

# The world association of travel agencies tourism essay



**ASSIGN  
BUSTER**

With globalization of economy the world wide communication has increased tremendously along with the touring activities. These touring activities may be for recreation business or any other purpose. A travel agency is an agency that makes the necessary arrangements for travelers (Referenced from, Concise Oxford Dictionary 9th addition Page 1485). The travel agent is supposed to be an expert who can make the knowledge of various destination available to his clients regarding mode of travelling paper work like Passport, Visa and money exchange, Hotel Accommodations for stay like hostels etc, Car rental, connectivity's and local tour etc. A new aspect of tour agency has developed recently i. e. Internet Traveling Agencies using the internet facilities.

In terms of the business a travel agency can be defined as a retail business selling products and services which are related with the travel activities. A travel agency works on behalf of the suppliers of such facilities like Airlines, Cruise Companies, Car Rental, and Hotels etc. According to the work a travel agency may specialize into holiday package, business tours, educational tours etc. A new dimension of traveling has emerged i. e. Medical tourism related with services provided to a patient.

## HISTORY

Cox and Kings is supposed to be the pioneer company in the field of modern touring. It started in 1758 as Recreation Company for the wealthy customers of a private bank. Thomas cook followed Cox and Kings with establishment of the chain of agencies in 19th century with a partner i. e. mid land railway. They sold their own product to the public as well as other tour packages from

different tour companies. Other pioneers travel agencies include polytechnic tourism association, co-operative wholesale society and Dean & Dawson. All these travel agencies are of British origin. In America the pioneers in the field are Brownell Travel. With development of commercial aviation in 1920's the travel agencies become more and more popular in the public further boom was there in the post-war period with development of mass-market packet holidays specially developed for the working class customers in British owned colonies.

#### OPERATIONS AND FUNCTIONING

A travel agency is mainly an agent which sells products and services relative with the traveling on behalf of the suppliers. They do not have a ready stock in hand unless a customer request for the same. Most of the travel agencies thrive on commissions given to them by the suppliers In uae 7% commission is paid by the airlines to the travel agencies. These agencies have direct links with hotel chains cruise lines and airlines for their activities.

**RESOURCES AND REVENUE STRUCTURE** A travel agency has got two means of revenue earnings i. e. commissions and professional fees.

**Commissions:** - These are the main source of income for most of the travel agencies. A travel agency is paid commission by the suppliers of the products and services like airlines etc. Usually the commissions are supposed to be given on a fixed ratio basis. However in case of an agency providing higher volume of business to the supplier it may demand a higher percentage for its services. It is called as override. To enhance their business

a travel agency may prefer to pass on some part of this commission to its  
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preferred customers in order to fetch more business. This is the reason that some time a ticket of an airline is available at a higher price when purchased from an open market and at a lesser price with the agency. Travel agencies also help the airlines to fill their empty seats at the last minutes.

**Professional fee:** - A travel agency may charge professional fee from its client if it is not getting commission from the service provider. This may be a percentage premium of the total cost of tour or may be charged on a flat rate basis.

**Other commercial activities:** - These include travel insurance, providing travel guiding time tables, car rental and on site Bureau de change services provided by the travel agencies of large chains. A standard fee may be charged for the same.

**Promotional Activities:-** Travel agencies have to take help of print and electronic media for their promotions. This constitutes a major expenditure. This may include hoardings, advertisements and other professional advertising. Apart from this the other expenditure are usually administrative and liaisoning activities. Liaisoning activities are supposed to be vital to get business in bulk.

**Sales:-** There are four stages of sales sequences for a travel agency :-

Enquiring about needs of a customer.

Development of a personal rapport with the customer.

Good presentation of the products and services and their major suppliers.

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Actual sales.

**ROLE OF TECHNOLOGY IN PROMOTIONAL ACTIVITIES** A better customer satisfaction may be generated if a travel agency uses adequate technologies to provide instance services to its clients.

