

The Evolution of Tourism Distribution Channels

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To put it simply

The tourist industry has changed a lot in the last few decades, especially in how it gets items to tourists. This study examines the evolution of tourism distribution channels, transitioning from the traditional functions of travel agencies and tour operators to the contemporary roles facilitated by the internet, Online Travel Agents (OTAs), and Global Distribution Systems (GDS). The essay talks about how social media, mobile apps, and customised marketing are transforming how people in the tourist industry talk to each other. This study uses examples from the hotel and airline industries to show how the company is altering the way it delivers goods and services to customers. The results suggest that being willing to change, using new technologies, and putting the client first are all important for success in the tourism industry today. The research finishes with some tips for tourism firms on how to keep ahead of the competition as the ways they get their goods change.

The beginning

Tourism is a very important part of the economy in many countries. It helps people from different cultures get to know each other, gives millions of people jobs, and produces a lot of money for governments all over the world. According to the UNWTO, international tourism makes up 10% of the world's GDP and creates one out of ten jobs (UNWTO,

2023). How tourists get items and services is a key aspect of the industry's growth and long-term profitability.

Tourism suppliers include hotels, airlines, car rental companies, and tour operators. They use a lot of different ways to get their goods and services to those who are travelling. Travel agents and tour operators used to be the most prominent players in these channels. They were middlemen who gave advice, booked bookings, and helped people on a personal level. But digital technology has expanded swiftly and become incredibly popular, which has changed the way things used to be done. Now they are more complicated, speedier, and focused on the customer.

Thanks to the internet, smartphone apps, and social media, tourists can now find and book more information than ever before. People plan and schedule their trips differently now that they may use online travel agencies (OTAs) like Expedia, Booking.com, and Airbnb. Global Distribution Systems (GDS) connect hotels and airlines to a network of agents and customers all over the world. This helps them keep track of their supplies in real time. Direct-to-consumer methods, where hotels and airlines tell customers to book directly through their websites, are also becoming more and more common. This has made it harder for businesses to compete and given customers more options.

People are moving to digital distribution for more than simply technology; their requirements are shifting as well. People who travel now want everything to be simple, clear, and ready to go straight away. They also want goods that are one of a kind. To stay ahead of the competition, businesses need to keep up with the times and use technology to speed up their work, talk to customers more, and do more.

This page talks about how the ways that tourists get to different places have changed throughout time, from old-fashioned methods to new ones that use technology. The goal is to give a full picture of what's going on right now, why these changes are happening, and what they signify for businesses that depend on tourism. The report will also give businesses that want to do well in the digital age recommendations based on real-life examples and thorough thought.

A glance at the books Common Ways to Get Things Out

The study of tourist distribution pathways shows how important middlemen are for the expansion of international tourism (Buhalis & Laws, 2001). For a long time, the most important portions of the distribution network were travel agencies and tour operators. They gave them professional advice, helped them plan their trips, and let them choose from a multitude of different ways to get there (Cooper et al., 2008). These middlemen

had excellent connections to both customers and suppliers, and they often gave good advice.

People used to need travel agencies because they were the only venues where they could get information that was hard to find anywhere else. Travel agents helped customers compare products, gave them information, and made it easier for them to book vacations with more than one company (Middleton et al., 2009). Tour companies were quite important in putting together packages that included things like flights, hotels, and tours. This was a better and easier way for folks who were travelling to do things.

The move to digital

Tourism grew a lot in the late 1900s and early 2000s. The main reason for this was that the internet and information and communication technology (ICT) improved. Buhalis and Law (2008) say that the rise of internet platforms lets customers book travel products directly, without having to go through a middleman. You may get information right now and transact business right away with e-commerce.

Online travel agencies (OTAs) are good new intermediaries since they use technology to find a lot of hotels, airlines, and other travel services. OTAs let people compare prices, read reviews from other customers, and book everything in one place (Law, Leung, & Wong, 2004). People shop in a different way now. Traditional agencies lost power as OTAs became more popular. They had to keep their technology up to date or they would lag behind.

GDS stands for Global Distribution Systems.

