**CHAPTER**-**ONE**

**OVERVIEW OF TRAVEL AND TOURISM INTERMEDIARIES**

This unit aims to provide extensive outlook on introduction to travel and tourism business. It will help students understand basics of travel and tourism business. Hence, this unit will impart the following knowledge and skills; which is mentioned in the chapter outline.

Chapter outline:

* The meaning and function of travel Intermediaries
* Differences between travel agencies and tour operators
* Historical background of travel agencies and tour operation business
* Selected terms, and abbreviations in travel agency and tour operation business
  1. Evolution, Meaning and Nature of Travel and Tourism Intermediaries

Travel business is an economic activity, which is related with continuous and regular buying and selling of travel related services for satisfying human wants. It has been agreed as a service industry. In tourism, service is anything which is provided to the clients to travel, stay and involve in tourism activity. Travel has fascinated human beings throughout the ages. During the past time travel was there but ‘tourism’ was not there. Because travel was not undertaken for the purpose of pleasure and their motive was not to seek holiday from the daily routine works. When people learned to differentiate between work and leisure then tourism started. When business agencies were developed to sale travel related services then tourism industry started and travel business flourished.

Tourism is related to broader economic and social issues including commoditization and globalization of culture, hospitality, friendship, pleasure, and place and its attractions. Within this realm, tourism is regarded as experience industry where travel experience is sold as a commodity just like other household, recreation-oriented products. Therefore, tourism is related to travel, stay and involvement of people in tourism activities. Their travel and stay need to generate economy and economy is generated by service. For this there should be buying and selling process. Only travel business are able to involve in motivating travelers to travel, organize travel formalities, and provide travel related services and they can sale tour.

Travel business is a complex concept as the industry includes many activities, which together produce the tourist product that is travel experience. It is also complex due to various sub-sectors of the tourist products. Tourism is a single industry but it is made of different industries such as hotel, airlines, travel agency, trekking agency etc. Each one of them provides individual product or they combine together to provide travel experience. Any visit to a tourism destination comprises a mix of several components of different organizations. A traveler may buy all the travel components from a commercial supplier, for example a travel agency, as a single product or may buy travel components individually from different suppliers. The buying and selling of all such travel related services constitute travel business.

A variety of service providers are classed as travel intermediaries, including travel agents, tour wholesalers, and online booking agents. The role of an intermediary is to facilitate transactions between the consumer and travel service suppliers, in exchange for a commission or profit.

Travel, whether for business or pleasure, requires *arrangements*. The traveler usually faces a variety of choices regarding transportation and accommodations; and if the trip is for pleasure, there are a variety of choices regarding destinations, attractions, and activities. The traveler may gather information on prices, values, schedules, characteristics of the destination, and available activities directly, by investing a considerable amount of time on the internet, or possibly money on long - distance telephone calls, to complete the trip arrangements. Alternatively, the traveler may use the services of a travel agency, obtaining all these arrangements for a fee. Travel intermediaries in travel and tourism business can be found, in broadly speaking, in to two forms- travel agency and tour operator.

What is an agent? And what is travel agency and tour operator?

An agent is a person acting for, or employed by, the principal. If a company appoints another person to act for it in the course of business, that person becomes the agent, whether the appointment is full-time or part-time and whether or not the agent receives a fixed salary or a fee from the company. In a travel agent, any individual director or employee or a self-employed person acting for the travel agent is an agent of the company.

**Travel agency:** A travel agency is a private retailer or public service that provides tourism related services to the public on behalf of suppliers such as airlines, car rentals, cruise lines, hotels, railways, and package tours. In addition to dealing with ordinary tourists most travel agencies have a separate department devoted to making travel arrangements for business travelers and some travel agencies specialize in commercial and business travel only. There are also travel agencies that serve as general sales agents for foreign travel companies, allowing them to have offices in countries other than where their headquarters are located.

**Tour Operator**: An organization, firm or company which buys individual travel components, separately from their suppliers and combines them into a package tour, which is sold with their own price tag to the public directly or through middlemen is called a tour operator. More precisely, tour operators are mainly responsible for delivering and performing the services specified in a given package tour. They can provide these services themselves as some have their own cars and coaches, hotels and other travel related services or can obtain these from other suppliers. That is why they are called manufacturers of tourism products.