**CUSTOMER PROTECTION: SURETY BONDS** Like all other business travelling too has a risk of commercial failure so majority of the travel agents have the insurance policies against such calamities. These are called surety bounds and are well advertise by the travel agencies if they have this facility. This means that the clients are guaranteed either the refund of the money or an equivalent holiday according to their preference. These bounds are usually provided by IATA (International Air Transport Association), ATOL ( Air Travel Organizers' Licensing), ABTA (Association of British Travel

Agents and ASTA (American Society of Travel Agents.)

**HOLIDAY SUPER MARKET CONCEPT**

A new concept known as Holiday Super Market Concept has developed in recent years after low cost no frill airlines started their international operations. This is a mass market package holiday in which the clients choose their holidays from brochures on racks.

**TYPES OF TRAVEL AGENCY** There may be many classifications of travel agencies as follows:-

According to their specialization.

According to geographical operations.

According to size.

According to specialization

Leisure Travel Agents: - These agencies operate like tourism ambassadors of foreign companies. or example - A company having its head quarter say in Japan might set up various offices around the world to promote tourism to that country. These travel agency will work to promote the business of their mother company in Japan acting as a general sale agent for that company.

Business Travel Agents:- with globalization of the economy a new phenomena of globalization of business has emerged requiring a frequent travelling of higher executives and policy makers of a company to different countries. Their needs may be different from those of holiday tourists. To cater this class of travelers a travel agency will have to specialize in this field so as to guide them to have better deals for their business. Abu Dhabi is a place of interest for both type of travelers due to its world class airport, improved infrastructure, and high connectivity as well as presence of large number of places of tourist interest.

Medical Tourism: - A new dimension called as Medical Tourism has been added to the tourist activities worldwide. This phenomena has emerged because of the fact that there is considerable differences exist between the cost of medical facilities in developed companies and those of so called developing countries. This is also called Medical Tourism, Health Tourism or Global Health Care. A travel agent specialized in medical tourism should

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have the working knowledge of specialized surgeries like Joint Replacement , Cardiac Surgeries , Psychiatry, Alternative medicines etc. and should be able to guide its client in this regards.

According to Geographical Operations: -

There are two types of travel agencies depending on their areas of geographical operations :-

Out Bound Travel Agency :- These are located in the country of the traveler. These are traditional multi- destination agencies.

In Bound Travel Agency:- These are located in the country of destination or more commonly at a place of certain major events like sports events these are usually independent and cater to a special market (Niche Market) they deliver and expertise on that location only.

Out bound travel agencies are usually much larger than the in bound agencies, the former being a chain of agencies in most of the cases while the latter are usually small individual travel agency Classification according to size In USA these are classified as under :-

Corporate Owned Chains.

National / International Franchises.

National Membership Association.

Independent agencies.

**Corporate Owned Chains:-** These are the large chains and usually owned by the international giants like Cox and Kings etc. They have got a consistent policy about their products and services, commissions, fees and their operations.

**National / International Franchises:-** They too have a consistent policy of their operation and their prices.

**National Membership Association:-** These are usually less commissions focused as they rely more on their membership fee.

**Independent agencies :-** These usually do not have any brand affiliation their policies and operation may vary according to the needs and means of an individual client .

**Other classes**

**Cargo Travel Agencies:-** These travel agencies specialise in shipping cargo from one destination to other.

**Freighter travel:** This may be considered as special class of travelling. Some of the cargo companies may ferry passengers along with the cargo. The clients of such companies / agencies are usually the budget travelers like retired persons, students etc. Who have got plenty of time.

