperienced or new entrants to this highly competitive tourism sector. The regional focus of this project reflects the importance of increased research into regional tourism that was contained in the 2003 Tourism White Paper:

> 'Tourism plays a key part in the development of regional and rural areas and can play an important role in nurturing and promoting Australia's culture and heritage. Regional tourism (beyond the capital cities) accounts for around 185,000 jobs or 7 per cent of rural and regional employment, compared to 6 per cent for tourism nationally. Over 70 per cent of domestic and 23 per cent of international tourist visitor nights are spent in regional and rural Australia.' (page xvi).

Though the marketing tools available to tourism operators are many and varied, a general lack of marketing expertise in the industry has many people equating marketing with advertising and brochure production, with anecdotal evidence indicating that the key marketing tool of distribution is underappreciated and underutilised. Distribution is about the different means that tourism operators use to get information about their businesses to as many potential customers as possible. The typical distribution intermediaries available to small hospitality operations are travel portals (such as wotif.com and lastminute.com), Visitor Information Centres, the local destination marketing organisation, travel agents, and tour operators. The Internet is a fast growing form of distribution, not by the creation of a website (which is actually electronic advertising), but by linking an operator's website to other websites; examples of electronic distribution in tourism are, at the national level, the Australian Tourism Data Warehouse or the local DMO website, at the regional level.

Objectives of the Project

The objectives of the study were twofold:

1. To identify the types of distribution strategies and options available to accommodation operators of B&Bs and farmstays in regional Australia, and
2. To create an informative resource kit detailing distribution options for accommodation operators in regional Australia (using Victoria and New South Wales as case studies).

Research Method

After numerous consultations, ATEC, the Hotel Motel & Accommodation Association of Australia (HMAA), Bed &Breakfast (B&B) NSW & Farmstay Association and Tourism NSW endorsed the project's aims. Desk research was then undertaken to determine the existence of examples of best-practice in distribution strategy by small and medium size enterprises (SMEs) in the tourism industry; none were found. For example, while all STOs in Australia, as well as Tourism Australia, offer online information and advice regarding distribution to operators, the quality and depth of the content differs significantly.

Preliminary face-to-face interviews were undertaken with several accommodation operators in regional New South Wales and Victoria to identify the key issues facing regional accommodation operators. The insights and information garnered from these interviews were then incorporated into a trial questionnaire which was tested among the operators interviewed earlier. A final questionnaire was prepared that examined attitudes and approaches of tourism operators toward distribution in general, and distribution strategies in particular, including but not limited to the use of the Internet. The survey items are listed in Appendix C.

An online survey instrument was chosen to reduce costs and provide convenience to respondents. Databases were kindly received from industry associations such as ATEC and HMAA. Other contact details were obtained by accessing the publicly available online membership lists of the NSW Bed & Breakfast Association (www.bedandbreakfastnsw.com) and the website of Victoria's major accommodation portal (www.accommodationgetawaysvictoria.com.au). Additional contact details were generated from various publications. The final list comprised 197 New South Wales and 161 Victorian operators outside the metropolitan areas. In all, 82 operators completed the survey, an overall participation rate of 23%. (These comprised 49 New South Wales operators, representing 26% of the total New South Wales list, and 32 Victorian operators, representing 19% of the Victorian list).

Two limitations need to be addressed. First, the overall participation rate was disappointing. This was partly due to the inability of a number of operators to access the survey site; the problem appeared to be the quality of the respondents' Internet connection rather than faults in the online survey instrument. Another factor may have been the perceived New South Wales bias, since the email requesting participation came from the author based in Sydney. Whatever the reason, there was, as mentioned above, a higher participation rate from New South Wales rather than Victorian operators. The second limitation was that, due to budgetary constraints, only New South Wales and Victorian operators were surveyed. A different picture may emerge from a nationwide survey of regional accommodation operators.

Chapter 2

OVERVIEW OF THE ACCOMMODATION SECTOR

How is Accommodation Classified?

Since tourists demand a multitude of accommodation options in today's world, this report begins by identifying the different ways accommodation is classified:

- The **Australian Bureau of Statistics** (ABS) classifies accommodation into three broad categories: 1) Licensed Hotels, 2) Motels and guest houses, and 3) Serviced apartments – all with at least five rooms.
- The **Australian Tourism Awards** comprises seven accommodation categories: Tourist & Caravan Parks, Backpacker Accommodation, Hosted Accommodation, Unique Accommodation, Standard Accommodation, Deluxe Accommodation, and Luxury Accommodation.
- The **Hotel Motel & Accommodation Association** (HMAA), the peak body for the Australian accommodation industry, has nine classifications, as shown in Table 1.
- The **state tourism organisations** (STOs) of New South Wales, Victoria and Queensland have similar, although not identical categories, as Table 2 indicates. Interesting, only four categories are the same across the three states.

The HMAA and ABS classifications serve specific membership and statistical needs, respectively, and the Tourism Award categories are for the industry itself. These are consumer websites that cater for potential visitors seeking information about these destinations, so several questions could be asked: Are these differences confusing for consumers searching for accommodation? Should states coordinate their accommodation categories? For example, what does a potential visitor do when seeking a farm stay in Victoria – when, unlike Queensland and New South Wales, it is not listed? Surprisingly, Queensland does not have a B&B category.

Table 1: Classification of Accommodation Facilities, by HMAA

▪ Apartment (4-5 star)	▪ Hotel (3.5, 4.5 & 5 star)	▪ Self-catering (4-5 star)
▪ B&B (4-5 star)	▪ Motel (3,3.5, 4, 4.5 star)	▪ Time share (3.5 star)
▪ Boutique Accomm. (4-5 star)	▪ Resort (4-5 star)	▪ Tourist Park (3-4, 4-5 star)

Table 2: Classification of accommodation on STO consumer websites

Tourism Victoria ***Visitvictoria.com.au***	**Tourism NSW** ***Visitnsw.com.au***	**Tourism Queensland** ***Queenslandholidays.com.au***
Backpacker or Hostel	Backpacker or Hostel	Backpackers
Bed and breakfast	Bed and Breakfast	-
Boating or Marine	-	-
Caravan or Camping	Caravan / Camping	Camping and Caravans
Group	-	-
Hotel or Motel	Hotel and Motel	Hotels and Motels
Residential Colleges	-	-
Resorts	Resort	Resorts
Self Contained	Self-contained	Self-contained
-	Farm Stay	Farm Stay

What are the Top Ten Accommodation Sites for Information Seekers?

As a rough guide to 'popular' websites that potential travellers to regional New South Wales and Victoria might access when searching for accommodation, a Google search was undertaken with the keywords 'accommodation and New South Wales' and 'accommodation and Victoria'. As Google itself states, 'A Google search provides an easy and effective way to find high-quality websites that contain information relevant to [a person's] search' (accessed 21 May 2007 Google: Our Search at <www.google.com/technology/index.html>). The top ten websites, in order of Google rank for each state, are shown in Table 3. The top sites in both sites were those provided by the respective STO.

Table 3: The Top Ten Sites for New South Wales & Victoria

New South Wales	Victoria
visitnsw.com.au	visitvictoria.com/
bedandbreakfastnsw.com	travelvictoria.com.au/
Needitnow.com.au/NSW_Accommodation.html	accommodationgetawaysvictoria.com.au
atn.com.au/nsw/accom.html	atn.com.au/vic/accom.html
stayz.com.au	stayz.com.au/accommodation/vic
takeabreak.com.au	takeabreak.com.au
Bookitnow.com.au	bookitnow.com.au
check-in.com.au	australianexplorer.com/hotels_victoria.htm
traveldirectory.com.au	bedandbreakfast.stays.com.au/
totaltravel.com.au/travel/nsw	vicholidays.com.au

Searching for Accommodation by Region

For the most part, consumers make choices about accommodation after they decide the destination. The information about destinations within states is often complex. New South Wales and Victoria divide into regions and sub-regions for promotional and administrative purposes. While this segmentation may be useful from the perspective of operators and destination managers, what is the prospective visitor to make of this complexity? New South Wales, for example, has eight regions and 83 sub-regions, almost all of which are geographical/administrative designations (see Table 4).

In terms of promotion, regional accommodation operators must work with their relevant regional tourism organisation (RTO) that promotes their region, which, in most cases, does not exist on the website of Tourism NSW. To further complicate matters two duplications were identified in New South Wales: (1) the North Coast region is divided into 12 sub-regions, six of which are also included in the Sydney Surrounds region (Barrington Tops, Port Stephens and Surrounds, Hunter Valley, Lake Macquarie and Surrounds, Newcastle and Central Coast); (2) the sub-regions of Wollongong and Surrounds, and Kiama and Shellharbour Surrounds are sub-regions of both Sydney Surrounds and South Coast.

Table 4: Comparison of New South Wales Official State Regions and Tourism Regions

Tourism Regions on VisitNSW.com.au	NSW Campaign Zones*	Regional Tourism Organisations (RTOs) in NSW	
Outback (9 sub-regions)	Outback NSW	Blue Mountains	Murray
Heart of Country (23)	Heart of Country NSW	Capital Country	New England North West
North Coast (12)	North Coast of NSW	Central Coast	Northern Rivers
Sydney Surrounds (13)	Sydney	Central NSW	Outback New South Wales
Sydney (14)		Hunter	Riverina
South Coast (5)	South Coast of NSW	Illawarra Tourism	Snowy Mountains
Snowy Mountains (6)	NSW High Country	Lord Howe Island	South Coast
Lord Howe (1)	Lord Howe	Mid North Coast	

** Source: 'Working Together - A guide to working with Tourism NSW' 2006/07*

What are the implications of this structure? First, the use of sub-regions within the main state tourism regions causes unnecessary complication for prospective visitors and, evidently, complications for the designers of the website as well. A key question is: How do prospective visitors choose their accommodation? Obviously accommodation is chosen after the destination is determined. How are destinations determined? By a defined locality, such as Byron Bay; by a general region, such as Southern Highlands, or by a tourist attraction perhaps, such as Great Ocean Road? Secondly, destinations highlighted in two locations are, in theory at least, being advantaged over those who appear only once.

Chapter 3

DISTRIBUTION & E-COMMERCE IN TOURISM

What is Distribution?

