

Income generation options for ABTO



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1. Introduction

The research work presented in this report was commissioned by ABTO as part of its capacity building exercise ‘Strengthening Tour Operator Associations in Bhutan and Costa Rica’ funded through the Programme for South-South Cooperation. This section introduces the research objective and the purpose of the research, and outlines the structure of the report.

1.1 Report purpose and objective

The research objective for the project, as specified in the Terms of Reference for the consulting engagement, is to:

Research income-generating mechanisms based on experience of at least 5 tour operators associations in other countries with recommendation that fit Bhutan’s working environment.

The purpose of this is to devise strategies to strengthen ABTO’s financial status and sustainability. The research will focus on income-generating mechanisms used by tour operator associations internationally and will make recommendations as to how these can be applied by ABTO. Clear implementation guidelines for these mechanisms will be given along with estimations of potential gains in income over the status quo.

1.2 Report structure

Chapter 2 provides background on the current financial situation of ABTO and particularly on its sources of income. The following chapter then provides examples of income generation in tour operator associations as well as other membership associations internationally (Chapter 3). Chapter 4 presents the most promising options for ABTO to generate income in the future. Further information is presented in Appendices (Chapter 5), including a Bibliography and a list of all Associations studied throughout this research project.

2. Background on ABTO

ABTO currently generates regular income from membership fees, a grant from the Tourism Development Fund (TDF), and the sale of brochures. The income generated from these sources in the last two financial years is summarized in the table below.

	01/07/06 – 30/06/07	01/07/07 – 30/06/08
Income	NU	NU
Membership Fees	453,000.00	450,000.00
Grant from TDF	4,574,000.00	3,781,515.00
Income from brochure sales	223,334.00	130,915.00
Total Income¹	5,250,334.00	4,362,430.00

Table 1: ABTO annual income 2006/07 and 2007/08 (Source: ABTO annual report 2008)

This means that in the 2006/07 year 87.1% of ABTO's annual budget was funded by the TDF, compared to 86.6% in 2007/08. Although brochure sales have increased, this does not provide any additional profit because the brochures are sold at cost price to members.

ABTO also began charging a fee for training workshops in 2009, but this is not yet reflected in the accounts, since the fees collected were reinvested in the training itself. However, some income could be generated from future training. Training fees were levied for the GNH training for guides and the business development skills training, both conducted in July 2009. The table below shows the actual cost of providing the training as well as the amount brought in from participants.

All costs in NU	GNH training	% of cost	Business Development Skills	% of cost
Total Cost in	164,750		580,000	
Number of participants	25		39	
Paid per participant	500		2,500	
Total covered by participants	12,500	8%	97,500	17%
Total covered by donors	152,250	92%	482,500	83%
Real cost per participant	6,590		14,872	

Table 2: Costing for recent training events

As Table 2 shows, participants at the events are only paying 8% and 17%, respectively, of the actual event running cost. However, with donors paying for the whole event, there is no real loss to ABTO even when participants pay only a minimal amount. The fee was initially introduced to increase participants' commitment to the training, since free workshops are sometimes not seen as equally valuable. The money recovered from participants in future events will be held by ABTO to fund more training in the future or to be deposited in a future ABTO trust fund. This money will be again used to provide services to members, so their contribution essentially invests in the future of ABTO.

¹ A one time fuel refund payment from the TCB was omitted for the purpose of this calculation.

ABTO also receives income from project funding, like the ‘Strengthening Tour Operator Associations in Bhutan and Costa Rica’ project, funded through the Programme for South-South Cooperation. This is of course invested in capacity building as per the project guidelines and provides benefits in terms of increased efficiency and effectiveness. The project funding also provides money for capital cost requirements, like upgrading computer systems and servers.

2.1 Current funding issues

Several issues with the current funding model can be identified.

