

CHAPTER 2

UNDERSTANDING TOUR OPERATION

UNDERSTANDING TOUR OPERATION

The aims of the unit:

- The evolution and components of tour operation
- Analyse the tour operation business
- The role of a tour manager
- The meaning of a tour wholesaler
- The various sources of income for a tour operator
- The various types of integration and linkages.

UNDERSTANDING TOUR OPERATION

A. ELEMENTS OR COMPONENTS OF A TOUR OPERATION:-

- **Transportation**
- **Accommodation**
- **Itineraries**
- **Sightseeing and**
- **Meals.**

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A. *ELEMENTS OR COMPONENTS OF A TOUR OPERATION: contd.*

➤ *Transportation*

- ❖ It may include air, car, motor-coach, train or ship
- ❖ Mostly modes of transport are combined to provide an attractive package such as:-
 - fly/drive
 - fly/cruise

INTRODUCTION TO TOUR OPERATION

A. ELEMENTS OR COMPONENTS OF A TOUR OPERATION: contd.

➤ Accommodation

Wide range of hotel types are available to suit each individuals budget , such as

- ❖ Luxury hotels
- ❖ Resorts
- ❖ Dormitories
- ❖ Motels
- ❖ Downtown hotels

INTRODUCTION TO TOUR OPERATION

A. *ELEMENTS OR COMPONENTS OF A TOUR OPERATION: contd.*

➤ **Itineraries**

The components of an itinerary include:-

- ❖ **The route**
- ❖ **Travel time**
- ❖ **Distances**
- ❖ **Activities and**
- ❖ **Sightseeing during the tours.**

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Contd.

When considering tour itineraries it is helpful to understand some basic guidelines which can be divided into five parts (P R I D E)

- ❖ Pace
- ❖ Routing
- ❖ Interests
- ❖ Details
- ❖ Energy

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A. ELEMENTS OR COMPONENTS OF A TOUR OPERATION: contd.

➤ **Sightseeing:-**

It is the activity of visiting interesting or famous places in a particular location

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➤ Meals

A wide range of meal plans are available such as:-

❖ European plan (EP) :-

In this type of tour the tour cost is given excluding the meals rate

❖ Continental plan (CP) :-

In this type of plan the tour participants receive a daily light breakfast or sometime heavy buffet breakfast.

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- ❖ **Modified American plan (MAP) :-**
In this type of plan the tour participants receive breakfast and one of the main meals.
- ❖ **American plan (AP) :-**
In this type of plan the tour participants receive breakfast and one of the main meals.
- ❖ **Bermuda Plan (BP) :-**
In this type of plan the tour participants receive a full cooked breakfast and no other meals are provided.

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A. ELEMENTS OR COMPONENTS OF A TOUR OPERATION: contd.

Some of the elements that can be included or excluded from a packaged tour are:-

- ❖ **VOLUME**
- ❖ **PRICE**
- ❖ **BRANDING**
- ❖ **AIRLINE SERVICES**
- ❖ **UNCONTROLLABLE COSTS**
- ❖ **TECHNOLOGY**
- ❖ **QUALITY MANAGEMENT**
- ❖ **VALUE ADDED SERVICES**
- ❖ **TRAINED HUMAN RESOURCES**

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B.1 The role of the tour Manager

- They are appointed by the Tour companies to manage a tour
- They are also termed as Guide, Escort, or Tour Leader.
- Experienced people are hired for this purposes.