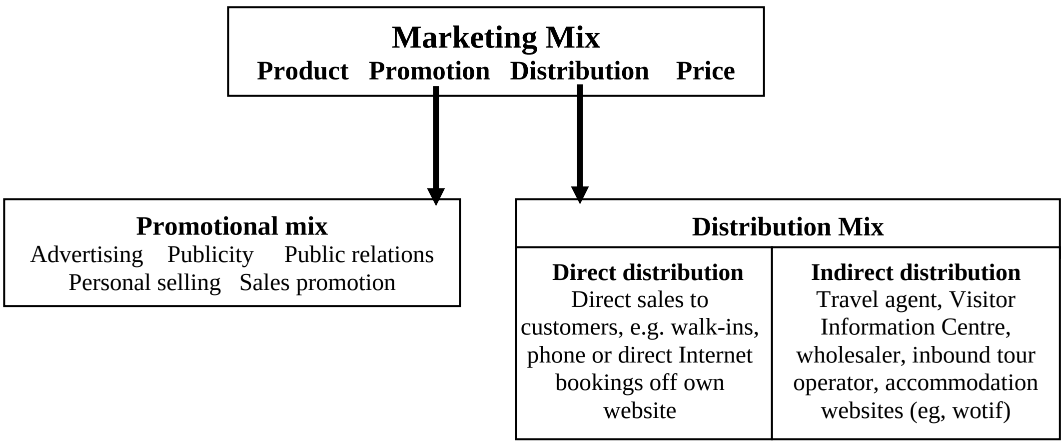
Distribution is one of the four critical marketing tools, along with pricing, promotion and product development. For businesses that manufacture goods, distribution is about logistics, specifically how to get the product as efficiently as possible to potential customers. Since tourism is a service and not a physical product, distribution refers to the varying means by which tourism operators can get information to potential customers as cheaply and efficiently as possible. In marketing parlance, the different ‘means’ of distribution are referred to as ‘channels’ or ‘networks’. Tourism Queensland (2006) defines a distribution network as the system that ensures a tourism product or service reaches the consumer and is available for sale, e.g., via the Internet, travel agents, wholesalers or visitor information centres.

The *functions* of distribution have been defined as follows: ‘The primary distribution functions for tourism are information, combination and travel arrangement services. Most distribution channels therefore provide information for prospective tourists; bundle tourism products together; and also establish mechanisms that enable consumers to make, confirm and pay for reservations’ (Buhalis 2001: 8).

The Difference Between Distribution and Promotion

Confusion often occurs between distribution and promotion. Distribution strategies are either direct or indirect: direct sales between the customer and operator are regarded as forms of direct distribution while indirect distribution occurs when operators use different types of ‘middlemen’ or intermediaries to get information about their business to potential customers; these intermediaries can be visitor information centres, travel agents, inbound tour operators, or the World Wide Web. These differences are illustrated in Figure 1.

Figure 1: Comparison of Distribution and Promotion Activities



What is the Travel Distribution System?

The tourism and travel industry is comprised of a complex, informal global network of independent businesses which form the ‘travel distribution chain’. This network allows overseas and domestic consumers to research, book and pay for the operator’s product.

Travel distributors, or intermediaries, allow operators to broaden their customer base far beyond the reach of their typically limited marketing budget. They are particularly important to the inbound tourism industry as many overseas travellers still rely on the advice of local travel experts when planning their Australian holiday, particularly in long haul and emerging markets. Travel intermediaries can also provide insights and advice on international markets and suggest changes or improvements to tourism businesses that will help meet the needs of your target market.

The travel distribution system covers all the channels through which an international traveller can purchase tourism product. Other than approaching the tourism operator directly, international travellers may book product via:

- local travel agents,
- tour wholesalers / operators that market directly to consumers (direct sellers),
- inbound tour operators or meeting planners,
- online accommodation sites or individual Internet booking engines.

Distribution channels and consumer purchasing behaviour varies from market to market so there is a need to understand the structure of the distribution system specific to target markets. Tourism Australia's market fact sheets provide more detail on the distribution system – the way consumers purchase travel – in each market. When considering how best to distribute product to international consumers, it is important for operators to understand each channel and the relationships between companies within the distribution channel.

How Does the Distribution System Work?

The travel distribution system has traditionally been very structured with clearly defined functions for each role in the chain. However, as technology and company mergers transform the tourism industry, there is an increasing amount of crossover in the roles and functions of various sectors of the distribution system.

The Internet has also changed the way consumers research and book travel, impacting the traditional structure of the distribution system. While many travellers use the Internet as an information tool when researching holidays, personal advice and recommendations from friends and travel agents are still important. The proliferation of 'last minute' websites to move distressed (unsold) inventory has also changed consumer booking patterns, resulting in shorter lead times for bookings, even in some long haul travel markets.

As the travel distribution environment changes, companies will need to take a more integrated approach to international product marketing, considering all the distribution options available and the way that key consumer markets book travel products. This will allow operators to develop an effective mix of distribution partners to reach consumers.

A distribution system uses a variety of intermediaries to not only raise product profile but also extend the points of sale, so that purchases can be made in locations other than the actual point of operation. An efficient product distribution strategy should facilitate product sales in advance of their actual use. This is significant if an operator's target markets include international visitors travelling on a structured prepaid itinerary; or domestic travellers who prefer to confirm their itineraries prior to travel.

Crafting a Distribution Strategy

Analysing which distribution channels will be the most profitable is crucial to an effective distribution strategy. Major considerations include:

- How do an accommodation operator's target markets currently purchase accommodation and how should the operator go about connecting with them?
- What distribution methods will appeal to and reach the operators' identified audiences?
- What sort of costs will be incurred by using these particular distributors?
- Are these proposed distributors enthusiastic about the operator's product?
- Do they handle products provided by the operators' direct competitors – and, if so, does it matter?
- Are these proposed distributors familiar with the operator's product? If not, what are the costs involved in developing product familiarity?
- What sort of incentive can an operator offer a distributor to encourage sales of the accommodation product? (An 'over-ride' commission, e.g. an additional 2-3% on top of existing commission rates).

Common Distribution Methods

Distribution channels are dependent on target markets. Options may include working with intermediaries like travel agents, wholesalers; or more simply, using promotional material to not only spread the word about the product but to serve as a sales tool. As businesses grow, the use of intermediaries as opposed to direct sales between the operator and customers is often the most cost effective means of increasing sales.

Operator's own brochure

Before an operator produces a brochure, he/she firstly needs to determine how the prospective client will obtain it. Effective distribution methods are important to brochure success. Secondly, the content of the brochure needs to be considered, in particular the techniques to facilitate a sale. For example, a toll-free booking or enquiries phone number (or an Internet address) listed on a brochure provides a convenient means for customers to make direct bookings/ purchases prior to travel. It enables the operator to quickly and easily convert a motivation to buy, to an actual sale. If targeting international markets, the operator should provide, if possible, a 24/7 phone service. Also, as an added incentive, the operator might consider offering special discounts to customers making advance purchases.

Affiliations with booking agents

Establishing a relationship with an existing tourism based booking agency selling a range of local tourism product can be a cost efficient distribution channel. These agents are used by travel planners (wholesalers, inbound tour operators etc.) and directly by individuals. Remember, commission rates should be allowed for in the price.

Tour operators brochure and packages

Depending on the size of the accommodation operation, it may be possible to expand distribution by incorporating the operator’s product into tour operator packages. The operator may also consider participating in cooperative marketing programs with government tourism authorities, transport carriers, and major accommodation chains who often compile their own itineraries (e.g. weekend packages geared to domestic markets). To achieve such an arrangement it is expected that the product is established and well regarded in the marketplace and has a price structure that incorporates commissions.

Travel wholesalers and their affiliated travel agents

Distributing product through wholesalers and their affiliated travel agents can boost sales. Usually a wholesaler liaises directly with suppliers (or on an international level, with inbound tour operators) to collate a number of value holiday packages/itineraries. These options are sold to the customer through a retail travel agent. Again, to be included in such packages, product must be established, well regarded and, for international sales, ‘export ready’.

Visitor information centres

Many travellers to regional Australia may not book accommodation ahead but prefer to search for lodging after arriving in the destination. The Visitor Information Centre (VIC) may be their first port-of-call and therefore a key distribution channel for accommodation operators. VICs are normally managed and operated by local councils though their local tourism association (LTA). Generally, LTAs are operated by local government and focus on servicing visitors once they are in the area or region. The size, structure and scope of LTAs vary enormously; some cover a Shire or large community, others only a small village; some run only a visitor information centre, other LTAs market their area aggressively both domestically and internationally; some are run solely by volunteers, while others have a large number of staff.

In theory, LTAs work closely with their regional tourism organisations or associations (RTOs/RTAs) and STOs to develop strategies and campaigns to attract visitors to the area and can provide very specific information on international visitation to the area. LTAs may also provide the opportunity to get involved in STO and Tourism Australia’s activities on a cooperative and more cost effective basis. New operators should take advantage of the networking opportunities their local LTA arranges. Remember the first step for an operator is to sell the locality/destination, and then the product, so it is important for operators to have good relationships with the local tourism association.

VICs fall under a national accreditation scheme that is administered at the state level. Victoria has introduced its own accreditation scheme, administered by the Tourism Alliance that is more rigorous than the national scheme. (These accreditation requirements are currently under review and a new set of standards are due to be released in June 2007.) Whereas New South Wales has 88 VICs, Victoria has just 68 accredited under its own scheme.

Figure 2: Symbol for Visitor Information Centres in Victoria

RTOs are a great source of information on inbound tourism. RTAs are an association of local tourism associations and local tourism operators coordinated through a regional marketing authority. RTAs develop regional tourism marketing strategies, and work cooperatively with the STOs to promote the region. Not all RTAs are actively involved in the international market. Many, although not all, are membership based. Some are part funded by the State or Territory tourism organisation. RTAs generally work closely with product suppliers in their region to provide cohesive messages to international markets.

RTOS also provide good advice on the travel distribution system and often coordinate travel missions and attendance at trade shows. Some also develop cooperative marketing programs targeting the trade or consumers.

Direct sales through the Internet

Many independent travellers conduct extensive destination research prior to travel. In particular the younger traveller (e.g. backpacker) regularly uses the Internet for this purpose. Consider investigating the costs, resources and security measures required to establish a website on the Internet; or alternatively to advertise or establish links with major tourism authorities' websites. As part of this process, operators need to consider the various means that customers will use to search for the product. The Internet is developing as a useful promotion tool, as well as an additional direct booking and sales facility.