2.1.1 Reliance on TDF

In the 2007/08 financial year, 86.6% of ABTO’s funding came from the TDF. This is positive, since the standing grant provides the money for the Secretariat to function. Any additional money earned through other measures is currently invested in additional services for members. However, if in future the TDF was to reduce its grants to ABTO or funds were diverted to other measures, this would spell financial trouble for ABTO. Therefore it is important for ABTO to reduce the percentage of its income that comes from the TDF to ensure future financial sustainability. The mechanisms discussed in this report will help to achieve this objective.

2.1.2 Membership fees

With a total membership of approximately 300 and an annual membership fee of 3000 Ngultrum, the total income from the membership fees should be double of what it has been over the past two years. Operators not paying fees or failing to renew their membership annually are the main problem, especially when these members still expect to receive the full benefits. This can be remedied by implementing a strict membership system, tracking who has paid and for how long. This will need to be implemented in alignment with revised membership tiers and services.

2.1.3 Training fees

The amount operators are requested to pay for training currently is minimal, but it does ensure that those attending are serious about the course. However, it still only funds a portion of the course and does not pass the cost on to operators. Even a slight increase in the percentage of the course costs paid for by participants would increase the amount that could be deposited into the ABTO trust fund and used for further development of services.

2.1.4 Promotional material sales

Brochures, DVDs, and other materials are currently only sold to members and at cost price. This means that no additional money is earned on this activity that could contribute to the money available to run other ABTO operations. There is an opportunity here to sell brochures, as well as other newly developed guides and promotional materials, to non-members at a profitable price and use that money to support ABTO members. This would add a tangible financial benefit to ABTO members.

2.1.5 Project based funding

If the current streams of funding were to be reduced, capacity building could become far more difficult. It is therefore essential for ABTO to continue to proactively seek development partners and to meet project goals in order to ensure continued funding. Over time, as capacity and self-funded income increases, ABTO might outgrow the eligibility requirements for development aid. Professional development for staff would then need to be funded from ABTO's budget.

3. International examples of income generation

The examples of income generation are based on cases of tour operator associations and other membership associations internationally.

3.1 Membership fees

Data on the percentage of income an association earns through their membership fees is difficult to come by, since most do not disclose this to non members. However, one association that does is ITOC which receives 79% of its annual income from membership subscriptions². The remainder comes from entrance fees to their annual conference and conference profit (9%), sales of their industry directory and information guide (2%), interest on investments (2%), as well as other income³ (8%). There is no mention in the annual reports of any external funding or grants. This suggests that it is possible to have an association fund itself, if it provides enough value to members and is run like a business.

The overall membership income is determined by the number of members and the subscription fee per member. The Associations studied, vary greatly in the number of members they have, from small and specialized (ITOA for example) to large and international (ETOA for example). What each association studied has are membership criteria that determine who can be a member. This means that not everyone can become a member and adds a layer of exclusivity. At the same time, each association provides benefits to its members that make the investment worthwhile (See “Structure of ABTO” report for more details).

The amount of fees paid by members is related to the types of membership and the services provided to these members. The membership types can vary depending on the size of the organization, the quality of service they provide⁴, whether they are local or international organizations, whether they are active or associate members, what type of services they provide, and more. Many associations also honor long or distinguished service to the association or industry with life or honorary membership. There seems to be no one way to define membership, but instead it depends on the goals of the association, the operating environment, as well as the reach of its membership⁵. Table 3, next page, shows examples of fees (in local currency) in some international tour operator associations. Joining fees are usually one-off payments made when members are first admitted into the association. The USTOA expects members to provide an additional bond of US\$1 Million when they join. This is used to give customers a guarantee when they book with an USTOA member, providing credibility to USTOA operators.

² ITOC Annual Report 2008

³ This includes charging another association for shared Secretariat resources.

⁴ As judged by an outside agency, for example Qualmark in New Zealand.

⁵ Whether it is national or international, within one industry or across many.

