



WORKING WITH INBOUND TOUR OPERATORS



WHAT IS AN ITO/IBO/DMC?

AKA:

- Inbound tour operator
- Inbound operator
- Destination management company

Covid has enhanced the role of using an outbound agent and inbound tour operator, not reduced the need to use an intermediary



A common perception...

“An Inbound tour operator is just a middle man who does nothing to add value to my business and takes a huge cut for doing nothing”

In reality, ITOs work as a conduit like Fonterra is the link between the NZ farmer and UK supermarket. ITOs link NZ tourism supplier with offshore agents

SO WHAT DO ITOs ACTUALLY DO?



For Overseas Clients:

- Research and recommend NZ product to suit client specific requirements
- Protect space for brochure programs e.g. allotments
- Prepare and distribute an annual tariff
- Provide product updates through newsletters, mailings, online
- A one-stop-shop to book all their NZ product including 24/7 support and one payment
- Participate in marketing partnerships with offshore clients to promote NZ
- ITOs often enter emerging markets before Tourism NZ
 - Teach trade how to sell NZ
 - Train trade in NZ 101
 - Introduce you to new clients

SO WHAT DO ITOs ACTUALLY DO?

For NZ Supplier Partners

- Help spread news of your product with our clients and grow your sales
- Welcome supplier partner visits to update staff on your product and changes
- Provide business 7-days per week all year round across markets
- Provide payment protection – don't have to chase your money down in back alleys of Timbukutu (assume any credit risk)
- Invest in your product by visiting our clients in-market sometimes 2-3 times per year to grow the relationships, encourage more NZ brochure space
- Invest many hours of time and effort before any bookings are made that you don't see
- ...and invest thousands of dollars in international travel costs to achieve bringing visitors to your NZ business



WHAT ITOs ASK FOR IN RETURN?

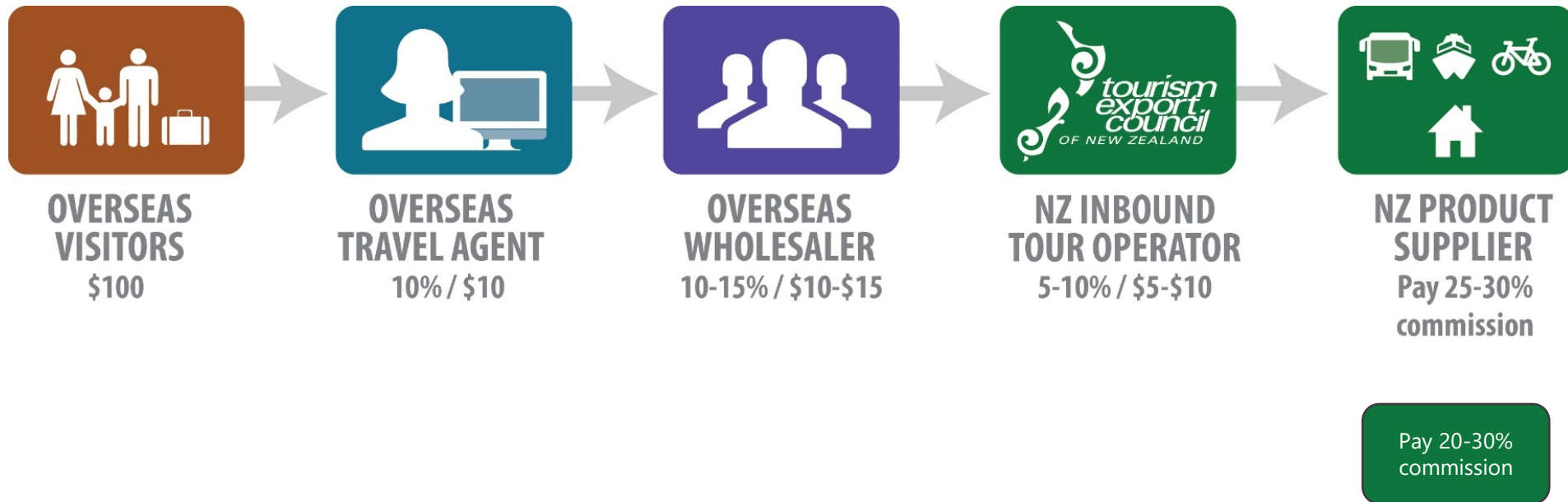
- Wholesale pricing
- Access to inventory
- Rates and terms and conditions needed 2 years in advance
- Descriptive images and content
- Same day turnaround for quotes and bookings
- Be proactive in providing solutions to adapt products for different markets
- Qualmark businesses preferred

