



# Marketing to International Buyers:

## Understanding Travel Trade and Working With Receptive Tour Operators

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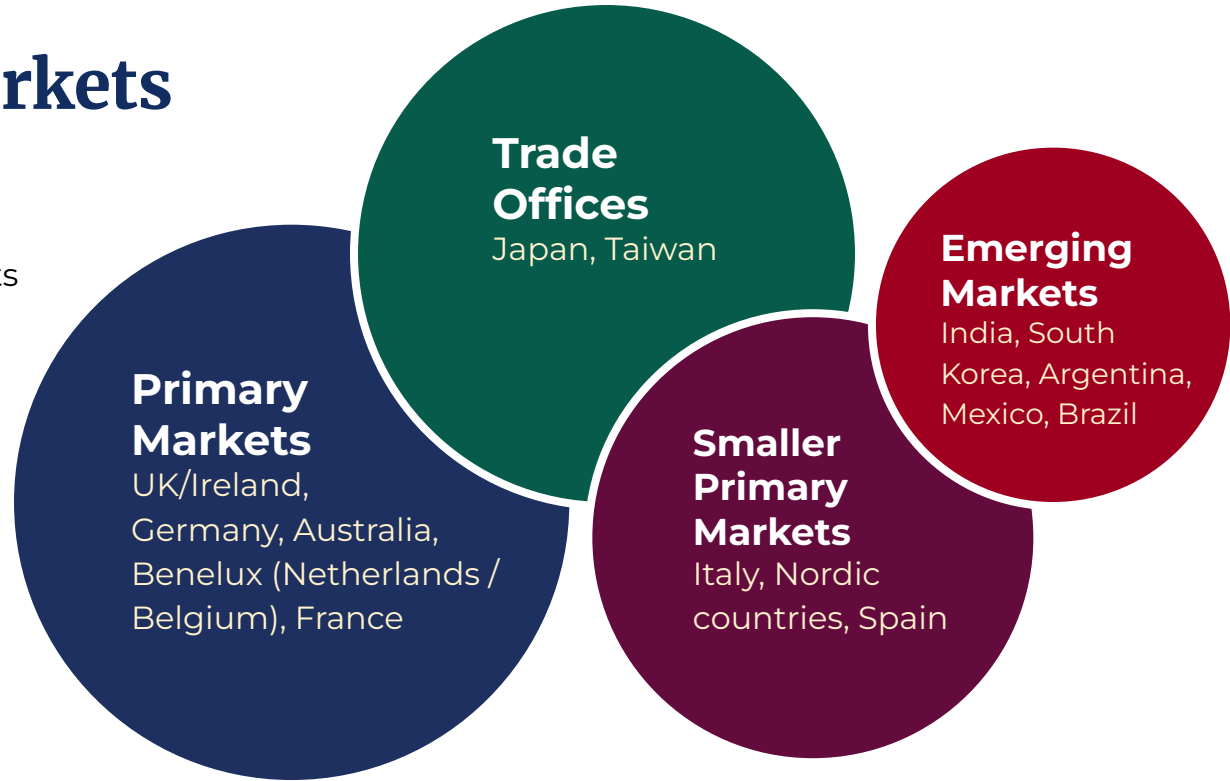


# Introduction

- **Why work with the international market?**  
International travelers tend to spend more and stay longer, they promote cultural exchange and understanding, and if you have rooms at your hotel that need filling, diversifying into the international market and working with receptive tour operators like America 4 You, Rocky Mountain Holiday Tours or Bonotel may help you.
- International markets are different than domestic markets; travel trade partners like tour operators and travel agents play a crucial role in international markets.

# Montana's Markets

- Primary markets
- Trade offices
- Smaller primary markets
- Emerging markets



# The Panelists



**Lena Ross**  
America 4 You



**Chris Pilley**  
Rocky Mountain  
Holiday Tours



**Hylton Fothergill**  
Bonotel



# What Is a Receptive Tour Operator?

- A travel wholesaler that contracts with both international tour operators and local suppliers, including accommodations, activities, attractions, ranches, services and transportation.
- The intermediary for international tour operators and the local supplier. They know the international tour operators in the markets you are looking to work with and help make booking trips easier for them. They are a specialist in a region and also help market the products they contract with by creating and advertising functional itineraries.