Domestic Distribution

Wholesaler programs

Traditionally, tour wholesalers do not own any product or services themselves, however they seek out product and services, which they then on-sell, to consumers via the travel agency network. For example, a wholesaler will source accommodation, transport, tours and attractions, negotiate a rate and produce a brochure which is the major sales tool for the travel agents to use and convert a consumer to buy prior travel arrangements from them.

Some of Australia's major domestic wholesalers include Qantas, Jetset and Great Aussie Holidays. Their standard domestic wholesale commission is 25%. Of this, 10% is passed on to travel agents and the remaining 15% is retained by the wholesaler to help cover costs of:

- Central Reservations computerised system,
- Product loading and maintenance,
- Telephone / fax/email,
- Printed material e.g. brochures and flyers,
- Marketing – e.g. advertising, distribution.

The one essential requirement from wholesalers is suppliers provide a guaranteed net rate for the life of the wholesaler's brochure. A tour wholesalers' brochure traditionally runs from April through to March. The net rate has to be a minimum 20% less than the suppliers' retail sell price or rack rate. Suppliers are approached by the tour wholesaler around September to secure their rates for the following April through to March period. This enables the wholesaler to obtain their product information and pricing, calculate costings, design and produce the brochure, then release it in the market place around January. In some cases tour wholesalers do charge a fee to suppliers to be in their brochure. The cost varies with the amount of space devoted to the supplier's product or the amount of space the supplier wishes to purchase.

Establishing relationships with wholesalers is the first step to being in a position to be featured in wholesaler's programs. The following strategies will help establish and maintain these relationships:

- Ensure product is suitable with respect to the wholesaler's criteria (e.g. a property with at least 20 rooms).
- Personal introductions by the relevant STO.
- Attendance at national trade shows.
- Face-to-face sales calls with product buyers (appointments always necessary).
- Offering famils (familiarisations).
- Advertising in trade publications (e.g. Travel Week).

Travel Agents

Retail travel agents are the shop front of the travel industry and an important distribution outlet. They book air travel, packaged holidays and other holiday options. Travel agents sell mainly product contained in wholesale brochures. Increasingly they have preferred relationships with wholesalers and have little flexibility to sell products not in programs. For example, Harvey World Travel is a Qantas preferred agency network. Their agents predominantly sell products that are loaded into their CRS, hence the importance of being in a wholesaler's brochure.

Some travel agents work with a number of wholesalers. Retail travel agents are paid a commission for all bookings of approximately 10%. Some may make bookings direct with tourism operators on behalf of their clients, however as mentioned above this is a decreasing activity. Retail travel agents also sell packaged holidays that have been put together by a wholesaler.

Operators need to be of sufficient scale for a travel agent to recommend them. Establishing relationships and getting information about an operator's product out to retailers can prove an elusive process. To assist operators in this process, the following strategies have been provided as a guide:

- Face-to-face sales calls – beware of cold calling but understand that even with an appointment, their customers take precedence.
- Direct mail – (beware of over-saturation and remember space is limited in agencies).
- E-newsletters – (beware of over-saturation or this will be labelled junk email).
- Trade familiarisations.
- Attendance at national trade shows and national consumer shows.
- Participation in national road shows, such as those organised by STOs.
- Window displays (use attractive/eye catching -of-sale material (POSM), i.e. posters).

Distribution Challenges in the Inbound Market

ATEC has identified six challenges facing Australian tourism operators in terms of their distribution strategies:

1. **Increasing Complexity**: Increasing number of distribution channels, new emerging markets, different languages, and varying levels of sophistication (experienced travellers).
2. **Changing Channels**: Technology has changed the way the consumers interact with the distribution system and how the system provides for consumers.
3. **Consolidation**: Everyday we are advised of mergers and takeovers which ultimately mean the overall control will rest with a small number of very large, global players.
4. **Increasing FIT Travel**: The growing independent travel market is placing greater information and servicing requirements on all operators in all distribution channels.
5. **Planning & Research**: Online has become a basis for research and planning, and government sites tend to be trusted over commercial sites. Customers seek rich content and itinerary planning tools.
6. **Bookings**: Long haul travel remains complex and a 'serious investment' and as such consumers seek validation and booking of their choices through travel operators and agents.

(Source: 'Becoming Export ready', presentation by Gary O-Riordan, Deputy Managing Director, ATEC 2006)

The Value of Commissions

Commissions are paid to people who sell tourism products. It can be the local Visitor Information Centre, a travel agent or an inbound tour operator. Paying commission allows the product to get a wider distribution within the tourism industry. The commissions paid by operators will result in income they otherwise may not have received.

Table 5: Commissions in the Inbound Market

Sales Method	Level of Commission	Explanation
Inbound operator	25 – 30%	A net price providing a 25-30% margin is agreed with the inbound tour operator on behalf of the overseas client, wholesaler or travel agent.
Tour wholesaler	20 – 25%	A wholesaler will receive 20-25% commission to cover the costs involved in selling tourism product.
Retail travel agent	10%	Travel agent retains a standard 10% commission once the booking is confirmed.
Direct with consumer	Nil	If the client buys the product directly from the operator, it is relatively easy to set the price. However, the gross rate should be the same as that provided to ITOs, wholesalers and retail agents.

Managing the Business Mix

When each commission level is considered, it may seem that agents receive a large proportion of an operator's takings, thereby eroding profits. It is important for operator's to consider the volume of international business coming from each channel as a percentage of the total business, as well as the benefits of working with the international travel distribution system. Table 6 illustrates one example of a possible commission arrangement in the international market.

Table 6: Differences in Revenue According to Booking Channel

Booking channel	Commission rate	% of business	Gross rate	Nett rate	Nett revenue	Commission paid
Direct	-	40	$100	$100	$4,000	-
Retail	10%	30	$100	$90	$2,700	$300
Wholesale	20%	20	$100	$80	$1,600	$400
Inbound	30%	20	$100	$70	$700	$300
Total					**$9,000**	**$1,000**

The Critical Role of Internet Marketing

With the continual growth of the Internet as a tool for both planning and booking travel, the presence and importance of online distribution will also grow. There are a plethora of websites currently offering a booking mechanism for travel related products. These include ‘last minute’ or ‘distressed inventory’ sites, sites operated by accommodation operators as an extension of their traditional operations and sites established by dedicated ‘e-travel companies’ or travel portals such as *lastminute.com* and *wotif.com*.

Online distribution is less structured than the traditional travel distribution system. Commission levels vary from site to site, depending on how the site is operated. Before establishing a distribution deal with any online commercial partner, it is important for operators to research the site: how it operates and if (and how) it will promote the accommodation product, as well as how information is loaded and updated.

Many sites allow operators access that enables them to maintain and update details. While this does provide control over the information on product it can also be very time consuming, especially if the operator is featured on a number of sites. When considering online distribution operators must consider possible impacts on their traditional distribution partners. Rate integrity should be maintained across all distribution channels. It is important to remember that once rates are on a website they can be accessed worldwide.

Internet marketing includes websites, banner advertising, website linking and email marketing. The STO should offer a variety of opportunities for operators that include:

- Advice on websites and/or Internet marketing strategy,
- Featuring product on STO sites,
- Linking the operator’s website to the various STO consumer sites,
- Featuring product on the Australian Tourism Data Warehouse (ATDW), which allows product to be listed on many travel sites/portals. This includes the Tourism Australia site – www.australia.com. (See details about ATDW alter in this chapter.),
- Featuring product in a STO online e-newsletter, which is distributed to consumers in both the domestic and international marketplace.

When looking at online distribution options operators should consider the following:

- Commission levels required and the level of promotion of accommodation product.
- Existing relationships with the traditional distribution system and possible impacts on these relationships.
- How much new business the site may generate – business generated from distress sites may have been business that would have already booked with an operator via other avenues.
- Any affiliate sites that may operate in addition to the main site.
- How is the operator’s information on the site maintained – by the operator or the site host? Maintaining details on numerous sites can be time consuming.
- How is the site promoted? It is targeted at the trade or consumers? Are there any distribution agreements in place?

What is Electronic Commerce?

Electronic Commerce (e-commerce) is the use of electronic communication to do business. E-commerce is not about technology. It is not a new business. E-commerce is a method for companies to create and operate their business in new and efficient ways.

Companies introducing e-commerce can make the mistake of focussing only on technology issues, such as the choice of hardware (equipment) and software (the programs that control the functions of a computer).

While these choices are important decisions, the most successful e-commerce users are those who make the even bigger decision to progressively re-engineer their businesses to take advantage of the reduced costs and increased reach e-commerce can deliver. Taking this step first means that the technology purchased will fit the business methods, skills and customer interactions of the company.

Nor is e-commerce just about electronic shopping, although this business-to-consumer application is presently the most publicised application. The largely unseen side of e-commerce is the growth in business-to-business transactions that are rapidly converting to an electronic methodology. Although of lesser relevance for many small accommodation operators, business-to-business e-commerce is rapidly expanding to allow companies to exchange purchase orders, delivery notes, invoices and payments electronically. For example, government agencies are now beginning to mandate that their suppliers deal with them electronically and to specify electronic reporting for applications as diverse as taxation and company returns.

This section outlines the advantages and issues raised by e-commerce, to help business owners and managers to make informed decisions about introducing e-commerce into their businesses. Also included are case studies about New South Wales firms who have adopted some form of e-commerce, at varying levels of investment, to illustrate how e-commerce can work.

Why Invest in E-Commerce?

There is almost no company for which the right e-commerce strategy cannot produce results on the supply or demand side. It is already ushering in businesses that would never have flourished but for the existence of the Internet and the new trading possibilities it can open. Besides the impressive market reach of the Internet, e-commerce provides other impacts that are highly relevant for small business:

- No geographic boundaries. A tourist operator in Wagga Wagga can receive the booking of customers in Canada, Japan or Norway, without opening an office, engaging an agent or even boarding an aeroplane.
- Locking in customers. Everyone knows that bookings from existing customers are much less costly than winning a new customer. E-commerce provides the means for integrating business practices with those of an operator’s most valued customers. Operators should develop a database of customers and keep them informed of any exciting new changes to the business or, at the very least, send them a seasonal e-newsletter to let them know of the turning of the leaves in autumn or the first blossoms of spring.

Three areas of business activity can generally be improved by the implementation of e-commerce: direct selling, integrating the supply chain and procuring goods and services.