COMMISSION \$

Commission is only paid when the sale is made



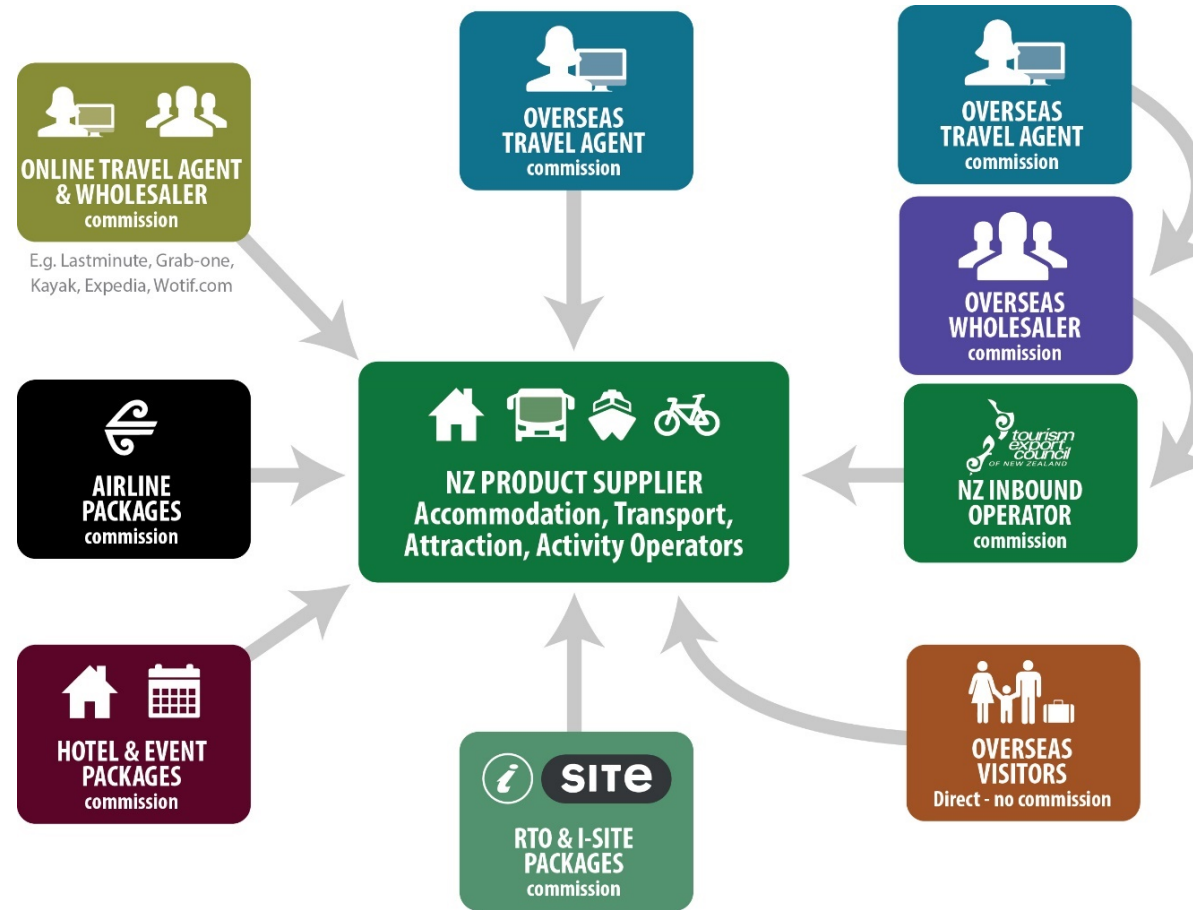
WHOLESALE DISTRIBUTION CHANNEL



Watch this video on Working with ITOs (9mins). Some good content.

