

TIPS FOR WORKING WITH A DMC



DESTINATION MANAGEMENT COMPANIES | DESTINATION SPECIALISTS

What to Expect When Working With a DMC

Destination Management Companies (DMCs), or Destination Specialists (as Signature refers to them) are inbound travel companies who specialize in a few, or just one destination. DMCs are usually headquartered in the destination they service and act as FROSCH's on-the-ground contact for all sightseeing, ground transportation (including airport transfers), and in certain instances, hotel accommodations and domestic flights. They specialize in customized itineraries for individuals and groups. They sometimes quote our travel consultants a net rate for services, and in the local currency of their destination.

When Should You Use a DMC?

Consider Using a DMC When:

- Private services are needed in a single city or country.
- When a client wants VIP, behind-the-scenes access to popular tourist sites.
- When the integrity, education, and specialization of a guide are of the utmost importance (i.e. client requests a guide who is an expert in architecture.)
- When a client will require a great amount of attention while traveling (changes, "hand holding," etc.)

What's the Difference Between a DMC and a Tour Operator?

- A Tour Operator sells experiences in various destinations, some worldwide! Most times, these services are outsourced to a local DMC, and it is a DMC who is providing the on-the-ground services to your clients. A Tour Operator can leverage their size and volume to potentially provide a lower cost.
- There is less flexibility and personalization available when working with a Tour Operator. Working directly with a DMC eliminates the middle man.
- A DMC provides the invaluable expertise that comes with living and working in the destination. This is typically apparent in the inside information, access, and contacts they can offer you and your clients.
- A Tour Operator will often times pay high commissions, while a DMC will often pay a net rate which we need to mark up in order to cover our margins, giving us more pricing flexibility.
- Tour Operators usually offer a one call solution in that most provide all components of an itinerary, including air, transfers, hotels, sightseeing, etc.
- Tour Operators usually provide a price at the time of the call or within 24 hours. Many DMCs, given the usual complexity of the packages you are requesting, might take days to generate a quote and provide a full itinerary.
- Many DMCs are small operations with a small staff, however they are usually highly trained on the destination you are calling about and can consult on ideas and requests.
- DMCs and Tour Operators both tend to be great partners and appreciate FROSCH's business. A DMC is a great bet for greater control on special items and customization, while using a Tour Operator is a quicker sale that offers most components at a competitive price. They also tend to have a nationwide sales staff here in the U.S. that can help with training and client support.

How to Contact a DMC

- Information on all of FROSCH Preferred and Signature DMCs can be found on the FROSCH Intranet, in the Vendor Portal, under "Destination Specialists." Each DMC's profile will contain information on the destination(s) they work in, the types of products and services they provide, how they quote an itinerary (net or gross/commissionable), contact information, and in some cases, sample itineraries.
- You may contact any DMC by clicking on the "Email Destination Specialist" link in any DMC profile on the Vendor Portal. This will ensure deliverability of your message, and you will receive a copy of this message for your records as well. This is especially important for DMCs that you have not worked with in the past.
- In your initial correspondence with any DMC or Tour Operator, be sure to offer as much personal information on the traveler(s) as you can, including travel history, ages, interests, physical limitations, etc., so that the DMC can craft a truly personalized itinerary for your clients.

How DMCs Quote to Agents

After an initial consultation with a DMC on your client's needs, the DMC will put together a preliminary itinerary, which can be further customized.

DMC Quotes Typically Contain:

- A grand total, **NET** cost (meaning they have **not** built in **any** commission for FROSCH), in local currency (Euro, Pound, Rand, Rupee, etc.), for the entire program. All components of the itinerary should be factored into this total cost (be sure to confirm **exactly** what is and what is **not** included with every itinerary). To come up with a GROSS SELLING PRICE – please follow this easy three (3) step process:

Always remember to add a mark-up, in lieu of commission, to a DMC's quote before sending it to the client. Use the following calculation example as a guide:

To earn 15% Commission on a NET package of €500.00 (Remember, 15% must be the minimum commission for a NET package!):

- 1. Calculate the divider:** Deduct .15 from 1 ($1-.15=.85$)
- 2. Use the divider to come up with the NET selling price:** 500 divided by .85 = €588.23
- 3. Then round up to the nearest reasonable amount to come up with the actual selling price:** €590.00

