

Communicating With Consumers: A Snapshot For Transport Operators

In 2008, Tourism Queensland and Tourism Research Australia commissioned a review of existing product distribution channels (marketing and booking channels) used by both Queensland tourism operators and visitors to Queensland. The following tourism snapshot has been prepared based on this research and is designed to assist transport operators to benchmark their existing distribution practices against other businesses; provide insights from a consumer perspective; and present key learnings and trends for the future.

In the transport sector, it is important to note the distinction between transport used to get to a destination and transportation that is used at the destination. This research is based on 'paid' transportation used for getting to, and travelling around, the holiday destination. Transport that does not require payment, such as personal vehicles, walking and cycling were not captured within the study.

Consumer Planning

Transport to a destination:

It is not surprising that the majority of consumers (87%)* plan which transport they will use to reach their holiday destination **prior** to leaving home. They often use a mix of distribution channels. The most prominent channel is the internet with most consumers (63%) choosing to go directly to a transport operator's website (e.g. airline, coach, rail) or to use a search engine (47%). A third of consumers visit a travel agent while others prefer a recommendation from family or friends.

The remainder (17%)* plan which transport they'll use to get to their holiday destination whilst they are already **in-transit**. Personal recommendations provide the most significant influence, followed closely by the transport operator's website, search engines, guide books, booking desks and travel agents.

Transport at the destination:

The majority of consumers (71%)* plan what transport they will use to travel around their holiday destination **prior** to leaving home. This is usually done online via the transport operator's website, using search engines or via other general travel websites. Non-internet channels used include travel agents, personal recommendations and phoning the transport operator directly (particularly for car hire bookings).

It is more common for intrastate visitors to use the transport operator's website, while international visitors prefer the services of a travel agent. Interstate consumers will often use a combination of the above.

Consumers who plan their transport needs after they have **arrived at their holiday destination** (34%)* often use booking desks for information and advice; alternatively they will phone the transport operator direct or visit a tourist information centre. Recommendations from other travellers are also highly regarded.

The nature of the transport required influences the consumers' choice of information source. Those choosing to use a shuttle bus to travel around the holiday destination often seek information from a travel agent or will rely on personal recommendations, while taxis are often sourced through booking desks. Hire cars are usually planned (and booked) prior to the consumer's departure from home and often via a search engine and/or the transport company's website.

* Please note that percentages may exceed 100% as consumers may undertake research and planning regarding which transport providers they'll use at more than one stage, i.e. prior to leaving home and whilst in transit (e.g. those visiting multiple destinations may plan as they go)

Operator - Marketing

On average tourism operators use twelve different distribution channels to market their product. The number of channels used by an operator increases with the size of the business. Businesses with less than 50 employees use an average of nine distribution channels; this increases to an average of 18 channels for businesses of 50 employees or more.

Transport at the destination:

Tourism operators that provide transport services for visitors to travel around the holiday destination spend, on average, just over half (53%) of their marketing budget on marketing activities directed at consumers **prior** to the consumer's arrival in the destination.



The internet is the most popular method used and specific channels include the operator's website, being listed on other travel websites, email, direct marketing and internet advertising. Other channels include wholesalers (not online) and the Yellow Pages (hard copy).

Only five percent (5%) is spent on marketing channels aimed at consumers whilst they are already **in-transit**.

Marketing activities undertaken to target consumers who are already **at the holiday destination** represent 47% of transport operators' marketing spend. The channels most frequently used include travel agents, booking desks, newspaper advertising and direct marketing. **Transport operators need to be aware of consumers' planning and booking habits and allocate their marketing expenditure accordingly.**

Consumer Booking

Transport to the destination:

Air transport is used by the majority of consumers (63%), followed by coach (15%) and hire car (15%). **Coach travel to the destination is more frequently used by international visitors, those under 45 years and those travelling alone. Couples are more likely than other travel groups to use a hire car.**

Coach travellers often organise their transport to their next destination whilst they are **in-transit**, whereas flights and hire cars are generally booked **prior** to consumers leaving home. This impacts the channels used by consumers to plan and book coach travel versus air travel and car hire.

70% of consumers are concerned about the availability of transport to get to their destination (e.g. flights) so they book ahead. However, consumers under 30 years and single travellers are less likely to book ahead.

Even though the vast majority (81%) of consumers **book** their transport to the holiday destination **prior to leaving home**, 19% still book transport options to their final destination whilst **in-transit**. Just under half of consumers use the internet to book (either directly through the transport operator's website or via a travel agency website). A quarter of consumers book through a travel agent while others book directly at the sales counter (9%) or by telephone (8%).

