

# INTERNATIONAL TRAVEL TRADE MARKETING

## International Roundup Preparation





# *Benefits of the International Traveler*

Stay Longer, Spend More

More Paid Vacation Time

Book Further in Advance

Help to Diversify “Portfolio”

Shoulder Season



# *Advantages of Working with Travel Trade*

Multi-Market Reach

Entry into New Markets

Diversity

Expertise

Off-peak Potential



# *Introducing Commonly Used Terms When Working with the Travel Trade*





## ***All-Inclusive Package:***

- a tour package in which most travel elements are purchased for set price. Also called an *all-expense package*.

## ***Blackout Dates:***

- date(s) that you are not selling rooms or tours to a receptive operator. The blackout dates are typically during a high-volume period for your community. For example, 4<sup>th</sup> of July weekend.



## ***Commission:***

- the percentage of a selling price paid to a retailer by a supplier. In the travel industry, travel agents (retailers) receive commissions for selling tour packages or other services.
- A common practice is to pay from between 10% to 30% commission to resellers. Paying commission to agents is a highly effective way to reach customers that you would not be able to reach with limited marketing resources – because you have more people selling your product.



***Convention & Visitor  
Bureau/Association  
(CVB, CVA):***

- a non-profit local organization supported by transient room taxes, government budget allocations, private memberships, or a combination of any of these funding mechanisms. A CVB typically encourages groups to hold meetings, conventions, and trade shows in its area. Also referred to as a DMO. See DMO.



***Destination  
Management  
Company  
(DMC):***

- a for-profit company that operates similar to a CVB by providing planning and execution services for the convention and meeting market.
- They charge a fee for their services.

***Destination  
Marketing  
Organization  
(DMO):***

- an organization that promotes a location (city, region, state, province, country) as a travel destination.



## ***FAM Tour:***

- an abbreviation for familiarization tour which is a complimentary or reduced-rate travel program for travel agents, tour operators, travel writers, or others to acquaint them with a specific destination or attraction, thereby helping to stimulate sales. Also known as a research tour, product development tour, or famil.

## ***FIT (Foreign Independent Travel):***

- individual travel mode in which a tour operator has previously arranged blocks of rooms at various destinations in advance for use by individual travelers. These travelers travel independently, not in a group, usually by rental car.



### ***Net Rate:***

- a discounted rate from which a commission is not paid. A rate that a distributor can mark up to make their profit.
- The seller determines the lowest rate they want to offer in order to make a profit.

### ***Commissionable Rate:***

- a rate given to an operator so they can get a set amount of commission. This rate is usually the same as the traveler would pay.

### ***Rack Rate:***

- the full rate available to or advertised to the public. Also known as Published Rate.



## ***Online Travel Agent (OTA):***

- used by a traveler to book everything they need for their trip online in one place. This can include making hotel or airline reservations, and in-destination reservations like tours, attractions, or activities.  
= Expedia, Travelocity, Kayak

## ***Packaged Travel:***

- two or more types of tour components combined into a product which is produced, assembled, promoted, and sold as a package by a tour operator for an all-inclusive price.



***Receptive  
Tour  
Operator,  
Inbound  
Operator,  
RTO:***

- a US-based company which specializes in creating, marketing, and selling US travel products to international tour operators.
- Receptive tour operators have unique knowledge of the countries they serve and specialized knowledge of the destinations they sell.
- RTO's clients are tour operators and typically have between 50 to hundreds of clients.
- RTOs do not sell to the public, only to tour operators or travel agents.
- RTOs book your hotel rooms or tours on behalf of their tour operator clients.
- RTOs create itineraries/tours for tour operator clients to sell.





### ***Relationship Marketing:***

- the process of building and nurturing ongoing, solid relationships with customers.

### ***Retail Price:***

- the actual price a customer pays for a travel element or tour.

### ***Supplier:***

- the actual producer and seller of travel components. **YOU!**



## ***Tariff:***

- official confidential publication created by a Receptive operator compiling rates or fares from suppliers and conditions of service.

## ***Tiered Pricing:***

- when suppliers offer different prices to receptive operators, tour operators, or travel agents, so each party can earn a profit by marking up the supplier's price while still offering a fair price to customers.



## ***Tour Operator:***

- A company which creates and/or markets inclusive tours and subcontracts with suppliers to create a package.
- They promote tour programs that they think will appeal to certain markets, targeting both consumers and retail travel agents in their advertising campaigns.
- Tour operators sell through travel agents and/or directly to travelers, or a combination of both.



## ***Travel Agent:***

- someone who arranges travel for individuals or groups. Travel agents may be generalists or specialists (cruises, adventure travel, luxury travel).
- The agents receive a commission from accommodations, transportation companies, and attractions for coordinating the bookings. They typically coordinate travel for their customers at the same or lower cost than if the customer booked the travel on his/her own.

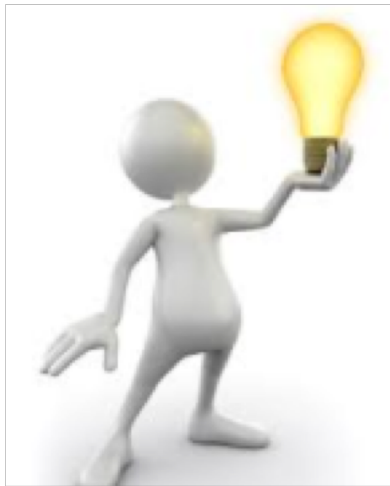
## ***Travel Trade:***

- the collective term for tour operators, wholesalers, receptive operators and travel agents.



