

# BUILDING TRAVEL TRADE BUSINESS – OPPORTUNITIES FOR NOVA SCOTIA TOURISM OPERATORS

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# CHAPTER 1: INTRODUCTION

This manual has been prepared for Nova Scotia's tourism industry. It presents an introduction to the opportunities available to the province's tourism operators in growing their business through working with the national and international travel trade. It is also a 'how-to' manual, presenting the basic techniques involved. The manual was commissioned in 2010 by the Nova Scotia Department of Tourism, Culture and Heritage, Tourism Division (DTCH). Tourism Nova Scotia (TNS) handles provincial tourism in the province as of April 1, 2015.

The 'Travel Trade' refers to the various organizations involved in the distribution system in tourism, particularly tour operators. That system consists of all the intermediaries that engage in helping people buy travel products and helping the suppliers of those products connect with consumer markets. A general overview is presented in the graphic in Chapter 2.

Twenty different travel trade organizations were interviewed to obtain up-to-date perspectives on modern business practices and priorities. Two Nova Scotia based receptive operators assisted in editing this manual. These companies are listed in Appendix I.

## 1.1 WHY WORK WITH THE TRAVEL TRADE?

Tourism operators in Nova Scotia, like those in other jurisdictions, have limited resources to promote themselves. Working with the travel trade presents an option in overcoming that challenge. A relationship with a tour operator will expose the Nova Scotia operator's product to other markets and generate sales through the marketing activities of the tour operator in those markets.

Due to the important role the travel trade plays in the tourism marketplace, TNS is actively involved in working with tour operators and many of the others involved in the travel trade. Their role is to showcase Nova Scotia's travel-related products and services within the travel trade marketplace and facilitate partnerships between 'the trade' and Nova Scotia's tourism operators.

## 1.2 TERMINOLOGY

The travel trade has its own language. The glossary in Appendix II provides definitions for a wide range of terms generally used. A synopsis of the key ones being used in this manual and important for someone new to the business to know, are summarized below:

## TRAVEL TRADE PARTICIPANTS:

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- **Buyer** – a tour operator seeking to add a supplier’s tourism product or service to its own product mix.
- **Supplier** – the supplier of the product being sought by the tour operator, such as accommodations, attractions, restaurants, etc.
- **Tour operator** – an enterprise that designs, develops, markets and operates tours and other packaged travel products.
- **Receptive operator** – a tour operator that specializes in the destination and makes products and services available to other tour operators.
- **Online operator** – a tour operator that sells exclusively online.
- **Travel agent or agency** – a seller to the consumer of travel products and services provided by others, including both suppliers’ products as well as those from tour operators.
- **DMO** – a destination marketing organization.
- **PMO** – provincial marketing organization.

## OTHER BASIC TERMINOLOGY:

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- **Group** – group booking, tour or package, generally involving ten or more people.
- **FIT** – fully independent travel package (individuals and groups of less than ten people).
- **Net rate** – a discounted price offered to tour operators.
- **Rack rate** – the regular price charged customers.
- **Commission** – compensation paid by a supplier for the sale of its product, usually based on the retail price.
- **Marketplace** – a tourism industry event in which suppliers and buyers meet via scheduled appointments. (The term also refers more generally to the range of tourism markets available.)
- **Trade show** – an industry event that involves exhibits of destinations and tourism company products.

The term ‘supplier’ is used throughout this manual to refer to a Nova Scotia tourism operator. ‘Buyer’ will sometimes be used to refer to a tour operator or receptive operator. ‘Receptive’ will be used for a receptive tour operator (which is both a buyer and supplier).

### 1.3 IT'S ALL ABOUT RELATIONSHIPS LEADING TO PARTNERSHIPS

Working with tour operators, receptives and others in the travel trade involves establishing a working relationship between the tourism operator and the travel trade operator, one that can evolve into an ongoing partnership. Developing a business relationship, one of mutual trust and understanding, is critical to getting the process started and keeping it going over time. This is fundamental.

Those in the travel trade are not the customers that will use the travel products; they are intermediaries, connecting the products of tourism suppliers with consumers in the marketplace. Arrangements with them are not sales, they are agreements leading ultimately to new sales for the supplier. As a consequence, an entirely different approach is needed in dealing with them than that involved in dealing with other customers.

### 1.4 THE MARKETPLACE TODAY

Nova Scotia has long been an important destination for the national and international travel trade. Tourism Nova Scotia is an active player in the travel trade. The 2010 Tourism Plan describes the Province's role in the following way:

*“Another important way we market Nova Scotia to many potential visitors, particularly in long-haul markets, is through the reach and influence of the travel trade channel, which includes tour operators, travel agents and other travel influencers.*

*Nova Scotia promotes through the travel trade by attending select marketplaces and travel shows, making sales calls, educating and training the trade about Nova Scotia, hosting client events and special promotions, supporting itinerary development and hosting familiarization tours for travel trade staff. We also partner with select tour operators on joint marketing initiatives to promote Nova Scotia to their customers. The department has a team of people dedicated to these tasks.”*

Tourism Nova Scotia's marketing partnership programs are outlined on their website at <http://tourismns.ca/tools-marketing-your-tourism-business>.

The travel trade product that has traditionally played a large role in Nova Scotia's tourism industry is the motorcoach tour, with the major markets being the USA and Ontario. This continues to be an important market, however, a number of changes in the marketplace have reduced the relative role of motorcoach tours and increased the role of other products (such as FIT and other forms of group tours) and markets.

The major influences and their impact on tourism businesses and the travel trade have been the following:

- The dramatic growth of the **Internet**, which has transformed the way people plan travel and the way the tourism industry functions. Today you must be online, with a quality website and relevant links. The Internet exposes consumers to a wide variety of destination choices, enabling them to explore options and prices, and make bookings.
- **Increased competition** and improved efficiency in airline operations, which has made long distance travel more affordable. Today your competitors are not just down the road, they are international.
- **Emerging destinations**, particularly in Europe and Asia, which have made the marketplace more competitive. Same impact as # 2 above.
- A changing **demographic** within the marketplace is having an impact on group tours. The traditional group tour market is aging beyond their active years and the new 'mature' market has a much younger mindset.
- Travel consumers are demanding **flexibility, choice and more in-depth and meaningful experiences**. These have not traditionally been characteristics of group tours and are forcing group tour operator companies to rethink their product offerings.
- There is growing **demand for shorter trips**. Packaged vacations used to be seven, ten or fourteen days in duration, today there is more demand for getaways of a few days duration, particularly for North American travellers. Europeans continue to stay longer.

Tour operators and receptives are responding to these trends by adapting their offer in a variety of ways, such as:

- Introducing new products such as shorter tours, cruise tours, special interest tours.
- Offering new destinations that provide different and unique experiences.
- Targeting different market segments such as family travel, learning travel.
- Offering more experiential products.
- Taking smaller groups.
- Offering more FIT product.
- Putting more focus on affinity groups (pre-formed group travel).

This is a dynamic, ever-changing industry that offers exciting opportunities for Nova Scotia's tourism operators.

# CHAPTER 2: TOUR OPERATORS AND OTHERS IN THE TRAVEL TRADE

The distribution system in tourism is diverse. It involves tour operators, both outbound and inbound versions, receptive operators, destination marketing organizations and a few other categories as well. This chapter introduces each of them; the graphic image illustrates how they link together.

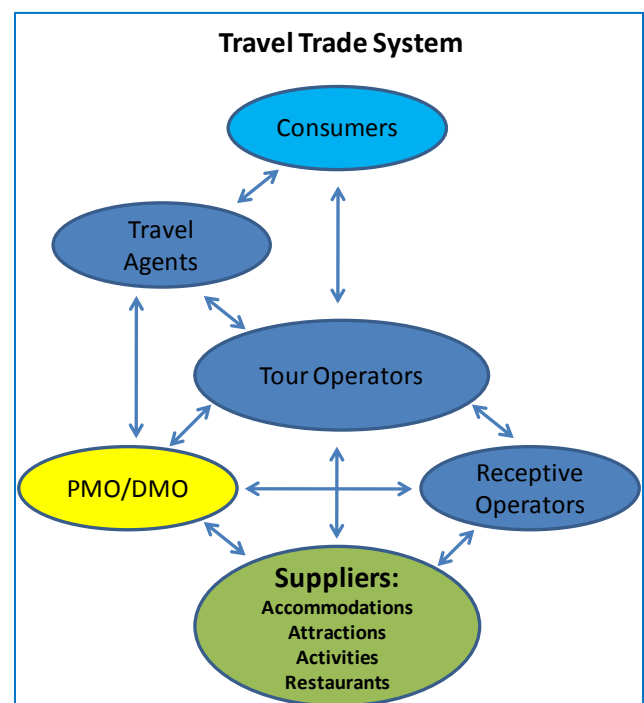
Tour operators, receptive operators and destination marketing organizations (DMOs and their provincial equivalent, the PMO) play very major roles.

## 2.1 TOUR OPERATORS

Tour operators come in all shapes and sizes. Generally they design, develop, market and operate their own products, including tours and other 'packaged' travel products. Their interest in working with suppliers at a destination is to include the suppliers' products in their products.