**Internet Travel Agencies**

With the development of internet the clients have started planning their own business tours with the help of this facility. These are also called as travel



agency this allows the travel agents to let their clients to compare a wide variety of facilities like Hotels, Car Rental Airlines Tickets and need of Paper work according to their destination for example - you may not get entry into Arab Countries if you have got Stamp of Israel on your passport for VISA purpose. There is a palpable threat that the traditional travel agencies may be greatly affected because of the introduction of Internet in the business. However this threat is not real. The use of internet for travelling purpose provides you both facilities i. e. convince of self served booking through Internet and that of taking help of a professional person when you need it. Many travel agencies created their own websites with detailed information of their services like online booking. Examples of major online travel agencies are cheap tickets, Voyages - snCF. com, Hotwire. com, orbitz and travelocity and expedia etc. A system called as GDS or Global Distributed System is also used for computer reservation. It is a subsidiary of travel port which allows these agencies to book or sale airline tickets, hotel booking and car rentals and other services related with traveling. Travel agencies using GDS facilities include Galileo CRS, Sabre, worldspan etc.

While trying online booking with the help of internet travel agency one must keep the following aspects in mind:-

Different airline for entire tour

Different airlines for different parts of the tour

Connectivity and alternative modes of transportation

Hotel accommodation or alternative accommodation available at the destination point

Positioning Flights.

Management of dates of visit with different locations in case of multiple destination tours

Different Airports and their connectivity

Different routing.

Split Ticketing: Consideration of advantages and disadvantages of split ticketing with regard to the period of tour, possible stay time at a particular destination point so as to take maximum advantage of stay.

Loop-holes.: These are the unfair means of business i. e. the gross difference between the advertised facilities in a product and the ones actually provided on the spot.

Paperwork and formalities A good online travel agency must be capable of advising its clients over all these issues.

A travelogue or travel literature is travel writing with literary value which typically records the experience of its author's touring a place or geographical area. One must take the help of this type of literature while seeking the advice of a web based travel agency. Travel literature may be a cross cultural or transnational in nature. It may also cover a big geographical region within the same countries or different countries.

The Tourism Industry is diverse and includes many sectors including: accommodation, transportation, food and beverage, attractions, events and conferences, adventure tourism, travel trade, and tourism services.

The Tourism and hospitality industry integrates general management concepts with the professional knowledge that is required by the tourism and hospitality industry.

A typical travel agent acquires knowledge and skills in communication, research and analysis of the travel related problems with their solutions and organizations of tours.

Examples of typical travel agents are:-

Adventure Travel Guide.

Events planner.

Tour guide.

Camp counselor.

Naturalist

Cruise Director.

Travel Planner.

Recreation Director.

All of them are specialists of their field of travel-related activity and help the travelers to organize their tours in a most fruitful manner.

### **Take Over Activities in Travel Business:-**

Like all other business take-over practice is common in this field. Such activities may be of two types:-

Vertical Integration.

Horizontal Integration.

Vertical Integration:- Some travel agencies may have large businesses and may be able to take over the other travel agencies with low value of business. A vertical integration means taking over of a firm having a different but related business.

For example - A large chain of tour operator may take over an airline with the aim to be benefitted from the lower cost of allocation air travel services to its customers. Sometimes this activity may be very complex and many facts have to be considered before undertaking such type of activity.

This means that in a vertically integrated system of business one organization should be able to offer a travel package to the customers through its own resources with no help from outside. In this type of integration the business will be able to control its cost of operation in a more effective manner.

However, problems may arise if the business grows too large to be operated efficiently by the available number of managers.

Many tour operators indulge in wrong business practice by branding different part of the whole business differently and giving each part a different name this is supposed to be unethical. It is the right of the customer to know whether a relationship persists between the tour operator and the travel agent.

Horizontal Integration:- This is a business activity when an agency of offering one travel product takes over another one which offers the same travel product or service this can be exemplified by taking over of GO by Easy Jet in 2002.

Ethics of Travel Agency:- Being a part of the hospitality industry a travel agency must follow the rules of hospitality ethics which may vary from one geographical area to another.