Direct Selling for Success

From the point of view of direct selling, the Internet and e-commerce present huge opportunities to smaller businesses. E-commerce enables businesses to access world markets, achieving the kind of market presence and penetration that has traditionally been the preserve of larger organisations. It is not just about putting up a website of course.

E-commerce has implications for client relationships. As the use of the Internet becomes more common, a good online experience from both a marketing and a sales point of view is likely to become a business differentiator. The Internet offers smaller companies, in particular, the opportunity to make a name – in the biggest market there is.

The laws of promotion still apply on the Internet. Operators need to create an engaging accommodation experience that attracts and retains customers. The online experience should reflect the emotional benefits of staying in the operator’s property. Virtual tours, commonly provided by large hotel chains, are one example.

Studies show that people worry about providing their credit card details online – much more so than over the phone. E-commerce needs to offer customers a familiar and secure way to pay for goods. There are services for securing the credit card data transmitted to the operator’s site by encrypting it. Customers are unlikely to book online otherwise.

Practical Considerations

By evaluating business needs, opportunities, and challenges before an operator takes that first critical step to adopt e-commerce, an operator will have a better chance of making e-commerce a central and profitable part of one’s business. Here is a list of practical guidelines an operator should consider.

Is there a market for my accommodation property on the Internet?

For accommodation operators, the answer is obviously yes. Whether the operation is a modest 3-bedroom B&B attached to the owner’s home, or a luxury boutique resort along the Australian coastline, consumers will be looking online.

How ambitious are my e-commerce goals?

This can be determined by the finances, expertise and managerial philosophy of the accommodation operator. At the simplest level, the operator's site should be visually appealing, with lots of high-quality photographs, and offer an on-line request facility with an e-mail link that says 'Email for a booking or quotation'. It must also provide a map showing the location of the property. If possible, a page showing 'Availability' is strongly recommended.

Having a guest stay once, how do I get them to come back?

Many travellers are loyal to certain destinations and certain accommodation providers, but many are not. By using tools such as electronic mailing lists operators can develop a communication link to keep their customers informed of events in the locality, innovations to the property, special price deals.

Should my e-commerce site be hosted in-house or by an outside service?

It is cost-efficient for an operator to have his/her site managed and hosted by an Internet Service Provider (ISP).

Where can I get help in setting up an e-commerce system?

Web designers can help operators plan and launch e-commerce websites. Web design is a popular pastime and home business for many people, so be very careful to choose a high-quality web designer. The operator should inspect other websites they have designed, and perhaps even contact the owner of the website personally to learn more about the services and professionalism offered by web designers.

Australia Tourism Data Warehouse (ATDW)

The Australian Tourism Data Warehouse (ATDW) is the largest online collection of Australian tourism products and destinations. It was formed by State and Territory tourism organisations and Tourism Australia to standardise tourism information, and since its inception has grown to more than 22,000 listings and an image library of more than 70,000. When ATDW began, Tourism Australia held a comparative data set of 500 listings.

Tourism Australia publishes ATDW content on www.australia.com, which is key to its global marketing strategies. All States and Territories publish ATDW content on their websites.

- Government tourism organisations (GTOs) use the ATDW to collect, maintain and quality assure their content.
- By sharing the system maintenance, GTOs and distributors enjoy cost efficiencies compared to operating different systems.
- The ATDW's use by State and Territory governments makes it easier to co-operate on data standards and keep the content relevant to the market.

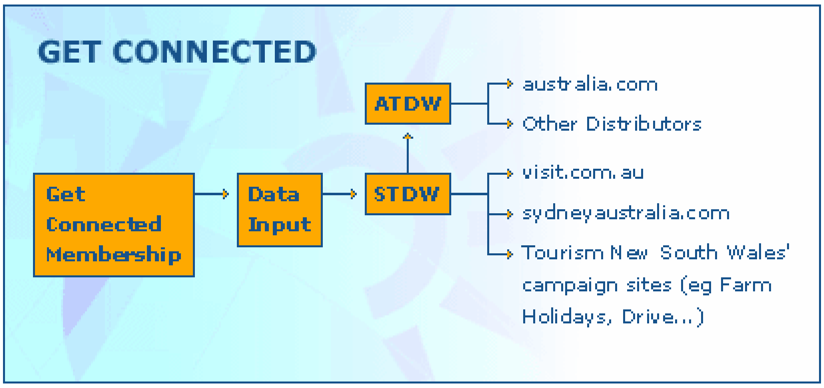
In the future the ATDW plans to incorporate more video content to meet growing demands for multimedia, and to continue to partner with innovative distributors on the 'net and via mobile technologies and mapping devices. See Table 7 for the full list of ATDW distributors.

ATDW in New South Wales

'Get Connected' is the name of the Tourism New South Wales website membership program that allows operators to distribute their products globally online. It is free of charge to participate. Members to 'Get Connected' have access to the following sites and databases:

- Visitnsw.com.au visitnsw.com.au - Tourism NSW's primary consumer website attracting over 180,000 visitors a month. It caters specifically to the domestic travel market and is supported by over $12 million in promotional activity a year.
- Sydneyaustralia.com - is promoted in nine key international markets - Hong Kong, China, Korea, Japan, UK, USA, NZ, Singapore and Germany - each supported by promotional activity.
- State Tourism Data Warehouse (STDW) - is a central database of New South Wales tourism product and destination information. It is utilised by Tourism NSW staff and over 80 Visitor Information Centres to research tourism product and to market destinations.
- Australia.com - Tourism Australia's website attracts over 4.6 million visitors and delivers 32 million pages of information to customers worldwide. The ATC uses the website as the call to action in all international tourism marketing and promotional activities and receives over 400,000 visitors a month.
- Australian Tourism Data Warehouse (ATDW) - is a centralised database of Australian tourism product and destinations, and supplies New South Wales product to a variety of websites, including australia.com.

Figure 3: Tourism NSW Online Distribution



Source: Tourism NSW Website (2006)

For assistance or questions about the Get Connected program, Tourism New South Wales' websites, the State Tourism Data Warehouse or the Australian Tourism Data Warehouse contact the Tourism NSW help line, for the cost of a local phone call, on 1300 655 077. If their operators are busy, they will return calls at the earliest possible opportunity. Alternatively, inquiries can be emailed to getconnected@tourism.nsw.gov.au

ATDW in Victoria

The state's official tourism websites are *visitvictoria.com* for domestic visitors and *visitmelbourne.com* for the international market. Both sites offer comprehensive information for 3,000 accommodation, attraction, event and tour listings attractions, as well as destinations, what's on where and when, and what to do when tourists get there. (There are also a growing number of visitmelbourne.com websites for international markets including foreign language websites in Japanese, Taiwanese, Chinese, German, Korean and Italian.)

According to Tourism Victoria, Visitvictoria.com is the most visited State tourism website in Australia, receiving over 3.2 million visits and over 24 million pages viewed by consumers a year (source: Nielsen/Net Ratings). The annual fee is $180. By signing up, an operator can create his or her own listing, complete with images, a full description, facilities, rates and maps that can be updated at any time. Tourism Victoria also offers businesses their own personalised web address.

- Events can list free of charge and can sign-up online to create a comprehensive listing. Alternatively event organisers can contact Tourism Alliance to provide limited information for inclusion on visitvictoria.com (images are not accepted and Tourism Alliance listings cannot be edited)
- Accredited businesses are eligible to list free of charge however must have an account set up via the Support Desk before creating their listing

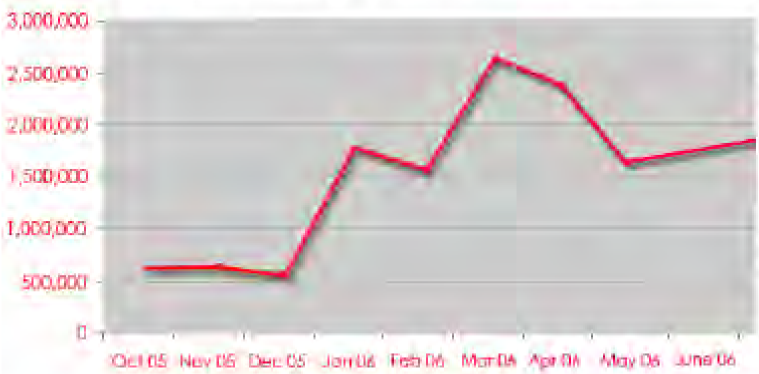
Businesses that list on Tourism Victoria websites may be uploaded into the Australian Tourism Data Warehouse (ATDW) for free. Enquiries about signing-or further information is provided by the Support Desk. A detailed visitvictoria.com User Manual can be mailed on request. Hours are 9am to 5pm Monday to Friday. Tel: 1300 306 366; Fax: 03 9653 9728; Email: onlinecomments@tourism.vic.gov.au

Table 7: ATDW Distributors

http://au.travel.yahoo.com	www.melair.com.au
www.about-australia.com	www.ourbrisbane.com
www.australia.com	www.outbackinfront.com
www.australiatravelmarket.com	www.planbooktravel.com
www.au.globeres.com	www.pleasetakemeto.com
www.dbspartners.com	www.snowymountains.com.au
www.eventwatch.com.au	www.takeabreak.com.au
www.globenettravel.com.au	www.tourism.net.au
www.GoSeeAustralia.com.au	www.touristaustralia.com.au
www.gtcc.nsw.gov.au	www.traveldownunder.com.au
www.langhamhotelmelbourne.com.au	www.webjet.com
www.hotelook.com.au	

Source: ATDW Website (atdw.com.au)

Level of ATDW Content Use by Licensed Distributors*



Over 2005 and 2006 the tourism industry has benefited from a **tremendous growth** in distribution of ATDW data.

In April - June 2006 ATDW generated approximately **6 million** page impressions for Australian tourism.

*these figures do not include State website distribution

Chapter 4

ONLINE SURVEY OF ACCOMMODATION OPERATORS

Introduction

An online survey was undertaken to develop insights and generate advice and information about distribution options and issues facing today's accommodation operators. An online survey was determined as the most cost-efficient and user-friendly method of surveying. The survey was undertaken in Victoria and New South Wales due to budgetary constraints. A nationwide survey is recommended in future.

Survey Methodology

A draft survey was prepared and distributed for feedback to three experienced B&B operators in New South Wales. Recommendations about changes to the survey were adopted and the final survey was prepared. The contact list for the survey was generated through publicly available information on the New South Wales website [www.bedandbreakfastnsw.com] and the Victorian website [www.accommodationgetawaysvictoria.com.au]. Additional contact details were generated from various publications. The final list comprised 197 New South Wales and 161 Victorian operators outside the metropolitan areas.