Typical tour operator products include:

- **Motorcoach tours** – group travel by motorcoach. A traditional product is series programs in which particular tour itineraries are repeated several times a season, usually with single night stays in particular communities. A growing alternative approach is 'hub and spoke' programs involving two or more night stays in one or more communities, providing flexibility and daytime activity options.
- **Specialty group tours** - bike tours, special interest tours, special event tours and other themed programs catering to particular audiences.
- **Independent travel (FIT) packages** – also known as 'fly-drive' and 'self-guided' programs, these packages are designed for individuals, couples and friends travelling together. They usually include basic services, such as transportation to the destination and car rental, along with choices from a menu of alternative accommodations as well as optional attractions and activities at additional cost.





- **Other FIT** – specific products and services on their own, such as accommodations.

Most tour operators are **‘outbound operators’** taking people from a region in which the tour operator is based to a wide range of destinations. There is also the **‘inbound operator’** who is distinguished by specializing in a particular destination region and selling tours and packages to a range of markets.

Tour operator products are increasingly being targeted to specific audiences, offering experience-based, flexible and customizable packages and tours, along with value-added features and savings. They commonly sell their products through a combination of methods, including direct marketing to consumers, the Internet and through travel agents.

## 2.2 RECEPTIVE OPERATORS

These are tour operators that specialize in a destination, providing itineraries and travel products and services to other tour operators, essentially as sub-contractors. The tour operator books the people; the receptive operator delivers some or all elements of the program.

The receptive operator can also be described as a broker of tourism products and packages. A tour operator planning an itinerary in a destination with which they are unfamiliar will frequently seek the services of a receptive tour operator.

The following kinds of services are generally provided by the receptive operator:

- Itinerary planning, supported by the annual distribution of a ‘tariff’, being a listing of products, services and packages on offer to tour operators.
- Meet and greet services.
- Accounting services.
- Customer documents, such as vouchers for use in payment to the supplier.
- Accommodations.
- Attractions admissions.
- Local guides and tours.
- Ground transportation services.

### **Ambassatours – A Nova Scotia Tour Operator**

In addition to operating its own tours (both inbound and outbound), Ambassatours in Halifax provides receptive services to other tour operators as well. Examples include:

- Operating local tours
- Providing motorcoaches, drivers and guides for extended regional tours
- A menu of other services for tour operators

Receptives play a major role in the travel trade, particularly for long-haul, international destinations. European tour operators in particular use the services of Canadian receptives for their programs in Canada. For Nova Scotia tourism operators seeking business from European tour operators, it is the receptive operators in Canada that specialize in European markets that are the recommended starting point.

## 2.3 ONLINE OPERATORS

This type of tour operator has rapidly increased its presence in the distribution system internationally. They are distinguished by offering their products online, usually to be booked online. They sell a wide range of travel products and packages, but don't usually engage in group tour operations or deliver other services; they leave this to other companies.

Their growing presence has forced most traditional tour operators to offer their own products online in a similar fashion, in parallel with their usual means of selling and operating.

## 2.4 THE PMO AND THE DMO

As mentioned earlier, as Nova Scotia's provincial marketing organization (PMO), Tourism Nova Scotia plays a major role in working with the travel trade on behalf of the province's tourism operators. Nova Scotia's regional tourism organizations are its destination marketing organizations (DMOs).

Canada as a whole has Destination Canada (formerly known as the Canadian Tourism Commission) that also is involved in the travel trade. In fact there is a whole hierarchy of players involved in promoting Nova Scotia to the travel trade:

- Destination Canada, selling Canada internationally.
- The Atlantic Canada Tourism Partnership (ACTP) promotes the four Atlantic Provinces in the USA and Europe.
- TNS promotes Nova Scotia in Canada, the USA and Europe (particularly the UK and Germany).
- Destination Halifax and the other regional tourism organizations in the province promote their respective regions. When it comes to travel trade marketing, the DMOs in Nova Scotia that are active generally link their activities to those of TNS, ACTP and Destination Canada.

Tourism Nova Scotia's Travel Trade Team contact information is available on their website at: <http://www.tourismns.ca/travel-trade-marketplaces>.

## 2.5 OTHERS IN THE TRAVEL TRADE DISTRIBUTION SYSTEM

The others of note engaged in the system include:

- **Travel Agents/Agencies** – sell travel products through their retail outlets and/or online.
- **Airlines** – many of which promote packaged travel products in association with their airline operations. Some have their own tour company.
- **Group leaders** – individuals involved with clubs and other ‘affinity’ organizations that organize groups for travel together. They have their own marketplaces.
- **Travel clubs and other membership-based organizations** that organize travel programs on behalf of their members.

## 2.6 CONNECTING BUYERS AND SELLERS

The system depends on buyers and suppliers being able to do business together. There are a number of methods to connect sellers with buyers and buyers with sellers. The major ones are summarized below.

### 2.6.1 WEBSITES

Every PMO and DMO of significance maintains a website and associated online tools and links, with a section directed at tour operators, receptives and others in the travel trade, presenting the kinds of information they seek. Suppliers active in the trade will generally do the same.

### 2.6.2 MARKETPLACES AND TRADE SHOWS

The ‘marketplace’ plays a major role in connecting buyers with sellers. These are specialized events that involve appointments between buyers and sellers, both intermediaries and suppliers. Marketplaces are hosted, usually annually, by a number of different industry organizations. Here are the ones most relevant to Nova Scotia:

- Atlantic Canada Showcase (ACS), showcasing Atlantic Canada products to buyers interested in Atlantic Canada.
- Rendez-vous Canada (RVC), promoting Canadian products to buyers internationally.
- Ontario Motorcoach Association marketplace (OMCA).
- Bienvenue Quebec.
- National Tour Association Annual Convention (NTA).
- American Bus Association Marketplace (ABA).

There are also several international trade shows that showcase tourism destinations and provide opportunities for buyers and sellers to connect. Unlike marketplaces that have a system of one-on-one appointments, these events function on the basis of destination exhibits sponsored by the different countries. Two of the best known are:

- World Travel Market (WTM), UK.
- International Travel Bourse (ITB), Berlin, Germany.

Generally speaking, it's the PMOs and DMOs that attend the marketplaces and trade shows on behalf of their constituencies. Buyers like to work with them as a first point of contact for the destination as they can deal with the full range of destination opportunities available. The PMO/DMO can then facilitate connections with the appropriate receptive operators and suppliers.

Many larger and medium size businesses, particularly chains, will attend the larger marketplaces as well to reinforce established relationships with buyers as well as solicit new business.

The PMOs and DMOs that attend the marketplace will maintain communications with the buyers they connect with at the event, providing more information on the destination if requested, referring the buyers to suppliers and receptives of potential interest to them, and generally facilitating the process of establishing buyer and seller partnerships.

Receptive operators also attend the marketplaces, usually both as a seller and a buyer, along with functioning as a DMO as well.

### **2.6.3 OTHER PMO/DMO MARKETING ACTIVITIES DIRECTED AT TOUR OPERATORS AND RECEPTIVES**

- They host familiarization visits for tour operators and travel agents to experience Nova Scotia products. The itineraries for each tour operator are customized to fit that operator's program, often organized in partnership with local receptives.
- For key tour operators, they make sales calls at the tour operator's place of business and provide presentations to their staff to enhance their understanding of the destination. These educational events would be directed at the tour operator's reservations and sales teams, as well as their product management staff.
- Some PMOs host orientation sessions for their tourism suppliers that plan to attend a marketplace, assisting them prepare themselves appropriately.

## 2.7 REGIONAL DIFFERENCES IN THE SYSTEM

There are differences in how the system works in different parts of the world. A general difference is that North American markets have traditionally been a mix of group and FIT markets, while in Europe, FIT is the dominant product type. Other differences are described below.

### 2.7.1 EUROPE

Europe perhaps has the longest history of travel trade activity. There are some significant differences in doing business there as compared to the North American marketplace. Notable ones include:

- Tour operators and travel agents have traditionally played a more dominant role in the European marketplace as compared to the North American marketplace since European travellers are more inclined to buy travel products through travel agents and tour operators than directly from suppliers.
- Receptive operators play a relatively larger role in European travel to Canada; in fact, they play a dominant role in the buyer and seller relationship. Many European tour operators prefer to deal with PMOs and receptive operators rather than directly with suppliers.
- The European Union has adopted regulations that protect travellers in terms of receiving what they expect from tour operators and their travel experience. North America, on the other hand, continues to function in a more open market fashion, requiring travellers to do their own homework in checking out product offers.
- European visitors tend to stay longer due to the distance to Canada and the fact that many European countries have a tradition of longer vacations.
- Consumer expectations differ in a number of ways; for example, Europeans expect hot breakfasts, not continental breakfasts. It is important for suppliers interested in this market to do their homework by seeking advice from Nova Scotia's receptive operators that work these markets.

Nova Scotia's PMO and its receptive operators are active players in the European market, with particular focus on the United Kingdom and Germany.

