

Types of tour operators tourism essay



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The tour operating sector of the travel and tourism industry is an important but frequently overlooked influence on many issues relating to tourism studies. Marketing, tourism planning and development, financial management and consumer behavior are among those areas to feel such influence. Tour operations forms a dynamic industry sector characterized by expansion, intense competition, mergers and acquisitions, all of which have been pivotal to industry development and product offerings over the past 20 years. Many operators have looked to other countries for business expansion. There have been several mergers and take-over between tour operators in the UK, Germany, Scandinavia and elsewhere in Europe, which have brought both advantages and disadvantages for many industry players. For several years, the UK travel industry has been characterized by intense competition which has resulted in many mergers and acquisitions.

The emergence of a sophisticated and innovative travel industry was a key factor in the growth and development of international mass tourism, with the tour operating sector in particular leading the way in both creating and meeting the needs of tourists. More recently, of course, a variety of factors, including the increasing supply of ‘no-frills’ flights, advances in information technology, widespread use of the Internet, and a more confident and experienced travelling public, have all contributed to an increase in independent travel. However, the continuing role and influence of tour operators should not be underestimated, particularly the pivotal position they occupy within the tourism system.

1. 2 Types of Tour Operators

Outbound Operators

Outbound operators are travel from the generating country to another country this means who are residents of a country visiting other countries and travel for tourism purposes. This type of tourism also known as international visitors A high exchange rate for the pound sterling means lower costs for tour operators buying services in foreign currency. It also encourages UK outbound tourists but discourages inbound tourists.

Inbound Operators

This type of tourism is also known as International visitors and Incoming operators who are residents of countries other than that being visited and travel for tourism purposes. The Incoming tourism helps the country to gain more income

Domestic Operators

This type of tourism is also known as residents visiting destinations within their own country's boundaries who travel for tourism purposes. Estimates of the size of this sector of the market vary because in many countries domestic tourism is not adequately measured at present. Within the total volume of domestic tourism, same-day visits are the most difficult to quantify. In most developed countries the frequency of day visits is already so great that it is not easily measured by traditional survey techniques, because people find it hard or impossible to remember the number of trips they have taken over a period of months or even weeks.

To summarize, the total market for travel and tourism comprises three main elements: international visits inbound to a country; outbound international visits made by a country's residents; and domestic visits including day visits from home. The total market has grown rapidly in recent years and is now very large, encompassing the great majority of the population of economically developed countries. Frequent, repeat purchases of travel and tourism products in a year are already a normal experience for many people.

Share of voice Compares an organization's advertising spend to the total market spend on advertising. In the UK, domestic tourism and inbound tourism have a small share of voice compared to outbound tourism.

Individually, micro-businesses are insignificant as players in international and domestic tourism and recreation. In practice they are often ignored in national and regional tourism policy developments. Collectively, however, they provide the bulk of the essentially local ambience and quality of visitor experiences at destinations on which the future growth of overseas and domestic visits depends. They also comprise a seed bed of entrepreneurial and enterprise 'culture' that is highly relevant for destination marketing.

Direct Sell Operators

There are few tour operators who use to sell their holiday package using the tour agent. The tour operators have sold their package to public directly, because this can offer great value. The consumer can think that this will cost than buy the package directly from the tour operators. But the truth is they will not add any commissions to their package. The consumer can buy cheaply from the tour agent.

1.3 Current Trends and Development

The big challenge in tourism is that it is difficult to define the typical travel, tourism and hospitality organization. This is, in part, because tourism is an amalgam of subsectors such as transport, accommodation, attractions, services and tourism facilitation, each of which consists of a number of different groups.

Tourism organizations also vary greatly across national boundaries. There are some emerging global or multinational companies in tourism, and the sector is affected by trends towards globalization in business, for example, the major airline alliances such as Star and Oneworld. However, the vast majority of operators are greatly influenced by the political, economic, socio-cultural and technological context within which they are located, generally at a national or local level. They are subject to variation as a result of differing political conditions, varying company and consumer laws and the influence of cultural considerations, for example, attitudes to alcohol in Islamic countries. Tourism organizations also operate within a highly volatile demand environment, primarily exhibited through seasonality but also through demand fluctuation within the week (business hotels and airlines at weekends face a major downturn) and within any working day. This characteristic demand curve imposes significant constraints on the management of human resources within tourism

Tourism organizations belong within the service sector of the economy. They are, therefore, very different in the way they operate and how they are organized from organizations which focus on the processing and production of manufactured goods. There are particular features of service

organizations, and the services that they provide for their customers, which differentiate them from the manufacturing sector. These features establish the parameters within which people work and are managed in tourism.

