

D

Distribution channel, tourism

Youcheng Wang and John Kracht
Rosen College of Hospitality Management,
University of Central Florida, Orlando, USA

A tourism distribution channel is a network of intermediaries that facilitates the sales and delivery of products and services specifically related to tourism from suppliers to consumers (Buhalis and Laws 2001; Kracht and Wang 2010; Longhi 2009). Tourism distribution channels can be distinguished from the ones of tangible goods in that goods are conveyed to consumers whereas tourists, in most cases, are conveyed to the products and/or services they purchase and consume (Buhalis and Laws 2001).

Evolution of tourism distribution channels

The information and communication technology has facilitated the evolution of tourism distribution channels. This evolution has involved the introduction of additional layers and categories of emerging intermediaries, which has transformed the structure of tourism distribution channels into an increasingly complex one.

A milestone in the evolution of the structure of tourism distribution channels occurred in 1993 when the commercialization of the Internet by

means of the World Wide Web began. In the same year, the web browser was made available for the public to view World Wide Web contents, thereby leading to online commercial activities. It was web technology that has facilitated commercial activities which have in turn transformed the structure of tourism distribution channels.

Before the introduction of Internet, tourism distribution channels existed as a networked information technology: the global distribution system (GDS). The first GDS began as an American Airlines computer reservation system known as the Semi-Automated Business Research Environment, which was initially developed to facilitate the booking of American Airlines reservations. Evolving from this system, the GDS consisted of a data network which was completed in 1964. Other GDSs eventually followed. The major GDSs of today include Amadeus, Galileo, Abacus, and Worldspan and have had an oligopolistic influence on tourism distribution until the public availability of the World Wide Web.

Prior to 1993, the categories of tourism distribution intermediaries included retail travel agents, corporate travel agents (also called “travel management companies”), tour operators, GDSs, incoming travel agents, switches, destination marketing organizations, and suppliers (Kracht and Wang 2010). Tour operators serve as intermediaries between travelers and suppliers by consolidating travel services into packages (Werthner and Klein 1999). GDSs are

intermediaries between travel agents and suppliers. Incoming travel agents act as intermediaries between tour operators and suppliers (Buhalis and Laws 2001). Switches facilitate the linking of hotel computer reservation systems to GDSs, thereby performing an intermediating role between the two. Destination marketing organizations have served as intermediaries between consumers and suppliers in their promotion of destinations.

Automated search engines that indexed the titles and addresses of web pages were also introduced into the marketplace in 1993. As consumers increasingly used the World Wide Web for tourism-related purchases, search engines took on an increasingly significant role as intermediaries in product distribution.

Online travel agents added a new layer of intermediation to the tourism distribution channels in 1995. Initially, online travel agents served as intermediaries between consumers or search engines on one end and switches or suppliers on the Other. They have the potential of disintermediating, or bypassing, traditional travel agents. While some retail travel agents were disintermediated out of the industry, others have adapted and stayed. Some retail agencies adapted by forging relationships with host agencies. Such adaptation is a manifestation of reintermediation, a reassertion of their role as intermediaries. This process of reintermediation has also resulted in an additional layer of intermediation, as the host agencies can provide the smaller travel agencies with access to the GDSs. The host agencies thereby serve as an additional category of intermediaries. Some retail and corporate travel agencies have adapted to the entrance of online travel agencies, becoming “web-able” by utilizing information technology (Kracht and Wang 2010).

Some airlines have introduced online travel agents as attempts to disintermediate GDSs; however, the introduction of additional online travel agencies did not dislodge GDSs from their significant position as channels of tourism distribution. Instead, the owners of GDSs engaged in reintermediation by forming relationships with online travel agents. As a result, online travel agents served as intermediaries between

consumers, search engines, or travel agents on one end and GDSs, switches, or suppliers on the Other.

In 2000, an additional category of intermediaries offered yet another channel of tourism distribution. This category was that of meta-search engines, which search the online travel agency websites, as well as supplier websites. Meta-search engines can act as intermediaries between consumers and online travel agents or suppliers, depending on the search results viewed by the consumers.

Current status and future directions

The World Wide Web has made possible the simple and direct link of a consumer to the supplier and has also facilitated a multitude of other channel configurations (Buhalis and O'Connor 2005). It is interesting that this web of channel networks is a result of the complex web of Internet networks. As the pendulum of influence swings back and forth, the participants struggle for relevance, sometimes competing and sometimes cooperating.

The resultant push and pull manifests itself with efforts at intermediation, disintermediation, and reintermediation. Even when disintermediation has occurred, the entrance of new cybermediaries will result in more layers of tourism intermediation since the debut of the Web (Kracht and Wang 2010). The user-generated content and various forms of social media platforms have been adding more complexities to the existing array of tourism distribution channels.

See also ► [Destination website](#), ► [eTourism](#), ► [global distribution system](#), ► [information technology](#), ► [social media](#).

References

- Buhalis, D., and E. Laws 2001 *Tourism Distribution Channels: Practices, Issues and Transformations*. London: Continuum.

- Buhalis, D., and P. O'Connor 2005 Information Communication Technology Revolutionizing Tourism. *Tourism Recreation Research* 30(3):7-16.
- Kracht, J., and Y. Wang 2010 Examining the Tourism Distribution Channels: Evolution and Transformation. *International Journal of Contemporary Hospitality Management* 22:736-757.
- Longhi, C. 2009 Internet and Organization of the Industry in Tourism: A Focus on the Distribution of Travel and Tourism Services. *International Journal of Leisure and Tourism Marketing* 1(2):131-151.
- Werthner, H., and S. Klein 1999 *Information Technology and Tourism – A Challenging Relationship*. Vienna: Springer.