

Structure of the travel and tourism industry



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The structure of the Travel and Tourism industry consists of six components of sectors. There is the TOURIST ATTRACTION, a location visited by the tourist. Immediate examples called to mind are Blackpool beach or Alton Towers. To arrive at the destination TRANSPORT is required. This could be by train or car etc. ACCOMODATION has to be available for any visits extending more than a day so there are hotels, guest houses caravans. TOUR OPERATORS then combine these components into a package fulfilling all the customers' requirements and then refer to the TRAVEL AGENT. Or if wishing to eliminate this it is sold directly to the customer. Holidays are sold with brochures with the Travel Agents earning a small commission for his/her services. TOURISM AND DEVELOPMENT situated all over the country ensure that prospective visitors learn of their location and all it has to offer by extensive advertising and promotion work.

ATTRACTIONS are either natural in themselves or are man-made. It is easy to think of natural attractions eg Lake District or Blackpool Beach that has some 6million visitors each year. Man-made attractions are constructed for tourists. Alton Towers is a very famous theme park full of activities for the family originating as a stately home. Other very famous attractions are the London Eye, Tower of London, Eden Project Legoland Windsor.

TRANSPORT forms at least 25% of a tourist's outlay for a trip. With many ways of getting around it forms a major role in the tourism industry. In order to get to their destination it usually involves at least two forms of transport. The public in the UK expect a high standard of service involving all forms of travel information.

The rail network has been extensively modernised with many private companies competing with each other. Virgin, GNER and Eurostar. Over 5million passengers travel each year with Eurostar through the channel tunnel. Train journeying has declined somewhat but some services are paying their way. Coach travel has always been an essential and popular form of transport enabling the public to travel at very low cost including abroad. National Express and Eurolines carry more than 12million passengers a year to over 1200 destinations.

Air travel may consist of scheduled flights flying to strict timetables. Especially important for business people. And there are charter flights with planes hired for certain journeys at no set time. Some large tour operators own their own charter airlines. More than 75% of all package holidays use air travel.

The sea ferries have become very popular for visiting Ireland and France. There is also hovercraft. Cruising around the Mediterranean has maintained its worth with P&O.

Accommodation is naturally very important to the travel and tourism industry. Consisting of hotels, B&B's with overall standards significantly improved. Travel inns, campsites, caravans and self-catering villas all contribute to the industry. Over recent years self-catering where you supply your own food and meals has grown in popularity. Half-board offers you breakfast and tea with full-board supplying everything.

TOUR OPERATORS produce holidays in the form of a package. A contract is negotiated with accommodation and transport providers. Buying in bulk
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reduces overhead costs and the holiday is presented as a brochure to the travel agents. And then sold; either directly or via the agent. There are four types of tour operators. Mass Market; examples are Thomas Cook, Thomson, First Choice. Holidays offered would be an all-inclusive city break, the Lakes and Mountains. Specialist Holidays for the special interests of the holidaymaker. 18-30 Club; Seniors(Young at Heart). Domestic Holidays such as Butlins; Health Spas. Holidays for overseas tourists visiting the country. Usually providing guides for the history and culture of the UK. Catering mainly for the Americans and Japanese.

TRAVEL AGENTS do their job of selling the brochures. This is the link between tour operators and the public. They usually cater for specialist holidays.

There are multiple travel agents with agencies all around the UK. The most famous are Going Places, Thomson and Lunn Poly. There are miniples consisting of about twenty to thirty shops. Independent travel agents are small and family owned. Very popular are Call Centres where the customer can book a holiday by phone.

TOURISM DEVELOPMENT Tourist boards offer information concerning the region involved to prospective visitors. Clients can pop into a tourist information centre to obtain literature and anything else concerning the area. The tourist information board is concerned with promotion in any form. For advice and information and to undertake research. Blue Badge Guides have very intensive and specific training to provide tours of their respective regions for visitors.

The Travel and Tourism industry has changed dramatically as a result of the amount of integration. Integration has both a positive and negative effect on the industry. Vertical integration occurs when an organisation buys another at a different level on the buying chain. An example is Thomson who bought Britannia Airways together with Lunn Poly the travel agent. Britannia Airways is allowed by the parent to offer lower fares. The tour operator makes more profit. But the travel agent only receives a low rate of commission leaving most of the profit to the tour operator. Integration is good if it permits the organisation to control pricing and communicates well with every level of such a chain.

An organisation buys another that is on the same level of the buying chain. 'Go' then owned by British Airways was bought out by EasyJet. This move resulted in 'power branding' where all logos of 'Go' became that of EasyJet. This occurred a negative impact with customers. Prices were able to be controlled by EasyJet. But the resultant for EasyJet is more market space for self-promotion.

Tour operators have a much larger market share than travel agents. Thus upon integration with a tour operator the agent sells and promotes the services of the operator. The rate of commission is in the control of the tour operator.

The independent travel agents are seriously affected by integration. The tour operators and airlines will sell their products over the internet directly. 'Niche' markets are developing to meet the needs of the customers in the high street and prefer personal attention in such matters.

The airlines have also been affected by integration. British Airways tried to merge with American Airlines but IATA said no, because such a pairing would dominate completely transatlantic flights.

Horizontal and vertical integration has significantly reduced competition within the industry. The demand from the public has set a pattern. Smaller companies are not going to be able to cope. A large organisation can absorb failure impact if the arrangement does not work. For a smaller company such failure would spell ruin.