Association	Types of membership	Joining Fee	Annual Fee
ITOC	Full member ⁶	NZ \$100	NZ \$2,420
	Allied member	NZ \$100	NZ \$680
NATO	Local member	Rs. 10,000	Rs. 10,000
	International member		US \$100
JITOA	Active member	JOD ⁷ 100	JOD 500
	Associate member	JOD 100	JOD 500
	Associate individual	JOD 100	JOD 50
BTIA ⁸	TO ⁹ up to 2 vehicles		US \$289
	TO 3 vehicles or more		US \$368
	International airline		US \$1,077
IAATO ¹⁰	Members	US \$500	US \$1,500 + \$15/PAX
	Associate members		US \$750 + \$15/PAX
	Affiliate members		US \$750
ATOAI ¹¹	Active members	Rs. 2,500	Rs. 2,500
	Allied & Associate Members	Rs. 1,500	Rs. 2,500

Table 3: Examples of membership types and fees from international associations

ABTO's Articles of Association currently list five different levels of membership, which can provide the basis for a full scale of membership services at the various levels. Competitive pricing of the memberships will depend on services offered. This provides a great opportunity to increase ABTO's income and the benefits to members.

3.2 Research report sales

One of the services that ABTO is currently developing as an offering to its members is an internal research capability. This has potential to not only increase membership, by offering additional value to members, but also to provide income through the sale of research reports and services to external parties. The Pacific Asia Travel Association has an extensive catalogue¹² of research publications that are offered at a highly subsidized (50% discount) rate to their members. With many of the reports worth more than US \$1,000, a company or organization making use of these publications can make significant savings by becoming a PATA member. As an additional incentive, some basic reports and guidelines are provided to members free of charge.

⁶ The Full Member fee includes membership and annual assessment for Qualmark certification.

⁷ 1 Jordanian Dinar (JOD) = approx US \$1.40.

⁸ These are only 3 examples. The BTIA has a total of 39 different membership types, ranging from Utilities through to individuals. See http://www.btia.org/join_rates.php

⁹ TO = Tour Operators

¹⁰ The membership types here are defined by what type of services the operators provide.

¹¹ ATOAI also has an honorary membership which is free to those the Executive Committee selects.

¹² <http://www.pata.org/catalogue/home.php>

The UNWTO also provides reports to its members and the public for a fee¹³. Their e-shop is similar to that of PATA and provides most books in either hardcopy format or as an instant download. If ABTO was to implement the sales of research reports, a similar online shop should be set up on the ABTO website. This would make it convenient for users around the world to acquire the publications.

It must be stressed that both PATA and the UNWTO have highly trained experts on their staff that oversee the research processes and the publication of reports. This ensures the high level of research and publications that allows them to charge premium prices for the information. ABTO is unlikely to be able to compete with the level of their publications in the short-term, but can strive to provide the best quality research publications for tourism in Bhutan. This is a niche market and the opportunity of developing relevant publications for local and regional decision makers is great. In order to achieve the quality of research that would be necessary to develop reports that can be sold for a fee, ABTO needs to develop its research capacity through training and possibly external supervision of the work through a consultant or advisor. Overall, it is an opportunity that should be developed to provide additional services to members.

3.3 User pays training and events

Providing training or other events, like conferences, to members and other interested parties at a profit can be a good source of revenue. Many associations¹⁴ use annual conferences or events to bring members together. Tickets are generally provided to members at a discount and outside parties that are interested in attending pay full price. These events, like the ETOA conference, can be coupled with workshops and other seminars to provide even more value to members. If these events are provided at a profit, like the ITOC conference, this can add valuable resources to the association's budget, which can then be re-invested in member services. Over time, an association can build up considerable experience in running these sorts of events and might be contracted by other tourism bodies to organize their events (MATTA, for example).