#### **Interests of the European Market**

*"In Canada, European visitors are looking for wide open spaces, natural areas, whales and wildlife, and friendliness"*

*Canadvac Travel – A Nova Scotia Receptive Operator*

## 2.7.2 OTHER INTERNATIONAL MARKETS

Destination Canada actively promotes Canada in other international markets, such as Mexico, Brazil, China, India and Japan. Information on them can be found on Destination Canada's website at <http://en.destinationcanada.com/>

# CHAPTER 3: WHAT'S IN IT FOR YOU?

There are several appealing reasons for a Nova Scotia tourism operator to consider doing business with receptives and tour operators:

- New markets, more business – this is the most obvious reason to work with them. Tour operators and receptives develop markets for their products and generally have much more market reach than individual suppliers can ever hope to achieve.
- They are connected into the international distribution system, extending their supplier partners' market reach even further.
- They usually have a recognizable brand that is effective in generating sales.
- Tour operators and receptives are generally sophisticated marketers, building business from different target markets. Their suppliers benefit directly from their marketing programs at no cost to themselves.
- The more successful tour operators tend to avoid becoming locked into particular products or services, preferring to remain flexible to respond to market shifts. In this way they can respond to ups and downs in different markets and keep their business vibrant and successful. Suppliers that work with them can benefit accordingly.

## 3.1 THE BUSINESS RELATIONSHIP

As mentioned in the Introduction, the relationship between the supplier and the travel trade buyer is one intended to lead to a business partnership on an ongoing basis.

As a consequence, an entirely different approach is needed in dealing with them than that involved in dealing with other customers and other group clients. For example, expecting a deposit at the time of booking may be normal for an accommodation property to request of its clients, but it is not a reasonable request of a tour operator/receptive who is collaborating with a tourism product supplier to get more business for both of them. The supplier and tour operator have joined forces to work side by side on getting the business and delivering the product to the tour operator's clients. The supplier therefore has to adapt its business model to accommodate this relationship and the needs of the tour operator/receptive in this regard. The outcome of the negotiations is the signing of a legal contract between the two parties for the program agreed to.

### **A Relationship Business**

*“Working with the travel trade is a relationship business. Suppliers need to understand this and be flexible, particularly if they want to work with larger tour operators”*

*A Leading Motorcoach  
Tour Operator*

Flexibility is key to a successful relationship with a tour operator; be prepared to respond to the buyer's needs and adapt to their business practices as much as reasonably possible.

It is a bit of work getting up to speed on working with the travel trade, but it can be well worth it. You do need to be patient as it takes a while for the relationship to develop.

### 3.2 HAVE YOU GOT WHAT IT TAKES?

Generally speaking, tour operators and receptives are looking for the following kinds of features from suppliers:

- Unique experiences that are indigenous to the destination's natural and cultural heritage – attractions, events, entertainment, culinary experiences, unique accommodations.
- Interpretation and education.
- Hands on, engaging.
- Accessible, easy walking.
- Exclusivity – special features that are arranged for the tour operator's clients, such as behind the scenes tour, meet the chef, etc.
- Engage with locals.
- Add value to the tour operator's program.
- Net rate pricing for the tour operator/receptive, allowing them to add the necessary mark-ups to recover their costs.

Adequate liability insurance is a common need across all supplier products. The same goes for cleanliness, good state of repair, professional service and good value.

Tour operators/receptives are also looking for particular things from different kinds of operators in considering an addition to their supplier partnerships. Some things are obvious; others less so.

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#### ***It's All about the Experience***

*"The experience needs to go beyond just 'looking and seeing'. Make it come alive!"*

*A European Market Representative*

*"We're looking for unique, different, experiential, hands-on, educational and enhancing experiences for guests"*

*Paul Maille, Tauck World Discovery*

For more information about creating memorable experiences, check out:

#### **Experience Nova Scotia: A Tool Kit**

available at:

<http://www.tourismns.ca/visitor-experience-development>

CTC's **Experience Tool Kit** available at:

[http://en.destinationcanada.com/sites/default/files/pdf/Resources/sec\\_exptoolkit\\_lores\\_final.pdf](http://en.destinationcanada.com/sites/default/files/pdf/Resources/sec_exptoolkit_lores_final.pdf)

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Here are some of their major considerations, by type of product:

**ACCOMMODATIONS:**

- Convenient location relative to the program's itinerary.
- Clean, well maintained facilities.
- Parking onsite or adjacent.
- Breakfast service onsite open at least one hour before departure for groups (Many Europeans, however, generally have breakfast quite early, with a hot meal.).
- Competitive price with net rates available.
- Good service.
- For group tours, additional needs include – ability to handle groups – baggage handling, keys in packets on arrival, two double beds per room, rooms similar in size and design, complimentary services for the tour guide and driver (where there are 15 - 20 passengers or more on motorcoach tours, or 10 or more on smaller groups).
- Private bathrooms.
- Reservation protection for late arrivals.
- Industry standard cancellation policy.
- Safety and security features.
- Ability to accommodate clients with mobility issues.

**RESTAURANTS:**

- Choice, rather than pre-set menus for groups.
- Healthy choices.
- Prompt service.
- Good value.
- For group tours, additional needs include group seating (if requested, or open seating if preferred by the tour operator) along with complimentary meals for the guide and driver.
- Parking onsite or adjacent.
- Sufficient washroom capacity to handle groups.

**ATTRACTIONS:**

- Unique, quality experience, authentic to the region.
- Professional staff.
- Good value.
- Parking onsite or adjacent.
- For group tours, additional needs include orientation upon arrival, group seating and handling, adequate capacity to handle groups, complimentary services for the guide and driver, sitting/rest areas.
- Sufficient washroom capacity.

### **ACTIVE ADVENTURE ACTIVITIES:**

- Unique, quality experience, authentic to the region.
- Knowledgeable, professional guides and staff.
- Good value.
- Up-to-date equipment, in good repair.
- Full orientation upon arrival.
- High standards of safety management.
- Options in the event of adverse weather.
- Parking onsite or adjacent.
- For group tours, additional needs include group handling, adequate capacity for groups, complimentary services for the guide.

## **3.3 DO YOU WANT TO GET INVOLVED?**

Working with tour operators, receptives and other travel trade partners isn't for everyone. Your efforts will be in vain if you can't offer a compelling product or service, if you won't cooperate with the tour operator's requirements or if you don't follow through and deliver for their clients. ,

You should also have a pricing structure that provides for the commissions, net rates and other discounts required by the travel trade, and be able to confirm details with the tour operator at least a year in advance.

To go through the effort of seeking out tour operator partners, you have to want the additional business they will generate. If you are already busy in their season of operation and unwilling to turn inventory over to them, at net rate prices, then it isn't going to work for you or them. And don't just offer them your shoulder season; your offer and their programs have to fit together.

# CHAPTER 4: WHAT TOUR OPERATORS AND RECEPTIVE OPERATORS NEED FROM YOU

In Chapter 3 we introduced a few of the things Nova Scotia tourism suppliers will confront in establishing partnerships with tour operators, receptives and others in the travel trade. In this chapter we explore this topic more deeply and offer a number of ‘how to’s’ as well. Here is what tour operators are looking for from suppliers.

## 4.1 GREAT EXPERIENCES FOR THEIR CLIENTS

- An **experience that is unique and authentic**, one that exemplifies the character and appealing features of the destination. While these features are obviously fundamental when it comes to resorts, attractions, special events and adventure activities, they can also apply to hotels, inns, B&Bs and restaurants as well. Accommodation properties and restaurants that offer something special in this regard are preferred by many tour operators.
- Facilities that are in **good repair, clean and provide contemporary features** and services.
- **Professional service standards** – knowledgeable, trained staff, hospitable attitudes, attention to detail, VIP treatment of the tour operator’s clientele, treatment as unique individuals, not just members of a group.
- **Contingency arrangements** being available when there is a risk of product unavailability due to weather or breakdown.

## 4.2 GOOD VALUE

- This is an obvious issue. Tour operators all feature good value as a reason to buy from them. Your product needs to fit that description as well.

## 4.3 CONVENIENT LOCATION

- A location that is **conveniently accessible from the tour operator’s itinerary** is preferred. This is particularly important for group tours.
- For accommodations in particular, **proximity to shops, restaurants, parks, etc.** is of interest.

## 4.4 CONTRACTING IN ADVANCE

It is vital to the tour operator/receptive that the **arrangements be agreed to well in advance**. Both prices and inventory allocations or other arrangements need to be established **at least a year in advance**; 18 months in advance for some tour operators. This is necessary to allow the tour operator to publish their programs and rates a year or more in advance. Many go to print with their brochure in one summer for the next summer's program. (Having said all of this, some FIT programs are developed on a short term basis, with commitments required from suppliers only a short period in advance.) In the case of receptive operators, they need to publish their 'tariff' (a list of their products and prices on offer to tour operators) at least a year ahead.

As mentioned earlier in this manual, it is **critical that the supplier be flexible and willing to adapt to the buyer's needs and operating practices**. Beyond that, the supplier must adhere to the terms of the contract entered into; changes would require mutual agreement.

Appendix III presents samples of a contract for a hotel and an attraction, a room block request form for a hotel, as well as a voucher.

## 4.5 ABILITY TO COMMUNICATE AND BOOK

A key requirement is that it is **easy for the tour operator to communicate and book** with you. This has a number of elements involved:

- First, tour operators will need to **be able to communicate with the supplier on a year-round basis**, and receive responses from suppliers within 24 hours on business days. Even if your Nova Scotia tourism business operates only seasonally, this requirement is still essential, as the communications needed by the tour operator is often long in advance of the time to which it applies. If you close up shop altogether in the off season, you won't be able to work with the travel trade.