Tour operators are sometimes called wholesalers but this is partially true because a wholesaler buys goods or services in bulk at his own account to prepare a tour package and then retails it through the travel agencies or directly to the clients. However, a tour operator who has his own one or more tourist product components formulates a new tourist product for example ‘inclusive tours’. Tour Operators generally offer variety of package tours to cater to the needs of different kind of travelers.

Although the holidays which are 'manufactured' by tour operators are usually sold by travel agents, some companies have their own retail outlets or sell direct to the public. Thus the work of a large operator may encompass all the stages in the production and sale of a holiday. The larger the company, the more specialized each employee's role becomes, e.g. there are those concerned with negotiating the various components of a holiday with carriers and hotel owners etc., those who produce the brochure or 'label' of the product, those involved with the research and development of new ideas or marketing them, and those dealing with reservations, they also have separate finance, personnel and other administrative departments.

* 1. **Difference between Travel Agencies and Tour Operators**

 The major difference between tour operators and travel agencies is in the system of providing service to customers. A tour operator is a company that buys certain services from different companies (like hotels, restaurants, cafes, beauty salons) and forms a single tourist product out of them using its own pricing system. A travel agency acts like an independent reseller. Its profit is the commission for the sale of the operator's tours to customers. That's why the agent's price is usually higher, although there are moments when agents deliberately understate their prices.

 usually a tour operator is a comparatively large company in comparison with a travel agency. It has its main office and several subsidiaries in order to offer their services to more potential customers. Many big tour operators have subsidiaries in different countries. Irrespective of the number of subsidiaries a tour operator usually concludes agent agreements with independent travel agencies that then sell the operator's tours to their customers. The more partners a tour operator has in as many countries and regions as possible, the more the sales volume is and, correspondingly, the more tourists will buy its tours and the more profit it will gain.

 A tour operator may be a supplier (meaning they might own hotels or car rentals or both) and allow to use their own inventory or their supplying partner inventories for a fee. A travel agent is only a distributor, and typically travel agents rarely own any travel assets (such as car rentals or hotels) of their own

 Travel agencies are less inclined than tour operators to perform ground services i.e. to act like a handling agency or ground operator.

 A travel agency may deal with one component of travel product while a tour operator offers a variety of tour programs. The difference can be summarized as follows.



* 1. **Organizational Structure of a Travel/Tour Company**

The organization of a travel/ tour company largely depends on the size and type of the business handled by it. Generally, in a small and medium scale travel agency/ tour operator, one will find a simple organization structure being limited in terms of operation, size, division of labor and so forth. Whereas in large scale travel companies such as Thomas Cook, TCI, SITA etc., the organization structure is more formal. A sound organization structure of a travel company brings the following benefits to the travel business:

* Develop sound and up-to-date management practices, systems and strategies.
* Develop effective leadership.
* Growth and diversification
* Optimum use of ‘human asset’
* Stimulates creativity
* Effective coordination between various departments

The organizational structure of a travel/tour company is the formal or quasi-formal network of reporting or controlling relationship and the powers and duties associated with each role in this network. The network of reporting relationship is commonly depicted through an organization chart. But there are many travel companies, mostly young and small, in which the structure is implicit rather than explicit. However it has been observed that a travel company will operate functions most effectively and efficiently if an explicit organization structure is designed or adopted. Practically organization charts do not exist nor does the role description. Yet, if one views around, one can discern a hierarchy of authority, some division of work, some specialization in functions, some role specialization and so forth, which are the hallmarks of an organizational structure.



Fig. 1: travel agency table of organization

Each department’s duties and responsibilities can be recapitulated as follows:

Administration: Deals with the day-to-day management activities of the company. Basically it has 4 functions: General Administration, Personnel, Accounting and Finance.

Operations: Engaged in the efficient and effective delivery of the organizations services. This department has the following employees: travel managers and supervisors; reservations and ticketing officers and; liaison officers.