Even small networking events for members can add great value to membership as it allows the exchange of ideas with people in the same industry and often facing the same issues. ITOC runs these regularly to keep their members connected. A proposal for an ABTO club has already been developed previously and just needs to be implemented. Sponsorship could be sought for the events and they could be held at different members' offices or premises every month. Business or government speakers could be invited to give informative speeches to attendees. If these small events can be supported by sponsors or a minimal fee to attendees, they will add great value to membership in ABTO.

As mentioned in Section 2.1.3, ABTO could charge more for training in order to accumulate more money in the ABTO trust fund. It could even be possible to link up with a local or international training institution to offer courses and workshops. UFTAA does

¹³ <http://pub.unwto.org/epages/Store.sf/?ObjectPath=/Shops/Infoshop>

¹⁴ PATA, ITOC, USTOA, ETOA

training in combination with IATA¹⁵ on travel reservation systems at a subsidized rate to members. Since ABTO is a member of UFTAA, it could negotiate for its members to take advantage of these training options at a reduced price.

As for tour operator specific training, the current model of providing training as necessary or as demanded by operators should be continued. In international cases, it seems as though little specific training is given and operators are referred to higher education providers for further training. The amount of funding provided by sponsors, and for what purpose, will determine what type of training is possible. For any training for which there is no funding, a full user-pays system must be implemented. This could be initiated with the local higher education providers, like the Royal Institute of Management, or with an international provider.

3.4 Advertising in publications

Belize tourism sells advertising in their magazines¹⁶ and they also have advertisements on their website, which would generate income. Not having access to their annual report, it is hard to gauge how profitable these activities are. However, ITOC earns 2% of its annual income from selling brochures and advertising in them. Since advertising prices are usually determined by readership, the more widely distributed a publication is, the more revenue can be generated through advertising. ABTO currently distributes brochures at cost price to members and therefore there is potential to sell brochures at a profit to non-members. There may even be a possibility of selling the brochures at a reduced rate, but above cost price, to other associations, like the Hoteliers Association for example. Higher printing numbers might also reduce the cost of printing individual brochures, decreasing the 'at cost' price to members.

Advertising in the Discover Bhutan magazines, published by ABTO twice annually, is currently charged through the printing company. ABTO receives no revenue from advertising sales. This model should be reviewed to see if it is possible to revise the revenue distribution. Advertising could be offered at a discount to members or even for free at higher membership levels. One way to monetize advertising on the ABTO website would be through 'Google Adwords', which places keyword specific advertising on a website. The owner of the site is then paid every time a visitor clicks the advertisement on the site. However, it might be more appropriate for ABTO to market advertising space to local suppliers of tourism products or to tour operators that want more exposure than a membership listing. Prices for these advertisements would need to be calculated based on the number of viewers to the website or the added benefit provided.

3.5 Sale of stock photos

Provision of photos to tour operators and other businesses for exclusive usage is a potential income earner for ABTO. Stock photography refers to a business model where images are distributed to potential users (advertising agencies, overseas tour operators, magazines, etc.) either on a "royalty free" (image owner retains copyright, but licensee is

¹⁵ http://www.uftaa.org/gen.php3?id_article=453

¹⁶ www.btia.org/marketing_pr_advertise.php

allowed to use image as much as they want without paying a royalty per use. Usually not exclusive) or “rights managed” (where licensees agree to certain terms of distribution, exclusivity, print run, etc) distribution contract. The price of the images depends largely on the quality and terms of usage. ABTO could aim to become the key provider of high quality stock photography for Bhutanese images. It is difficult to gauge income potential since royalties payable to image owners can vary greatly¹⁷. To minimize the set up and distribution costs for images, it could be best for ABTO to align itself with an existing seller of stock images.

Providing free or discounted images to members would be a way to increase the benefits ABTO membership has and would ensure that members use high quality images in their marketing. A quality image gallery on the ABTO website would also be a good way to increase traffic to the site and keep viewers browsing.

