

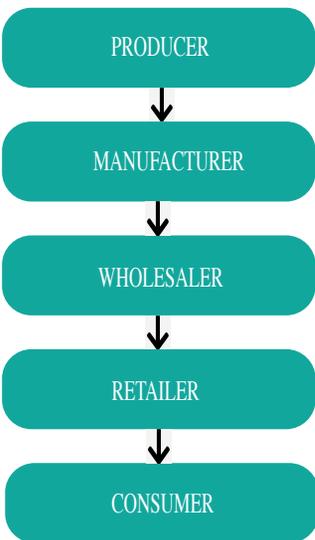
## INTERRELATIONSHIPS OF TOURISM.

An interrelationship is a close relationship between two or more things or people. Interrelationships in Travel and Tourism are common and is where individual businesses work in partnership with other organisations in order to be successful. Tourism is a very competitive and complex sector and many companies develop links with other businesses as a way of maximising profits. The difference between relationship and interrelationship, is that relationship is a connection or association; the condition of being related while interrelationship is a relationship between multiple things.

In order to gain more customers and to make a larger profit, it is important for organisations to have interrelationships with other organisations.

For traditional industries the chain of distribution (known as P for place in the marketing mix) is much simpler than it is for the complex tourism industry. The chain of distribution in the tourism industry shows how the products and services between different travel and tourism organisations move and how they all interrelate.

Traditional Chain of Distribution



Chains of distributions can get more complicated at times change and businesses grow. For example, some tour operators are now investing in their own airlines. There can also be integrated chains of distributions. For example, Thomas Cook have their own airline (Principal), Tour operators (Wholesalers), Travel Agents (Retailers) and ancillary services. Principals are component industries, companies such as accommodation providers and attractions. Wholesalers are Tour Operators (mass market and specialist) Retailers are Travel Agents, Consumers are the customers.

## CHAIN OF DISTRIBUTION

The chain of distribution means getting a product to a consumers for example hotels put packages together and give them to tour operators then tour operators give them to travel agencies to sell to the consumers so basically they are all working together to ensure consumers get the best deals and packages.

### Why work with travel distributors?

Travel distributors allow principals to broaden their customer base far beyond the reach of their own limited marketing budget. They are important to the inbound tourism industry as overseas consumers still rely heavily on the advice of local travel experts when planning and booking their holiday in England, particularly in long haul and emerging markets. Travel distributors can also provide market intelligence, insights and advice on a specific market.

The travel distribution system covers all the channels through which an international traveller can buy their product. Other than approaching directly, an international travellers may book in the following ways.

## VERTICAL AND HORIZONTAL INTEGRATION

Companies do not stick to one line of business and will buy or merge with other businesses, when this happens it is known as vertical or horizontal integration. Vertical is when two companies at different levels of the chain combine eg a tour operator buys a hotel or forwards and a tour operator buys a travel agency.

In the UK a lot of the travel trade is dominated by vertically or horizontally integrated tour operators.

*Thomas Cook has companies in all parts of the chain of distribution; airlines, hotels, tour operators, travel and incoming agencies.*

*Thomas Cook owns 800 travel agencies, 45 aircraft, and about 19,000 staff.*

*It is recognised as the UK's second biggest vertically integrated leisure business company with well known tour operator brands including: 30-18, Latitude, Neilsons and many more*

There are four key elements within the typical chain of distribution. But not all businesses and business structure will follow this 'chain'. Sometimes there will be only one element and sometimes there may be more than four. Each business system is different and is designed in order to ensure that business operations are as efficient and effective as possible.

#### Principals

*The principals are the core elements that are being sold to the consumer. e.g. Marriott, Disneyland, Easyjet*

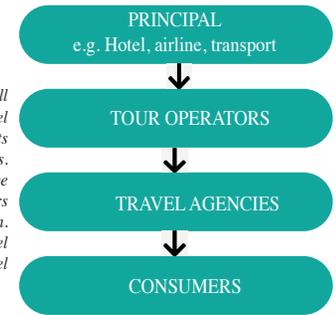
#### Retailers

*The retailers are the organisations that sell the products and/or services. Within travel and tourism, we often refer to travel agents as being the most common retailers. Traditionally, travel agents would have high street shops. However, in recent years many of these have been closing down. Instead, people are using these travel agent's online provisions. e.g. Tui, travel supermarket*

#### Wholesalers

*The wholesalers are the people who package the product. The biggest wholesaler is represented as a tour operator. A tour operator is the organisation who takes various aspects of the travel experience and packages them together. e.g. TUI, Expedia, Kuoni*

Travel industry chain of distribution

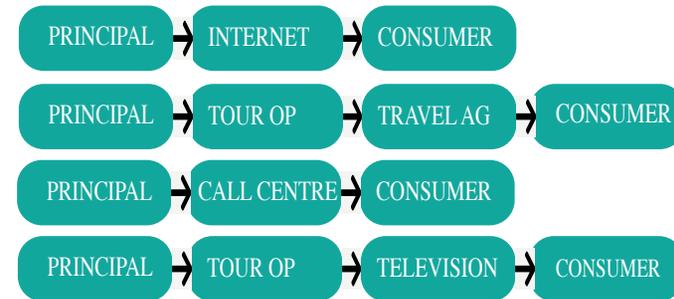


#### Consumers

*The consumers are the customers who purchase the products and/or services. There are many different types of tourists. The most common types of tourists include business travellers, leisure tourists, domestic tourists, international tourists and people who are visiting friends and relatives (VFR).*

*Nowadays, many tourists are moving away from booking package holidays organised through tour operators. Many people are now putting together their own holiday packages online; known as dynamic packaging.*

Channel / Chain of distribution in travel and tourism sector



No travel and tourism business can work in isolation. Each is dependent on others, for example Alton Towers depends on the transport industry to bring its customers to them, and it will also work with the local and national tourism authorities to promote themselves.

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