Three of the biggest Global Distribution Systems (GDS) that have helped the travel industry develop a lot are Amadeus, Sabre, and Travelport. People used GDS sites to book flights at first. They now connect a lot of travel-related information to businesses and travel brokers all around the world (Buhalis & Law, 2008). With GDS, you can keep an eye on your stock in real time, make all of your reservations in one place, and talk to suppliers and middlemen without any problems. Their job is still quite important, especially when it comes to preparing tough trips and business trips.

Websites for suppliers and direct booking

A number of businesses tried to get people to book directly instead of through middlemen as the internet grew. Businesses can better control prices, stock, and customer connections when they use direct channels like hotel and airline websites

(O'Connor & Frew, 2004). Companies often provide loyalty programs, exclusive deals, and personalised offers to get people to book directly.

Apps for phones, social media, and customising stuff

Xiang and Gretzel (2010) say that social media, mobile apps, and personalised data are becoming more important for getting tourists to come to places. You can talk to customers and market your business on Facebook, Instagram, and Twitter. With smartphone apps, you can book items right away, get updates in real time, and use location-based services. Businesses may change their goods and services to meet the needs of each customer thanks to AI and data analytics. Customers are happy with this, and it gets more people to buy things.

the ones that are hard and the ones that are easy

The digital revolution has made things better in certain ways, but it has also made things worse in many ways. People can feel tired of making choices when there is too much information and too many options (Dolnicar, Laesser, & Matus, 2009). There are now more OTAs and direct channels, which means that there are more people to compete with. Because of this, carriers have had to lower their pricing and lose money. Many people are also anxious about their safety, privacy, and needing to buy new equipment all the time.

To put it simply

In short, the survey shows that individuals are using new digital methods instead of old-fashioned ones. Technology, changing customer needs, and the need for businesses to stay flexible in a competitive market all affect the growth of the industry. We will use real-life examples and numbers to show how these patterns work in the real world in the next chapters.

Methodology

This study utilises a qualitative methodology, employing secondary data sources to analyse the development of tourist distribution networks. Part of the process involves reading a lot of books, looking at industry statistics, case studies, and new technologies that change how tourists are spread out.

Getting Information

Scholarly publications are books, journals, and conference proceedings that other experts have read that are concerning e-commerce, digital marketing, and tourism distribution.

The World Tourism Organisation (UNWTO), Phocuswright, Skift, and Statista all do research that gives you the most recent numbers and facts on the market.

Company Reports and Websites: You may examine the annual reports, press releases, and official websites of big OTAs, hotel chains, and airlines to see how well they sell their products.

There are blogs and news pieces that talk about new ideas, problems, and trends.

Case Studies: Real-life examples of hotels, airlines, and OTAs that show how businesses have changed to work with digital distribution.

Check out

The data is grouped by theme, with the most important ones given the most attention:

The shift from giving things out in person to giving them away online.

The impacts of booking directly, through OTAs, and through GDS.

The pros of mobile apps, social media, and personalisation.

How travel companies handle changes.

Problems and how they affect the company.

You can figure out which strategies of giving things out work best by looking at the positives and cons for both the provider and the customer.

Restrictions

The study is limited by its reliance on secondary data, which may not completely reflect current trends or regional variations. Case studies can be helpful, but they might not work for the whole area. There are still a lot of faults with the model, but it's still an excellent way to look at how tourism distribution networks have changed over time.

Results

5.1 Old-Fashioned Ways to Give

People used to look for and book vacation products the old-fashioned way before the internet changed everything. Travel agencies and tour companies were quite important. They planned the ideal vacations for each client and picked the best service providers. People would go to a travel agency in the 1980s and 1990s, chat to an agent, and book all of their trips, including flights, hotels, and tours.

Travel agencies: These persons made reservations for groups and individuals, gave expert advice, and took care of all the intricacies of planning a trip. They might help

customers find great products, figure out prices, and aid them after the sale if something went wrong or changed during the trip.

Tour operators: Tour operators design trips that include flights, hotels, transportation, and activities. This made it easier and often cheaper for people to plan excursions that included more than one subject. After that, travel companies sold these deals.

These are good things:

Service that is personalised to your needs and advice from people who have been in your shoes before.