3.6 Group purchasing

Membership organizations internationally, such as chambers of commerce or trade associations, often use the combined purchasing power of their members to negotiate better rates on products or services. These savings can then be passed on to members and become a tangible financial benefit of joining an association. An example of this, which ABTO could take advantage of, is the UFTAA Travel & Tourism Industry card. This card provides discounts on cruises in the Mediterranean, special insurance rates through AXA, and entrance to tradeshows. These discounts may not be so relevant to ABTO members and a local version of the discount scheme could be developed.

BTIA offers a member-to-member discount scheme, whereby significant discounts are negotiated between members. Members also receive discounts on advertising in BTIA and related publications. Since BTIA covers numerous industry sectors, these member to member discounts are appropriate. For ABTO’s members it would be of greater benefit to negotiate cheaper rates from suppliers that tour operators use frequently, such as fuel discounts, printing specials, or cheaper advertising rates in newspapers and on websites. An ABTO membership card could be developed and more discounts added over time.

¹⁷ The ‘Fotosearch’ website sells pictures from Bhutan for between US \$50 and US \$799, see an example at <http://www.fotosearch.com/DGV074/200169753-001/>. Other websites www.shutterstock.com start selling images from US 25cents onwards.

4. Recommendations

The following are the most promising options for new or adjusted income generation mechanisms that ABTO could explore. The common purpose of all these mechanisms is to increase the self-funding of ABTO to make it less dependent on external contributions to deliver its services to members. At the same time, the additional benefits that ABTO can offer its members through these mechanisms will add to the overall value ABTO provides to them and other industry stakeholders.

An important point made during the presentation of these results to the ABTO Executive Committee was that it is important to consider the capacity required to implement these recommendations. Hence the resources required for each recommendation, both financial and human, are discussed. The implementation of these mechanisms is closely related to findings from the “Structure of ABTO” report and the recommendations support each other. It is important to note that not all recommendations must be implemented simultaneously, which helps to achieve them all within ABTO’s current capacity or with external consultants, where needed. All recommendations are presented in terms of actions to be taken, investment required, time taken to implement, and revenue potential, where this can be calculated.

4.1 Membership structure

As identified in Section 2.1.2, ABTO is currently not earning the amount from membership fees that its membership base supports. The main issues are non- payment of fees and freeloader behavior from some operators. The solution is a better organized and enforced membership system (See Section 4.2.2 in the ‘Structure of ABTO report’). Even though this will take some time and effort to implement, the benefits of this system in the long run will pay dividends.

4.1.1 Action steps

1. The first step in implementing a better membership system is the clear definition of the types of membership and the associated benefits. More expensive classes of membership must provide enough extra benefit to support the members paying the extra money. Some additional benefits could include discounts on training, additional research data, exclusive networking events for high level members, and many more.
2. A database of members must be set up and any late payments followed up. A system should be put in place to send reminders to members one month before their membership expires to remind them to pay their fees.
3. Tangible benefits of membership must be communicated regularly to members in order for them to see what advantages membership provides them with.

4.1.2 Investment required

To determine the structure of the new membership system and implement it (Action Step 1), the help of an external consultant will be required. The consultant should work closely

with a member of the ABTO staff, like the research officer, to devise the structure and develop the concept. After the system has been approved by the Executive Committee, the same staff member should be involved in implementing the system. This ensures that the capacity to manage the system is developed at the same time as the system itself.

On a technical level, a basic Customer Relationship Management (CRM) software system or a membership database would need to be set up in order to manage members and keep track on who has paid fees. There are free templates for databases available or more professional systems can be purchased.

Once the current membership has been entered into the database, an ABTO staff member will need to follow up with other tour operators who were members but have not paid fees recently. This will be time well invested, since it will update the ABTO records and allow for a more systematic approach to membership interaction and fee collection.

4.1.3 Timeline

This should be implemented as soon as possible. The design and implementation of the membership system is scheduled for later parts of the current capacity building project.