In December 2006 and January 2007 the operators were invited to participate in an online survey into their distribution strategies (a reminder email was sent on 8 January 2007). In all, 82 operators completed the survey, an overall participation rate of 23%. These comprised 49 New South Wales operators, representing 26% of the total New South Wales list, and 32 Victorian operators, representing 19% of the Victorian list. Disappointingly, the overall participation rate was influenced by the inability of a small number of operators to access the survey site. (The problem appeared to be the quality of the respondents' internet connection rather than faults in the online survey instrument).

Respondents Profile

Classification of property

Definitions of accommodation facilities often differed among operators in the survey (a list of accommodation categories is provided in Appendix B).

Table 8: Classification of properties

B&B (Traditional)	39	Farmstay Cottage	6
Guest house/Inn/Country Home	11	B&B (Farmstay)	4
B&B (Suite/Apartment)	11	Other	10

Accreditation and star rating

- Overall, 48 of 82 operators cited AAA Tourism accreditation. Other accreditation mentioned were BBTAP (3), Green Star (2), TABV (1) and TIC (1).
- 17 operators stated they had no accreditation and no star ratings.
- The breakup of operators by ratings is below.

Table 9: Accommodation ratings

5 stars	6
4.5 Stars	25
4 stars	17
3.5 stars	8
3 stars	1

Size of property

The average size property was four rooms. While most operators answered in terms of rooms, a small number cited either suites, cottages, houses, units or apartments. For reasons of simplicity, all were lumped into the one category.

Table 10: Size of Property

1-2	27
3-4	31
5-10	17
>10	4

Owner/operator

All but one respondent was owner/operator of her/his property.

Experience in accommodation sector

The average length of experience as an accommodation operator was 5.5 years. (This figure does not include one Victorian operator and one New South Wales operator with 39 and 35 yrs experience, respectively.) The distribution of the respondents by length of experience is below.

Table 11: Experience in Accommodation Sector

<2 yrs	10
2-3 yrs	23
4-6 yrs	18
7-10 yrs	21
> 10 yrs	9

Booking capability on website

Of the 81 operators who answered this question, twenty-five (31%) had booking capability on their website.

Links to other websites

Respondents were asked what type of websites they had links to. The results are below.

Table 12: Operators with Links to other Sites

	NSW (n=50)	VIC (n=32)	Total (n=82)
Website of industry association e.g.., B&B Farmstay NSW	44	29	73
Website of local Visitor Information Centre(s)	39	26	65
Website of your State Tourism Organisation	33	27	60
Specialist accommodation websites, e.g., ozstays.com.au	37	22	59
Website of Regional Tourism Organisation	30	23	53
Australian Data Tourism Warehouse	27	12	39

The surprising result here is the relative small number of operators who have accessed the Australia Tourism Data Warehouse (ATDW). ATDW is the largest online collection of Australian tourism products and destinations and was formed by State and Territory tourism organisations, along with Tourism Australia, to standardise tourism information, and since its inception has grown to more than 22,000 listings and an image library of more than 70,000. It is a centralised database that supplies New South Wales and Victoria product to a variety of websites, including australia.com.

Operators in New South Wales can contact the Tourism NSW help line on 1300 655 077 to access ATDW. If their operators are busy, they will calls at the earliest possible opportunity. Alternatively, inquiries can be emailed to getconnected@tourism.nsw.gov.au.

In **Victoria**, information is provided by the Tourism Victoria Support Desk. A detailed visitvictoria.com User Manual can be mailed on request. Hours are 9am to 5pm Monday to Friday. Tel: 1300 306 366; Fax: 03 9653 9728; Email: onlinecomments@tourism.vic.gov.au

Effectiveness of specific accommodation websites

Operators were asked to evaluate how useful particular websites were for their business. The most popular site was stayz.com.au, through which 78% of operators distributed/ marketed their product. The same website also scored a relatively high 3.3/5.0 as being useful for business. The highest rating site was wotif.com with at 3.6/5.0, although only 29 operators reported selling their product through that site. (Wotif.com requires that operators have at least five rooms – except in New South Wales and Queensland where the operators in those states have negotiated access to Wotif.com regardless of number of rooms. Further, Wotif.com in New South Wales allows an icon on a property's website which goes direct to the Wotif.com online booking facility (without identifying that it is Wotif.com).
Interestingly, the three most popular websites – stayz.com.au, ozstays.com.au and takeabreakaway.com.au – all rated highly for effectiveness. This may suggest that most operators are already aware of the best sites.

Table 13: Evaluations of Effectiveness of Accommodation Websites

	NSW (n=50)	VIC (n=32)	Total	Effectiveness*
stayz.com.au	35	29	64	3.3
ozstays.com.au	32	29	61	3.1
takeabreakaway.com.au	33	20	53	3.3
Totaltravel.com.au	30	16	46	2.7
bedandbreakfastnsw.com	41	1	42	2.4
visitnsw.com.au	34	2	36	2.1
accommodationgetawaysvictoria.com.au	4	30	34	2.4
visitvictoria.com	5	27	32	3.0
Wotif.com	19	10	29	3.6
Quickbeds.com.au	18	4	22	2.4
Bookitnow.com.au	11	8	19	1.8
Needitnow.com.au	14	3	17	2.1
greatplacestostay.com.au	6	6	12	2.5
travelvictoria.com.au	4	6	10	2.2
australiaweb.com	7	3	10	1.9

***** *Scale: 5 = very effective ←→ 1 = useless*

Other Sites Used

Operators mentioned numerous other sites in the survey. Interestingly, very few of these sites were mentioned by more than one or two operators. Below are some of the more interesting and useful sites.

Table 14: List of other Accommodation Websites Used

Australia-wide sites	Regional Sites
beautifulaccommodation.com	*New South Wales*
www.needtoescape.com	www.new-england-hway.com.au
www.romanticgetaways.com.au	www.golden-highway.com.ay
www.bbbook.com.au	bluemountainsaustralia.com
inn.com.au	Byronhinterland.com.au
quickbeds.com	hawkesburyaustralia.com (Hawkebury)
check-in.com.au	www.bluemts.com.au/ (Blue Mountains)

Australia-wide sites	Regional Sites
www.austtravel.com.au	www.bandbeyondsydney.com.au
www.dawsons.com.au	www.accommodationservices.com.au/ (Sth Coast)
www.ozbedandbreakfast.com	*Victoria*
www.standbyrates.com.au	www.dandenong-ranges.net.au (Dandenong Ranges)
ratestogo.com	www.visityarravalley.com.au (Yarra Valley)
Niche-market Sites	www.greatoceanrd.org.au (Great Ocean Rd)
www.galstays.com.au	www.peninsulapages.com (Mornington Peninsula)
www.galta.com.au	www.shipwreckcoast.com.au (Great Ocean Rd)
www.petsplayground.com.au	**Victoria-only sites**
Innovative sites	www.accommodationgetawaysvictoria.com.au
www.bedsconnect.com.au (Ballarat)	www.innhouse.com.au

Main source of bookings

Operators reported that one third (34%) of all bookings were sourced through their own website, with specialist accommodation sites accounting for a further 21% of all bookings. So-called personal communication – referrals, repeat business and word of mouth – also accounted for 21% of all bookings.

Table 15: Main Source of Bookings

Own website	34%
Specialist accommodation sites, such as wotif.com	21
Personal communication (referrals, repeat business, word of mouth)	21
Local Visitor Information Centre	9
Specialist accommodation publications	6
Website/publications of industry association	4
website/publications of regional tourism organisation	3
website/publications of state tourism organisation	2

Usefulness of specialisation publications

The usefulness of three major publications was investigated; see table below. Only the car association guides from the two states rated well. The only other publications mentioned positively by operators were the ‘Bed and Breakfast Book’ and ‘Weekends for Two’.

Table 16: Usefulness of Specialist Publications

	NSW	VIC
RACV/NRMA Guide	2.6 (37/46)	2.9 (17/19)
GoStays (Sensis)	1.6 (28/46)	2.7 (7/19)
Yellow Pages Directory	1.6 (35/46)	2.1 (13/19)

Most useful sources of bookings

Operators were asked the importance of the following sources of bookings. As seen above, their own website rated very highly – 4.3/5.0 – followed by word of mouth (4.1) and specialist accommodation sites such as stayz.com.au (3.5/5.0).

Table 17: Most Useful Source of Bookings

Your own website	4.1
Word of mouth	4.0
Specialist accommodation websites	3.5
Other advertising	2.9
Referral by another accommodation operator	2.7
Advertising in your industry association booklets (e.g., B&B Guides)	2.5
Booking through the local Visitor Information Centre(s)	2.4
Website of local Visitor Information Centre(s)	2.4
Advertising in your regional tourism organisation's visitors guide	2.2
Walk-ins	2.2
Website of your Regional Tourism Organisation	2.1

Summary of Feedback from Accommodation Operators

Operators were asked to provide final comments and advice about the best distribution and marketing strategies. These comments have been classified under four topics: website strategy, marketing strategy, print advertising and working cooperatively.

Website strategy

- ‘Your website must be easy to follow, with relevant pictures and honest assessment of your property with appropriate pricing (i.e. value for money). You must honour what you promise and show genuine service and civility. Also important is the need to network with other properties and have a Brand that is recognisable and registered in tourism websites and publications.’

- ‘The industry websites [especially those that show on-line availability] have proved to be a very effective channel, but the time involved in updating the availability limits the inventory that we are prepared to offer to each website. Therefore, we only update the highest performing sites like wotif.com Meanwhile, we use an in-house reservation system that is capable of providing an xml feed of inventory availability, but we have not yet found an accommodation website provider who is prepared to accept the auto update [in Australia, at least].’

- ‘Get listed on as many relevant sites as possible; beware of paying upfront to be on sites, paying commission is better (i.e. keeps the site operator honest and focused on making their site perform); have your own website, as it will almost certainly generate most of your Internet based enquiries; DON'T stop other forms of advertising and marketing. The Internet is great but not the only way to obtain business. Ensure you know where your business is coming from. Keep the records and review them regularly to ensure best use of limited marketing dollars.’

- ‘Create a good and informative web site that reflects your property honestly, with lots of photos.’