The Travel Counsellor:

* + Provides all necessary information requested by prospective travellers
  + Recommends products and services best suited to the travellers needs
  + Keep updated on new travel information and trends.
  + Fill out all travel information in the booking card for travel.
  + Relay all changes and confirmations to clients
  + Process refunds and processing fees
  + Monitor processing of travel documents and insure that they are all in order prior to release to clients.

The Reservations Officer:

* + Place all required reservations with different suppliers
  + Follow up on reservations placed until confirmed
  + To change reservations when itineraries are amended
  + Look for alternative suppliers in the same level of service in case preferred supplier is not available
  + Monitor issuance of travel vouchers and tickets
  + Act as back up to the ticketing Officer

The Ticketing Officer:

* + Correctly source or calculate fares when the need arises
  + Issue air tickets manually or through the automated ticketing system
  + Correctly issue purchase orders in accordance to clients itinerary
  + Check the accuracy of travel documents
  + Reissue tickets when required
  + Act as a back up to the travel counsellor

The Liaison Officer:

* + Determines what visas and other documents are required for travel
  + Check the authenticity of all documents submitted
  + Checks all relevant support papers.
  + Insures that documents filed are released on time
  + Arranges and coordinates appointments and visits to the various consulates and government offices

Sales & Marketing:

* Prepares annual marketing plans
* Sets annual sales goals and develops working plans to carry out these goals
* Participate in the preparation of the organization’s budget
* Decide on negotiated rates and concessions
* Prepare proposal letters and contracts
* Prepares and submits marketing and sales reports
* In charge of all marketing activities and attends tradeshows and fairs
* Maintain an updated clients and prospective clients and performs regular sales calls on major accounts and suppliers.

The organization structure of a large travel/ tour company is shown in Figure 1. The chart depicts the visible ‘super structure’ of departments and the important reporting and functional relationships in the organization of a travel company. The structure consists of managerial hierarchy from top level to junior level managers and assistants. Normally, a large scale travel company has two parts – Head Office and number of branches within the country and abroad. It is also common that the headquarters/registered offices would have several divisions such as research and planning, travel and tour division etc. and so forth. However in the branches, one will find a few departments according to the requirements of specialized particular areas. Obviously in designing organization structure, a travel company is free to use any means of departmentation that are appropriate to its business operation, type of customer - traveler corporation, its services and specific functions and activities to achieve a mission or goals and the core values etc.

* 1. Historical background of Travel Agencies and Tour Operators

The use of the term travel trade dates back from the early years of the 19th century, but this should not obscure the fact that what we describe today as travel trade (travel agency and tour operation business) was taking place much earlier in history. Throughout the history, there were travel middlemen who helped the merchants traveling for trade and others who traveled for religious purposes. Let’s trace the historical development in travel trade – in the world.

Today’s travel distribution system can trace its origins to the 1840s when Thomas Cook, an Englishman, organized what could be called the ancestor of today’s tours. An ambitious entrepreneur and innovator, Cook also introduced several types of tours including the first pleasure tour to North America in 1866 and the first around-the-world tour in 1872. In the nineteenth century, tours were almost exclusively for the upper classes, but Cook tried to reduce the cost of traveling by chartering entire ships and booking blocks of rooms in hotels. In 1874, Cook was also the first to introduce circular notes to be used by travelers. These were accepted by foreign banks and hotels and relieved travelers from carrying large amounts of cash. They were a simple version of the traveler’s checks of today.

Before the introduction of the travel agencies at the end of the 19th C, it was common for hotel porters to make steamship and rail reservations on behalf of hotel guests. Hotels usually were built close to rail stations and ports where hotel porters were sent to make reservations and bring back the tickets in return for a commission by the supplier and a delivery charge from the client. To compete with the railroads, commercial airlines starting operations in the 1920s also used hotel porters as their agents, paying them a five percent commission. Later, airlines began establishing their own sales offices in hotels in an effort to avoid paying out commissions.

