

DISTRIBUTION OF DANISH TOURISM PRODUCTS IN EUROPE – STATUS, TRENDS, AND CHALLENGES

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The aim of the piece of research reviewed in this paper was to

- ◆ establish a comprehensive status of the distribution situation for Danish tourism products,
- ◆ develop an overview of possibilities for improvement concerning distribution, and finally
- ◆ to inform about the knowledge gained and likely possibilities.

INTRODUCTION

Distribution of tourism products means making given products available for purchase or reservation amongst potential customers either directly from the producer (product owner) or through an intermediary.

Some of the links that form the distribution chain are the following: product owner, wholesaler (i.e. tour operator, booking agencies or hotel chains), retail trade (i.e. travel agencies) and finally the tourist, who can either be a holidaymaker or a business traveller.

The distribution parameter is part of the marketing mix that furthermore consists of the product itself, its price, as well as market communication (promotion). The distribution parameter can additionally be divided into elements of booking possibility, confirmation/issue of ticket and payment.

STATUS AND TRENDS

With regard to information search, it appears that foreign tourists on hotel or holiday centre stays in Denmark use the source of travel agency/tour operator catalogues much more seldom than European international holidaymakers in general. This indicates that Danish suppliers are underrepresented where this type of catalogues is concerned.

Danes typically book their domestic holiday directly at the accommodation, either by phoning in advance or without pre-booking – except for holiday cottages, which are usually booked through an agency. Both European holidaymakers in general travelling abroad and foreigners travelling to Denmark typically book through an agency in their home country, but particularly Germans tend to book their Danish holiday cottage through an agency in Denmark. For foreigners and Danes combined, well over half the holiday nights in Denmark (especially holiday cottages) for guests from seven selected European markets (Denmark, Sweden, Norway, Germany, Netherlands, the UK, and Italy) are booked through an agency in Denmark or directly at the accommodation.

Package holidays form only a modest part of the holiday nights in Denmark. This is solely the result of the specific distribution of overnight stays at the different types of accommodation. Package holiday are seldom combined with those types of accommodation that are the most important in Denmark, especially holiday cottages and, to some extent, camping. Hotel and holiday centres are comparatively less common holiday forms in Denmark, which

For the last three years

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could be connected with the aforementioned underrepresentation of Danish hotels and holiday centres in foreign tour operators' catalogues.

Individual business travellers make up just under half of all business travellers in Denmark. Amongst the other business travellers courses are particularly important reasons for travel, whilst exhibitions and fairs play a much less important role than amongst European business travellers as a whole. The Internet is becoming more important, firstly amongst younger holidaymakers as well as business travellers. Amongst the latter, this is the case both amongst the individual travellers and amongst participants of international congresses.

During the first part of the 1990s concentration amongst European tour operators and travel agencies has increased. This concentration is expected to continue for the next few years. Tour operators and travel agents – which in some cases can be integrated – carry out a number of important roles and functions in relation to the distribution of tourism products. There are a number of logistical, economic, demand and communication related requirements when selling through tour operators (wholesale link). If a group of product owners wishes to distribute directly to travel agents (e.g. through a holiday cottage booking agency), this means that they have to carry out wholesale functions themselves. This means amongst other things, carrying out of marketing and product profiling as well as registering packaged products or holiday cottages in the computerised reservation systems used by travel agents in their markets, e.g. in Germany. In order to be able to fulfil this task it is necessary to have a considerable volume (corresponding to several thousand holiday cottages) on offer.

About three-quarters of all travel agents in Western Europe are equipped with a computerised reservation system and the share is even higher in Scandinavia and Germany. Electronic distribution from the

wholesale side (tour operators/booking agencies/hotel chains) to the retail side (travel agents) is thus possible.

Additionally, it is now technically possible, first, to have presentation of information and, second, to organise real distribution and sales directly from the product owner or wholesaler to the traveller. In Scandinavia at least 10% of the population use the Internet regularly, whilst the proportion of Internet users in the rest of Europe was less than 5% at the end of 1997, but there are considerable annual increases. There are already many Danish and other European product owners who have put information about themselves on the net. A growing number of these have made their web-sites interactive, i.e. based on databases with various search options. At the same time an increasing number is becoming transactional, i.e. they offer the possibility of buying something, e.g. tourism products. Moving from the technical possibility of buying something to the actual purchase or booking by a considerable proportion of those visiting a given web-site is a long journey and there are a good deal of obstructions to be overcome. However, the tourism and travel trade is already one of the most important industries in regard to usage of the net. Amongst other things this is due to the fact that tourism products are services that do not have to be transported to the customer (but the customer has to be transported to the product). Other reasons for the suitability of the Internet to tourism products is that such products can obviously be described visually and that, because of the intangibility of the product, the customers use the Internet to enjoy a taste of the product before purchase in the same way as in a brochure.

There are a lot of attractions, accommodation facilities, catering establishments and transport facilities in Denmark. Most of the Danish hotels that cater primarily for businessmen are already bookable as single products in the relevant systems (e.g. Amadeus Hotels). This hap-

pens either through hotel chains or hotel representation companies for independent hotels. For those hotels that primarily cater for holidaymakers, it is rather more relevant to distribute themselves (or rather their capacity) via a tour operator, who then takes care of further distribution, including electronic distribution through reservation systems aimed at travel agencies. A number of co-operating Danish holiday centres are being jointly distributed through foreign tour operators.

The large Danish holiday cottage booking agencies distribute their products electronically through German travel agents. Amongst these, four act directly as wholesaler so as to obtain electronic distribution through the German reservation system for travel agencies, START. Small and medium-sized holiday cottage booking agencies distribute their houses mainly in the traditional way, i.e. they communicate via fax from Denmark directly with their (usually) German customers. Some of the smaller agencies experiment with direct booking via the net, as well as via one of the large agencies which in 1997 was aiming to place its complete catalogue on the Internet, which has been implemented in the beginning of '98, including real-time availability data and a reservation function (www.dansommer.de).