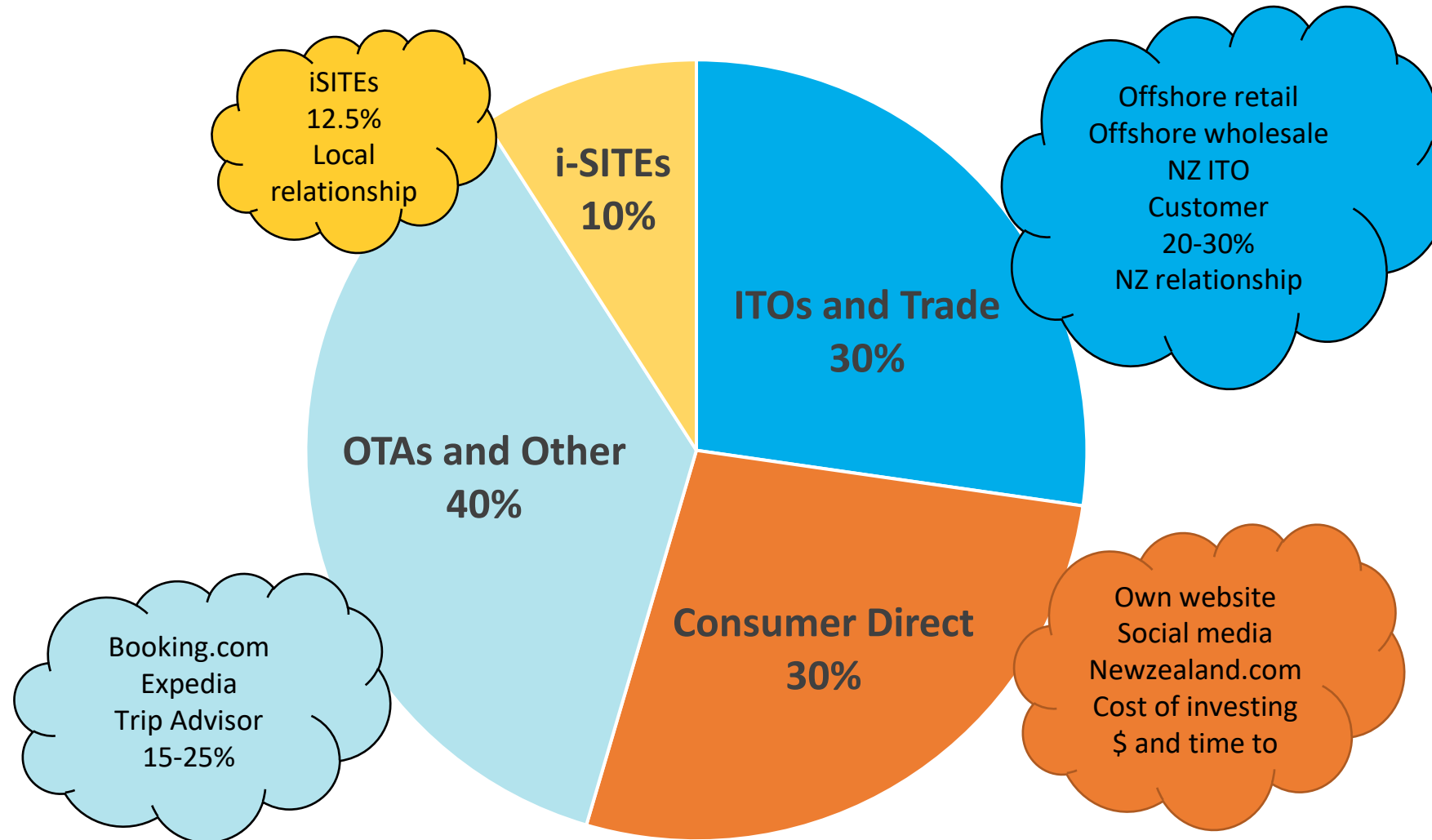
<https://www.youtube.com/watch?v=tiS6fKdgPpc>

NEW DISTRIBUTION MODEL



It is important you understand a commission is a fee you are paying someone else to promote your business. It should be viewed as an **investment to generate sales, not as a cost to your business**. If you do not wish to pay commission and you want to work with international visitors, the alternative is for you to go direct to each market to generate sales.