As international and leisure travel increased following World War II, the travel agency business expanded rapidly. Tours also dramatically increased in popularity with the introduction of jet aircraft in 1958. The advent of wide-bodied planes in the 1970s further reduced the price of air travel which increased the affordability of tour packages. The demand for tours also expanded as the disposable incomes of people in the U.S., Europe, and parts of Asia rose, and consumers became aware of the advantages of buying a complete tour package instead of organizing their own itineraries and bookings. To sum up:

* In 1670, the Grand Tour concept was developed especially for educational purposes.
* Another major development took place in the year 1730. Health experts suggested that sea water is found to be useful to cure many diseases.
* The result was that many resorts around the English Coast were established to attract visitors seeking to cure themselves by sea water.
* In 1815, steamboat services were introduced from London to Gravesend. One effect of this development was the construction in all major resorts of a pier to accommodate the vessels on their arrival.
* In 1820, European cultural centers were opened to British travelers. The rail link was introduced between Liverpool and Manchester in a1830.
* In 1838, Peninsular and Oriental (P&O) Steam Company introduced steamship services to India and Far East.
* The 2008 marks the 250th anniversary of Cox & Kings, the longest established travel company in the world.
* The company’s history stretches back to May 1758.
* A fortunate day came in the history of travel trade when in 1841, Thomas Cook as secretary of the South Midland Temperance Association, organized a trip by train for 570 members of his association to a distance of 22 miles.
* He bought railway tickets in bulk to sell them back to the people. The experiment was successful and everybody was exultant. Initially Cook had done his job on a no profit basis. But, incidentally, it gave him a new idea and he turned it into a tour business.
* Four years later, in 1845, he set up the ‘World’s First Travel Agency’ to organize excursions.
* Due to this innovative approach, Thomas Cook is known as the Father of the Travel Agency Business.
* He coordinated railway and steamship excursions throughout England, Scotland and Europe. However, railways used to give him only 5 % commission which was not enough to meet his overheads. So he decided to diversify this business into tour operation.
* In 1855, Cook started operating package tours. He conducted the world’s first international tour from England to Paris. This was an inclusive tour and in this way he developed the concept of inclusive tour.
* It was a sheer coincidence that in the same year 1841, Henry Wells started his freight business in USA. Thomas Cook’s company is still by the name Thomas Cook and Sons while Henry Well’s company is known as American Express.
* In 1870, in order to eliminate payment in cash, Thomas Cook introduced two systems: Traveler Cheque and Hotel Voucher; while American Express introduced Credit Cards and Traveler Cheques.
  1. Market Trends & Travel Agency Business Scenario

There has been a gradual decline in the number of travel agency business around the world which can be attributed to some very tangible factors. The first was shrinking airline commissions beginning in 1995 and continuing until 2002, when they were eliminated. So, after decades of offering travel agents a standard commission of 10 percent or more, with no cap, many of the larger carriers stopped paying base commissions to travel agents. These changes in the commission system driven by the airlines altered the distribution system fundamentally. Agents were no longer paid to process transactions.

To offset the loss of commissions, agents had to develop new sources of income. The most readily available source was service fees. In addition to charging fees, agents have also turned to selling more cruises and tour packages and shifted to an emphasis on leisure travel. Service fees put agents at a price disadvantage because when airlines sell directly to passengers online, they do not add a separate fee to cover their own distribution costs. Therefore, an airline-direct fare for the same seat for the same journey is lower than a comparable ticket offered by an agent charging a fee. That provides an incentive for the customer to deal directly with the airline and reduces the agent’s share of the distribution pie.

A second major factor is the Internet, which has impacted travel purchase behavior. The Internet has changed the way commerce is conducted. Many businesses use the Internet as a way to bypass product and service intermediaries and deal directly with consumers. The airlines have been a leader in aggressively using e-commerce. The major carriers built powerful websites where passengers could make reservations, review frequent flyer accounts, and check on the status of flights. As a result, airline online bookings increased, as did the depth of information airlines were able to collect on customers. Such information gave the airlines a marketing advantage in creating direct relationships with consumers. The relatively low cost of e-mail marketing enabled the airlines to contact customers more frequently and less expensively than through the mail.

In parallel with airline website development, online travel agencies invested large sums to improve their sites and presence. Since 1995, a number of online booking and fare search sites have appeared (and disappeared), disseminating almost unlimited information on any possible destination and thus creating more interest in travel. Consumers searched for information and booked online to make travel the most successful commercial sector on the Internet.