Booking overnight stays on camp sites, which is a form of accommodation mainly used by Danes, is typically done directly with the camp site, but there is also a large proportion of tourists, especially foreigners, who do not book their camping holiday beforehand at all. Youth hostel accommodation is typically booked directly. Of over 100 Danish youth hostels only four

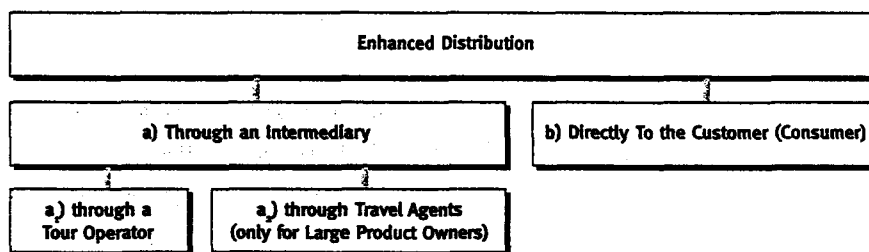
can be booked through an electronic booking system, the International Booking Network, either via foreign youth hostel organisations or via some of the other youth hostels that are part of the worldwide network.

It is usually not necessary to pre-book visits to Danish attractions. BILLETnet (in English: TICKETnet), plays an important role when selling tickets to Danish events to Danes. This happens through the affiliated sales outlets, including most of the Danish post offices that are connected electronically to the system. BILLETnet was by the end of 1997 exploring the possibility of organising ticket reservations via the Internet, although the tickets initially would still be picked up at the sales outlets.

In Scandinavia it is possible to make reservations for ferry tickets through the reservation system called SMART which is directed towards travel agents; in Germany this can be done through the corresponding system START and in the other markets through agents or directly at the ferry companies. Air tickets can be reserved at any automated travel agent, c.f. the above-mentioned wide distribution of these outlets. Today 80% of air tickets (in Denmark) are sold through travel agents. In future an increasing number of these, especially simple return trips which comprise roughly 70% of all air trips will be sold directly to the customer via telephone and especially through the Internet.

CHALLENGES AND DEVELOPMENT POTENTIAL

Enhanced distribution can be obtained through the following channels:



It is thus possible to go through an intermediary or to go directly to the customer. In the first case this can be the tour operator or the travel agent.

- a.) With regard to enhanced distribution through tour operators the question is one of living up to the conditions or terms set out by the tour operators. This can be logistic, economic, demand or communication-related conditions.
- a.) Several groupings of Danish product owners have the opportunity to act as wholesalers themselves and gain access for their products in computerised reservation systems, e.g. the German system START. The large Danish holiday cottage booking agencies are the only Danish suppliers who have been and will be able to accomplish this task. This indicates the need for a considerable sales volumes should other Danish suppliers wish to follow their example.
- b) Thanks to its potential for selling directly to the customer the Internet /

World Wide Web is a channel for information presentation as well as for sales and distribution, with many opportunities for all Danish tourism products.

Hotel owners who wish to distribute all or part of their capacity as single overnight stays at a hotel. Therefore these products should be made available through specific sub-systems, of which one of the most well known is the so-called TOMA (TOurism MAsk) in the German START system. However, similar sub-systems can be found in other markets. It is possible to gain access to both START and several other relevant systems via a technical intermediary link in Hamburg, Germany. But this only applies where there is considerable sales capacity. A preliminary estimate indicates that at least a couple of thousand holiday cottages are needed if a Danish booking agency – likewise the large booking agencies – wishes to choose this solution. This would additionally imply a strategy of selling exclusively through travel agents in the German market. If around nine

medium-sized Danish holiday cottage booking agencies joined forces, they would be able to achieve the necessary volume. For groups of at least seven to ten (Danish) holiday centres it seems the right thing either to co-operate with Danish holiday cottage booking agencies or foreign tour operators.

There are many opportunities for enhanced distribution of all Danish tourism products via the World Wide Web.

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THE EMERGENCE OF LINKED FISH MARKETS IN EUROPE

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ABSTRACT

This paper discusses the development of remote bidding electronic fish auctions. The first electronic fish auctions were introduced in Belgium and Holland and they emulated the clock auctions seen in Dutch vegetable and flower auctions. The evolution of vegetable auctions provided a model for the fish industries, with the next stage being the linking of auctions and then remote bidding. However, the fish industry differs from the vegetable industry in having less developed systems for product description.

Two projects to develop pan-European electronic fish markets are compared with two competing systems in Iceland. The European Commission funded INFOMAR project is compared to the system being

developed by Zeebrugge fish market. While the INFOMAR project started with a radical vision of selling fish electronically off boats in a pan-European market, the Zeebrugge project is a more incremental vision to link markets to build a pan-European network of existing market. It is seen that the two projects have converged due to the complexity of the European fish industry leading INFOMAR to operate through existing markets.

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MARKETS FOR FISH

Fish is a commodity sold by auction throughout the world. The structure of the fish industry is for a large number of boats to sell their fish to a smaller number of processors in local markets, usually at the harbour where the fish is landed. The buyers are looking to meet their requirements by buying in a number of markets, but the seller, once the fish is landed, has little option other than to sell to someone in that market. The volumes of fish landed are influenced by the luck of the boat and the weather, leading to price volatility and price variations between markets. The use of electronic clock auctions, when linked to the automated processing of transactions, speeded up the sale and reduced the cost of auction administration. In Continental European markets the practice of selling fish by the individual box made the introduction of electronic auctions more attractive than in the United Kingdom, where the standard practice is to