- ‘There is a large difference between sites that you have mentioned - such as needitnow or wotif who rebook on a commission basis and who require that properties always have rooms available as they don't check with the property first ...and other accommodation sites, who have direct link to our own web page, so we therefore only use instant booking sites such as the ones you mention, when we are very quiet... They are not very user friendly for small properties. Other accommodation and travel websites are much more useful to us.’

- ‘Stayz & Takeabreak supply a very large percentage of my bookings. This is in some ways a bad thing, because of the commissions they take! Being on websites with a high Google rating is the answer.’

- ‘Web sites seem to be the most popular method for people to use these days although they may have consulted a guide book initially. Need to try different approaches and monitor feedback from guests and use web links to other business sites as appropriate to increase rankings.’

- ‘A well posted, well indexed, up-to-date website with booking function - optimally with live availabilities.’

- ‘We also belong to a local business and tourism association that has a web site and we receive bookings this way - this body is quite independent from the council run information centre.’

- ‘Joint marketing via a specialist website and print media is the best way of getting the message out as widely as possible for the least cost.’

- ‘Probably 75-80% of our bookings come from Internet contacts; however it is not possible to use all of the specialist accommodation sites as it requires too much administrative effort in recording every booking on every site.’

- ‘We have reciprocal links with hundreds of other accommodation providers across the world but no links to industry sites as I do not want to lose prospective guests to other relevant accommodation. Industry sites do have links to our site, but we do not reciprocate other than with the BBFA [Bed & Breakfast and Farmstay Australia] and only with them as this entitles us to a discount on our membership.’

- ‘Peninsula Pages – www.peninsulapages.com – through which we get many bookings is the most effective website we know of. We would have given it a 5/5. Also, the booking service Peninsula Getaways brings us quite a lot of bookings and we would have given them a 3 or 4.’ (4-star B&B on Mornington Peninsula)

- ‘When we opened 5 years ago, we got about 50% of our bookings from the (paper) Yellow Pages and the other 50% from referrals from others in our local operator network. Now we get almost all our bookings from the Internet - unfortunately, many people who find us that way can't remember which site they actually first found us on, as they have visited several. We are unable to properly evaluate the effectiveness of individual web sites for that reason. I imagine this could be a shortcoming felt by a lot of operators.’

Marketing Strategy

- ‘Work hard on word of mouth and repeat business - much easier to re-sell than to get the first sell (in time and effort and money). Don’t spread yourself so thin (in marketing everything everywhere) that you are unable to focus on your core business.’

- ‘We have been very active winning 5 regional tourism awards for business excellence luxury & hosted accommodation. This provides credibility within industry and a competitive edge assisting in enquiry conversion. Overall we have experienced minimal influence from our state tourism organisation in our region from any of their campaigns or the millions they spend.’

- ‘During the first two years of operation hard copy advertising was the norm. This quite quickly evolved into Internet advertising and as we are a 'niche' B&B, i.e. pet friendly.’

- ‘Where the business is located makes a big difference to the sources of booking. I am a niche market, out of town 60 km, and not on a through road, so 99% guests have preplanned coming here. Even B&B's 10 km from town get very few referrals from VIC's because when travellers reach a town they do not want to travel any further even though only a few km. Referrals from VIC's are also very dependent on the attitude of the personnel.’

- ‘The accommodation web sites you have listed are expected to offer ‘discounted’ rates ... we do not discount. The one form of promotion not included in your questionnaire is journalist visits ... from which come articles in a range of papers and magazines... this has been the best form of promotion.’ (5 star B&B guesthouse in South Coast NSW)

- ‘Word of mouth plays an important role. This also depends on your target market. We are aiming for more corporate business and so are targeting our local businesses via a letter of introduction and including one of our brochures. We are also hosting small functions which enable us to showcase our B&B and therefore encourage word of mouth regarding what we have to offer as a B&B to business custom.’

- ‘We have kept a record of every phone call and booking as for source of business for 15 years, and have reliable data on which to base our responses above.’

- ‘In an area where we operate which is not a ‘tourist destination’ local communication is essential; capitalise on what you have e.g. , garden, heritage listed property, try to get reviews in metropolitan papers e.g.. 52 Goodweekends Away.’

- 'We don't find that any regional or state organisation is much use to use...they can obviously not be concerned with the nitty gritties of bookings for any particular accommodation property so any information given to prospective guests from them is much too general to result in bookings for us. '
-
- 'VFR market has been valuable to us. It is one segment that has not been affected by the state's continuing decline in tourism expenditure.'

- '60% of our bookings come direct from 'commission agents', most with our availabilities on their website and who take payment up front. 80% of these come from the Flight Centre/Quickbeds/AAAT linked site; their clients don't get to see our own website or brochures. The growth of this sector has been counter balanced by the fall in the effectiveness of all print material distribution.'

- 'We know several operators who don't bother with the star rating accreditation (they still get a listing in the guides), and they do very well. Maybe it's the ego thing again! That would be one piece of advice I'd give to newcomers – take a careful look at your own ego needs when you're planning to spend money on advertising, and see that what you are doing might genuinely lure customers and not just massage your own sense of self-importance!'

Print Advertising

The great majority of comments about print advertising were highly negative, with it widely seen as 'not worth the money'. However, one operator believes 'brochures distributed at expos, or around local sites (may be) reasonably useful for holiday planning and booking for friends and relatives.'

- 'Never advertise in local publications where the main distribution is done by the advertisers themselves. At the end of the year most advertisers have a boxful of the magazines still in their store room'

- 'None. We have tried lots, from local to national, but no longer do so.'

- 'Print media is a thing of the past.'

- 'When I first started out, I advertised in a number of publications and had no enquiries, so no longer advertise with these.'

- 'As far as regional and local publications given out from visitor centres, we have found that people have usually booked before they arrive in the area.'

- 'Personally, we find print advertising a total waste of money. It's very expensive and we wonder how many operators get value from it. We found we got almost no response to ads in print media of various types and so don't do it at all now. Last financial year we had a 60% average occupancy rate, (i.e. equivalent to 4 nights a week throughout the year) and we are very happy with that. We wonder how many people get conned into print, with glossy pages extolling their facility, on the same basis that estate agents con clients into spending huge amounts of money on their glossy publications - namely, for the egos of the publication managers and estate agents!!'

- 'We leave leaflets at the Visitor Information Centres at Mornington and Dromana, and that's about the extent of our print advertising.'

Working Cooperatively

- 'Linking with other operators in the area to market our region and product together leading to increased interest in our region can only help us all. '

- 'Success is all about networking.'

- 'Networking - have a look at the achievements of Outbackbeds.com.au.' (This is a network of Farm Stays and Accommodation throughout Outback western New South Wales and Queensland.)

- 'Byronhinterland.com.au is a website paid for and maintained by a group of operators in this area. We meet every 6 weeks or so. We pay to be on the website byronbay.com and that is very effective for us.'

- ‘Networking with other local and area accommodation and tourism operators, hopefully to organise joint ventures.’

Operator Responses to Survey

All respondents to the online survey were provided with a summary of the findings. Several operators expressed gratitude for the survey, as shown below.

- ‘Thank you for the info. I found it interesting that most of us B&B operators really are likeminded.’
  John & Anne Tubridy, Colliery House B&B, Neath NSW

- ‘Thank you for your efforts, and to small operators especially, in producing what will be / is very useful info when considering the limited marketing bikkies.’
  Gaye Hoskings, Craigmhor Mountain Retreat, NSW

- ‘Many thanks Roger! Some very useful ideas that we will definitely be incorporating into our marketing and business strategies. Hope these types of surveys and reports continue! Well done on the good work, though no doubt a little frustrating at the low response rate?’
  Graeme Phillips, Yarrabin Guest Property, O'Connell via Bathurst

- ‘Thanks Roger. Interesting reading and very helpful. Got me thinking on a calendar for our website and have asked webmaster to sort one for us, so thanks for getting me going on that. We have also now been AAAT rated @ 4 1/2 stars so see if that increases the flow rate.’ Anonymous, Mudgee

Chapter 5

FINDINGS & CONCLUSIONS

Findings

The survey generated a number of insights into the approach of accommodation operators toward marketing in general, and distribution in particular.

1. The Internet accounts for the majority of bookings for the majority of operators. While a small number of operators cited word-of-mouth, referrals and repeat customers as their main source of bookings, most operators generated over 60% of business from the Internet, whether directly through their own websites or through a commercial site. A number of experienced operators suggested that traditional forms of distribution and promotion, such as through VICs or advertising in their local DMO's regional guide, did not represent value for money.

2. Just over one-third of all bookings were made through the operators' own website. While the great majority of (but not all) operators placed their properties on commercial websites such as stayz.com.au or wotif.com, this results highlights the importance of operators creating a quality website. While many customers often use commercial websites to find prices and information, they will still link to the operator's website to seek both further information and reassurance that they are making the right choice.

3. The most popular specialist accommodation sites were stayz.com.au, ozsays.com.au and takeabreakaway.com.au. All sites were also rated highly for their effectiveness in generating business. Some operators chose to distribute through as many sites as possible – 'throwing the net as wide as possible' – while others believed a selective small number of sites was more cost effective and time efficient.

4. Wotif.com was easily the highest rated website for generating business, although it only accepts properties with at least five rooms in Victoria. In New South Wales, lobbying by the association B&B and Farmstay NSW-ACT, resulted in this criterion being removed.

5. Operators were generally very sceptical of the value of printed material and advertising. Two operators expressed the view that it was important to support the efforts of the local DMO by placing advertisements in brochures or fliers in VICs – even if it was not cost effective.

6. Only 31% of operators had a booking facility on their website. A booking facility provides a strong competitive advantage by allowing potential guests to browse availability and book immediately, rather than sending an email and waiting (hoping?) for a reply. The attractiveness of offering prospective guests an email inquiry function is problematic when competitors may have the capability to show availability on their sites.

7. Few operators reported or mentioned the value of cooperative marketing activities with their fellow accommodation operators. Only one mentioned the idea of cooperation with tourism operators from other sectors such as attractions or transport. This is despite the high level of inter-dependence in the tourism industry and the benefits of pooling resources such as industry and managerial experience, customer data, and marketing dollars for cooperative advertising.

8. Though database management was not a subject of this survey, very few operators mentioned the importance of generating a database of guests and inquiries. Operators maintain database information in different ways: as spreadsheets containing list of commercial websites they are listed on and how many enquiries are generated through these sites; a list of guests from information completed on a check-in registration form, with email addresses and a question of 'where did you learn about us?'