Transport at the destination:

Just over half of all consumers (55%) book the transport they will use to travel around their holiday destination **prior** to leaving home. Only 1% book whilst **in-transit** with the remaining 44% booking once they arrive **at the holiday destination**.

A quarter of consumers prefer to book their chosen transport through the transport operators' website. Others will book via telephone (19%), at the sales counter (16%), via a travel agent (13%) or through other direct methods such as hailing a taxi (11%).

The type of transport used by consumers influences when the transport is booked (i.e. prior to leaving home vs. after arrival in the destination) and subsequently, influences which booking channel they use. Hire car clients have a higher propensity to book directly through the transport operator's website whereas taxi customers will phone direct, use booking desks or other direct methods such as hailing a taxi. Shuttle bus patrons will often book through a bus terminal or visit a travel agent.

Pre-payment of transport is much more likely to be made at the operator's website or through a travel agent than through any other channel. However, only 39% of consumers pre-pay all or part of the transport costs, with the remainder being paid on commencement or completion of the transport usage.

Operator - Booking

The majority (73%) of transport operator bookings are received **prior** to the consumer's arrival in the destination. Of all the bookings received "prior", 60% were made directly with the transport operator.

Transport operators receive most of their **pre-arrival** bookings through a variety of direct channels including telephone (17%), website (10%) and email (8%). The most common indirect channel is through a wholesaler or travel agent (16%).

Transport bookings received by visitors already **at the holiday destination** are generally taken by telephone, directly through reception or via a third party website.

Key Takeout

Hire cars are the most common form of paid transport used by consumers to travel around their holiday destination; and are used significantly more by travellers aged 30 years and over.

The majority of consumers (70%) who hire cars book them before they arrive at their destination, generally two weeks in advance (international visitors have a longer booking lead time).

Taxi hire is common among domestic travellers, those under 30 years of age as well as those travelling alone.

Shuttle bus services are frequently used by international visitors as well as those under 30 and over 60 years of age.

Transport operators, similar to the general tourism industry, receive the majority of their bookings via direct methods **prior to** the visitor's arrival.

Transport operators have a greater tendency than the general tourism operator to receive bookings via travel agencies (pre-arrival and at-destination) and by telephone (at-destination).

Transport operators that feature in tourism packages are more likely to receive bookings via indirect channels such as wholesalers and travel agents.



Future Trends

Over the next few years, the tourism industry expects internet marketing channels to generate the largest **increases in pre-arrival** bookings, with a third of the industry expecting more **bookings** direct through their own websites. An increase in bookings is also expected from third party websites and via email.

A **decline** in recent years in bookings received via the more traditional indirect product distribution channels, such as travel agency groups and wholesalers - this is expected to continue. As the internet becomes more accessible and consumer friendly, bookings through these channels and others such as telephone and reception will slowly continue to decline.

It is not surprising that just under half of all tourism operators (49%) expect to **increase** their **marketing spend** on the internet over the next few years. *This figure could be higher, though some industry players have already invested heavily in web related products, specifically online booking capability, and as such their level of future investment in this channel will slow.*

The following **pre-arrival** marketing channels will see an increase in investment in the next few years:

- Operator's own websites
- Third party websites with booking engines
- Government/official websites
- Cooperative marketing with Tourism Queensland and regional and local tourism organisations

Tourism operators will also increase spending on the following marketing activities, targeting visitors who are already **at the destination**: cooperative marketing with regional and local tourism organisations, cooperative activities with other suppliers, direct marketing, public relations and local tourist information centres.

Tourism operators in general indicate that they will increase investment over the next few years on the following strategies:

- Improving the design and functionality of their website
- Improving their search engine optimisation
- Cooperative advertising with local suppliers (especially suppliers focused on self-drive visitors and those dominated by at-destination bookings)
- Advertising to increase their brand awareness and image
- Providing secure (online) pre-arrival sales and bookings

Transport operators specifically nominated an increase in marketing spend on direct marketing activities and online/digital advertising.

Around 58% of transport providers have a listing on the Australian Tourism Data Warehouse (ATDW), which provides extensive distribution of products and prices to a broad range of third party internet based distribution channels world-wide. For further information on ATDW visit: www.tq.com.au/atdw

e-kit

For small to medium tourism operators who don't have an online presence for your business or have one that is not performing to you or your customer's expectations, Tourism Queensland has developed an online e-kit.

This e-kit guides users through a number of tutorials covering a range of topics including planning and

developing a website, writing web friendly content and successfully promoting products online including search engine optimisation.

This e-kit can be found on the Tourism Queensland website www.tq.com.au or go directly to **www.tq.com.au/ekit**

Please contact research@tq.com.au if you have any queries regarding this research.