

## **Best Practices in the Distribution of Barbados' Tourism Products**

In order for Barbados to successfully weather the storm of trade liberalization, every industry must function at its optimum in terms of efficiency, productivity and global competitiveness.

Anti-competitive practices believed to permeate the distribution pathways for destination tourism products in the global market place are thought to cause local tourism suppliers unfair expense and reduce their competitiveness in the global context.

Local tourism suppliers have traditionally distributed their products via tour operators and travel agents who make bookings using Global Distribution Systems (GDS'). Anticompetitive practices can arise because large international tour operator companies exert great market power over small local suppliers and can negotiate down suppliers' sale price. Complaints against GDS' in the past have sited unfair access to and fees charged to small tourism suppliers.

Tourism products may also be traded on the internet via third party websites like Expedia, Travelocity and Orbitz. Opportunities for anticompetitive practices also exist here because third party sites themselves are often owned by the same dominant tour operator companies that also own an associated GDS, travel agencies, resorts etc. For example, Orbitz was recently acquired by Cendant Corporation which also owns Galileo, a leading GDS, and many other leading online travel agencies. Travelocity is owned by Sabre Holdings, the world's largest travel agent reservation system & GDS.

Small destination tourism suppliers distributing their products via these means are often faced with insurmountable challenges regarding access to the systems and fees charged for access. Local tourism players should therefore constantly be on the look out for ways to improve and/or change their distribution strategies to avoid the costs of anti-competitive practices.

The third main option for distribution of tourism products is via brand/supplier websites e.g. hotel or airline owned and operated for direct booking. In 2002 InterContinental Hotels Group (IHG) was the first company to offer a money-back, low-price guarantee on its website. Today, it's almost hard to find a major hotel company that does not offer some type of best-rate guarantee. This is an example of a tourism supplier taking back some control over the distribution of its product and the revenue generated. It is significantly cheaper for a hotel to sell a room directly to a consumer from its own website than pay a fee to a third party site or tour operator to sell it for them.

In April this year IHG announced that third party online travel companies wishing to sell their hotel rooms would have to conform to new standards. Subsequent to this, Travelocity was adopted as an "IHG-friendly" site while Expedia was dropped.

This article can be found on <http://www.tradeteam.bb>

This is another example of a tourism supplier taking charge of its distribution and more than likely improving revenue generation for bookings. Granted it is probably easier for IHG with its 3,500 hotels representing 535,000 guestrooms to discard certain distribution options than it would be for a small independent Caribbean hotel. However, it is noted that today's tourism industry is different from the industry in which third-party websites evolved, i.e. during lean years when their ability to move large chunks of inventory was welcomed. Now the time may be right for a third-party model that plays by a hotel company's rules.

What is the most economical approach to distributing Barbados' tourism products? The PSTT plans to conduct a research project to determine the implications of current distribution strategies used by local tourism service suppliers with a view to making recommendations for improvements and changes in strategy that will improve competitiveness.