9. Only one operator acknowledged the importance of operators working toward creating greater awareness of the destination in which their property lies. How consumers make travel decisions is complex. Some may choose the accommodation first, but the majority would choose the destination first. In the case of

the latter, the consumer first needs to be aware of the destination – and that can only happen through the promotional efforts of the local/regional tourism associations and through the combined efforts of the tourism operators. What happens if your destination is 'off the beaten track' and not well known? An operators' website needs to highlight the features of the local destination. Some guests may wish to 'chill out' in the ambience of a property and its surrounds, but plenty of others would still like a choice of activities. Operators should work with fellow operators in their area to generate an appealing (but factual) profile of the 'destination'. Making the pie bigger is as important has trying to get a bigger slice.

Conclusion

Distribution is one of the key marketing tools available to business managers yet one of the least understood. This is particularly true in the tourism industry, where the large distances between the consumer and the supplier of the service require tourism operators to implement effective and efficient distribution strategies. Such strategies serve two purposes: to make available information about a tourism business to as many potential customers as possible, and to allow customers to purchase, book or at least make inquiries about the tourism business. Against this background, this report has aimed to assist tourism operators of accommodation facilities in regional Australia to be better informed about the distribution strategies available to them.

The report has consolidated existing information and advice about the different distribution strategies available to accommodation operators in regional Australia. The bulk of this information was sourced from the websites of Australia's state tourism organisations. As explained earlier in the report, the distribution-related content of the STO websites differs substantially and it is hoped that the consolidation has resulted in a report that offers information and advice that is both relevant and up-to-date. Findings from the online survey of accommodation operators in New South Wales and Victoria added to the quality of this report by allowing the voices from 'the front line' of accommodation operation to be heard. A number of final comments will now be made.

First, the key message from the research undertaken for this report is that the Internet is the future for accommodation operators. This is particularly true for regional operators where distance from major source markets and the relative lack of readily available printed material for travellers (compared to urban destinations) makes the task of generating awareness and securing bookings difficult. It is incumbent on RTOs and STOs to provide, within their financial limits, the latest technological and marketing advice related to distribution in general and the Internet in particular to tourism operators in their constituencies.

Secondly, the importance of accommodation operators supporting their local destination marketing organisation – whether it is the local tourist association, RTO or STO – was not well appreciated. Typically, travellers are attracted to a destination first, and choose the accommodation as a second step. So unless the destination provides strong appeal to the potential visitor, the accommodation businesses in the destination will struggle to generate demand. Though the Internet is a critical information and booking facility, operators need to be cognisant of the principles of tourist behaviour.

Thirdly, lack of coordination among states is a common catchcry in Australian public policy – regardless of industry. This holds equally true for tourism, where the research revealed a lack of consistency of accommodation categories among STO websites. Specifically, an analysis of accommodation-related STO websites for Victoria, New South Wales and Queensland revealed that only Tourism Queensland does not have a category for B&Bs. Similarly, Tourism Victoria is the only STO that does not have a category for 'farm stay' accommodation. Further, only Victoria has a category for 'boating and marine' accommodation, despite having the smallest land mass and smallest coastline. Such discrepancies are likely to be confusing for potential visitors.

Finally, a major caveat concerning the survey results is the differences between regional New South Wales and regional Victoria. Accommodation operators in regional areas of Victoria are, arguably, better served than their New South Wales counterparts in terms of state-specific specialist accommodation websites. While both New South Wales and Victoria have good quality consumer STO websites and dedicated B&B websites, Victoria has two excellent industry-based websites dedicated to accommodation – *www.accommodationgetawaysvictoria.com.au* and *www.travelvictoria.com.au*. Both these sites rank highly on the Google search engine and yet are not commercial booking sites like *wotif.com* or *stayz.com.au*. States that do not have similar readily accessible websites may be disadvantaged in providing potential visitors to regional areas with the full extent of accommodation offerings in their regions.

APPENDIX A: REGION-SPECIFIC ACCOMMODATION PORTALS IN NEW SOUTH WALES

Sydney & Surrounds	
Sydney Best B&B Group	www.sydneybewstbandbs.com.au
Sydney West	www.sydneybewstbandbs.com.au
Central Coast	www.central-coast-accommodation.com.au
Lovedale (Lower Hunter)	www.lovedalehuntervalley.com.au
Port Stephens	www.portstephensbandb.com.au
Southern Highlands	www.southernhighlandscountrystays.com.au
Lake Macquarie Accommodation Group	www.bandb.net.au
North Coast NSW	
New England Tablelands	www.ruralstay.com
Mid North Coast Homestay Accommodation Group	www.bnbescapes.com.au
Bellingen Accommodation Group	www.bellingen.com or www.bellingermagic.com
Tweedstay Group	www.tweedstay.com
Heart of Country	
Inverell Visitors Centre	www.inverell-online.com.au
Bathurst & District B&B Association	www.bathurststays.com
Oberon	www.oberonaustralia.com
Dubbo and Region B&B Group	www.dubbotourism.com.au
Orange Accommodation Group	www.orange.nsw.gov.au
Mudgee Region Accommodation Group	www.mudgee-gulgong.org
Outback Beds	www.outbackbeds.com.au
Canberra B&B Network	www.canberrabandb.com
South Coast NSW	
Ulladulla Visitors' Information Centre	02 4455 1269

APPENDIX B: ACCOMMODATION CLASSIFICATIONS

According to the B&B and Farmstay Association of NSW there are five types of Bed & Breakfast accommodation and it is wise for all new operators to be roughly familiar with them: Homestay; Farmstay; Country Home Guesthouse or Inn; Cottage or Cabin; and Apartment or Suite.

B&B Homestay [Traditional]
A traditional B&B is a property where both the owners and their guests live under the same roof. 'Purpose built' or converted from a relatively large family home, homestay Bed & Breakfast accommodation provides up to four guest bedrooms. Increasingly bathrooms are ensuite, though some smaller well established B&Bs with a very high standard and good reputation provide bathroom[s] that are shared with other guests. The owner/operator lives on the premises, though generally in quarters separate or distinct from that of the guests. Depending on the configuration of the house, there can be a general feeling of privacy and independence from the resident family, or a feeling of being 'part of the family'. Depending on the location of the homestay, dinner may well be an optional extra. Homestays are typically located in a city or rural town.

B&B Farmstay
In many ways farmstay accommodation is similar to homestay though it is always situated on a rural property or farm. This could be a hobby farm with access to some on-farm leisure activities or conducted tours of nearby properties involving on-farm experiences. It may also be a substantial working property with a wide range of on-farm activities suitable for a longer stay. The actual accommodation may vary from the homestay-style of accommodation outlined above or be self contained on-farm accommodation from a well-appointed cottage or cabin through to relatively basic accommodation of a bunkhouse variety. Whatever the actual form of the accommodation, there is a general feeling of inclusion in the daily routine of the farm. Dinner may be provided as an option for guests because of the more remote location. Similarly some form of self catering for meals other than breakfast may be expected. Typically located in a rural or outback environment, it is a destination in itself.

B&B Country Home, Guesthouse or Inn
A B&B guesthouse is a property where the owners or the manager live in separate quarters from the guests. More than likely it has a formal guest dining room. It is a larger type of accommodation with five guest rooms or more. While the guest house country home or inn may be found in cities, the category is more typical of country locations and rural towns. The host may be the manager rather than the owner of the property. Bathrooms may be private, ensuite or, in some cases, shared with other guests. Despite its larger number of guest-rooms, there is a general feeling of community living. It is more likely to be the sole source of income for the owner than would be the case with homestay or farmstay accommodation. Dinner may be provided for guests as a regular part of their operations.

B&B Cottage or Cabin
This is one of the two forms of self-contained accommodation available in the B&B industry. The cottage or cabin may be either on the property of the host or separate. The accommodation has its own bathroom, whether an ensuite or an integral part of the overall accommodation. There are cooking facilities and household appliances to ensure the guests' stay is fully self-contained. Breakfast provisions are part of the tariff with the preparation left to the guest, though in some instances breakfast may be prepared by the host by special arrangement. There is a substantial feeling of privacy and independence from the hosts, though guests should still be able to expect a warm welcome on arrival. In most situations the guest is only required to bring food for meals outside of breakfast.

B&B Apartment or Suite
The apartment or suite is normally an adjunct to the property of the host rather than on a separate or distinct precinct. The accommodation has its own bathroom whether an ensuite to the bedroom[s] or part of the overall accommodation. There are cooking facilities and household appliances that ensure the guest's stay is fully self-contained. Breakfast provisions are part of the tariff with the preparation left to the guest, though in some instances breakfast may be prepared by a host. Entry to the accommodation is normally private. In some cases, a self contained suite or apartment may have an entrance through the hosts' home. There is a substantial feeling of privacy and independence, though guests should still be able to expect a warm welcome on arrival.

APPENDIX C: SURVEY OF ACCOMMODATION OPERATORS DISTRIBUTION & MARKETING STRATEGIES

1 What is the classification and star rating of your accommodation property?
B&B (Traditional)
B&B (Farmstay)
B&B (Suite/Apartment)
Farmstay Cottage
Guest house/Inn/Country Home
Hostel
Other

2 What accreditation do you have, if any - e.g. AAA Tourism or Green Stars: __________stars

3 How many rooms/units do you have?

4 Are you the owner and operator? Yes or No

5 How many years have you operated an accommodation property? ____years

6 Does your website have a booking capability? Yes or No

7 What other websites is your website linked to?

	Yes	No
website of local Visitor Information Centre(s)		
website of Regional Tourism Organisation		
website of your State Tourism Organisation		
Australian Data Tourism Warehouse		
Specialist accommodation websites, e.g., needitnow.com.au, wotif.com		
website of industry association (e.g., Tourism Alliance Victoria)		

8 If you are linked to other websites, please name them.

9 What are the main sources of bookings for you? (Please put percentage for each one, so that the total is 100.)

Own website	
Specialist accommodation publications	
local Visitor Information Centre	
website/publications of your regional tourism organisation	
website/publications of Tourism Victoria	
Specialist accommodation publications, such as needitnow and wotif	
Website/publications of your industry association	
Other (please give details)	
	100

10 Please rate the effectiveness of the following methods of distribution marketing.
(5=very effective, 1=useless; If you do not use, please mark'0'.)