How Do Customers Find A Business?



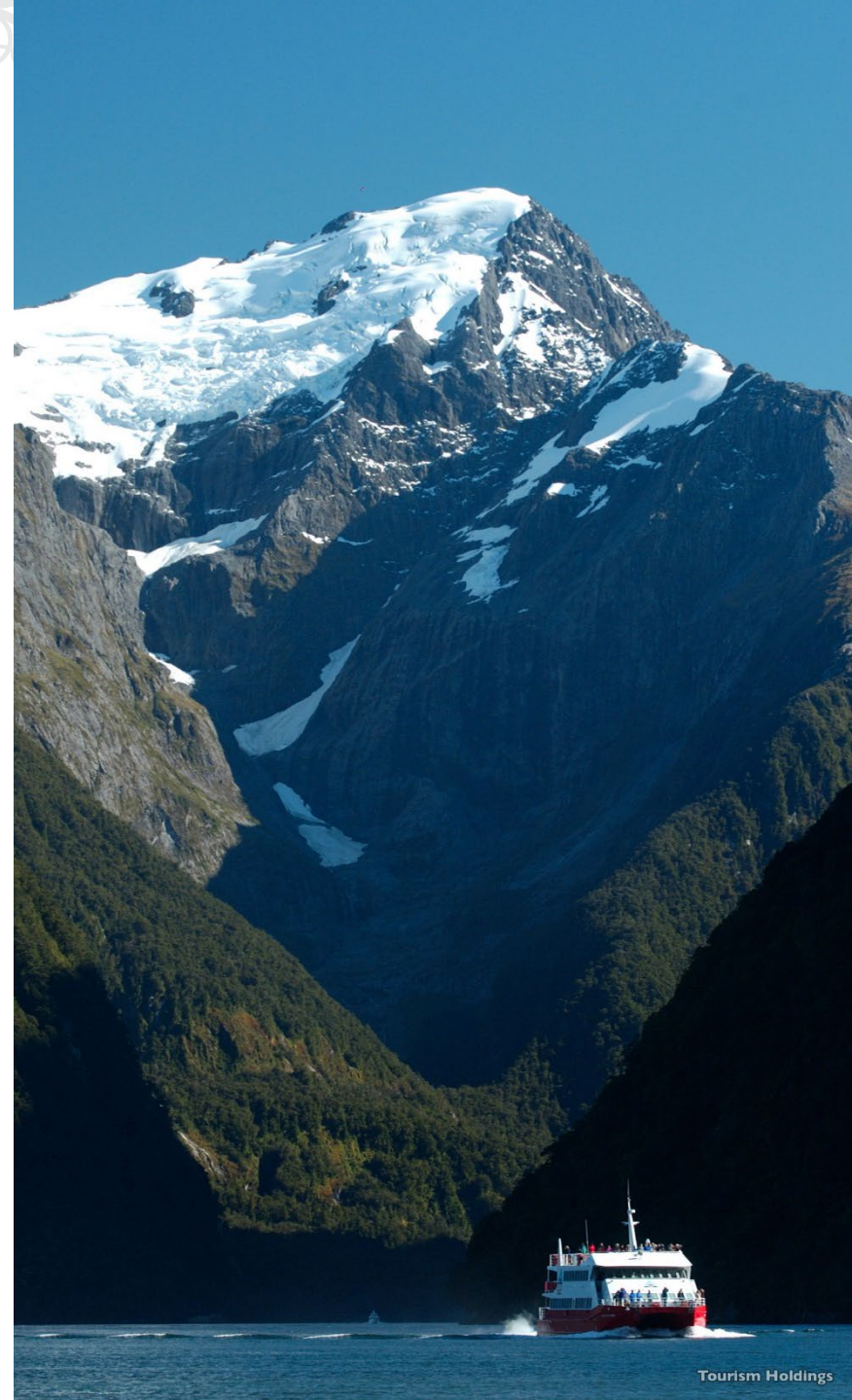
WORKING WITH AN ITO

Do your homework

- Ask RTO about ITOs who work in your region
- Visit TEC website to check which markets ITOs work in and type of client
- Visit ITO website – check their itineraries ahead of time to determine:
- Who are their customers, age and cultural considerations?
- How long is the itinerary in your region and what do they do?
- How many passengers per group or FIT/SIT
- Helpful to visit ITO office and meet staff
- Visit our website. Inbound profiles include the key markets and segments ITOs work in

<https://www.tourismexportcouncil.org.nz/member-type/inbound-member/>

Know their business before you tell them about your business!



ITOs ARE DIFFERENT

- Different global representation
- Single market e.g. UK, USA, China
- Group coach tours only
 - Series tours
 - Ad hoc tours
 - Special interest and incentive
- Seat and coach tours (scheduled service)
- FIT and SIT
- Self-drive only



ITOs ARE DIFFERENT

Different types of travel client:

General sightseeing

Premium or luxury

Cruise

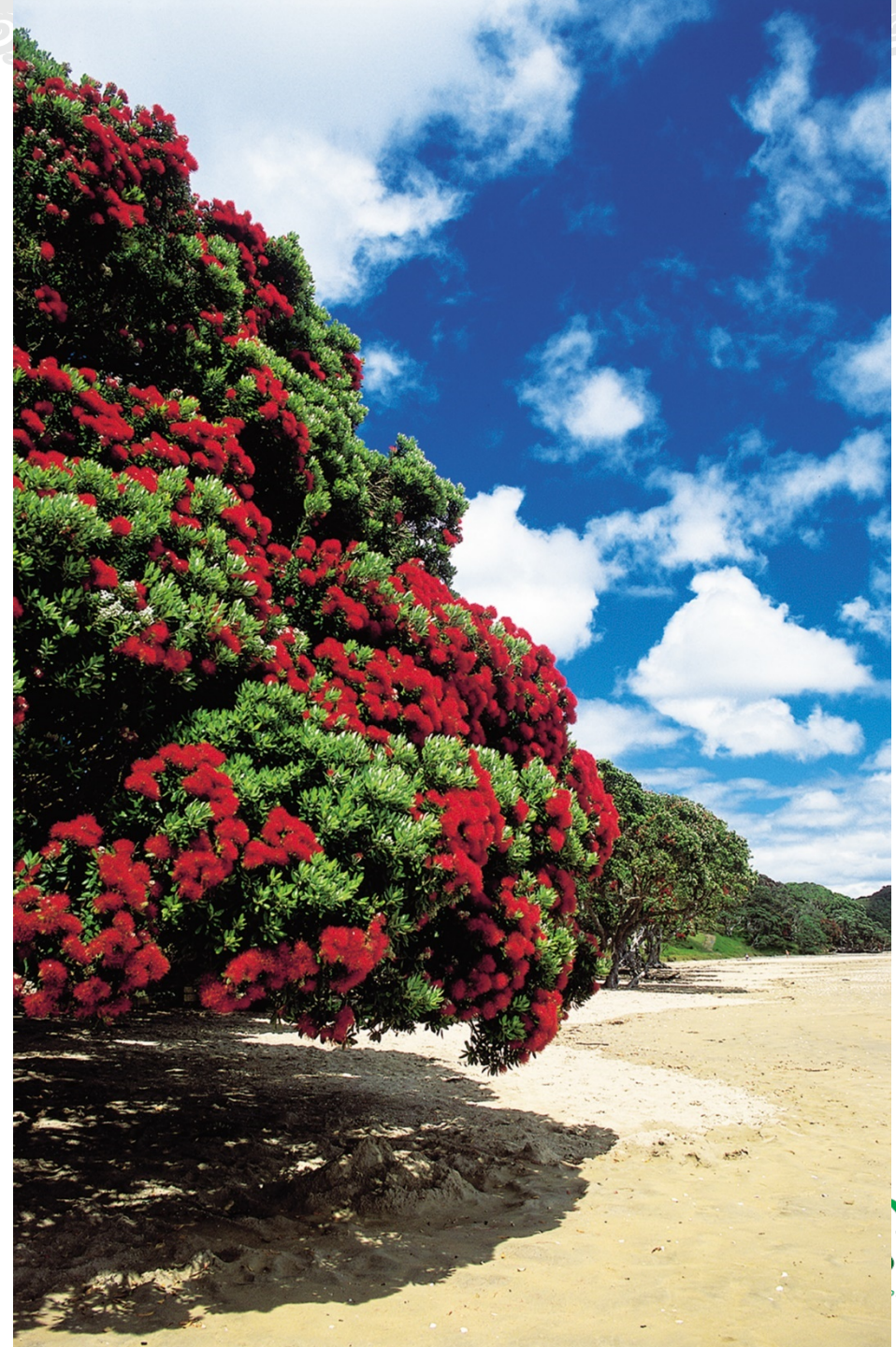
Business Events and Incentives

Special interest/bespoke e.g. golf, food

Education

Family groups

ITOs will use different promotion activities for different segments of the market



ITOs HAVE ADAPTED:

- Change from % group to % FIT (self-drive)
- Upgraded technology systems and direct links with suppliers e.g. Tourwriter, Tour Connect
- More detailed in presentation and itineraries
- Online booking engines and tariffs
- Diversified product range and itineraries
- New niche ITO start ups: education, golf, luxury/premium