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B.2 Qualities of a Tour Manager

- **He should posse's good communication skills.**
- **He should have knowledge of the destinations that is to be visited.**
- **He must have the financial and accounting knowledge and being Multilingual will be an added benefit.**
- **For international tour, Tour Managers should be well versed with all the Travel Formalities such as Passport, Visa, Customs and Forex Regulations.**

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B.3 Job Responsibility of a Tour Manager:-

- Developing and designing International and domestic packages
- To ensure that the tour is running smoothly
- Dealing efficiently with emergencies that occur during a tour
- helping the group with travel formalities and their needs

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C. TOUR WHOLESALERS

- *Purchase in bulk* components of a holiday
- *Package* them into a standardised repeatable product
- *Brand* them into a single entity
- Offer them to the public at an *inclusive* price

Company integration

Definition of company integration	<i>Companies purchase or establish companies operating at different levels in the chain of distribution in order to achieve further economies of scale</i>
Ways of integrations	vertical integration
	horizontal integration

Vertical integration

Definition	Successful example
<p><i>When any national or multinational company opens its own travel company or hotel or resorts or an airline then it is known as vertical integration.</i></p>	<p>Thomson owns two outlets: Britannia Airway and Lunn Poly</p> <ul style="list-style-type: none">▪ Britannia Airway: provide Thomson with aircraft seats▪ Lunn Poly: help Thomson at the high street retail level

Horizontal integration

Definition	Example
<p><i>Horizontal integration means players who are in the same business and doing same or different activities merge or take over their counterparts business</i></p>	<p>The British Airtour Holiday purchase the Scandinavian tour operator SAS Leisure, providing greater geographical coverage and market share of the package business in Europe.</p>

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D. 2 Advantages of Horizontal Integration:-

- *Elimination of middle man,*
- *It helps to improve the ability to gain economies of scale in operations,*
- *It increases the purchasing power, and the probability to gain greater market share,*
- *It helps to acquire or share a wider range of products and increase the market value of the company,*
- *Reduces the competition*

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D.3 Advantages of vertical integration

- *It includes the ability to control the suppliers (in the case of backward integration),*
- *It helps the retailers who sell the organization's product (in the case of forward integration),*
- *It helps in controlling the overall standards of the package,*
- *It ensures to maintain a ready supply of air seats and hotel rooms when demand is heavy i.e., in peak season,*
- *Helps to avoid paying commission to external organizations,*

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D.4 Linkages :-

- A tour operator should manage, maintain and develop contacts with principal suppliers.
- Principal suppliers may include airlines, hotels, transporters, insurance companies, health service providers, conference and convention organizers, shopkeepers/shopping mall owners etc.

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- It is advisable to attend and visit various exhibitions, conference and FAM Tour (Familiarisation Tour).
- It is necessary to keep updated with the recent developments and promotional offers, schemes which from time to time are offered by airlines, hotels, other tour operators, etc.