### Communicating with Suppliers

*"We **MUST** be able to communicate with suppliers in the winter months, even if the property is not open. All of our planning is done in the winter"*

*Stephanie Parr, Globus and Cosmos*

*If they [the supplier] has a 1-800 number that only works in North America, make sure they list an alternate number that can be used from overseas. It's a global marketplace today.*

*A UK Market Representative*

- Another issue of importance is your season of operation. Generally speaking, tour operators will require that you be able to **provide your product or service over the course of their own season** for the program involved. This is particularly vital for group tours, but also important for FIT programs as well.
- A related issue is the **avoidance of 'blackout' periods** that block the tour operator's access to inventory during particular periods when the supplier chooses to refuse travel trade business. These are disruptive to a tour operator's program and, in the case of series tours, unfeasible for the tour operator to work with. In some cases it is possible to charge premium rates instead for special circumstances where there is also a value-add to the tour operator's clientele. Ideally, however, keeping things simple and consistent across the course of the season is much preferred.

## 4.6 INVENTORY ALLOCATIONS

If your product/service has limited capacity, such as is the case with accommodations, restaurants, transportation services and some attractions, then it is important that the tour operator/receptive be able to secure reservations well in advance.

This is done through what the trade calls '**allotments**', '**allocations**' or '**block booking**'. This is simply an assignment of some of the supplier's inventory to the tour operator/receptive for particular dates. It involves passing the control of the inventory involved to the tour operator/receptive, up to a mutually agreed release date, after which it can be passed back to the supplier if not booked for actual clients of the tour operator. Allocating inventory allows the tour operator to confirm bookings to clients without communicating with the supplier at the same time; that communication will come at a later date.

Block bookings are a critical requirement for group tours and also for receptive operators. It is somewhat less critical for some FIT programs. Some tour operators will request a small allocation on a daily basis; others will be content with booking on a request basis as they make sales.

An option to block booking is to provide the tour operator with a '**free sell**' arrangement in which the supplier provides a list of dates on which the tour operator can book clients without requiring confirmations from the supplier until after the booking has been confirmed to the client. This list needs to be updated regularly as circumstances change.

If your business doesn't have a fixed capacity limitation, such as with some attractions and events, the tour operator can simply provide a report to the supplier closer to the date of arrival of the number of people coming on a particular date.

Another important issue is **release and cancellation dates**. Inventory allocations that remain unsold will be released back to the supplier some time in advance, perhaps 45 days for groups and 30 days for FIT programs. (In urban locations the release dates for accommodations can usually be later, as the property likely has a better chance of making last minute bookings.) If sales for a group program are weak, some departures may be cancelled altogether on a similar timetable. The contract will spell out the details, but the tour operator does not expect to pay any kind of penalty unless their cancellation is within the period provided for in the contract.

## 4.7 NET RATES AND COMMISSIONS

A tour operator's clients are often inclined to compare the prices you offer to the public to what they are paying to the tour operator (or what they estimate they are paying). Because the tour operator generally sells its product based on good value, or even savings over buying direct, it is important that their prices don't exceed yours. The customer has to perceive good value by dealing with the tour operator.

For this reason, the travel trade intermediary that is selling the product to the end consumer needs to be able to offer your product at a price no higher than you sell it yourself – a fundamental principle in the travel trade. Considering the various intermediaries that might be involved in the travel trade distribution system for a particular product, this requires that you pay a **commission on travel agency sales** of your product and **offer a discount from published rates**, referred to as a '**net rate**' to tour operators and receptives.

### 4.7.1 COMMISSIONS

Commissions are usually associated with travel agency sales of supplier products as well as tour operator/receptive products. The normal rate is 10% of the value of the transaction; however, some tour operators will provide higher rates as an incentive for the travel agency to promote its products.

### 4.7.2 NET RATES

These are discounts from the supplier's normal retail prices to customers that are provided to tour operators and receptive operators. There are two primary considerations that make this feasible for the supplier:

- One is that, on travel trade business some of the supplier's costs are transferred to the tour operator/receptive. These include the costs of marketing, reservations, and sales administration (collections from customers, documents, etc.). The supplier has no costs associated with these items for travel trade business; they are borne by the tour

operator/receptive. The tour operator has to recover these costs through the net rate discount.

- A second factor is that many of the supplier's operational costs are spread over a greater number of customers due to the extra business the tour operator/receptive brings to the business. All tourism businesses have both fixed and variable costs, and in most cases the fixed costs are greater than the variable costs. This is particularly true with transportation services, accommodations and attractions, where the extra costs of handling more customers on a particular day are very modest. The net effect of getting more business through the tour operator/receptive is a reduced cost per customer, making it feasible for the supplier to offer discounts in the expectation of increasing the volume of customers.

As mentioned, most tour operators will pay a commission of at least 10% or more to travel agents and others that book their products. That also has to be recovered through the net rate discount.

Taken together, the tour operator will be looking for a discount of 20% or more from your published rates. If it is a receptive operator you are dealing with, they have a three level tier of margins to cover (receptive operator, tour operator and travel agency), so they will seek a minimum discount of 30%.

Note: the discounted prices only apply to business actually brought by the tour operator/receptive; there is no discount if no business is produced!

Net rates are critical for the more expensive products and services, perhaps somewhat less-so for low cost items; however, they are still expected to be available. A tour operator/receptive may not press for a discount on a \$5 admission to a museum, but will for a \$125 room night at an inn or hotel. In the case of a restaurant, the tour operator will more likely expect the establishment to tailor the menu to fit the operator's budget. It is important to acknowledge that tour operators and receptive operate on very thin margins, so every dollar counts.

### 4.7.3 COMPLIMENTARY/DISCOUNTED SERVICES

Another money matter of importance is the provision by the supplier of complimentary services for group programs to the driver and tour guide. The tour operator has no revenue associated with these employees, only costs. Traditionally the expectation has been that they be accommodated free if the group is 15 to 20 clients or more, however, with the trend to smaller group sizes, 10 passengers or more is becoming the new threshold. This is not an issue for FIT programs that don't involve drivers or guides.

#### 4.7.4 YOUR PRICING SYSTEM

It is important to the tour operator for a supplier to **keep their rate structure relatively simple and consistent**. Seasonal specials and peak time surcharges can wreak havoc for a tour operator/receptive if they can't be accommodated within the tour operator's system.

Whatever your pricing system happens to be, it needs to allow for you to lock-in prices for tour operators and receptive in the time-frames required.

#### 4.8 FLEXIBLE TERMS

Every tour operator is different, with varying needs and priorities.

It is important that Nova Scotia tourism suppliers **be willing to be flexible** and to collaborate with each tour operator in achieving mutually agreeable arrangements.

It is recommended that **communications from suppliers to the travel trade avoid spelling out the particulars of their own expectations** of the arrangement and simply say that **'net rates and wholesale terms of trade are available to tour operators'**. That sends the right kind of message and will be readily understood by the buyer. It adds credibility as well; that 'you get it'.

#### 4.9 PROMOTIONAL MATERIALS

A tour operator may request high resolution **digital images** of the supplier's business. We suggest they include people enjoying your experience rather than empty rooms or building facades. On the other hand, if this is for a European tour operator, they prefer images without people being visible. Online operators use images extensively. Clearly, different markets have different practices in this regard.

#### 4.10 INSURANCE AND LEGAL ISSUES

The tour operator will insist you carry adequate **liability insurance**, sometimes with the tour operator/receptive named as a co-insured. The reason this is important is that there is always a risk someone may sue the supplier as well as the tour operator in the event of a mishap, so the supplier's insurance needs to protect both parties involved in delivering the program.

They may also ask for assurance that your business is in **compliance with relevant regulations and licensing**.



## 4.11 WHAT YOU WILL NEED TO MANAGE

Once established, a partnership with a tour operator involves a number of activities for the tourism supplier:

- Managing the relationship – when issues arise affecting the program, it is important to **resolve any potential problems quickly**. But **don't ever make concessions or commitments on behalf of the tour operator**. You should assign specific employees to be the contact people for the tour operator, along with alternative contacts in the event the contact person is unavailable when needed. There needs to be 24-7 coverage in this regard.
- **Billing and payment arrangements** should be incorporated into the contract. Inevitably the tour operator/receptive will request agreement with a post-service payment arrangement. They will want a **'direct billing'** arrangement, either involving vouchers their clients give you upon arrival which you redeem to the tour operator for payment, or a system in place at your business that processes billings on a regular basis. The invoice will need to provide more information than just the amount owed and the supplier's business address, it also needs to include information that the tour operator's payment system will require, such as the supplier's business name and address, the date service was provided, the tour operator's reference number or customer's name. Billing should be done regularly, at least monthly, not held off until the end of the season.
- **Deposits** and other forms of pre-payment are strongly resisted by tour operators/receptives. Other than the fact they have not received any money from clients at the time they block space with you, providing pre-payments complicates and increases their administrative work. They may agree to an initial deposit for a new supplier, but expect that arrangement to be temporary. We suggest you use other means to reassure yourself as to the tour operator's credit worthiness, such as calling other suppliers they deal with or asking your DMO about their reputation and whether they are aware of any problems others might have had.
- **Regular communications on matters of mutual importance** will be critical. For example, if you are undergoing renovations that will impact the tour operator's clients, let them know well in advance. In fact, any material change in the property or services needs to be communicated to the tour operator. If you are in doubt, communicate with them.