4.1.4 Revenue potential

Even if the current membership base of 300 is systematically asked to pay its current membership dues of 3,000 NU each, then the income from membership will double. If additional membership tiers with increased service and fees are implemented or a membership drive is used to encourage new members to join, the income will rise further. Since the development of the system is a one time expenditure, the long-term revenue from implementing it will far outweigh costs.

4.2 User pays training

This would signal a move away from the current highly subsidized model of training provision towards a user pays model, where operators pay a larger share of the actual cost of training provision, which can then be added to the ABTO trust fund. It is not necessary to have the operators carry the full cost of the training, but their percentage should be increased to a minimum of 20%. The benefits would be higher income for ABTO, which can then be re-invested into further training, as well as higher commitment from operators, since they are paying more. Since ABTO already organizes workshops and training events, there is not additional capacity required.

4.2.1 Action steps

1. In order to charge for training of members, the training will need to be made as relevant to them as possible. This requires basic research to be undertaken amongst members as well as overseas tour operators to determine what skills are most holding the operators back in providing the best possible service to their guests.
2. Based on the results of this research a comprehensive training program can be designed. Highly qualified and experienced training providers, whether local or

international, should deliver the training. Prices for individual courses, workshops, or seminars can then be determined based on the cost of provision.

4.2.2 Investment required

The initial investment for ABTO would be minimal, since the research can be conducted by the ABTO research officer. The actual events then need to be budgeted, also by ABTO staff, to determine what share will be covered by sponsors/donors and what the operators will pay. Discounts to various membership classes will need to be determined according to the policy for that class (as set out in section 4.1).

4.2.3 Timeline

Research on the training needed/wanted by operators can begin whenever a suitable ABTO staff member has time to conduct it or when training needs become apparent from daily operations. Higher fees for training can then be phased in over time or determined on a case by case basis.

4.2.4 Revenue potential

The contribution to ABTO's trust fund will increase proportionally to how many training events are held and what percentage the operators contribute.

4.3 User pays research reports

Since one of the goals for the re-structuring of ABTO (see Section 4.2.4 in the 'Structure of ABTO' report) is to raise the internal research capacity, there is potential to develop high quality research reports to sell to the industry. The appointment of a research officer will create the capacity to conduct this work and an external consultant can be used to train the officer, where necessary.

4.3.1 Action steps

1. ABTO must employ a suitably trained and experienced research person to conduct the research and write the reports. This could be done in cooperation with external consultancy to ensure quality and accuracy of work. The budget for this is already covered under the current capacity building project.
2. Staffing of the research operation at ABTO needs to be based on decisions of what research is to be provided. Some areas of interest could be international trends, Bhutan's tourism trends, tourism operator perceptions of the industry, or other qualitative data that the current statistics gathered through the TCB do not provide.
3. The first round of research reports in the chosen areas should be circulated amongst members and other industry stakeholders at no charge to gauge the interest in the information. Based on feedback, the research systems and reporting can be improved over time until the standard is high enough to charge for them.

Different pricing structures for members and non-members should be developed in order to add further advantages to the ABTO membership¹⁸.

4. Distribution of the reports should primarily be in digital form, since this reduces printing and shipping costs. It also makes it easy to send the reports to interested parties internationally. The ABTO website will need to be upgraded to distribute these reports and charge for them. Depending on the credit card facilities available in Bhutan at the time of implementation, an online shop could be implemented.

4.3.2 Investment required

The primary investment will be in human resources to provide research capacity at ABTO, including the salary of the research officer as well as any consultancy fees. Depending on the type of research that will be conducted, some specialized software might also be required, for example SPSS (quantitative analysis software - \$1,800 US) or N*VIVO (qualitative analysis software - \$2,000 US).

4.3.3 Timeline

With the employment of a Research Officer for ABTO in late August, early September, the training can begin. Development of suitable research systems will need to be supervised by an experienced researcher in order to set up the systems correctly from the beginning. Depending on the type of publications and their time horizons (annual, quarterly, monthly) the first publications could be presented by the end of 2009. However, quality improvements and gathering of more longitudinal data will be required before the reports can be sold.