Buying in bulk may help you save money and get great deals.

Help with travel that is hard or busy.

Issues:

There aren't as many options as there are online right now.

A lot of faith that agencies will be there in person.

People need a lot of time to think about their options and look into them.

For instance:

TUI and Thomas Cook were two of the biggest companies in Europe. They had a huge network of travel agents and vacation packages that let millions of people go on holiday every year.

5.2 The Shift to Digital

The internet became increasingly popular in the late 1990s and early 2000s. This changed the way people travelled. The traditional travel agency business was very upset that customers could get trip information, prices, and booking tools directly from the source.

Changes that are important:

People who travel can use the internet to find places to go, read reviews, and compare prices.

You may book flights, hotels, and tours directly on the websites of suppliers and OTAs.

Disintermediation: A lot of people stopped utilising travel agents, which caused the number of real agencies to go down.

Customers will get:

More options and freedom.

The ability to quickly compare prices and options.

How simple it is to book a room at any time and from any location.

What the company said:

Travel agencies began to set up websites and offer services online. Suppliers pay to make their online businesses and websites easy to use.

For example:

Expedia started in 1996 and swiftly grew into a big OTA that threw traditional travel agencies out of business by giving millions of people across the world travel options.

5.3 What OTAs Do

Online travel agents (OTAs) are becoming very important people in the system that lets people get from one place to another. OTAs get travel items from thousands of different stores, so customers can find everything they need in one place.

Booking.com, Agoda, Hotels.com, and Airbnb are some of the best online travel firms.

What Customers Get:

You may see a variety of things to do, flights, and places to stay.

Prices that are fair and a lot of sales.

You can look at what other people have said and rated to help you make your choice.

You may quickly look at all of your alternatives and get an answer straight away.

Advantages for Suppliers:

More customers, especially for small hotels and motels that run themselves.

Good inventory management and the ability to host tourists from all around the world.

Bad things:

Suppliers have to pay a lot in commissions, which can be anywhere from 15% to 25%.

Less control over how pricing and brand names are shown.

You can depend too much on other people's platforms.

For example:

Booking.com began in the Netherlands and now offers millions of houses and businesses across the world that you may rent. It works because it's easy to use, the pricing are transparent, and it listens to what people say.

5.4 What GDS Does

Global Distribution Systems (GDS) are complex networks that connect travel businesses with travel agencies and business travel managers from all over the world. Amadeus, Sabre, and Galileo are all GDS platforms that handle billions of transactions each year.

What GDS does:

Access to current prices for hotels, flights, car rentals, and other things all in one place.
It's easy to arrange excursions that are hard to plan and buy tickets for.
Necessary for business trips, when speed and accuracy are very important.
Pros:

Taking care of a lot of reservations in a quick and easy way.
Many people can get in touch with vendors.
Making trip plans with systems.
Things that can't happen:

It costs a lot to join.
Some situations are tricky and rely on obsolete technology.
For example:
Amadeus, which is based in Spain, is the largest travel company in the world. It makes plans for companies that rent cars, motels, airlines, and trains.

5.5 Websites for Suppliers and Direct Booking

Many industries, especially airlines and hotel chains, advised clients to book directly through their own websites and apps as OTAs became increasingly popular.

How to Make a Direct Reservation:

Loyalty programs that provide you points, discounts, or other benefits for booking directly.
OTAs don't have any special deals or "best rate guarantees."
You can book on your phone and get discounts that are only available when you book online.
Benefits for Suppliers:

You have more money because the fees for commissions are reduced.
More power over client information and contacts.
The ability to offer outstanding service and discounts.
Customers will get:

If you buy a lot from us, you can enjoy special discounts and benefits.
If something changes or goes wrong, get in touch with the supplier right away.
For example:
You can obtain personalised prices and check in online when you book directly with Hilton Honours. People who sign up for Marriott's "Book Direct" program get discounted pricing and other benefits.

5.6 Personalisation, social networking, and apps for phones and tablets

In the digital age, social media and mobile technology are quite important for spreading the word about tourism.

