
Support Your Local Specialist

Should You Use a Dive Travel Wholesaler?

After this month's travel correspondents had to drag out their credit card at the boat to pay for their trip a second time, I decided it was time to examine how dive travel specialists work, if they are worth it, and what your risks are.

How Dive Travel Specialists Work

First the basics: dive travel specialists sell dive packages to dive stores, clubs, and individuals. They offer properties — dive operators, resorts, or live-aboards — that meet their standards for representation in exchange for a discounted rate off the retail price. Representation can mean advertising and promotion, as well as assistance in booking packages.

Most dive travel specialists represent a wide range of resorts and operators at different locations, and can make reservations and issue vouchers for each of them. They differ from individual operators who sell space only at their own resorts or facilities, and from tourist bureaus that promote individual islands or groups of destinations. Some dive travel specialists do have financial interests in various resorts or operators, and — understandably — often try to steer customers toward them. Larger dive travel specialists usually have gone to the trouble to bond their own in-house travel agents, who are authorized to issue tickets for airlines and other transportation, thereby

keeping all their business in one location.

Working Both Sides of the Street

Dive travel specialists usually attract retail customers by placing ads in *Skin Diver* and other publications. Their strategy is based on volume. While individual divers' business is very important to some specialists, many rely on wholesale customers for the bulk of their business. They sell dive packages to stores and clubs at wholesale so that the stores or clubs can make a profit by selling packages retail to individuals. This practice has given rise to the other name for dive travel specialists — tour wholesalers.

Specialists interact in a complex fashion with resort owners, dive store owners, dive club officers, and retail customers. All these relationships can best be understood at the nitty-gritty level — dollars and cents.

Percentages and Blocked Space

Consider the problems of an overseas resort owner who wants to increase his American business. Perhaps he's hard to reach because the phones don't work reliably on his island, or he can't afford an extensive advertising budget or an 800 number with an answering service. To get around these difficulties, he may ask one or more dive travel specialists in the U.S. to represent his

property. The resort owner may offer an effective specialist a particularly attractive deal, such as exclusive rights to market his package in the U.S. in exchange for lots of advertising coverage.

Resort owners sell their land packages (diving, lodging, meals, etc.) to specialists at a discount, usually 15–25% below retail. Specialists resell those packages to dive stores and clubs at wholesale prices, and to individuals at or near the advertised retail cost. The specialists' profit on these packages is the difference between their price from the resort and their price to stores, clubs, and individuals, minus operating expenses.

To encourage specialists to advertise and sell their packages, resort owners may offer specialists "blocked" space — packages that cannot be sold in advance by anyone else. As resorts fill up, the only ones able to sell packages there are specialists with blocked space. Resort owners usually won't allow specialists to block too much space at one time — or for too long — unless they have a proven track record.

Specialists must block airline reservations, too, so that they can be sure of getting their customers to and from the properties they are representing. Specialists can't afford to burn up a lot of time and money to get reservations for land packages, only to find that the planes are full.

Clubs and Stores

Most dive travel specialists try to keep prices down, usually selling land packages to clubs and stores about 10% below retail and airline tickets at standard retail. Stores and clubs then add some or all of their land package discount back into their retail customers' price.

This retail price can be lower than the advertised retail price. Because dive stores and clubs usually book a large number of people at one time, they can get group rates for various portions of the package, then offer a break on the package, knowing that individual customers can't do better on their own. If the club is nonprofit — or if a shop wants to sell a cheap trip for some reason — only part of the wholesale discount is added back in.

How can stores make money under this kind of arrangement? Sometimes they don't. Advertising and bookkeeping costs often can't be covered by 10% of the land package price, except on expensive junkets to exotic places. Nonetheless, trips are run as "loss leaders" in hopes of profiting on divers' other purchases (new flashlights, extra regulators, Cyalume sticks, books, instructional programs, etc.). If this strategy backfires, a trip may produce a net loss.

Clubs and stores can sometimes get a better wholesale price by booking directly with resorts and handling all the reservations themselves. It's not easy, though, so if they pass the cost of this effort down to their members or customers, the bottom line may be higher at the retail level. However, for a store that always deals with known destinations and the same resort operators, it can

sometimes be economical to book directly.

On Your Own

The impression that individual customers pay higher prices on packages through dive travel specialists is mostly wrong. The difference between buying a package from a dive store and booking individually with a dive travel specialist is usually nil. It's not hard for an individual to compare the package prices in *Skin Diver* ads with those at local dive stores. That — and competition among stores — is what keeps store prices in line.