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*“Be patient. Developing travel trade business takes time. Suppliers need to understand that they will not make a lot of money overnight; it's going to take several years.”*

*A Nova Scotia Receptive Tour Operator*

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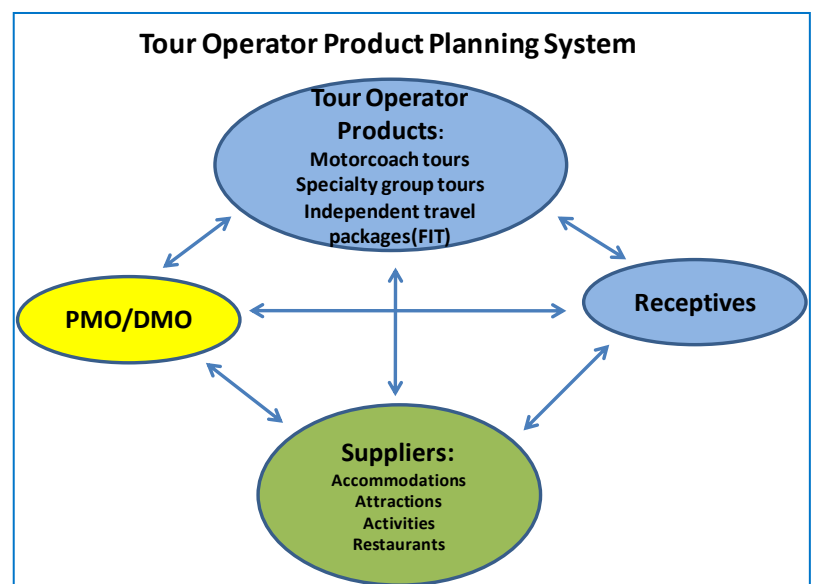
# CHAPTER 5: SELLING YOUR OFFER TO TOUR OPERATORS

## 5.1 HOW THEY PLAN AND BUY

Before we explore how to sell to tour operators/receptives, it is helpful to consider how they plan and buy. The graphic illustrates the overall process.

While there are differences in process and timing, the following general guidelines are helpful:

- For an entirely new program, their **planning cycle may take several years**, particularly if it requires scouting out the possibilities and a complex planning process and particularly if it is a group program.
- Simple FIT offerings can typically be planned much more quickly.
- For an established group program, enhancements will need to be addressed about 18 months in advance.
- The principle of ‘if it’s not broken, don’t fix it’ usually applies. There **needs to be a compelling reason for a tour operator to make changes to an existing program** given all the work and costs involved in the process. They will be concerned about maintaining the same duration for the program and the same price point. At the same time, if there is a compelling reason, one that promises a significant improvement to guest experience and marketability, they will certainly give it consideration. (For this reason, it is important that the Nova Scotia supplier take the time to look into the tour operator’s product line and see where the addition of their product might improve the program. We discuss this further in this chapter.)



- Generally, the **tour operator/receptive will attend relevant marketplaces** as their primary method of connecting with industry partners, both current and potential. When it comes to new programs or new supplier products they are seeking, their priority in making appointments will be with PMOs/DMOs at the destinations they deal with or are planning for. The PMO/DMO offers a very effective first-contact option for the tour operator. In the European marketplace, the tour operator's priority is more likely to be meeting with receptive operators for their destinations of interest.
- Their priorities for appointments with tourism suppliers will be those they are already dealing with (to touch base on topics of mutual interest) and new ones that they see as offering a potentially compelling new product of interest.
- As mentioned earlier, the tour operator will be seeking something unique and special for their customers, preferably on an exclusive basis.

## RECEPTIVE OPERATORS

- Marketplaces are also a good forum to connect with receptive operators as well. Your PMO or DMO can identify those specializing in Atlantic Canada.
- If you plan to seek business from Europe, South America or Asia, the receptives should be the people you target, not the tour operators in those regions. The foreign tour operators will normally work through receptives for Canadian programs, so the receptive should be your priority.

## 5.2 THE STRATEGY FOR NOVA SCOTIA SUPPLIERS

Getting connected into the travel trade network is a challenge. There are several different stages and levels of effort involved. If you are a small, independent business the approach will be more limited than that taken by large operators and chains. The points to follow will be helpful in any event; they represent the logical steps in the process for anybody new to the business.

### 5.2.1 CONTACT TOURISM NOVA SCOTIA AND/OR YOUR DMO

These organizations are critical players in the travel trade marketplace. In fact, they are at the centre of the system. In North America, they are the ones the tour operator buyer often wants to talk to first. Tour operators look to these organizations to advise them on products that might fit their program. They can be very influential in steering buyers to appropriate products.

If you have a DMO for your community or region, talk to them about what they do with the travel trade and how your product might fit into their trade marketing program. If there is no DMO for your destination that is active in travel trade market development, talk directly to the trade sales team at TNS.

The PMO and your DMO are, without question, your most important allies in getting your product in front of tour operators, which they will endeavour to do where appropriate ('where appropriate' means in instances where they see a reasonable fit between the seller and buyer).

If these organizations are operating **familiarization visits** (FAMs) for tour operators in your region, also talk to them about being included, where warranted by what the tour operator is seeking. (Note: FAMs are opportunities to show your product; they are not revenue opportunities. Your services should be provided free or at a reduced rate.)

### 5.2.2 YOUR WEBSITE AND PROFILE SHEET

Your **consumer website** should have basic information designed for the travel trade. Tour operators/receptives will want the same information on your offers as consumers, since they are essentially developing a program on behalf of their clientele. However, they need some additional information as well:

- Your contact person for dealing with trade.
- Acknowledgement that you **offer net rates and other normal terms of trade**. We strongly recommend that you **do not** spell out your trade discounts and terms of trade. Remember that this will be a negotiated partnership relationship, not a seller-dictated arrangement. All the tour operator wants to hear is that you are open to negotiating in the context of what they reasonably would expect.

Consumers and other groups will take advantage of what you say on your website, so don't ever present what should be confidential information between you and your tour operator/receptive operator partners.

Make sure you keep the information up-to-date.

Preparing a **one-page profile sheet** is a very useful thing to do. It can be provided to your DMO and PMO, receptive operators and to tour operator prospects as well. It should summarize the highlights of your product and services, along with the acknowledgement that expected terms of trade are available to tour operators. Again, don't spell out your proposed terms.

In today's digital world, it is useful to have this profile sheet available in digital format to provide to tour operators.

### 5.2.3 COMMUNICATE WITH ATLANTIC REGION RECEPTIVES

Your DMO or TNS can advise you on who the active receptive operators are that might be willing to include your product offer in their programs. Send them your profile sheet and follow up with a call. Receptive operators are always open to new product that is innovative within their own offerings and is market-ready for trade business.

Think of the receptive tour operators active in Atlantic Canada as another form of DMO that potentially can help get your product sold to tour operators. In fact, they are both a DMO and a tour operator themselves. Put them on your shortlist of tour operator prospects. Make sure they have your profile. Try to get them to agree to include your product in their tariff.

### 5.2.4 CONSIDER PARTICIPATING IN ONE OR MORE MARKETPLACES

Consult with your DMO and TNS about which marketplaces might be appropriate for your marketing efforts. Ask them as well about the entry criteria and operational procedures involved with the different events.

Generally speaking, it is not feasible for very small independent operators to attend marketplaces. They can be expensive; in many cases you might be better to simply rely on the DMO/PMO to do the job for you, particularly since they are really the ones the tour operators prefer to deal with initially. If they identify a real prospect for your offer, you can get involved at that stage.

In any event, if you are going to attend marketplaces make sure you pick ones your DMO and PMO attend.

Here's some information on some of the different ones available. For an up-to-date list of the ones Tourism Nova Scotia attends, check out <http://www.tourismns.ca/travel-trade-marketplaces>.

**Atlantic Canada Showcase (ACS)** – Your first marketplace should be ACS, which focuses entirely on Atlantic Canada product. This event is held bi-annually at different locations in Atlantic Canada. It is also a good first-show event for Nova Scotia operators that are new to working with the trade. Its buyers are either active with programs in Atlantic Canada or interested in becoming so.

**Rendez-vous Canada** (RVC) – This event is hosted in Canada annually, targeting Canadian and international buyers. It is relatively expensive to attend and a challenge to get buyer appointments if you are unknown. Get advice from your DMO (if they attend) or TNS.

**Ontario Motorcoach Association marketplace** (OMCA) and **Bienvenue Quebec** – These regional marketplaces require sellers to be members. They target buyers in those respective provinces.

**National Tour Association** Annual Convention (NTA) and **American Bus Association Marketplace** (ABA) – These American marketplaces are attended by TNS and/or selected other Nova Scotia tourism players. They may be appropriate for larger operators.

**World Travel Market** (WTM), UK and **International Travel Bourse** (ITB), Berlin, Germany – These European events are trade shows, not marketplaces. For most Nova Scotia tourism operators, it makes more sense to have the DMO/ PMO and one or more receptive operators take your product to market here on your behalf, rather than do so yourself.

The key points in making marketplaces work for you include:

1. Make sure your DMO/PMO is attending.
2. If required by the marketplace, get the PMO's nomination to attend (some of them have established ratios on the numbers of buyers and sellers).
3. Make sure you have a supply of your profile. (Don't expect buyers to carry home other collateral material. The buyers will want it sent to them afterwards, but only if they request it.) Also, most marketplaces allow you to distribute only a one-pager in any event, preferably in digital format.
4. Do your homework. Check out the list of buyers attending and go online and research their program in Nova Scotia and try to find a fit with your offer. Then request appointments with those that appear to be the best prospects and prepare a customized presentation for each of them. (See the points to follow in the next topic below.)
5. Follow-up afterwards by mail (personally addressed or it will be treated as junk mail), email or phone.