Contemporary Ethics:- In modern western world, hospitality is not related with protection and survival. It is associated with etiquette and entertainment. However, it still requires showing respect for guests, providing for their needs and treating them fairly. The hospitality to strangers, personnel friends and relatives may vary according to the culture and sub-culture.

South Central Asia:- In south central Asia the hospitality has a strong code of conduct specially in the people called as Pashtu's. These people have an ancient set of ethics stressing on Milmastiya or Hospitality. The feeling of hospitality is so great in Pakhtunsitan is such that it is also nick named as 'The Land of Hospitality' .

Middle East:- In middle east, it is a cultural to take care of foreigners and strangers. These ethics are reflected in many Biblical commands.

Arab World :- In Arab World, there is set of stern obligations for both host and guest. It believes that a bond is formed just by eating salt under one roof. An Arab story tells about the extent of feeling in this regard. It tells us about a thief who tasted something to know if it was sugar. He realized that it was salt and thus put back all that he had stolen and left the place.

Greco Roman Ethics:- According to the Greco-Roman philosophy hospitality is a divine thing the host is expected to make sure that the needs of his guest are fulfilled.

Indian Ethics:- The principle of ' Atithi Devo Bhava' or " The Guest is God " is the driving force of hospitality for this reason the Indian approach towards guest at home and in all social situations is that of graciousness.

## **Swot Analysis of Travel Agency of Business**

Being a secondary business activity travel agency business is affected by many factors like boom and crisis in other business activities, war and disturbances, natural calamities etc.

Strengths:- The strength of a travel agency lies in its goodwill and a business profile giving distinct market advantage upon which one can capitalize the market plan following is a list of points of strength for a travel agency:-

A thorough knowledge of history and geography of the area of operation.

Excellent relationship with product suppliers like airlines, hotels and car rental.

Membership with strong association.

Strong reputation in the market.

Well placed location.

Good contact with press and media.

Adequate financial resources.

Excellent customer list with high customer loyalty.

Availability of good destination specialist.

Low customer to employee ratio.

Customer attentive staff with excellent communication skill.

An unique with high end service offering.

### **Weakness:-**

Being a secondary business activity travel agency business can be affected by many factors like calamities, war or economic slump.

Being a comparatively new business activity the exploration of opportunities is still not complete.

Finding good employees with necessary skills and customers centric attitude is a difficult and challenging task.

Offering new and exiting trips at a regular interval and maintaining high quality is also a task which is difficult to achieve.

Many times it is very difficult to find a proper location.

For a new business set up financial aspects are also very important as traveling is a business requiring large volume of money.

Opportunities:- A good working knowledge of international, national, regional and local trends is a must to fetch the fortune from the existing opportunities in travel agency business. One can find a number of opportunities with the help of ever changing social atmosphere of contemporary world. UAE is called the Land of opportunity . Following is a list of possible opportunities for a new travel agency.

It is a growing market that is yet to be adequately explored.

Growing numbers of professionals with boom in latest technology of computer science and internet.

Globalization of economy.

Better Connectivity Abu Dhabi International airport is a well connected transportation hub of the world. It served 9.02 million passengers in 2008 with a growth of 30.2% on 2007. The total number of passengers is expected to reach 50 million as the Abu Dhabi is expected to become a major Transportation hub in Middle East.



Improved public transport system :- Public transport system of Abu Dhabi consists of buses, taxis and airplane. There will be a huge expansion of public transportation with completion of 130 km of metro and 340 km of tramway and bus rapid transit(BRT) routes. This is expected to be completed within the government plan called as Surface Transport master Plan

DEMOGRAPHY: More than 75% population of Abu Dhabi consists of expatriates from different part of world like UK, India, Pakistan & Other countries of South East Asia pacific Asia, Africa and china. This demographical pattern provides an excellent opportunity for travel related business.

Business boom resulting into a positive trend of economy with increased spending capacity of general people.

Financial capabilities of the management to spread over head expenditure in a number of events.