In addition to producing generic reports about the industry to other data gathered, the research capabilities of ABTO could also be used to conduct consulting projects for industry stakeholders. These personalized research projects demand a higher price and could utilize ABTO's research staff in times of low activity.

4.3.4 Revenue potential

Quality research fetches high prices if it is presented in a format that is useful to decision makers in the industry. The research can generate extra income in three ways.

1. Increase in membership fees since access to research becomes a members' benefit
2. Sale of generic research reports
3. Provision of personalized consulting services

The price for these services is very much determined by the quality of the research conducted and the outputs (reports, analysis, data) provided.

4.4 Sale of stock photographs

ABTO already has a range of high quality images that document the beauty of Bhutan and could provide these images for promotional materials to their members. By making some images available through stock photography sites, some income can be gained from these activities. ABTO already has the capacity to carry out this work.

¹⁸ Using PATA as an example, members could receive reports for 50% of the regular price.

4.4.1 Action steps

1. A selection of the available images should be uploaded to the ABTO website gallery for members. Other pictures should then be uploaded to stock photography websites. These images can also be offered to ABTO members at a discount, as long as it does not interfere with the copyright given to other interested parties. The pricing for individual images must be determined based on the terms of contract, the exclusivity of the image, and must be adjusted to what the market will pay.
2. Websites like www.prostockmaster.com (high returns per image sold) and www.shutterstock.com (focused on generating income through quantity of downloads) make it easy to create an account and start selling images through multiple agencies immediately. Links should be provided through the ABTO website.
3. Over time, more images need to be taken, by professional photographers wherever possible, and added to both sites. The stock photography sites need to be reviewed temporarily to see if there are better options available that might yield higher returns. Access to a certain number of free images could also be included in higher membership levels, when they are established.

4.4.2 Investment required

ABTO already has a stock of quality images that are ready for distribution. In addition, ABTO could invest in the services of a professional photographer and make the fees back from selling these images. In order to upload images, subscriptions to the stock photography websites are essential. Some are free to join, where others cost around US \$90 per year.

The time it takes to take the pictures, select the appropriate images, and then post them on the ABTO website (free for members), and on some stock photography sites (for purchase) is the ongoing investment in this service.

4.4.3 Timeline

Once the ABTO website is fully re-developed, pictures can be uploaded whenever they are available. Uploads to stock photography websites can also be undertaken at any time. No estimation is available as to when revenue will come from the sale of photographs, as it depends on the need for Bhutan images by customers willing to pay for them.

4.4.4 Revenue potential

With exclusive stock photos selling between US \$50 and US \$799, depending on resolution and quality, and standard images downloaded at a cost of US 25cents upwards, the revenue potential is very high, considering the effort involved. Each image can be sold multiple times, adding to the potential for images to earn income for ABTO over time.

At the same time, the provision of high quality images to the members for free or at a

discount would add to the benefits ABTO offers and can increase membership fees. Photo access could be an additional benefit of a higher level membership.

4.5 ABTO discount card

ABTO should aim to negotiate some favorable prices with local suppliers of goods and services that are relevant to tour operators in Bhutan. The advantage to the suppliers is that their offerings will be advertised to the whole ABTO membership, increasing their coverage within this market. The obvious benefit for tour operators would be discounted purchasing allowing them to decrease their cost and increase their margins. The discount card would only be available to subscribed ABTO members and could be coupled with other benefits such as networking functions or training. The cost of the card could either be passed on to operators or included in their membership fee, depending on their membership tier. Overall, the savings they can make by buying their supplies at the ABTO discounts should outweigh the cost of the card. A taskforce, made up of ABTO members and staff, could be set up to manage this project in order to create capacity.