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**Do Your Homework BEFORE You  
Contact a Tour Operator**

*“Make sure you look at our website first and see what type of trips we sell, where we go and what we are offering. Then, when you get in touch or meet us at a marketplace, explain how your product can fit into our offering. Don't ask us if we visit Nova Scotia! Understand what is unique and different about your product and sell it on these strengths. Don't try to sell it on price”.*

*An Ontario-based Group  
Tour Operator*

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## 5.2.5 TARGET THE RIGHT OPERATORS

Tour operators are all different; they have different products, different routes and destination regions and different types of customers. It will be important that you check out their websites or profiles to get a sense of what they are selling and how your offer might fit into their program. If you see a fit, they might see a fit too if you pitch them in that way.

Talk to your DMO and TNS in the same way, exploring how your product might fit into the programs of different tour operators/receptives active in Nova Scotia.

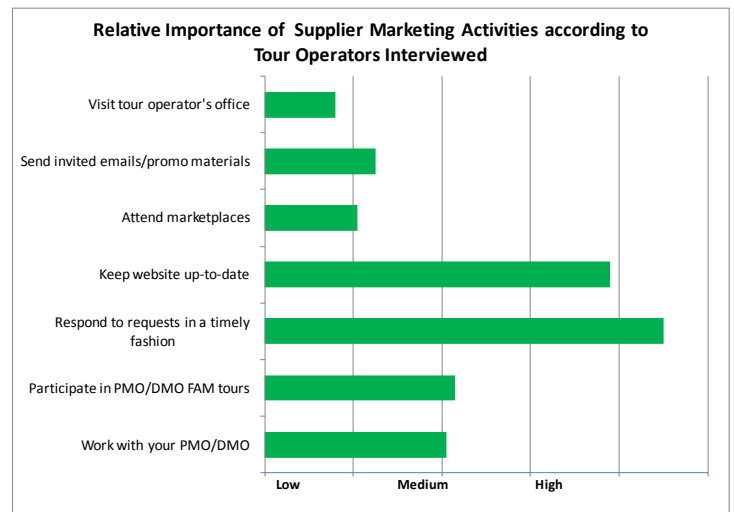
## 5.2.6 DIRECT SALES AND SALES MISSIONS

Only major players can afford to undertake sales missions, calling on tour operators – large chains, PMOs and larger DMOs. Your PMO/DMO may invite you to participate in one. Usually the purpose is to provide product training to the tour operator’s staff in product development, reservations and marketing. It indirectly has marketing benefits as it helps reinforce the tour operator’s commitment to your destination.

## 5.3 WHAT THE TOUR OPERATORS SAY

The graph illustrates the importance ranking of various aspects of the tour operator-supplier partnership, based on input received during the interviews conducted for this manual.

As illustrated, ‘responding to requests in a timely fashion’ was the highest priority for the tour operators interviewed. On the other hand, visiting the tour operator’s office, while acknowledged as having some value, was of relatively low importance.



## 5.4 GENERAL DO'S AND DON'TS IN SOLICITING BUSINESS FROM TOUR OPERATORS

### Do...

- Be prepared to respond to enquiries from tour operators within 24 hours (on business days), year-round.
- Make sure you are market-ready for travel trade business.
- Get the advice of your DMO/PMO on where and how you might have a reasonable chance to influence buyers – where your product offer and the types of tour operator available might offer the potential of a mutually beneficial relationship.
- Scale your effort appropriately – do only what you can afford and manage.
- Do your homework on each tour operator/receptive you expect to talk to.
- Customize your pitch for different tour operators/receptives; offer an exclusive something if you can.
- Make colour digital photography available.
- Appreciate their business (this means treat their customers as VIPs, in the context of your partnership relationship).
- Understand that it is a partnership that will extend into the future, not just a quick solution to getting more business.
- Follow-up on leads and keep in touch by an agreed arrangement – email, phone or mail.
- Keep your pricing arrangements with tour operators confidential.

### Don't...

- Don't send unsolicited mail, and certainly not unless it is addressed to a person.
- Don't cold call, either in person or on the phone. Telemarketing does not work.
- Don't meet with tour operators without knowing their products in Nova Scotia.
- Don't expect to 'sell' the operator, rather assist them in seeing where your product might fit with and enhance their program, and be prepared to respond to any queries about other aspects of your destination.
- Don't compete with your tour operator or receptive operator. Support them where appropriate, such as with buyers that use a receptive for their Nova Scotia program.
- Don't insist on things that are not normal terms of trade.
- If you choose to upgrade a customer for any reason, do not charge the tour operator/receptive more than the contracted price.



## APPENDIX I

### REVIEW PANEL AND LIST OF INTERVIEWEES

#### In-Province Review Panel and Interviewees

- Franziska Fenselau, CANADVAC Travel Services (receptive tour operator)
- Richard Arnold, Ambassatours (tour operator, receptive operator, ground operator)

#### Interviewees

##### DMO and In-Market Representatives

- Thierry Journe, Canadian Tourism Commission, France
- Ralph Johansen, Director, Leisure Travel, Canadian Tourism Commission, USA
- Lee George, Clover George Associates, UK (Nova Scotia's In-Market Representative in the UK)

##### Tour Operators

###### *Group Tour Operators*

- Howard Herman, Denure Tours, ON
- Dana Gallant, Pedal and Sea Adventures, Nova Scotia (special interest)
- Phillip and Cathy Guest, Freewheeling Adventure, Nova Scotia (special interest)
- Paul Maille, Tauck World Discovery, USA
- Diane Diebel, Hanover Holiday Tours, ON
- Stephanie Parr, Globus and Cosmos, USA

###### *FIT Tour Operators*

- Pascal Namel, Globetrotter Tours, Montreal, QC
- Judy Sparkes-Giannou and Christina Shortall, Maxxim Vacations, St. John's, NL
- Maria Matthews, Vision Atlantic, NL

###### *Receptive Operators*

- Andrew Lind, Jonview Canada, Toronto, ON
- Duncan MacLean, Taymac Tours, Nova Scotia *On-Line Tour Operators*
- Avril Betts, A-Z Tours International, Vancouver, BC
- Donna Mulligan, Orbitz
- Benoit Duquette, Travelocity

## APPENDIX II: GLOSSARY

<b>AAA</b>	American Automobile Association
<b>ABA</b>	American Bus Association
<b>ACS</b>	Atlantic Canada Showcase – the Atlantic region’s bi-annual marketplace
<b>ACTP</b>	Atlantic Canada Tourism Partnership - a marketing alliance involving ACOA, the four provincial departments of tourism and the four provincial tourism industry associations.
<b>Affinity Group</b>	Groups composed of members of an organization who travel together.
<b>Allotment (also ‘Allocation’)</b>	See ‘Block Bookings’ below.
<b>Bienvenue Quebec</b>	A Quebec marketplace.
<b>Blackout Periods</b>	This refers to a period of time during the operating season when the travel product supplier's normal commission and discount structure is not available to the travel trade. This typically occurs in particularly high demand periods when the supplier closes its availabilities to the travel trade in order to sell all of its product directly to consumers.
<b>Brand</b>	The manner in which a product or service is presented to the consumer in marketing materials that draws attention to its unique appeals to targeted market segments.
<b>Block Bookings</b>	A block of a tourism supplier’s product inventory that is set aside and put under the control of a tour operator so as to allow them to confirm reservations without recourse to the supplier. Generally this arrangement is established as part of the negotiations between the supplier and the tour operator.

<b>'Bumping' Practice</b>	Refers to a practice for accommodating customers whose reservations can't be honoured by the supplier due to an over-booked situation. Typically, the supplier will arrange for alternative services and will usually also provide some added-value services or compensation to offset the inconvenience for the customer. This is common practice among some accommodations and transportation companies.
<b>CAA</b>	Canadian Automobile Association
<b>Chain</b>	A corporately owned group of product suppliers. This is common in the accommodation and restaurant sectors.
<b>Channels of Distribution</b>	See Distribution System.
<b>Collateral Materials</b>	Print materials used in marketing, such as brochures, flyers, information sheets, etc.
<b>Commission</b>	The compensation that a travel agent or other intermediary receives from a product supplier in return for selling their products or services. Commissions are usually based on a percentage of the retail value of the transaction.
<b>Consumer Show</b>	A travel-related show designed for consumers.
<b>Cooperative Marketing</b>	The sharing of marketing costs for mutual benefit. Participants in a cooperative marketing initiative may include one or more travel product suppliers, a destination marketing organization, and travel trade companies such as tour operators or wholesalers. Usually all participating organizations share in the administration and/or cost of the marketing program.
<b>Coupon</b>	A document offering a saving or other benefit associated with purchasing a product. In tourism this is usually a saving on an attraction admission, a second meal free at a restaurant, etc.
<b>DC</b>	Destination Canada (formerly the Canadian Tourism Commission) Canada's international destination marketing organization.