Advertising through the local Visitor Information Centre	
Advertising in your regional tourism organisation's visitors guide	
Advertising in guide produced by your industry association	
Linking to the website of your local Visitor Information Centre	
Selling rooms on specialist travel websites such as needitnow or wotif	

11 Please rate the following publications according to how useful they are for your business. (5=very effective, 1=useless; If you do not use, please mark '0'.)

Yellow Pages Directory
RACV Guide
GoStays (Sensis)

12 Are there any other publications that are useful for your business? (Please name them and rate them on a 1-5 scale.)

13 Please rate the following accommodation websites according to how useful they are for your business. (5=very effective, 1=useless; If you do not use, please mark '0'.)

ozstays.com.au	
stayz.com.au	
takeabreakaway.com.au	
quickbeds.com.au	
wotif.com	
needitnow.com.au	
Australiaweb.com	
bookitnow.com.au	
totaltravel.com.au	
accommodationgetawaysvictoria.com.au	
visitvictoria.com	
travelvictoria.com.au	
greatplacestostay.com.au	
accommodationgetawaysvictoria.com.au	

14 **We would like to know how important the following sources of bookings are for you; that is, where do your guests first find out about your property? (5=very effective, 1=useless; If you do not use, please mark '0'.)**

Your own website	
Word of mouth	
Specialist accommodation websites, e.g., needitnow.com.au, wotif.com	
Walk-ins	
Referral by another accommodation operator	
Website of your Regional Tourism Organisation	
Booking through the local Visitor Information Centre(s)	
Website of local Visitor Information Centre(s)	
Advertising in your regional tourism organisation's visitors guide	
Advertising in your industry association booklets (e.g., B&B Guides)	
Other advertising	
Don't know	

15 What is your postcode?

16 Do you have any final comments or advice about the best distribution strategies for accommodation operators in regional Australia?

17 Would like a copy of our final report? If yes, please write your email address below. Otherwise, please ignore.

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GLOSSARY

Best Practice. The best possible way of doing things given current understanding and knowledge. Best practice evolves and contributes to continuous improvement and sustainable outcomes.

Brand/Branding. The name, term, sign, symbol, design or combination of these, intended to identify the goods and services of one group of sellers and to differentiate them from those of competitors.

Consumer Research. The qualitative and/or quantitative analysis of the perceptions, attitudes, preferences, motivation, holiday decision-making, actual behaviour and constraints of selected markets, or market segments, undertaken to better understand the market and improve decision-making.

Differentiation. The process of making a product so distinctive that it ‘stands out in the crowd’ and ensures the market, or a particular segment of the market, not only notices it, but will also prefer it over other alternatives.

Domestic Tourism. Travel by Australian residents within Australia, outside their usual environment for a period not exceeding 12 months where the main purpose of visit is other than the exercise of an activity remunerated from within the place visited.

E-commerce. The use of information technology to support the conduct of business activity. It is particularly used in reference to commerce undertaken over the Internet.

Familiarisation. Familiarisation visits (famils) bring international media and travel trade to New Zealand to experience products and regions first-hand. Tourism New Zealand works closely with Regional Tourism Organisations to arrange these famils. If you are interested in getting involved contact your local RTO.

Inbound Tourism. Travel to Australia by someone residing in another country for a period not exceeding 12 months where the main purpose of visit is other than the exercise of an activity remunerated from within Australia.

Inbound Tour Operator. Person who coordinates travel arrangements in Australia on behalf of overseas wholesalers and retail agents on behalf of overseas consumers. This usually involves planning the Australian itinerary, costing the various components (transfers, accommodation, sightseeing), negotiating prices and arranging payment for the product. Inbound tour operators generally charge commissions of up to 25-30%.

Incentive Travel. A niche market within the business travel segment where companies seek to reward employee performance by providing them with travel experiences and benefits.

Marketing. A process of evaluating consumer attitudes, perceptions and needs and acting upon this knowledge to stimulate demand in order to achieve economic, social and environmental benefits. In the tourism industry as a whole, it involves coordinating a complex set of tasks, including:

- jointly *monitoring and managing* tourism with other stakeholders to ensure sustainability
- setting broad *goals* for tourism’s contribution to state development
- forecasting and setting *targets* for growth
- *researching* market trends, attitudes and behaviour (and that of our competitors)
- developing *policies and strategies* for sustainable industry development
- *targeting* the most productive segments of the market
- determining the *position* to adopt in the marketplace
- devising a *brand identity* that will appeal to the target markets
- *developing* and enhancing *the destination* experience
- encouraging *synergies and linkages* between tourism and other activities
- attracting *investment* to implement tourism strategy
- providing access and *infrastructure* to facilitate the experience
- *packaging* the product to make it more convenient and affordable
- identifying and connecting with the travel *distribution* network
- seeking positive *publicity* to raise awareness of the product
- *promoting* the product to motivate the market to buy it
- ensuring the consumer has access to *information and booking services*
- *influencing* other relevant parties to complement the strategy

- *delivering* on the promise – professionalism and standards.

Market Failure. The result that occurs when the market or private enterprise economy cannot provide certain critical goods and services and the Government must intervene for the good of business, or the community. Examples of this include the social welfare system, the provision of certain infrastructure e.g. roads and state tourism marketing.

Market Niche. A clearly identified group of people that share a common special interest e.g. bird-watching. While niche markets tend to be relatively small there is often a global market in the area of special interest e.g. 78 million people are estimated to have travelled on bird-watching trips world-wide.

Market Segment or Sector. A specific group of consumers who share common characteristics in such variables as age, life-cycle stage, income, education, location, attitudes, use of leisure time.

Outbound Tourism. Travel by Australians outside of Australia for a period of less than 12 months.

Package. The combination of two or more components of travel sold at a more competitive price than if a consumer bought the components separately. It usually includes transport, accommodation, touring and attraction components.

Positioning. A succinct statement that spells out how the state, region or product wants to be known in the minds of the market, relative to its competitors. That is, what the marketing organisation wants consumers to know, think, feel or believe about their destination/product/experience. It contains the single most important point of strength and differentiation.

Product. A broad term, which refers to anything that constitutes or delivers the tourism experience that customers are looking for. It may be an offer of a tangible good or service where a price is attached, or it may be an intangible asset or attribute.

Promotion. The means of communicating and presenting tourism product(s) to the consumer and the travel trade itself for the purpose of stimulating demand. Promotional activities include television, cinema, radio, newspaper and magazine advertising and posters, exhibitions, displays, competitions and sponsorships.

Scenario Planning. A means of understanding the many feasible alternative futures that can arise out of the analysis of the internal and external environment.

STO. State tourism organisation, such as Tourism Victoria or Tourism NSW.

Target Marketing. The process of researching, identifying and promoting to a particular segment, or niche, within the overall mass market.

Theme. Describes a general type of experience and closely related experiences e.g. experiences of nature or the natural environmental is a general theme.

Top-of-Mind. An expression that describes what most readily comes to mind when a person is prompted with a particular topic e.g. prompt – nature: top of mind thought – Coffs Harbour.

Tourism Industry. The travel and tourism industry is a collection of independent, but interrelated firms and organisations that perform specific activities directed at satisfying the particular needs of visitors to the state and the regions within it. In this regard both private sector and government activity can be classified into eight sectors:

- attractions
- accommodation
- carriers
- tour operator and wholesalers
- miscellaneous goods and services e.g. restaurants, petrol, retail, travel insurance
- promotion and distribution
- investment
- policy and coordination.

The important common factor that links all of these sectors is that they devote some proportion of their total activity to the needs of visitors (non-residents of the state or region).They have some level of commitment to the long-term development of tourism and they are intentionally performing activities that cause or service tourism demand in terms of both its volume and qualitative aspects.

Travel Agent/Retailer. An intermediary who sells product to consumers on behalf of operators for agreed commissions. These commissions are a minimum of 10% on the gross price.

Value-add Services. Services that are added to product at no extra cost to the consumer, but there is a perceived extra benefit in the cost e.g. free breakfast included with accommodation, complimentary bottle of wine.

Value-add Experience/Product. The process of providing diverse and richer experiences for the visitor. e.g. the incorporation of accommodation facilities, small-scale sales outlets, dining and other hospitality services in association with established industry, or place of visitation (such
as a winery. *See also* Integrated Experiences.

Wholesaler. In general, a firm that packages and brochures product together and sells it through retail/travel agency outlets for agreed commission levels, generally a minimum of 20%. With regards the inbound market, a wholesaler is a firm that purchases products or ground arrangements from Australia suppliers or inbound tour operators, and, packages products for sale.

AUTHOR

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Roger March is Senior Lecturer in the Australian School of Business at the University of New South Wales. His research interests are diverse, ranging from destination marketing and the Japanese & Asian outbound markets to distribution strategies and unethical practices in international tourism. He has undertaken a number of government-funded research projects through organisations such as See Australia, the Federal Department of Industry, Tourism and Resources as well as the CRC for Sustainable Tourism. As a tourism consultant, he has been engaged by the Australian Tourist Commission, Qantas, Tourism NSW, Tourism Queensland, KPMG Consulting. He reads and speaks Japanese fluently.

INDUSTRY PARTNERS

UNIVERSITY PARTNERS

SPIN-OFF COMPANIES

CRC for Sustainable Tourism Pty Ltd
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SUSTAINABLE
TOURISM
CRC

The Sustainable Tourism Cooperative Research Centre (STCRC) is established under the Australian Government's Cooperative Research Centres Program. STCRC is the world's leading scientific institution delivering research to support the sustainability of travel and tourism – one of the world's largest and fastest growing industries.

Introduction

The STCRC has grown to be the largest, dedicated tourism research organisation in the world, with $187 million invested in tourism research programs, commercialisation and education since 1997.

The STCRC was established in July 2003 under the Commonwealth Government's CRC program and is an extension of the previous Tourism CRC, which operated from 1997 to 2003.

Role and responsibilities

The Commonwealth CRC program aims to turn research outcomes into successful new products, services and technologies. This enables Australian industries to be more efficient, productive and competitive.

The program emphasises collaboration between businesses and researchers to maximise the benefits of research through utilisation, commercialisation and technology transfer.
An education component focuses on producing graduates with skills relevant to industry needs.

STCRC's objectives are to enhance:

- the contribution of long-term scientific and technological research and innovation to Australia's sustainable economic and social development;
- the transfer of research outputs into outcomes of economic, environmental or social benefit to Australia;
- the value of graduate researchers to Australia;
- collaboration among researchers, between researchers and industry or other users; and efficiency in the use of intellectual and other research outcomes.