ITO INTELLIGENCE

Key Inbound findings:

- 55% of all international visitors comes to NZ via ITOs
- 51% group bookings
- 31% FIT
- Others up to 6% include cruise, business events and education
- 40% of group bookings are 'series tours' with 60% ad hoc/special groups
- Average 30% of FIT bookings were self-drive, 43% in coach and 27% private touring
- Lead times vary between markets. India and Chinese short lead time



International Tourism and ITO Value to NZ Economy

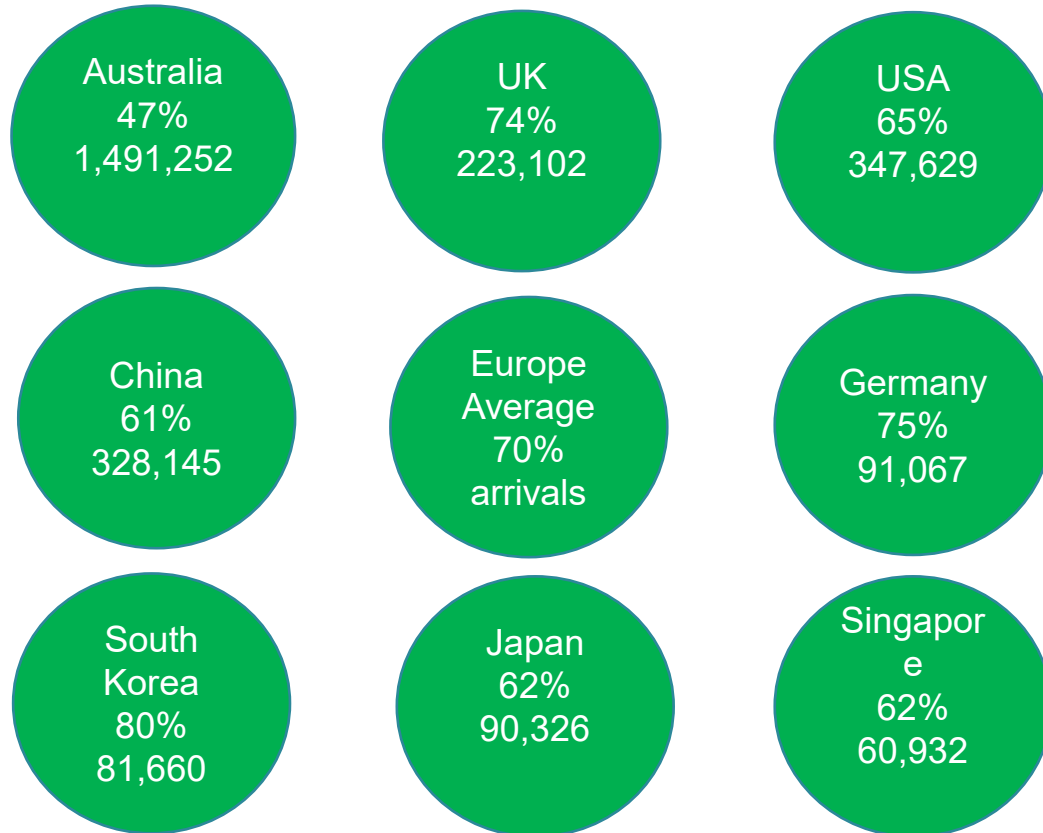
International
Tourism
annual value
to NZ
economy
\$17.5billion