Which will cost you more, buying a package from a specialist or booking directly with a resort? Again, competition is your ally. If you walk into a hotel lobby and find that you paid more than some other diver who walked in off the street, chances are that you won't use that specialist again. Most specialists sell packages for the same as or less than the advertised retail rate. That's not to say that you can't go to the same destination for less, though.

Good dive travel specialists don't like to hear complaints and problems on the road. They look hard for the most reliable hotel that will provide divers with a good vacation; this often means a more expensive hotel. If you know the local scene and aren't particular about luxury accommodations, you can sometimes find a cheaper place to stay. For seasoned travelers, that's not a bad way to go, as long as you don't mind making all your own reservations and can tolerate the occasional hassle.

On the other hand, if you're unfamiliar with a destination, a dive travel specialist can make all the difference in the world.

Divers don't travel light, and comparison shopping with 200 pounds of baggage in hundred-degree heat isn't the way most people have fun. A dive travel specialist is unlikely to book you into a poor spot with a mediocre operator. It's to his advantage to send you somewhere outstanding, in hopes of getting your future business and referrals. Consequently, all the really decent dive travel specialists personally check out each of the places they represent.

Fair Payment for Services Rendered?

As a traveling diver, I believe that dive travel specialists are a positive influence on both prices and resort quality. Specialists constantly monitor for good rooms, good food, and good service, and resorts that don't keep the specialists happy stand to lose a good chunk of their business. By increasing the flow of business, specialists help keep a resort profitable, encouraging better services and often lower prices.

Specialists work hard for a small cut of the action. Look at the percentages. Resorts usually offer dive travel specialists 15% to 25% off retail. Furthermore, specialists give 10% of the retail on the land package back to client stores and clubs. Thus, dive travel specialists routinely operate on a gross profit margin of 5–15% on the land packages they book. Compared to most businesses, which usually run on a 50% to 100% markup, that's a tiny margin to work on. If a specialist has a travel agent on staff who can issue tickets, the airlines kick back the standard travel agent's fee, about 10% of the retail cost of airline tickets, also a small margin.

From such tight budgets, specialists have to pay for endless long-distance telephone calls

and worldwide Telex service, hours on hold with the airlines, costly advertising, lost deposits on blocked space, overhead expenses, and travel costs checking out new or old destinations. Not only that, they're often out on a limb over blocked space, one of the necessary tools of the trade. Typically, blocked space is released if it's not booked at least 30 to 60 days ahead of time. To hold it beyond this time, the specialist has to put down a nonrefundable deposit. If a wholesale customer backs out of a trip at the last minute, the specialist may lose the space, the expected revenue, and — perhaps — some of his own money as a cancellation penalty from the resort owner or the airline. The owner takes a hit, too, if he cannot sell that released space at the last minute. That's why bookings with dive travel specialists require deposits well in advance of departure dates.

Dive travel specialists can save you a great deal of work, too. Specialists take care of all ticketing and reservations. This service is not be underrated. Having run many groups myself, I can assure you that dealing with international calls and money transfers, and with ever-changing airline reservations and connecting flight schedules, can be a royal pain.

To ensure that the trip goes well, many store owners and most clubs insist on sending along their divemasters or instructors with every group. If the group size is small, the divemaster may cost more to send than the shop or club will make on the entire trip. To avoid this pitfall, stores and clubs try to get enough divers to go along to qualify a dive-master for a "comp" (freebie). Resorts and airlines usually offer one comp with a certain

number of paid customers. The ratio of paid customers to comps varies with the resort and the airline, but typical ratios are 15:1 for inexpensive trips, 10:1 for more expensive trips, and 6:1 for extremely costly destinations. Destinations with bad press (like Middle Eastern war zones) may offer even more favorable ratios.

Resort owners know that a dive travel specialist can send hundreds (sometimes thousands) of customers their way each year, and a justified negative report can destroy all of that business. Going on a trip sold by one of the dive travel specialists thus carries some insurance against mistreatment on site. You're much more likely to have problems resolved if you're there on a package from a major dive travel specialist than if you're just another individual who won't be back again.

To do some comparison shopping, ask several dive travel specialists for their brochures. Compare feature to feature, and be careful not to compare apples to oranges. Think through one entire day of diving, from waking up to going to bed, and ask the cost of anything included in that day not of a strictly personal nature. You can only compare prices on packages with equivalent numbers of meals, nights of lodging, boat dives, beach dives, airport transfers, and airfare during the same time frame. Remember, costs vary with the season. Find out exactly where you'll be staying; "double accommodations" can mean anything from a tent to a penthouse. Ask whether daily transportation from the hotel to the dive boat is included. Little things can be expensive.