Factoring in Credit Card Merchant Fees

As most DMC quotes are net and you will be adding a mark-up, FROSCH will most likely be charging the client's credit card. In a case like this, you now need to add the merchant fee mark-up to the total cost. This is very important because FROSCH is charged 3% to charge a client's credit card. In the above calculation, you marked up the net price to arrive at the selling price. To add in the 3% credit card fee, please use this formula. This is to be done for EVERY CREDIT CARD SALE WHERE FROSCH IS THE MERCHANT:

- 1. Calculate the divider:** $1-.3=.97$
- 2. Divide the divider above by the net selling price:** $€590/.97 = €608.25$
- 3. €610 should be the GROSS SELLING PRICE you quote to the client**

Always quote the client in the local currency that the DMC has given you and give them an approximate (not guaranteed) conversion to US Dollars.

How to convert to USD:

Go to any number of online currency conversion sites (we personally like Google), and enter the selling price in local currency. Google will calculate the price in USD based on today's conversion rate.

Click [here](#) for Google's Currency Conversion Calculator.

DO NOT GUARANTEE THIS RATE! This is only a gauge. Foreign currency prices change minute to minute and can change widely should any type of global event take place.

Also, advise the client that the foreign currency exchange rates can fluctuate up or down between now and when final payment is due and we cannot guarantee the USD price.

- Always ask for a detailed list of included and excluded items, including gratuities to drivers, guides, and porters.
- Always ask for the Terms & Conditions that outline deposit and cancellation policies.
- Always remember to review the cancellation penalties with your client and make sure you also note FROSCH's cancellation penalty - \$100 per person.
- Remember to go through the final pricing, inclusions, exclusions, insurance, and terms and conditions in detail with your client. Ensure they acknowledge their understanding to avoid any issues later.

Receiving Commission from a DMC

If a DMC has quoted you a net cost and you've marked it up to a selling price, FROSCH will be charging the client's credit card for the selling price. You will then send a wire transfer to the DMC for the net price they quoted you, keeping your commission in house.

Instructions on how to send a wire transfer can be found by clicking [here](#).

FROSCH is charged a \$35.00 fee for each wire transfer, so please remember to include this cost in the selling price that you quote to the client.

If the DMC has quoted you a gross/commissionable rate and will be sending you back your commission, there is one thing to be mindful of:

The governments of certain countries require DMCs to receive an invoice from you for the commission due to you. If this is required, the DMC will let you know and it will also be indicated in the DMCs profile on the Vendor Portal. This is the case in many countries, including Russia and India.

My Client Wants an Itemized Invoice. Why won't the DMC Give It to Me?

DMCs do not provide an itemized invoice. This is done for several different reasons, including the following:

- DMCs sell negotiated, discounted, and highly confidential wholesale rates for many of their services. It is a breach of contract for them to reveal the costs they pay to either a travel agent or a client.
- Providing your client with an itemized bill almost guarantees you will lose profit! An itemized bill is an open-ended invitation to scrutinize the cost and necessity of every single component of the itinerary you've worked so hard to put together, and to "shop around" for cheaper, less reliable options.
- If a client asks why you can't book a cheaper option for a component that they have found, remind them that having all the logistics of their trip handled by the same local team ensures that things will run smoothly, and any delays or issues will be dealt with on their behalf swiftly and without confusion.

My Client Won't Take No for an Answer. What Should I Do?

If your client is adamant about an itemized invoice, try to work with the DMC to create a partially itemized invoice, such as:

- Invoice broken down by component (i.e. total cost of hotels for entire trip; total cost of ground transportation for entire trip, etc.)
- Invoice broken down by day (i.e. total cost of all itinerary components for Day 1, Day 2, etc.)
- Asking the DMC to highlight the itinerary components that are the main drivers of cost. (i.e. after hours, VIP access to a particular site)
- Always make sure any price you show is MARKED up and is the GROSS SELLING PRICE.

A DMC can make you look incredible in the eyes of your clients, by providing sightseeing options they never knew existed, and access they could never dream of! By working closely with them, you will WOW your clients time and again with bespoke, efficient, and stress-free experiences.

For assistance in choosing the best FROSCH or Signature Preferred DMC for your clients, or for help in working through any problems you may encounter, please contact Joe Pcolinsky, our Manager of In-Country Partnerships at joe.pcolinsky@frosch.com.