In the short term it seems likely that the battle among the larger operators for market share will continue and the smaller independents will have no respite from their perpetual struggle to survive. Presumably, existing competition legislation will prevent more mergers that compromise the consumer's interests.

1. 4 Special Interest Holidays

There are number of tour operators provide number of special holiday packages. By searching on Internet we have identified that there are many organization in UK providing special holiday packages.

ABTA The Travel Association provides many offers to their customer. For an example “ 3 nts New Yorker Hotel New York” which allow the tourist to stay for 3 days in New Yorker Hotel with the standard facilities.

Figure 1. 1 The Holiday offer given by ABTA

ResponsibleTravel. com: This organization provides family holidays for their customer. It has number of packages. Eg: Self Catering Accommodation for 2 or 3 people

Figure 1. 2: Self catering accommodations for 2 or 3 people

Travel Navigator: this site helps the tourists to find packages in various sites. This site includes the sites for holiday packages for tour operators, general tour operators, specialist tour operators and for dynamic packaging.

AITO: This site also providing number of holiday packages. Eg: Taj Express with on the go tours

FTO: Federation of tour operators also provide holiday packages for long term planning

BITOA : The British Incoming Tour Operators Association providing tour operators and tourism supplies to UK.

First Choice: This operator provides holiday packages for family and adults.

Thomson: This operator also provide holiday packages in different level such as, luxury holidays, family holidays, spa holidays, and cheap holiday. This allow the consumer to select their desire package

ABTA: providing package for travel to Maldives

2. 0 Task 2

2. 1 Developing Package Holidays

According to Richard, S “ A package holiday is simply defined as the pre-arranged combination of two or more components of a holiday, such as transport, accommodation and other services (for example, local sightseeing tours)”. Thus, although package holidays (and, hence, tour operations) are most commonly thought of in terms of charter flights to summer-sun

destinations, it is important to recognize the enormous variety of types of package holiday.

The rapid growth in online sales (e. tailing) has not only further complicated the chain of distribution but also served to limit the power of intermediaries. Many online businesses (dot. coms), such as expedia. com or lastminute. com, sell a variety of travel and tourism products (allowing customers to create their own package holiday), while principals themselves, such as budget airlines, also offer links on their websites to other products, such as accommodation, car hire, insurance and entertainment. They can be categorized by:

Mode of transport: package holidays include transport by air (ITX or ITC), sea, rail, road or car/bicycle hire.

Type of accommodation: any type of accommodation may be component of a package holiday.

Services included: from basic flights and transfer to the ‘ all-inclusive’.

International vs domestic: numerous tour operators cater to domestic markets.

Distance to destination: while short haul destinations account for the majority of package holidays by air, there is an increasing demand for long haul packages.

According to Richard, S There are three stages in the construction of a package holiday:

First Stage: Research must be undertaken into market trends, existing products and competitive supply, and destination research to establish the feasibility of developing a new product in a new destination.

Second Stage: This involves the actual creation of the package, broadly embracing four areas of activity:

capacity planning, including both setting target capacity figures and contracting accommodation and aircraft seats

financial planning, including the critical process of pricing holidays

sales and marketing, particularly brochure production

Administration, including establishing reservation systems, recruiting resort-based staff and processing initial bookings.

Third Stage: During the first full season, a variety of activities occur, including:

holiday management

customer care

account payment to suppliers

2. 2 Different Components of the Package Holiday and Different Type of Tour Operators

Principals in the travel industry, such as hotels and airlines have various choices for distributing their products. They may, for example, deal directly

with the customer through the Internet, sell through a tour operator or use other methods.

Tour operators choose the accommodation, the range of excursions, the routes, the choice of airline and the prices. The better the balance between the interests in the exchange process, the smaller the marketing expenditure will need to be as a proportion of sales revenue, and vice versa. For example, if a tour operator has accurately designed, priced and judged the capacity of a programme, sales will be achieved at a relatively low promotional cost. If, for whatever reason, the price is too high, the product design uncompetitive or the capacity excessive for the available demand, only massive promotional expenditure and discounting will bring supply and demand back into balance.

There are many types of package holidays available in the world. And the each package can be suit for different type of tour operators. We have seen that there are domestic tourism, inbound tourism, outbound tourism, and direct sell available. Currently 4 biggest tour operators are available. Those are, Thomson, First Choice, MyTravel, and Thomas cook.

These package holidays are structured by tour operators. It also sold by travel agent to the consumer. Package holidays are available for domestic purpose which create packages for the tourists who want spent their holidays within their country. For this kind of tourists the tour operators create packages such as, luxury train tour, wildlife holidays, adventure holidays, yoga & meditation, luxury cruises, houseboat tour, luxury tour and so on.