- **\$17.5bn** annual international earnings, \$48m per day
- NZ's largest export industry; **20.1%** of total exports
- **\$16.4bn direct value** (5.5%), indirectly **\$11.3bn** (4%) of NZ's total **GDP**.
- Annual **GST from visitors \$3.9bn with \$1.8bn** from international visitors
- No. jobs approx. **384,186** direct and indirect jobs **13.6%** of NZ workforce

ITO annual
value to NZ
economy
\$9.62billion

- **\$9.62bn** of total international spend NZ of \$17.5bn
- ITOs bring in **55%** of all international arrivals to NZ
- **1.8m** international visitors out of annual 3.4m visitors
- ITOs provide bookings to **>60%** of tourism businesses in NZ
- **95%** of ITO revenue is redistributed back out to regions

WHERE DO ITOS BRING VISITORS FROM?



Community and Conservation

ITOs care about communities, conservation and help stimulate local jobs.

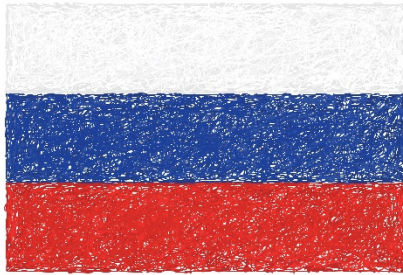
100 member businesses surveyed in August 2020 showed that \$5.68million was invested annually from the private sector with money and time in local biodiversity, conservation, school education programs and local community projects. ITOs actively promote sustainable businesses.

76% of TEC members have signed up to the Tourism Sustainability Commitment

Tourism businesses take their kaitiakitanga, manaakitanga and whanauatanga roles in communities very seriously.

Percentage of visitors that ITOs bring into NZ per country. Source: IATA flight bookings and Tourism NZ 2020

ITOs AND EMERGING MARKETS



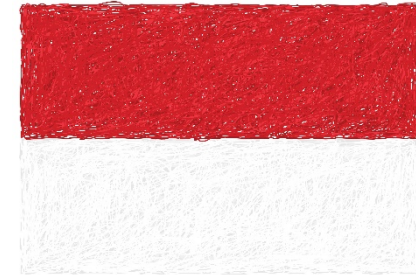
RUSSIA



BRAZIL



INDIA



INDONESIA



PHILLIPINES



SOUTH AFRICA



VIETNAM



MIDDLE EAST



BENEFITS OF WORKING WITH AN ITO

ITOs have extensive relationships with off-shore agents. They will do your international marketing for and act as a sales agent on your behalf



Working with an ITO can bring you:

- Access to new market intelligence, promote at tradeshows and coordinate famils
- Provide long lead times to help with advance planning to purchase produce/roster staff etc
- Repeat business and volume bookings
- Offer security of working with NZ partner
- Abide by and honour your Tc and Cs
- Assume responsibility for timely payments on behalf of overseas clients
- Confidence if any adversity should occur e.g. earthquakes, floods, COVID