Growing economy after last recession.

Affective use of print and electronic media for mass communication.

Emerging trend of group travelling and budget travelling involving more and more people in traveling activities.

Tax structure of UAE favors business personales

Threats:- Being a secondary business activity travel agency business is affected by many factors like boom and crisis in other business activities, war and disturbances, natural calamities etc.

The travel industry will be affected in a negative way by a slump in the economy.

The terrorist activities in a geographical area will badly affect the travel relative business in that area.

Entrance of other service provider in the area of operation

Low fair no frill cheap airlines are the threat to the travel agency business as they give facilities for the travelers to make their own arrangements for travel

Latest trend of home entertainment like TV watching, etc has a negative impact on travel agency business.

Marketing Plan of a Travel Agency To make a marketing plan for a travel agency the study of following factors is considered to be essential:-

Situation analysis.

Market needs.

Market trends.

Market growth.

Market summary.

**Situation Analysis:-** The analysis of the basic needs of the traveling market according to the situation is the primary need of a travel agency. It must be realized that the trends in the travel activities are ever changing and their analysis is always necessary to make program according to the situation.

**Market Needs:-** The market needs in traveling may vary according to the clients. The needs of a wealthy client may be entirely different from those of a budget traveler.

**Selection: -** The selection of services according to the need of the client is a basic and essential recruitment of travel agency business.

**Accessibility:-** The services and products of a travel agent must be accessible for its target client.

**Customer attention:-** Contemporary business ethics follow the principle of customer delight

**FEE Structure:** With emergence of low cost budget airlines commission of travel agency has been affected badly compelling them to impose fee. The service fee of a travel agency should be such that it should not be taken as a bitter pill by the client.

## **MARKET TREND IN TRAVEL AGENCY BUSINESS:-**

Holiday making is the main reason of travelling worldwide. The second reason of travelling is business tours. For holiday making a traveler usually prefers an inbound tourism while a business tours may be both inbound and outbound according to the need of the business. Emerging medical tourism

usually has an outbound dimension. With the growth of economy after last recession tourism is again gaining popularity as a leisure activity globally. Over 922 million international tourists were recorded in 2008 with a growth of 1.8% compared to 2007. However 2009 and 2010 have felt a dip due to global slowdown and threat imposed by H1N1 influenza virus. A WTM report in November 2010 has announced a slow recovery of travel industry after the crisis. A report by Euro monitor International, a leading market trend analysis firm gives an insight into the upcoming trend of travelers in near future. There are seven regions of focus in travelling sector.

North America

UK

Europe

Middle East

Africa

Asia

Latin America

**NORTH AMERICA:** -The trend in North America is called as that of deprivation holidays. The clients enroll themselves in boot camps with an aim to improve their health and balance. This trend has a positive impact on growth of spas and camps.

UK: - The trend of travelling in UK is that of Middle East Investment. Many companies from Middle East have shown their interests in Brands of UK including Luxury hotels, private jet operators and travel retailers (travel agency) with London emerging as a Hot spot for the luxury travelers .

EUROPE: - In Europe the business travelers have revolutionised the tourism business with Smartphone's based on GPS . It was their need to take help of mobile travel technology to make last minute change of their schedule which compel them to use mobile applications offering such services like flight booking , travel guide, tourist information etc.

Middle East:- this region is seeing a post Iraq war boom with support by GCC countries . Gulf investors are coming in Iraq with an upward trend in business tourism and revival of travel industry

Africa:- South Africa is fast developing as world hub for world class space technology and astronomy. There is a growth potential for astrotourism attracting all classes of travelers from independent ones to families, amateur astronomers to professional ones creating more and more demand for accommodation to observe clear night sky.

Latin America:- Latin Americas is characterized by poor infrastructure for travelling and lack of tourism services resulting in a slump of travel agency business . Due to vast territory Latin America has countless opportunities for travel agencies for travelers interested in exploring the interiors of this geographically isolated area.

