

The changing face of distribution channels for Indian tourism

Distribution becomes one of the most significant elements of tourism marketing as it determines all other aspects of the marketing mix says Marco Gorin, Chief Commercial Officer, InterGlobe Technology Quotient



The Indian travel and tourism industry recovered well from the downturn only to come forward shining with an encouraging outlook for 2011 - 12. The most important factor here was constant innovation in backbone technology or Global Distribution Systems (GDS) and reworked business models which helped in springing back the business that was reeling under the effect of global economic slowdown.

Distribution becomes one of the most determines all other aspects of the marketing mix. Tourism distribution channels attract more attention by contemporary researchers and strategists, to identify and advance the usability of this technology. The adoption of channel power has caused a seismic shift in the relationships between consumers, retailers, distributors, manufacturers and service providers. It presents many companies with the option of reducing or eliminating the role of intermediaries and lets those providers transact directly with their customers. However, while the travel and

tourism industry is faced with a double edged sword, there is also the opportunity that is presented: becoming an intrinsic part of the traveller's plan.

Thanks to the technological advancements within GDS, today there are various distribution channels simplifying the processes of travel for the end umpteen number of touch points for his/her choices of travelling. Even for the travel agent, who serves as a service provider, varied distribution systems are being offered as easy solutions for the end customer.

The E-commerce wave captured the industry through its technological advancements back in 2001 and has been active as a pivotal cog in bringing more and more access touch points for the travel tourism stakeholders. There has been a paradigm shift in the way customers surf the web

for hotel reservations, flight bookings, car rentals etc. The Internet emerged as the fastest growing distribution channel in the travel industry. The Internet penetration in India alone is close to 10 per cent. Today, hotels generate up to 50 per cent of their reservations online. The GDS plays a vital role here too by providing a smooth flow of information and hotel content. This number is expected to grow further over the coming years.

Right from the conceptualisation of a holiday or a business trip, travel agencies are offering a user experience. The traveller is now thinking in 'number of options' and making choices and comparisons between products, schedules and pricing across multiple suppliers. GDS, has brought forth innovations that are today advancing into the homes of the end customer such as highly discounted fares, Dynamic packaging, Low fare notifications, Hotel Search results display and sorting, Access to comprehensive travel information among many others.

It is important to understand the crucial role of the GDS here - Whether leisure or business travel,



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the GDS as a major component allows users to efficiently and effectively manage their travel needs by providing a strong and reliable mechanism and travel transaction management. The GDS integrates with mid and back office processes, offering quality control or any other automated services for policy compliance check, availability and better prices. The adaptation feature of the GDS makes it an invariable choice for successful business functioning.

No doubt, the newer models like 'direct connect' is going to display a controlled data and offer customised options to travellers, such as priority check-in and boarding. Having said this, we must also acknowledge that for decades, the GDS model has been the norm for distributing airline data and booking flights. We cannot ignore the flip side to the direct distribution model that

the airlines are trying to introduce today. The harsh side of it is borne by the travel agents and their customers as they end up losing the ability of comparison shopping. As the demand in the market and the end customer's usage patterns have changed, so there is a pressure on the industry to make a shift to direct connect. This will not only have a negative impact on a travel agent and the methodology they follow but also in the end consumer by limiting his ability to compare easily while shopping.

Another platform that e-commerce offered besides the websites was the social networking websites. Social media like Facebook communities of OTAs and Trip Advisor brings you immediate client reactions and recommendations. This particular platform has added so much of transparency to the entire process, lending the freedom the customers and stakeholders to express, network and share. The newer products can now very easily get feedback which is an essential element in bringing changes as per the need. People talk about the innovations and the ease these innovations bring about. We need to constantly monitor the content going public on the social media sites as this might also bring in some unwanted updates which are not relevant and might create a negative impression. Hence a thorough monitoring and check is an essential part in running the social networking platforms for your businesses.

If one was to address the community of travel agents or the original customer of the GDS, there also lies a success story. Today the travel agent is a service provider in the true sense. The availability of content that varies from rail to air to car and from hotels accommodation to travel itineraries, the travel agent has gone beyond a ticket booker. Today he is an educator to his customers. Clubbed with experience and the technological support, the OTA is an aggregator of memorable travels by his customer.

The successful partnership of the GDS and the Indian travel industry, well challenged with the advancements in online travel are carving out the path of efficient and enjoyable travel stories. Let's keep listening.