<b>Destination Wholesaler</b>	This is a company that represents a destination's accommodations in a distant marketplace and takes reservations on their behalf.
<b>Direct Billing</b>	The practice of having suppliers bill the tour operator for services provided to the tour operator's clients. This is done through the remittance of vouchers and/or invoices submitted subsequent to the event.
<b>Direct Selling</b>	This is a method of securing business through direct contact with potential customers.
<b>Direct Marketing</b>	This refers to the use of marketing media that involve contact directly with individual customers and prospects. This includes mail and email that is sent directly to the individual.
<b>Distribution System</b>	The system by which sellers reach potential buyers and buyers find product. Travel agents, tour operators and tour wholesalers are part of this system.
<b>DMO (Destination Marketing Organization)</b>	A 'destination marketing organization', such as a convention & visitors bureau or a regional tourism association.
<b>Escorted Group Tour</b>	This is a prearranged group tour developed and managed by a tour operator, receptive operator or travel agent. A tour guide accompanies the group on the tour and handles all logistical matters.
<b>Familiarization (FAM) Tours</b>	A complimentary or reduced-rate travel program for tour operators travel agents or travel writers, designed to improve knowledge about a particular destination. The purpose in the first two cases is to encourage active marketing support and the attendees' ability to sell the product through having first-hand knowledge. In the third case, it is to encourage favourable media stories about the destination.
<b>Floating Deposit</b>	See 'Rolling Deposit'.
<b>Franchise Group</b>	A group of independently-owned tourism suppliers affiliated with a central marketing organization. A franchise permits the independent supplier to benefit from sharing a common brand in the marketplace, and from having access to a variety of support services.

<b>Free Sale/Sell</b>	This refers to a system in which the tour operator is free to confirm reservations with clients without recourse to the supplier, for dates and products that have not been closed-out by the supplier. In other words, the tour operator is free to sell product except for dates where they have been informed by the supplier that a particular product is unavailable for free sale, in which case the tour operator must request the inventory prior to confirming the reservation with their client.
<b>Fulfillment</b>	This refers to sending out travel literature in response to enquiries.
<b>Fully Commissionable</b>	The commission applies to the total value of the transaction, not just selected portions.
<b>Fully Independent Tour/Travel (referred to as 'FIT')</b>	Packages that are designed for independent travellers and that do not usually involve group activities at any stage of the trip. A typical example is the fly-drive package, offering a saving in air, car rental and perhaps some additional services on a package basis.
<b>Ground Operator</b>	A company or individual providing services to a tour operator at the destination, such as sightseeing tours, local transfers, guides and other local services, but not including transportation to and from the destination. This is also called a 'land operator'.
<b>Group Leader</b>	The travel coordinator for an affinity-based group having members who travel together.
<b>Hosted Group Tour</b>	Like the escorted group tour, except the tour guide only joins the group at key particular times, usually at the hotel, to deal with issues and problems, provide information, etc.
<b>Hub and Spoke</b>	A tour/package that involves staying overnight in one location and day-tripping to other sites in the area.
<b>Inbound Tour Operator</b>	A tour operator that is located in, and specializes in a particular destination. The tour operator deals with clients that are inbound to its destination.

<b>Incentive Travel</b>	Travel rewards provided to employees of companies, or to its customers, as an incentive to achieve performance targets in the first instance, and to buy products in the second.
<b>In-market</b>	Refers to ‘at the destination’, such as a receptive, which is an in-market tour operator.
<b>Itinerary</b>	The day-by-day travel program provided to a client by a travel agent or tour operator.
<b>Liability Insurance</b>	Insurance that protects a company from legal claims arising out of accidents or losses incurred by customers.
<b>Market-Readiness</b>	This refers to the state of preparedness of a tourism operation, or a destination as a whole in meeting the expectations of its customers. It refers to the whole spectrum of things affecting customer satisfaction - quality of facilities and services, range of services provided, information services, business policies and practices that affect the customer directly or indirectly, etc. It can also refer to the state of preparedness in meeting the needs and expectations of the travel trade.
<b>Marketplace</b>	A travel trade event where tourism suppliers have scheduled appointments with travel trade buyers. It also refers in a different context to the available market(s) for products.
<b>Motorcoach Tour</b>	A group tour in which the primary mode of transportation is by motorcoach.
<b>Net Rate</b>	A discounted price offered to tour operators and other wholesalers.
<b>NTA</b>	National Tour Association (USA)
<b>OMCA</b>	Ontario Motorcoach Association
<b>Online Tour Operator</b>	A tour operator that offers its products exclusively via the Internet.
<b>Other Group</b>	See ‘Specialty Group Tour’.

<b>Outbound Tour Operator</b>	A tour operator that focuses on particular markets and has tour product involving a variety of destinations.
<b>Package</b>	A pre-arranged combination of travel components 'packaged' together and sold at an all-inclusive price in a single transaction.
<b>Positioning</b>	How the product or businesses describes its position in the marketplace, relative to its competitors, its service mix and its unique selling propositions.
<b>Provincial Marketing Organization (PMO)</b>	A provincial government tourism marketing department/division
<b>Rack Rate</b>	The published (or 'advertised') retail price of a tourism product or service.
<b>Rate Tiers</b>	The different price levels used in revenue management systems that are 'open' or 'closed' depending on expected demand.
<b>Receptive Operator</b>	A tour operator that specializes in particular destinations, providing services at the destination to group travel organizers and tour operators. Some limit their services to the community and area in which they are based; others provide services for entire regions/countries.
<b>Rendez-vous Canada (RVC)</b>	Canada's international travel trade marketplace, staged annually at different locations in Canada.
<b>Revenue Management</b>	The practice of opening and closing the availability of different price levels based on expected demand. This is commonly used by accommodation operators, airlines and other major tourism players to maximize overall revenues. Also called 'yield management'.
<b>Rolling Deposit</b>	A deposit provided by a tour operator to a supplier to secure a block booking. The credit can be applied to any of the dates booked by the tour operator at their option.

<b>Self-Drive Itinerary</b>	This refers to an itinerary of travel arrangements for an independent traveller on an independent package tour. (See also ‘Fully Independent Tour, or FIT’.)
<b>Special Group Rates</b>	A per-person discount offered on group bookings.
<b>Special Interest Group</b>	A group built around a common interest in a specific subject or activity.
<b>Supplier</b>	See ‘Tourism Supplier’.
<b>Specialty Group Tour</b>	Group travel that involves one or more of the following: travel by vehicle other than motorcoach, such as van or mini-coach; group travel that does not involve touring (other than as a secondary component of the program); group travel associated with a special event or based on a special interest theme; and affinity-based group travel.
<b>Tariff</b>	An annually-prepared manual used by receptive operators in dealing with their outbound tour operator clients. It summarizes their product offerings, transportation services, prices and general terms and conditions. Receptive operators refer to it as ‘the bible’.
<b>Tiered Pricing</b>	See ‘Rate Tiers’.
<b>Tour Itinerary</b>	The day-by-day, event-by-event schedule for a tour.
<b>Tour Operator</b>	A tour operator is a business that designs, develops, promotes and operates packaged travel and tourism products and tours.
<b>Tour Operator Rates</b>	Discounts off of retail rates offered to tour operators by tourism suppliers; also known as ‘net rates’.
<b>Tourism Supplier</b>	A tourism enterprise, such as an accommodation property, attraction, etc., that provides experiences and/or services to travellers/tourists. Also referred to as a ‘supplier’.
<b>Trade Show</b>	An exhibition of travel and tourism products designed to solicit business from travel trade buyers. (Those that involve a system of scheduled appointments between buyers and suppliers rather than promotional displays are generally referred to as ‘marketplaces’.)



<b>Transferable Deposit</b>	See 'Rolling Deposit'.
<b>Travel Agent/Agency</b>	A licensed travel product retailer (or simply 'retailer') that provides travel information, reservations and other forms of assistance to consumers, companies and groups in making travel arrangements.
<b>Travel Suppliers</b>	See 'Tourism Supplier'.
<b>Travel Trade</b>	A term describing the whole range of organizations that function as intermediaries in the travel and tourism industry. These include tour operators, wholesalers, receptive operators, and travel agents.
<b>Unique Selling Propositions (USPs)</b>	The unique characteristics and experiences of a travel product or package that are used to promote and sell it.
<b>USTOA</b>	United States Tour Operator Association.
<b>Voucher</b>	A document having a monetary value, issued to a client by a tour operator or travel agent, to be exchanged at face value for specified products or services. A voucher authorizes the provision of a particular product or service, at a pre-agreed price, with the billing being made to the travel trade company. It is issued following a pre-payment by the customer to the travel trade company. It is commonly used with independent packages/tours.
<b>'Walking' a Tour or Customer</b>	See 'Bumping Practice'.
<b>Wholesale Rates</b>	See 'Net Rates'.
<b>Wholesaler</b>	Any company that operates as an intermediary between the travel product supplier and the retail travel agent in the marketplace. Tour operators are a common example. So are central reservation systems, online booking systems, representation companies, sales agents, etc.
<b>Yield Management</b>	See 'Revenue Management'.

## APPENDIX III: SAMPLE DOCUMENTS

- Sample Attractions Contract
- Sample Hotel Contract
- Sample Room Block Agreement
- Sample Voucher

# Tour Operator Name

## Sample Attractions Contract

**Attraction Name:**

Contact Name(s): \_\_\_\_\_

Reservation Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_ Website URL: \_\_\_\_\_

Opening Date: \_\_\_\_\_ Closing Date: \_\_\_\_\_

Hours of Operation \_\_\_\_\_

Street Address (as it should appear on client's voucher): \_\_\_\_\_

Mailing / Accounting Address: \_\_\_\_\_

(If different from above) \_\_\_\_\_

Please provide a description of your attraction/activity:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**RATES**

- All rates are strictly confidential between you, the supplier, and **tour operator name**.