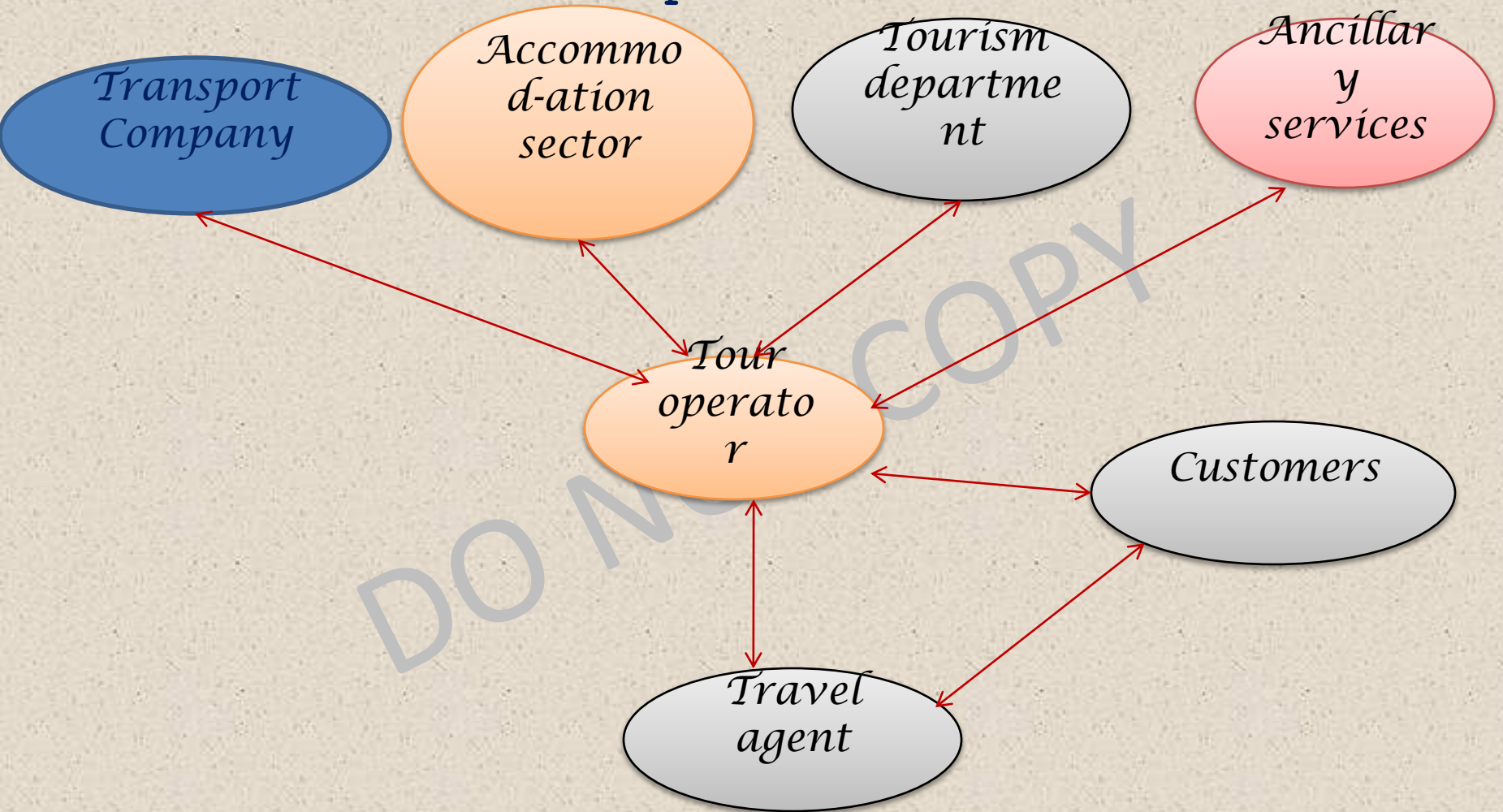
The advantage to a tour operator of strategic links with overseas-based companies

With the globalization of economy, the tour operator should be linked strategically with the overseas-based company to strengthen its financial rooting to participate in the global tourism business competition in the following ways:

1. enlarge distribution channel --- offer a wider range of products
2. get supports in many fields , such as product promotion and sales, booking of aircraft seats and hotel rooms, etc.
3. It can get a promise that the advanced management arrives at it as soon as possible.
 - * technology help
 - * management help
 - * personnel training
 - * personnel help
 - * financial help