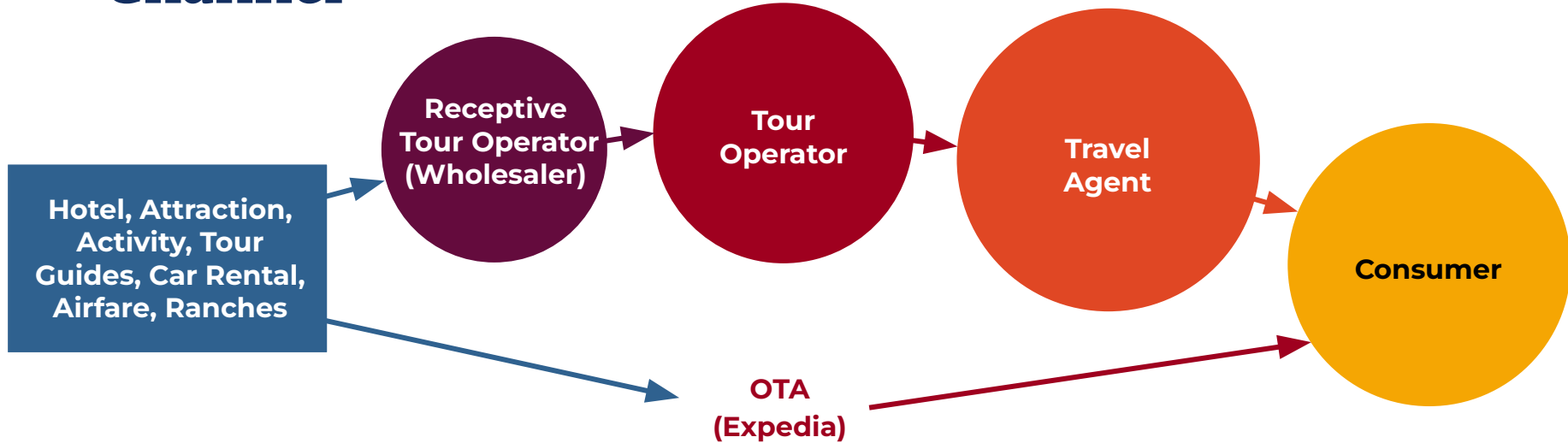




# What Do Receptive Tour Operators Do?

- Accept bookings from the tour operators and place bookings with suppliers.
- Act as the emergency contact for travelers.
- Never sell directly to the consumer — they are true wholesalers, offering a one-stop-shopping scenario for international tour operators.
- Work with a variety of international tour operators, typically between 50 and 300 clients worldwide.
- Negotiate net/net non-commissionable rates and room blocks with travel suppliers.
- Work on a low profit margin of a 5-10% markup. They are only paid when bookings are made.

# The Distribution Channel



# Pricing Terms

- **Rack Rate:** This is the retail rate that is published online and what you would expect to receive from a client who books directly with you.
- **Commissionable Rate:** This would be the rack rate with a clearly defined commission percentage.
- **Net Rate:** This is the rate you are providing to the inbound tour operator while still being profitable. It should be high enough to include all your overhead costs as well as your profit margin, and low enough to allow the receptive tour operator, international tour operator and travel agent to each add their markup and still be competitive with your rack rate.
- **Static Rate:** This is a rate offered by the hotel that remains the same at all times regardless of occupancy, market trends and demand. These can have multiple rate periods, such as peak season or weekday/weekend rates. ***This is the preferred rate for the international market*** so they can price packages months in advance and have confidence that the rates will remain the same.
- **Dynamic Rate:** This is a rate offered by the hotel that will continually fluctuate based on current hotel occupancy, market trends and demand.

# Pricing Structure

- Do research and look at comparable products when pricing your product.
- Don't set prices too low — add a 30-40% profit margin when working with receptive tour operators.

You have a rack rate of **\$100** per night and you're offering a **25%** commission.

The receptive tour operator pays **\$75** to the supplier.

The RTO adds a **10%** markup and sells it for **\$82.50** to the international tour operator.

The international tour operator adds a **10%** markup and sells it for **\$90.75** to the travel agent.

The travel agent adds a **10%** markup and sells it for **\$99.83** to the client.



# Timelines

- Receptive tour operators need rates no later than early August for the following year.
- International tour operators need rates by end of September for the following year.
- Contracts are generally April 1 through March 31.
- Bookings for the following year will have the highest volumes from October through May (three to 12 months in advance).



# Why Work With a Receptive Tour Operator?

- They greatly expand your marketing and advertising reach.
- The only cost to the supplier is when the booking has been made.
- Contracts can help get your hotel filled.
- Invoicing and payment is simple.
- They are based in the U.S. and can help you navigate working with international markets that are new to you.
- They work with international markets, which stay longer and spend more.

# Questions?



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