- When completing the rate chart below, please indicate the net rate in a "dollar amount " that you will be charging **tour operator name** before tax.

Rate Description	Net Rate	Retail Rate
Adult		
Senior		
Child (Ages?)		
Other:		

**Payment Policy**

The client will present a voucher upon check in. Please submit this voucher along with an invoice to **tour operator name** and invoices will be paid within 30 days after receipt of invoice.

**Direct Deposit**

Direct Deposit is available. Please contact **tour operator contact person**.

**Brochures**

Please supply us with at least 50 of your most current brochures for inclusion in our packages.

**Contract Acceptance:**

I confirm that the above details are to be true and correct at time of completion and that the rates indicated will be guaranteed to Maxxim Vacations during 2010.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_

# Tour Operator Name

## Hotel Partnership Agreement - 2010 Season

**Property Name:**

Canada Select Star Grading:

Contact Name(s):

Reservation Phone Number:

Reservation Fax Number:

E-Mail Address:

Web Site Address:

Street Address (as it should appear on client's voucher):

Mailing / Accounting Address:

(If different from above)

**CONTACTS****General Manager:**

Name:

Email:

Phone:

Fax:

**Accounting:**

Name:

Email:

Phone:

Fax:

**Sales/Manager:**

Name:

Email:

Phone:

Fax:

**Reservations:**

Name:

Email:

Phone:

Fax:

**DETAILS**

Allergy Concerns: Do you welcome pets on site?

 Yes No

Is your property wheelchair accessible?

 Yes No

What is the maximum number of beds in a room?

\_\_\_\_\_

Maximum age to be considered a child?

\_\_\_\_\_

Maximum number of adults allowed in a room?

\_\_\_\_\_

Maximum # of children in room with parents?

\_\_\_\_\_

What is your children's policy?

\_\_\_\_\_

Cost for rollaway?

\_\_\_\_\_

When was the hotel last refurbished?

\_\_\_\_\_

How many rooms are in the hotel?

\_\_\_\_\_

Did the renovation include all of your guest rooms?

 Yes No**RESTAURANT**

Does the hotel have a restaurant(s)?

 Yes No

(Please list name &amp; describe)

\_\_\_\_\_

What are the operating hours of the restaurant?

\_\_\_\_\_

**PARKING**

Do you offer parking and what is the cost?

 Yes No

Cost:

\_\_\_\_\_

**POLICIES**

Check in Time: \_\_\_\_\_ Check out time: \_\_\_\_\_

Please indicate which of the following amenities you offer and the cost, if any:

Airport shuttle service?	___Yes	___No	Cost: _____
Exercise facilities?	___Yes	___No	Cost: _____
Indoor pool?	___Yes	___No	Cost: _____
Outdoor pool?	___Yes	___No	Cost: _____
Hairdryers?	___Yes	___No	Cost: _____
In-room coffee makers?	___Yes	___No	Cost: _____
Iron / Iron boards?	___Yes	___No	Cost: _____

Brief description of Amenities:

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Would you be willing to participate in any media or contest related travel (through the offer of complimentary rooms)? \_\_\_Yes \_\_\_No

**RATES**

All rates are strictly confidential between you, the supplier, and **tour operator name**.

When completing the rate chart below, please indicate the room rate in a "dollar amount " that you will be charging **tour operator name** before tax.

What is the hotel tax rate? \_\_\_\_\_ State/Prov Tax Rate: \_\_\_\_\_ Occupancy rate/tax: \_\_\_\_\_

When completing the Rate Chart below, please follow the industry standard terms to describe the room types that you have available.

Industry Standard Rooms: T= Twin, D= Double, Q= Queen, K= King.  
 NOTE: One rate for Single and Double is preferred (fat room rate).

By submitting this contract, you are also providing a guarantee that the rooms rates will not be sold at a published rate lower than the **tour operator name** rate.

**Tour operator name** will be promoting Early and Late season specials, please indicate rates and season dates below:

Room Description			Rack rate*		FIT Rate*			
			Published Travel Guide Rate		High Season		Low Season	
Room Type	# of rooms	Bath	Sgl/DbI	Add' Person	Sgl/DbI	Add' Person	Sgl/DbI	Add' Person

\*rates less taxes

High Season Dates \_\_\_\_\_  
 Low Season Dates \_\_\_\_\_

**Blackout Dates**

Please list blackout dates (dates for which FIT rates do not apply.) During the year, any additional blackout dates must be sent in writing via fax to the **tour operator contact person**

---

**Reservation Confirmation Process**

All reservations should be confirmed immediately via fax or email upon receipt of the original request. **Tour operator name** requests a response within 24 hours.

**Payment Policy**

The client will present a voucher upon check in. Please submit this voucher along with an invoice to **tour operator name**. Invoices will be paid 30 days after receipt of invoice. The room rate is to remain confidential. It is your responsibility to collect clients credit card for any incidentals as this is not covered by **tour operator name**.

**Direct Deposit**

Direct Deposit is available. Please contact **tour operator name**.

**Cancellation Policy**

**Tour operator name** will provide cancellations in writing at least 24 hours prior to arrival date. We will not be held responsible for payment where 24 hours or more notice was given. In the unlikely event of a no show, **tour operator name** will guarantee payment for the first night accommodation.

**Reservations Policy:**

1. All reservations are guaranteed and must not be resold under any circumstances, including late arrivals unless otherwise instructed by **tour operator name**.
2. Under no circumstances are **tour operator name** clients to be moved or re-booked at another property.
3. All rates are strictly confidential between you, the supplier, and **tour operator name**.
4. **Tour operator name** is only responsible for payment on room type and number of nights as listed on voucher.
5. Should a problem arise please call **tour operator name** immediately at \_\_\_\_\_.

**Additional Information:**

If there is any further information that has not been covered that you feel we should know, please complete in the space provided:

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**Brochures**

Please supply us with at least 50 of your most current brochures for inclusion in all packages.

**Contract Acceptance:**

I confirm that the above details are to be true and correct at time of completion and that the rates indicated will be guaranteed to **tour operator name** during 2010.

*I recognize this contract constitutes a binding agreement between **tour operator name** and the property stated above. Furthermore, I have the authorization to bind the above listed property to the terms and conditions stated above. I acknowledge a responsibility to share the contents of this agreement with subsequent owners.*

On behalf of: \_\_\_\_\_

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_

***Please email your completed contract to **tour operator name** as soon as possible.***

**Should any of the information on this contract change over the course of the year, please provide written notice to \_\_\_\_\_ immediately.**

# Tour Operator Name

## Room Block Agreement - Accommodations

Dear Valued Partner,

We are in the process of getting ready for 2010 and, as always, we are trying to expedite the reservation process by having an allotment of rooms at our preferred properties. Our software will recognize this inventory and enable us to fulfill reservation requests immediately while speaking with our clients. By completing the information below, you are ensuring that your property will be given priority during the reservation process.

The release policy will be 21 days prior to arrival. If you do not receive a "Confirmation Request" from *tour operator name* block prior to the 21 days, you may automatically release the room(s) back into your inventory. We require all non-smoking rooms with private bath. Please also advise us of any dates that are unavailable.

If you could please complete the information below and fax or email back to *tour operator name* it would be greatly appreciated. Please email *tour operator contact*.

Sincerely,  
*Tour Operator Name*

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### 2010 ROOM BLOCK AGREEMENT

Property Name: \_\_\_\_\_

I agree to reserve the following for *tour operator name* exclusive use from June 15, 2010 to Sept 15, 2010:  
\_\_\_\_\_ (# rooms per night).

Please use industry standards to describe your rooms, as outlined below.

D-double bed, T-twin bed, Q-queen bed, K-king bed, S-sofa bed  
(2 bedded rooms use the letter twice ie; D/D for 2 double beds)

Room Name or Number: \_\_\_\_\_ Bed Types: \_\_\_\_\_

Room Name or Number: \_\_\_\_\_ Bed Types: \_\_\_\_\_

Please list any dates where this block is unavailable: \_\_\_\_\_

Name: \_\_\_\_\_ Date: \_\_\_\_\_

# SAMPLE VOUCHER

**CANADVAC Travel Services Ltd.**

5 Pleasant Street, Chester  
Nova Scotia Canada  
B0J 1J0  
Tel: (902) 273-4040

**VOUCHER**  
**Please present**  
**for payment**

Booking #: 8-604DT98

To: Atlantica Hotel Halifax (formerly H.I. Select Hfx), , 1980 Robie Street, Halifax, Nova Scotia, B3H-3G5  
Tel: (902) 423-1161

Good for 2 person(s): SUNSHINE MrJohn/MrsBetty;

Good for the following services: 1 Twin room (2 persons) Cat. Standard

GOOD FOR SERVICES ONLY - NO CASH VALUE

Arrival: Tuesday, May 04, 2010 Departure: Thursday, May 06, 2010 (2 nights)

Services Included: 2 nights accommodation, GST, PST, or HST.

Early Bird Special: Book up until June 1 for July 1- Oct 31 and save 15%

Other Information: All other charges are the responsibility of the customer and must be paid before departure.

Date: Jul 05, 2010