Media for Social

People use Facebook, Instagram, and TikTok to talk to customers, market their businesses, and share content.
People book because of influencer marketing and content made by users.
Mobile apps:

Make it easy to book, get information in real time, check in while you're on the go, and get alerts that come up.
Use geographic data to provide clients good rates and services.
How to make it your own:

Businesses can use AI and data analysis to give each customer personalised advice, set prices, and send out marketing messages.
Keeps customers happy and coming back.
For example:
Airbnb uses machine intelligence to help people find properties they want to rent.
Airlines like Delta and Emirates use apps to send tailored messages and deals to their consumers.

5.7 How hotels and airlines change to fit the real world

Where to sleep:

Marriott International accepts both OTAs and direct bookings, although it strongly pushes its Bonvoy loyalty program.

Channel managers assist independent hotels put their rooms on a lot of OTAs and establish their own prices on their own websites.

Many hotels use social media to tell stories about their businesses and get people to talk to them.

Airlines:

Delta Air Lines pays for its mobile app, which lets you set alarms, access self-service features, and link to Apple Wallet.

Lufthansa's "Direct Connect" system makes it easy for businesses and travel agents to book directly, which cuts down on GDS fees.

Issues:

Finding a way to work with both OTAs and customers at the same time.

Reading what people say about a business on a lot of different websites.

Putting money into technology and teaching people how to use new systems properly.

Say

Changes in technology, how people shop, and competition in the market have all impacted how tourism is spread out. Customers have more power now, things are clearer, and suppliers have new chances and problems because they moved from traditional agencies to digital platforms.

The Main Points:

Taking out intermediaries and putting them back in

The first thing that digital technology did was "disintermediation," which means getting rid of middlemen like travel agencies. There are also additional digital middlemen, like OTAs and metasearch engines, that could make the distribution network more complicated than it used to be. Suppliers need to learn how to cooperate with other businesses while still trying to get more direct bookings.

Letting customers take charge

Customers today have more options and information than ever before, which helps them make good choices. It's becoming more and more important to collect reviews and ratings from customers. People's attitudes about products and their choices to buy

things can change when they read reviews on sites like TripAdvisor. But having too many options could make things hard to understand and hard to pick one.

Prices that go up and down and things made just for you

Dynamic pricing helps businesses change their prices based on how many customers they have, how much competition they have, and what kind of customer they are. This is how they might make the most money. Data analytics helps firms design deals that are just right for each customer, which makes them happy and more likely to buy. These traits are quite important in a market with a lot of the same products and a lot of competitors.

Using more than one channel at the same time is what an omnichannel approach is.

Tourism businesses that do well know that they need to use more than one way to provide their goods to clients. Customers can easily book online, via phone, or in person with an omnichannel strategy. A good omnichannel distribution system keeps the brand the same, updates the inventory in real time, and lets customers receive help right away.

Issues and Risks

Commission Fees: OTAs charge a lot, so if you use them too much, you can lose money.

Brand Control: Suppliers may not be able to choose how their products are shown on other people's websites.

Costs of technology: You have to keep spending to be up to date with the latest changes.

Data Security: Collecting and using client data could put their safety and privacy at danger.

The best ways to do things are:

Invest in direct booking solutions that are simple to use and work well on phones and tablets.

To get them to book directly, provide them loyalty programs and other benefits.

You shouldn't depend too much on OTAs and GDSs, but you should stay in touch with them.

Talk to your customers and use social media to spread the news about your firm.

Use data analysis to improve your service and make your marketing more customised.

Final Thoughts

People have changed a lot about how they sell things and services to travellers. Travel agencies and tour operators used to do most of the work, but today technology makes things go faster. The internet, OTAs, GDS, and direct-to-consumer methods have all gotten better. This has helped tourists get the information they need and make smart decisions.

Digital transformation has given suppliers new ways to connect with customers all over the world, make their services more personal, and run their businesses more efficiently. But it has also made things harder, including more competition, cheaper costs, and the need to keep up with new technology.

Businesses that help tourists in current economy are those who are willing to try new things, spend money on technology, and put the customer first. In the future, tourists will still be spread out in different ways by using a lot of different types of media, coming up with new ideas, and using data to sell.

People who work in the region should keep up with new items and put money into them.