The inbound tourism, residents of countries other than that being visited and travel for tourism purposes. This kind of tourism helps the country to gain more income. To attract this kind of tourists, it is the tour operator's responsibility to create attractive package holidays. This package has to provide all the facilities to the tourists. Such as accommodations. Summer holidays, family holidays and a tour to taj can be categorized under this inbound packages

The outbound tourism, travel from the generating country to another country this means who are residents of a country visiting other countries and travel for tourism purposes. The outbound packages include summer holidays. This packages has to satisfied the own country' tourists who plan to visit some other places.

2. 3 Costing of the Package Holiday

In order for a business to survive over the long run, the average prices charged must be high enough to generate sufficient revenue to cover all fixed and variable costs and provide an acceptable return on the assets employed. Operating costs, expressed as average costs per unit of production, are therefore a primary input to all pricing decisions and they provide at least a nominal target floor for prices, below which they should not fall.

Tour operators have to create packages for different costing, because people cannot buy the same packages. The below figure shows an cost details of the package holiday.

2. 4 Major Tour Operators in UK

In UK there are number of tour operators are available. Such as Association of British Travel Agents (ABTA), Association of Independent Tour Operators (AITO), Federation of Tour Operators (FTO), British Incoming Tour Operators Association (BITOA) Civil Aviation Authority (CAA), etc...

AITO (The Association of Independent Tour Operators)

AITO is one of the best tour operator in UK.

The aim of AITO members is to provide the premier level of customer satisfaction by concentrating on three main pillars: Choice, Quality and Service, enshrined in the association's Quality Charter.

Companies admitted to AITO are all vetted and fully bonded for client's protection, in compliance with UK and European regulations. They are also bound by AITO's own Code of Business Practice. AITO's tour operating sector has undergone a process of integration. At AITO this has occurred in two directions.

Horizontal integration: where tour operators purchase/take over other organizations at the same level within the chain of distribution (i. e. other tour operators).

Vertical integration: where tour operators purchase/take over other organizations either higher up the chain of distribution (i. e. principals, such as airlines or hotels) or further down the chain (i. e. travel agencies). These are sometimes referred to respectively as backward and for ward integration.

Horizontal integration provides a tour operator with:

economies of scale

increased market share

the opportunity to strengthen through expansion

The opportunity to strengthen through diversification.

Vertical integration provides a tour operator with:

economies of scale

continuation of supply

the ability to control quality

Control over distribution and merchandising.

Task 3

3. 0 Brochures and Methods of Distribution

3. 1 Brochures

Promotion is a key aspect of event marketing. The brochure is the most important promotional tool in tourism. . A full range of brochures and printed material is explaining different aspects of the products. Brochures plays a role in attract new business tourism events to the country. The brochure commitment is inescapable, and so also is the retail agency support system to achieve the given volume of sales.

Brochures such as those provided by tour operators are designed to stimulate customers and motivate them to buy. They identify needs, demonstrate in pictures and words the image and positioning of products and organizations, and carry the key messages. In this role they act in the same way as advertising. They also perform a vital display function in the racks of distribution outlets, such as retail travel agents, where they serve in lieu of physical products. In the typical self-service shops run by most travel and tourism retailers the display role, and the customer appeal of brochure covers and contents, are vital to marketing success.

The brochure is the product at the point of purchase, especially for first-time customers. It establishes expectations of quality, value for money, product image and status that must be matched when the product is delivered.

When preparing a brochure we have to find answer for the following.

Identify the purpose of this brochure.

Identify for which product that this brochure suits.

Identify the target audience

Define the style, contents, color themes for the brochure.

3. 2 Methods of Distribution

Distribution comprises 'access', points of sale and convenience for customers. Travel and tourism is one of the few 'pure' global information industries. Intangibility at the point of sale places great weight on the role of information provision and the industry is especially well placed to profit from

the new developments in ICT. From exposure to advertising messages, through the selection of information and evaluation of options and prices; from the placing of a booking, payment and receipt of confirmation and tickets, right up to the point of departure on a visit, all the processes are conducted by exchanges of information. Currently, and increasingly, the exchanges take place between computers that also finalize the settlement of bills and store information about customers on databases. Distribution channels provide:

Points of sale and convenient customer access, either for immediate purchase or for booking in advance.

Display and distribution of product information such as brochures and leaflets – or multi media information that may be accessed and down-loaded via the Internet (providing choice for customers).

Sales promotion and merchandising opportunities, especially special deals on prices responding to yield management programmes.

Advice and purchase assistance, e. g. itinerary planning, suggestion of options and helpful product knowledge.

Arranging transfer of title to a product through ticketing and travel documentation, or provision of a unique reference number that can be presented at the point of delivery.