Asia:- Asian countries are characterized by emotional touch in hospitality business creating a special type of brand loyalty. Different hotel locations use different scents as brands.

MARKET GROWTH;- An average 4% growth of tourism industry has been anticipated by World Tourism Organization(UNWTO) . e-commerce has made the tourism products one of the most traded business items on the internet. New products have also been added to the list of high-tech facilities like space tourism , airship hotels , space elevators and hydroplis(underwater hotels). All these have a direct and positive impact on travel agencies.

## **GROWTH OF TOURISM IN TOP 10 COUNTRIES (Period 2006-2009)**

Rank

Country

Regional

Market

International

Tourism

Receipts

(2009)

Tourism

Receipts

(2008)

Tourism

Receipts

(2007)

Tourism

Receipts

(2006)

**1**

USA

North America

\$93.9 bln

\$110.0 bln

\$97.1 bln

\$85.8 bln

**2**

Spain

Europe

\$53.2 bln

\$61.6 bln

\$57.6 bln

\$51.1 bln

### 3

France

Europe

\$49.4 bln

\$55.6 bln

\$54.3 bln

\$46.3 bln

### 4

Italy

Europe

\$40.2 bln

\$45.7 bln

\$42.7 bln

\$38.1 bln



## 5

China

Asia

\$39.7 bln

\$40.8 bln

\$37.2 bln

\$33.9 bln

## 6

Germany

Europe

\$34.7 bln

\$40.0 bln

\$36.0 bln

\$32.8 bln

## 7

UK

Europe

\$30.0 bln

\$36.0 bln

\$38.6 bln

\$34.6 bln

## **8**

Australia

Oceania

\$25.6 bln

\$24.8 bln

\$22.3 bln

\$17.8 bln

## **9**

Turkey

Europe

\$21.3 bln

\$22.0 bln

\$18.5 bln

\$16.9 bln

## 10

Austria

Europe

\$19.4 bln

\$21.6 bln

\$18.9 bln

\$16.6 bln

Source: The world tourism organization report

\*\*bln : Billion

## **TOP SPENDER COUNTRIES ON TOURISM**

**Rank**

**Country**

**Regional**

**Market**

**International**

**Tourism**

**Expenditures**

**(2009)**

**International**

**Tourism**

**Expenditures**

**(2008)**

**International**

**Tourism**

**Expenditures**

**(2007)**

**International**

**Tourism**

**Expenditures**

**(2006)**

1

Germany

Europe

\$81.2 bln

\$91.0 bln

\$83.1 bln

\$73.9 bln

2

United States

North America

\$73.2 bln

\$79.7 bln

\$76.4 bln

\$72.1 bln

3

United Kingdom

Europe

\$50.3 bln

\$68.5 bln

\$71.4 bln

\$63.1 bln

4

China

Asia

\$43.7 bln

\$36.2 bln

\$29.8 bln

\$24.3 bln

5

France

Europe

\$38.5 bln

\$41.4 bln

\$36.7 bln

\$31.2 bln

6

Italy

Europe

\$27.9 bln

\$30.8 bln

\$27.3 bln

\$23.1 bln

7

Japan

Asia

\$25.1 bln

\$27.9 bln

\$26.5 bln

\$26.9 bln

8

Canada

North America

\$24.2 bln

\$27.2 bln

\$24.7 bln

\$20.6 bln

9

Russia

Europe

\$20.8 bln

\$23.8 bln

\$21.2 bln

\$18.1 bln

10

Netherlands

Europe

\$20.7 bln

\$21.7 bln

\$19.1 bln



\$17.0 bln

## **Organizations of travel agencies**

For obvious reasons various organizations of travel agencies were formed by their members.

Following is a brief account of important associations and organizations of travel agencies:-

Abu Dhabi Tourism Authority (ADTA):- This is a legal organization established