# More commonly used terms can be found at this resource:

<https://internationalinboundtravelassociation.org/resources/glossary/>



# *Working with International Inbound Tour Operators (Receptives)*

Inbound tour operators primarily offer FIT or independent travel products, so the majority of this information refers to independent travel.

FIT travelers typically fly to a destination, get their rental car, then follow an itinerary the tour operator/travel agent has prepared for them to each hotel/tour/attraction which is pre-booked and pre-paid.



# *What happens when you provide your rates to an RTO*

## Inbound Operator / RTO

- Produces confidential tariff using the net, non-commissionable rates provided to them by hotels, attractions, etc.
- Distributes the tariff to international tour operators. It is never distributed to consumers.

## Overseas Operator

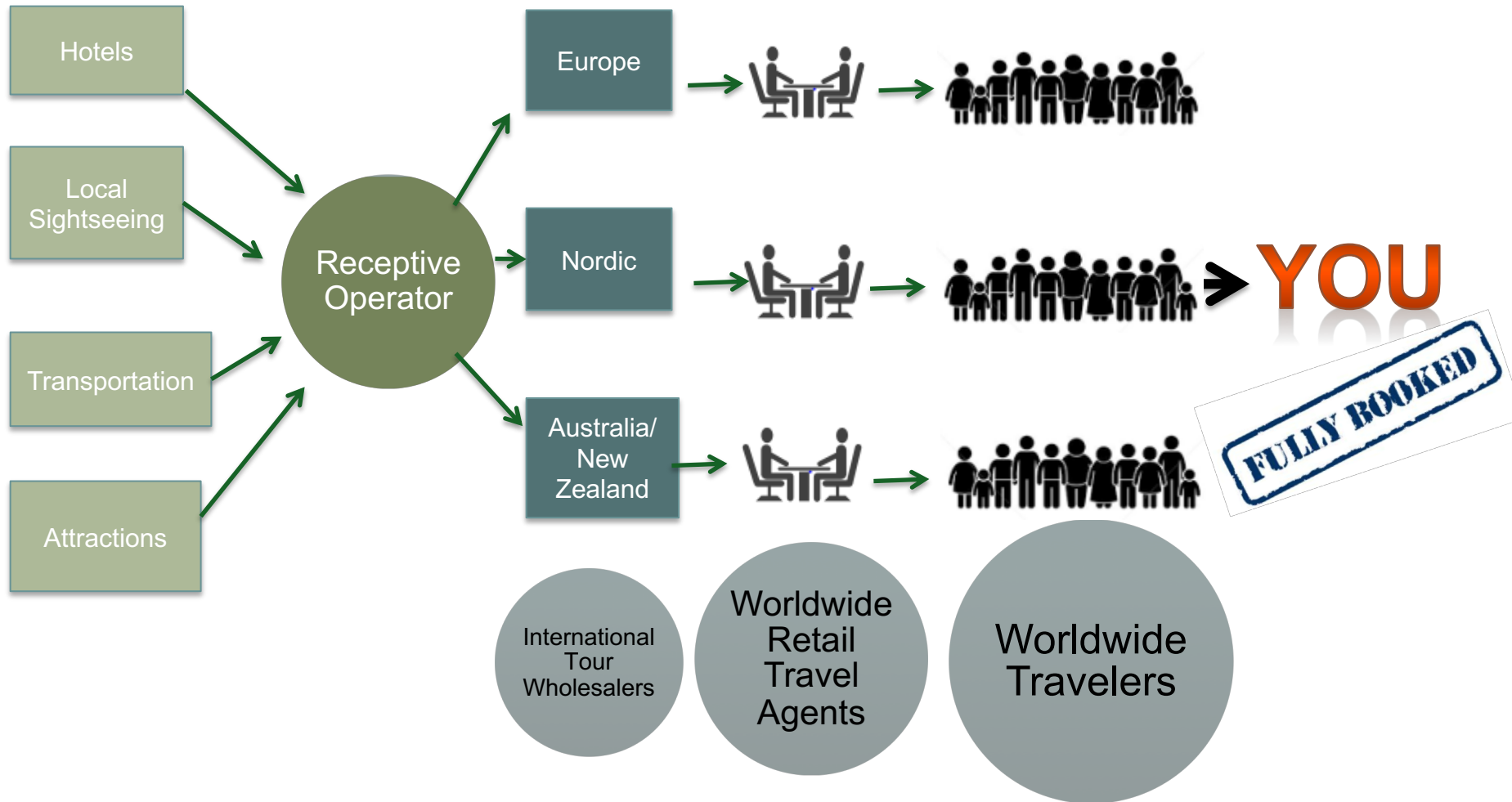
- Takes the rates in tariff and marks them up to include their profit, then prints a brochure to distribute to travel agents and consumers.

## The Traveler

Travels to their destination with vouchers issued by their travel agent and redeems them for services purchased.



# *An RTO is the Essential Link to expose your product to a huge network of buyers*





## *Advantages for Montana suppliers who work with RTOs*

- Many overseas tour operators do not book hotels/tours directly
- RTOs have an international network of tour operators
- RTOs sell your product and you don't pay for promotion until you receive a booking



## *Advantages for Tour Operators who work with RTOs*

- Simplifies booking and payment processes for the tour operator
- Tour Operators rely on expertise of RTO who knows our region and has established contacts
- RTOs have knowledge to assemble an itinerary to include the most suitable product from a region



# *Additional Resources*

[internationalinboundtravelassociation.org](http://internationalinboundtravelassociation.org)

<http://www.rmimarketing.com/international-marketing-101/>



*Follow up is Key*



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