Receiving and transmitting sales revenue to principals.

Possible provision of ancillary services, e. g. insurance, advice on inoculations, passport assistance.

Sources of marketing intelligence for producers, often including building up consumer databases.

May be used as part of a principal's advertising and PR campaigns.

A route for receiving and assisting with complaints from customers, or directing them to another source.

Call centers:

Sophisticated ' call direct' telephone information and booking systems, often employing dozens or hundreds of people in places where property prices and staff costs are relatively low. India has become a key destination for such centers that can provide services all around the world. Call centers are used to deal with enquires and bookings directly from consumers and are the core response mechanism for advertising campaigns offering direct access via phone numbers. Increasingly linked with Web sites to process information requests and e-commerce, call centers are also used to create and manage consumer databases.

Website:

A site created on the Internet by a business to provide motivating information and possibly e-commerce facilities for customers. Each Web site has a unique address that may be accessed direct or by ' search engines.'

Internet:

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Internet into the distribution pattern makes a fundamental difference since it both adds a flexible new low cost channel of almost limitless capacity and joins up seamlessly what previously were essentially discrete operations. Principals that dealt exclusively in the past with tour operators/wholesalers may open their own Web site and deal with some customers direct. The Internet and call centers will be the linked routes for privileged cardholders.

Travel Agents:

Travel agents or retailers are, along with tour operators, intermediaries in the tourism system – in fact, in the UK at least, a significant proportion of travel retail outlets are owned by tour operators. Travel retailers have, for many years, played a vital role in the supply of travel and tourism products and, despite the significant challenges posed by the Internet and the consequential threat of disintermediation, continue to do so. Therefore, the role of travel retailers within the travel and tourism chain of distribution is to sell a variety of travel products to the general public or, in the case of business travel agencies, to corporate clients. Typically, travel retailers have sold airline tickets, rail/bus tickets, package holidays and hotel rooms, as well as a variety of ancillary products, such as car hire, travel insurance and foreign exchange. For all products sold, retailers receive a commission payment from the principal although, more recently, there has been a move towards reducing levels of commission, particularly for airline tickets.

Direct Sell:

Direct selling means the ‘ selling of goods and services, which involves direct communication between the producer and customers, without the use of

retail outlets, distributors, wholesalers or any other type of middleman'. This form of selling, a forerunner of modern methods, was always more significant in UK but it was effectively used as a way to shift products more cheaply than using alternative third party forms of distribution.

Task 4

Strategic and Tactical Decision Making

Successful marketing in travel and tourism depends upon balancing tactical and strategic marketing. For airlines, hotels and tour operators, tactical marketing (utilizing tools such as yield management) is a vital activity to ensure remaining capacity is sold. At the same time, however, long-term strategic marketing is also necessary to develop new products or brands so that the organization remains competitive.

Strategic Decisions

Strategic decisions are focusing on long-term product development, such as introducing new destinations in winter-sun program. The strategic decisions involved in five main elements:

Forecasting demand.

Finding ways to reduce costs

Building corporate product and brand strengths.

Relationship.

Strategic linkages.

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The strategic decisions will vary for each tour operators. Since the domestic tour operators has define decisions for their purpose. The tour operators have to define the strategic decisions according to their level. The tour operators has to make following strategic decisions.

estimates of future traffic flows will always be surrounded by risk because of the unpredictable nature of the business environment. But the better the operator's knowledge of customer profile and behavior, the better the chance of reducing the risk.

Determining the size, profile and needs of the target audience

Paper quality, choice of colors, density of copy, graphics, and the style and density of photography are varied in practice to match chosen images to selected target audiences. Up-market target groups respond better to heavier quality paper, lower density per page, pastel colors and thematic photographs. Down-market target groups are more influenced by bold colors, direct and straightforward copy and are not put off by greater density per page. Web site and multimedia design decisions are similar in principle having regard to the possibilities of the new medium rather than print.

Specifying brochure/Web site objectives.

Deciding the method of distribution.

Tactical Decisions

Tactical decisions are focusing on short-term problems and solutions, such as reducing the price of a holiday to maintain sales. According to Middleton, V

Clarke, J Passenger transport marketing responds to seven specific external factors over most of which the operators have only very limited control and not much influence. These factors are listed and four of them are briefly discussed below:

Vehicle technology (major innovations).

Information and communications technology.

Regulatory framework.

Price of fuel.

Economic growth or decline (national and international economy).

Exchange-rate fluctuations.

Environmental issues.

Tactical decisions includes

Focus to secure on a daily basis

Segment specific promotions: The success of promotion is directly related to the knowledge that marketing managers achieve of the profile, needs and the probable behavior of the customer segments with which they deal.

Tactical pricing

Managing crisis