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Position of Tour Operator:-



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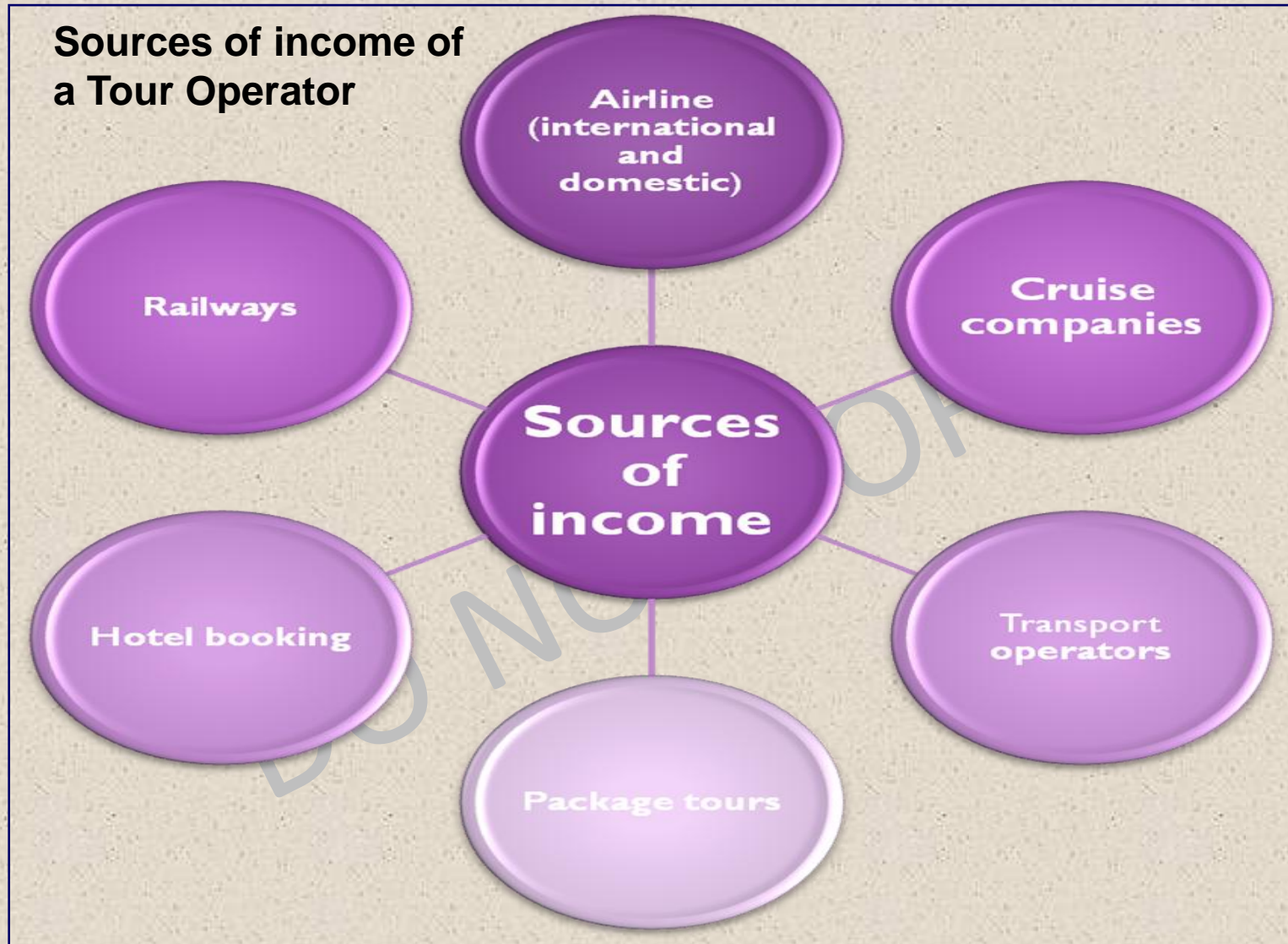
- *Tour operators can be classified in different ways:*
- *Tour operators specialized in the organization of travels abroad;*
- *Tour operators specialized in the organization of travels in their country for foreign clients;*
- *National tour operators which produce travels in their country for clients of the same country.*
- *But tour operators must be classified also in:*
- *small tour operators*
- *big tour operators*

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- *Key factors for success in this industry? (Jobber 1995)*
- *Financial strength*
- *Technological*
- *Creativity*
- *Expertise*
- *Product Quality*
- *Access to distribution channels/location*

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Sources of income of a Tour Operator



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- *Additional sources of revenue:-*
 - *Variable Mark-up*
 - *Sales of optional tours, excursions and extensions*
 - *Shopping commissions*

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NEXT CHAPTER - 3

*MANAGING A
TOUR
OPERATION
COMPANY*