4.5.1 Action steps

1. ABTO needs to list of potential suppliers to approach in regards to this card. There should only be one supplier per industry sector, for example telecommunications, so that the advertising value to the supplier is higher.
2. The chosen suppliers must then be approached and discounts negotiated.
3. Once the final list of suppliers and their discounts is ready, the cards can be printed and the card marketed to current and potential ABTO members. The list of discounts with links to the suppliers should be posted on the ABTO members' only website.
4. Discounts might need to be re-negotiated annually and new suppliers included where appropriate. This will continue to raise the benefit of the card to members and reflect positively on ABTO membership.

4.5.2 Investment required

Apart from the time and effort required to negotiate the discounts with operators, there will only be limited investment required. The cost of printing the cards and distributing them would be minimal and could be offset by selling advertising space on the card.

4.5.3 Timeline

This should be implemented as soon as possible so that the first batch of cards can be sold to members with the renewal of their membership at the start of 2010. More benefits can be added at a later stage, even during the 2010, and advertised on the website or in members' newsletters.

4.5.4 Revenue potential

The return on the investment for the cards will be gained through increased benefits to ABTO members, resulting in a willingness to pay higher subscription fees. ABTO might also be able to save money on products and services from the suppliers that sign up to give discounts to members.

4.6 Other mechanisms

Other mechanisms that could be explored in the future to utilize advertising space available on the ABTO website and in its publications are:

- Sale of books and other Bhutan related products through the ABTO website
- Paid ads on the ABTO website (once traffic justifies it)
- Charging for advertising in brochures and magazines
- Sale of promotional materials to non-members
- One-on-one consultation with start-up tour operator businesses.
- Renting space at the ABTO office
- Establishment of quality certification for ABTO (See Section 4.2.7 in the ‘Structure of ABTO report’)

5. Bibliography

5.1 Sources

Viewed websites are noted throughout the report, in footnotes, where they are referred to. It can be assumed that all the operators' websites, in Section 5.2, were viewed. These are all the published sources that were consulted for this report.

ABTO's Annual Reports (2005-2008)
ABTO Position Paper –Sonam Tobgay
ABTO Articles of Association (2009)
Bhutan Travel Directory (2009).
Bhutan Tourism Monitor (2008).
Discover Bhutan, Issue 1 (2008)
Discover Bhutan, Issue 2 (2008)
Organizational Assessment of ABTO report (2009)
Strengthening Tour Operator Associations in Bhutan & Costa Rica – project document (2008)

5.2 List of Associations

This is a complete list of all associations studied as part of the research for the report. In the report these are referred to in their acronym form.

ACOT – Costa Rican Tour Operator Association

ASEANTA – ASEAN Tourism Association

ATOAI – Adventure Tour Operators Association of India

ATOI – Agricultural Tour Operators International

BNTOA – Belize National Tour Operators Association

BTIA – Belize Tourism Industry Association

BTOA – Brazil Tour Operators Association

CATO – Canadian Association of Tour Operators

CATO¹⁹ – Council of Australian Tour Operators

HLITOA – Holy Land Incoming Tour Operators Association

IAATO – International Association of Antarctic Tour Operators

¹⁹ In order to eliminate any ambiguity, this will be identified as CoATO in the report.

IATO – Indian Association of Tour Operators
IGTOA – International Galapagos Tour Operators Association
ITOA – Irish Tour Operators Association
ITOC – Inbound Tour Operator Council
JITOA – Jordan Inbound Tour Operator Association
MATTA – Malaysian Association of Tour & Travel Agents
NATO – Nepal Association of Tour Operators
PATA – Pacific Asia Travel Association
SLAITO – Sri Lanka Association of Inbound Tour Operators
TATO – Tanzania Association of Tour Operators
TOAB – Tour Operators Association of Bangladesh
TOAPNG – Tour Operators Association of Papua New Guinea
UFTAA – United Federation of Travel Agents’ Associations
USTOA – United States Tour Operators Association