

Business and retail operations in the travel industry essay sample

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I'm a branch manager with 'centre spot travel' I'm looking to open another retail outlet in my area. Some investors have asked me to do a report to explain the business and its operations as they are not familiar with it.

The UK retail travel environment has several agencies within its sector; independents; only have one or two outlets, usually managed by the owner may not be as tough on rules and uniform etc. multiples; are found on high streets throughout the UK, have well known names, they are often owned by large tour operators, have a large number of staff, crack down on rules and uniform. Integrated; part of a multiple, sell their own holidays first and e-agents; advertise holidays via the internet, sell holidays via the internet, offices not generally open to the public and have large call centres. For example e-agents operate as online travel agents; they may not have any retail shops. Lastminute.com is an e-agent, a bloke called Mr. Hoberman owns it, and it is a worldwide company and advertises on the net. It employs 198 staff and has access to selling city breaks, cruises, spa's etc.

The UK business travel environment again, has several agencies; transnational; a company that sets up in another country. National; companies all over Britain, up and down the country. Independent; one owner that just sells flights and accommodation to business people. Independent mixed business; leisure and business travel agent. Implant and e-tailor; Business travel agents that retail on the internet. The markets they serve are general business travel, corporate hospitality, incentive travel and e-agents. For example; implant is where a company sets up within another company. P&O business travel have an office in Corus; a big factory that

employs 1000's of people. It's a travel agent within Corus factory so that employees/managers can book business trips.

The types of products and services offered by retail are holidays and ancillary sales. The products and services offered by business are scheduled flights, accommodation and ancillary sales.

There are many trade and regularity bodies in the retail travel environment; ABTAC(association of British travel agents) ATOC(association of train operating companies), IATA(international air transport association), ATOL(air travel organizers license)

ABTA- is an organization which represents UK travel agents and tour operators. ABTA is responsible for the sale of 90 percent of package holidays. It operates under a strict code of conduct to promote customers best interest.

ATOC- represents train companies to the government regularity bodies, the media and other opinion formers on transport policy issues.

IATA- they represent, lead and serve the airline industry.

ATOL- is a consumer protection scheme set up to protect consumers in the event of their ceasing to trade.

Independent travel agents usually seek to maintain control of their own business.

Companies apply vertical and horizontal integration. Horizontal integration is where a company reaches out to more people for example; Thomson do different holidays, sun holidays and Thomson ski; they sell holidays to Sky tours and Manos. Vertical integration is where a company keeps money in their own firm. They open their own travel agents to keep money in their own business.

Tour operators make agreements with travel agents when they sell holidays for them or sell some of their products and services. This is called an agency agreement. The tour operator will agree to give the travel agent commission and send them brochures and tickets as long as the travel agent agrees to promote the holidays and display the brochures they have been sent.

Racking policies- this is the displaying of brochures on shelves for customers to browse. Vertically integrated travel agents will give themselves priority to their own products. Independent travel agents will select a range of products they think will sell. A policy of integrated travel agents promoting its own brand is known as 'directional selling'.

A preferred operator is where an agency will switch sell to earn more commission. It depends on what deals or links an agency has with the tour operator. Financial bonding is used to be able to protect customer's money. Members of ABTA must have money in a separate account. If a travel agent went bust there would be money in a different account to compensate for the customers. Global Travel are a cheaper financial bonding, they operate a central bank account- they pay the clients money into their central bank account and when the customers come back off holiday the TTA gets the

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commission. TTA is the Travel Trust association, they offer full consumer financial protection.

Advances in technology have affected retail and business travel operations in many ways. The internet has been a major rise in all holidays as you can now book over the net. Many independent travel agents are failing as call center's are opening to assist customers doing online booking. With the net coming in, there has been an increase in sales, more direct sales and a bigger selection.

Faster aircraft has been introduced for long haul flights so customers are satisfied as their journeys have become shorter. There has also been an advance in ferries for sea travel. Ferries these days have everything you need on them. Many people are going on cruises instead of booking a holiday abroad. Having a faster ferry with entertainment makes long haul destinations easier and more enjoyable. Many firms and operators have their own transport now instead of hiring from another company and losing money. For example before Thomson had their own aircraft ' Thomson fly', they might have hired aircraft from Monarch airlines. This would have been bad for Thomson's business as they lose money, but good for Monarch airlines as Thomson are advertising their airline.

A few years ago, if you phoned up a travel agent to book a holiday, the agent would use manual booking. There would be a big sheet pinned up on the wall around them. They would have lots of dates on with customer's names and long reference numbers. If a date you wanted was fully booked up, they would have to give you an alternative date or change your accommodation.

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It was a lot of hassle. Nowadays, travel agents have reservation systems. Its quicker to input data and process. All the admin is done at the click of a button. When they had the manual booking, it would have been more frustrating if a customer wanted ancillary such as car hire or insurance. With the increase in the internet, booking ancillaries is much easier to process. A customer can have all their holiday information on a piece of a4 paper now without all these confusing reference numbers and tickets.

A communication method such as emails, mobiles, fax and redial buttons have had a good effect on sales and products as its faster communication, cheap and entitles you to do more sales as you save time. Sending an email or phoning someone is done at the click of a button. Emails are used to customers now instead of sending tickets. This aids security by not sending tickets through the post.

You can book a holiday over the phone nowadays. You can find a holiday on teletext or on an online e-retailer and phone up the call centre number they tell you to ring and book it there and then. You can pay by credit or debit card. This is a good advantage for the retail and business travel industry as its faster sales and they may get more commission for telesales. It's good for the customer as well because they can book a holiday in their own home without any hassle but it's also a disadvantage because of fraud. When you pay for things with your credit or debit card over the phone or internet you don't need to supply your pin, so anyone could note down your card details and away they go!

Relationships between the retail and business environment can sometimes be challenging due to integration. The bigger companies such as Thomson, are taking over the independent travel agents so there is quite a bit of competition. Some retail and business agents can work together. When there is competition between travel agents it can make quite a good impact on the travel industry as they will be offering discounts on for the customers. In a few years time though, all the independent travel agents will have all been bought out and there will just be all the big integrated company's left.

Retail travel and business agencies provide different services and products. A package holiday is made up of three things, your transport from airport, your accommodation and your flight. This package holiday is made up by the tour operator which then sells the package holiday as well as ancillaries which are car hire, insurance, bureau de change and extra leg room.

Retail travel organizations seek to gain a competitive advantage. There are different types of travel organizations; multiples, multiples, independent, home workers, specialists, holiday hypermarkets and e-agents. Seeking to gain the competitive advantage is how you get more custom.

The level of service that retail travel organizations offer is very important as good customer service determines whether you're going to go back; returning customers is important in every business as they will have trust in you and depend on your service. Good customer service is great for independent agents as they will know most of the customers intimately so they will know what the customers want and expect.

If you train your staff to the customers advantage then that's great for the company. The employee needs to know everything about the industry and about different destinations. Independent travel agents will have more one to one training as it's a smaller business.

Promotional activities such as discounting, low deposits and advertising will gain you more custom. It's quite bad for independents as they have to use their own money to put in the business, whereas in all multiples the lead shop funds all discounts and ad campaigns.

The more add on sales and ancillary products and services you have on offer the more commission your company will make. For example, car hire, insurance or paying for extra leg room on the plane.

Integrated organizations can gain a competitive advantage as they have more access to money so they can promote and give more services.

Market share is great for all businesses as the bigger the company the bigger the profit.