In more popular spots, dive travel specialists have a wide

choice of operators, yet they routinely book with some favorites. Their choices may reflect quality, price, reliability, or maybe just profits. Ask them why they prefer one boat or hotel over another, and you'll learn a few things that you ought to know before plunking down your money. Decent specialists can justify their choices and will be pleased that you asked. You'd be amazed at the number of people who book lodging and diving packages without asking where they'll be staying and with whom they'll be diving. If I offered to get you a generic double room in Manhattan, wouldn't you want to know a little more about the hotel and the location?

Specialists or Direct?

Then there's the question of trust. In general, if you pay your deposit directly to the resort or live-aboard and it goes under, you lose your money (for an exotic destination, a substantial sum). On the other hand, most dive travel specialists will refund your money if one of the resorts or live-

BBB Check

I ran a small sample check by calling the Better Business Bureau for information concerning four tour operators.

See & Sea Travel: No complaints in the past 3 years.

Tropical Adventures: No complaints in the past 3 years.

Sea Safaris: Two complaints.

Island Dreams: No complaints in the past 3 years.

aboard they represent goes out of business. However, a lot of dive travel specialists have also dropped by the wayside in years past. How do you avoid disaster? Probably the best single criterion is longevity in the business. But everybody has to start somewhere, and longevity is *not* a guarantee. It's good insurance to check out any travel specialist, new or old, by calling the Better Business Bureau.

Dive travel specialists have sometimes saved me a sizable amount on airfare because of their booked-in-advance spaces; however, on occasion I've found a cheaper fare through a lot of heavy phone work. And while it is true that no one should be able to answer your questions about a resort better than its own representatives, it's also true that dive travel specialists have more reason to

steer you to the resort they think you would like the best.

Either way, it's a close call. If you have time and like the hands-on approach, check out leads and alternatives, then make a decision. Otherwise, concentrate on finding a reputable wholesaler (see box on page seven).

Diving on the Edge

The Last Few Unknown Places

On some dive trips I'm looking for sybaritic relaxation, but most of the time I'm looking for the adventure of diving on the outer reef of tourism.

Christmas Island: It May Have to Be a Present

When I first heard of diving Christmas Island, I was enthusiastic. From the information I collected, the island's image grew to be a Pacific destination with a biomass equivalent to Palau, but without crowds, and only a 3-hour flight south from Hawaii.

A good Pacific destination on the edge of tourism, but only 8 hours from Los Angeles? How do I get there?

I called Frontiers, the travel agent representing Christmas Island. Frontiers' brochure said they specialized in first-quality bird shooting, light-tackle fishing, offshore fishing, and a diving destination. Their package included accommodations at the Captain Cook

Hotel, meals, custom diving (whenever you want), and round-trip air from Honolulu for \$1,995 (add \$120 for the week if you need air conditioning). Throw in the \$870 for my air to Hawaii, add in at least \$200 for two nights in Honolulu (one each way in order to make connections), and my cost circled around the \$3,000 mark for a 5-day dive package.

My enthusiasm waned. I started to compare Christmas with what else was on the market. A trip on the *Fantasea*, leaving from Phuket, Thailand, diving the Burma Bank and the Simalan Islands, could be had for \$2,300 including air from Los Angeles, a cool \$700 less; or, for \$2,590, I could be beach diving off Sipadan Island, Borneo.

I researched more. Last year fewer than 900 people visited Christmas Island, and most of them were bone fisherman. Very few divers have tasted the waters of this region. It was *still* a lure to me. Maybe I could

find a less expensive way of diving the island.

I began by calling Air Nauru, the airline making the hop from Honolulu down to the island. Airfare was \$465 round-trip; a dive package was \$1,995. Ignoring the repeated \$1,995, I thought I was getting somewhere with the airfare. I called dive operator Kim Anderson's number on Christmas Island. A recorded message in English and Kiribati told me that his number was temporarily disconnected. After a week or so of this message, I called the island's consulate in Hawaii. Yes, there was another hotel on the island; Kim Anderson of Dive Kiribati could tell me the name of it. I mentioned that I was unable to reach Kim. "Oh, Kim has been gone for awhile and hasn't paid his phone bill. You'll have to wait until he pays it. Have you tried lately?" Wow! A place where the consulate knows whether you've paid your phone bill. Now I really wanted to go.

Sure enough, the following week I got through to Kim. He told me to call Frontiers. After some reluctance, he admitted that, yes, there was another place to stay, the Mini Hotel. It had four rooms, maybe a bathroom down the hall, and a kitchen. He would have the owner fax me the rates. His