A Tour Operator Perspective On Destination Strategies To Maximize Mutual Benefits

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A Tour Operator ...

• Producing value
  – Research, procurement, marketing, operations
  – Source market: consumers
  – Destinations: stakeholders

• Close links to destinations
  – Partner: strength & weakness, opportunities & threats
  – Projects: development, risk taking, investment
  – People: contact & knowledge, private & public
Our Strategic Imperative

• Establish its proper place in the world, and as a result, its long term *sustainable future* in the context of a *low carbon society*

• Where that place in society is defined
  – first by what the industry brings to the *destination communities* who receive tourists
  – and then by the benefits for *those who visit*. 
Perspective on...
Market changes

• Consumer
• Industry
• External
The consumer: Mature, demanding and «zapping» (1/3)

• What?
  – Added value
    • Real services & standardised quality
  – Convenience
    • Facilitation of buying decision based on previous (travel) experiences and/or a personal propensity to «low involvement»
  – Security
    • Convincing solutions for perceived travel risks
  – Flexibility
    • Get coherent with the imperatives of «modern» life
The consumer: 
Mature, demanding and «zapping» (2/3)

• When ?
  – Last-Minute: late booking became a common consumer pattern
    • « Bargaining attitude » versus « limitation of planning horizons »

• How ?
  – Level of information: Very well !
    • Real market transparency via Internet & social media
  – Channel of information: Multiple, without structuring hierarchy
    • But: how to avoid that customers get lost, mislead or frauded ?

• How much ?
  – Market price: Nothing more, if possible less !
    • « Price Premium » will be accepted only if promising access to added values
The consumers: A demographic (r-)evolution !!! (3/3)

- The segment of « seniors 55+ » will increase
- They learnt to travel and will continue to do so!
- Attention, all this will be determined in the long run by a number of external factors, e.g.
  - Security
  - Sustainability
  - Solid financing system for retirement-pensions!
The **tourism industry**: Master the dynamics of change!

- The *risk* of our global business will increase and therefore play in favour of an « multi-destination » approach.
- The *market* will evolve and leave a place for « Generalists » as well as for « Specialists ».
- The *vertical integration* will be an option, depending on the Business Model pursued.
- The process of *concentration* will continue (e.g. merger of « Generalists » and « Specialists » due to necessity and/or opportunity).
Tour Operators: New means of production (1/2)

- **Transport**: New opportunities
  - Rail: Densification of High-Speed-Train network in France & Europe facilitates feeder-services and new offers
  - Road: Densification of motorway network in France & Europe facilitates auto-mobility and new offers
  - Air: Capacity increase will facilitate TO’s access to
    - Long Haul: A-380 to major destinations/cities
    - Short Haul: Point/Point services with “Low Cost” carriers
  - Sea: New generation of ships is addressing new clientele
    - Vessels: Mega cruise-ships as floating resorts with flexible destinations
    - Ports: dedicated installations & integration in transport network
Tour Operators: New means of production (2/2)

- Technology
  - Restructuring the foundations of the industry
- Organisational development
  - Source and leverage of corporate performance
The **external factors**: Cope with their impacts! (1/2)

- **Economy**
  - Economic *Integration* of the EU
    - Creates intra-European opportunities to enhance operational competitiveness, e.g. labour market
    - Enforces competition with extra-EU countries, e.g. laws, currency/exchange rates
  - Deviation of consumers tourism *buying power*

- **Consumerism**
Impact of the external factors (2/2)

• Jurisdiction & Politics
  – Reinforcement of *legislation* in France and Europe
  – *Standardisation*: definition of new standards and their internationalisation, e.g. air transport
  – *Real implication* of political agents, e.g. national Foreign Offices and « Brussels Administration»

• Sustainable tourism
Perspective on...
Destination Strategies

• Key Factors of Success
• Marketing Prerogative
Key Factors of Success

- Development of tourism capacities and infrastructures
- Coherent and consistent Marketing
- Integration of tourism and regional planning
- Consideration of socio-economical challenges

Sources:
NTO’s, Presse, CETO, IFTO, analysis of Roland Berger Consulting and EuroCycle
Development of tourism capacities and infrastructures

• Accommodation
  – Capacity
  – Quality

• Transport
  – Infrastructure
  – Flow Management
Integration of tourism and regional planning

- Cluster
- Utilities
- Platform
Consideration of socio-economical challenges

• Sustainability
• Reducing collateral damages
• Develop internal tourism
• Risk Assessment & Management
Coherent and consistent Marketing (1/2)

• Get and stay recognisable...
  – The consumer wants to be oriented, reassured, and, transparency given, is willing to pay the market price for branded products
  – « Branding »: Having strong brands and managing these assets professionally is becoming an imperative

• ... and face the challenge of differentiation!
  – Clients do no longer constitute homogeneous and stable entities, the segmentation of the offering therefore is a « must »
  – The markets getting more & more specialised, it is vital to define a positioning being clear, coherent & competitive
Coherent and consistent Marketing (2/2)

• Good-bye «Marketing for the masses»
  – Monitor societal changes in the market, in Europe, in Asia and elsewhere
  – ...evaluate their impact for the business, their inherent chances/risks and the companies’ strength/weaknesses
  – ...re-define the Marketing Strategy in favour of either adaptation or innovation and get it targeted and segmented
  – ... re-work the Marketing-Mix: product, pricing, branding, communication, distribution, EVERYTHING !

• Welcome to the frontier land of social media !
Mutual Benefits

• The evident ones...
• « Conditio sine qua non » for maximizing them
The evident ones

• Monetary
  – E.g. profit & wealth
• Community
  – E.g. jobs & education
• Socio-Cultural
  – E.g. protection & identity
• Ecology
  – From « hygiene factor » to long term key factor of success
• ...
« Conditio sine qua non » to maximize them: Destinations & TO’s together!

- Sustainable and Responsible Tourism
  - Promote environmental and sustainable management
- Health and Safety
  - Monitor all developments in legislation on health and safety directly affecting the tourism business.
- Crisis Communications Coordination
  - Facilitate the exchange of information in key areas of operational delivery
- Destinations Policy, e.g.
  - Liaise with governments at destinations regarding tour operating & tourism issues
  - Promote the positive and professional image of the industry in source markets and in destination countries
Merci !
спасибо!
Thank you!

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