Another important factor is that airlines now attempt to bypass travel agents. As more people have Internet access and are willing to purchase over the web, airlines have adapted the strategy of selling direct, diverting business away from travel agents and dealing directly with the passenger. This has two advantages: (1) reduced distribution costs and (2) increased control over passenger information. Sale of travel over their own airline sites has not only reduced CRS booking fees and commission costs; it has also attracted passengers who have previously used travel agents.

The Internet has become the distribution channel of choice for the airlines, and they are aggressively pushing sales on their own sites. Traditional travel agents will continue to compete for sales with airline seats and online agencies. While the above explains some major reasons why there has been a decrease in the number of travel agents, they have not gone away and are still on the major distribution channel for travel. They will maintain that position as long as they continue to deliver valuable service and save clients time and money.

* 1. Selected Terms, Abbreviations and Phonetics Used in Travel and Tourism Business

1. Tourism Organizations

The data from these organizations help you to make some reports and papers in near future.

WTO: World Tourism Organization, Madrid, Spain

As the leading international organization in the field of travel and tourism, the World Tourism Organization (WTO) is vested by the United Nations with a central and decisive role in promoting the development of responsible, sustainable and universally accessible tourism, with the aim of contributing to economic development, international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedoms. In pursuing this aim, the Organization pays particular attention to the interests of the developing countries in the field of tourism.

WTTC: The World Travel & Tourism Council, London, UK

The World Travel & Tourism Council is the forum for global business leaders comprising the presidents, chairs and CEOs of 100 of the world's foremost companies. It is the only body representing the private sector in all parts of the Travel & Tourism industry worldwide.

WTTC’s mission is to raise awareness of the full economic impact of the world's largest generator of wealth and jobs - Travel & Tourism. Governments are encouraged to unlock the industry's potential by adopting the Council's policy framework for sustainable tourism development.

IATA: International Air Transport Association, Geneva, Swizerland

International air transport is one of the most dynamic and fastest-changing industries in the world. It needs a responsive, forward-looking and universal trade association, operating at the highest professional standards. IATA is that association. IATA brings together approximately 270 airlines, including the world’s largest. Flights by these airlines comprise more than 98 percent of all international scheduled air traffic.

ATA: Africa Travel Association, New York, USA

What a fitting symbol for the Africa Travel Association is an effort that's winning new friends and enhancing Africa's image around the globe. This ongoing, positive initiative has fostered powerful travel industry alliances. With U.S. and worldwide distribution of Africa Travel Magazine's new "Grand Tour Editions," ATA expects to generate sharp increases in tourism from North America and beyond. Countries such as South Africa, Uganda, Kenya, Tanzania, Zambia, Morocco, Cameroon, Ethiopia, Benin, Guinea and others that have hosted ATA congresses and symposia in recent years will each have a Grand Tour Edition.

The five keys to future success of ATA are :( 1) High Profile (2) World Class Events and Partnerships (3) Economic Focus (4) Multi-Lingual Capacity and (5) Business to Business Network.

ATTA: Africa Travel & Tourism Association, London, UK

With over 250 members the African Travel and Tourism Association (ATTA) is Europe’s largest trade Association promoting Africa and the Indian Ocean Islands. ATTA acts as the focal reference between its members in Africa and the UK travel industry. Our members encompass all aspects of tourism. In Africa they include hotels, lodges, camps, tourist boards, airlines, tour and ground operators, publications. In the UK the majority of tour operators and representation companies handling Africa complete the membership.

ETTC: Ethiopian Tourism Transformation council, Addis Ababa

The activities of ETTC are as follows:

* Coordinate the activities of the various stakeholders in the industry
* To provide leadership and set directions for the country’s tourist destinations development and tourism marketing initiatives.
* It is also authorized to give necessary instructions to the concerned bodies to remove major impediments and challenges to development in the tourism industry and ensure their implementation.
* Providing the necessary directions to ascertain collaboration and synergy among various institutions for the successful implementation of tourism development and marketing initiatives has also been defined as one of its duties.
* To raise the standard of the industry to a higher level, the State minister indicated.

1. **Reservation Records**

FIT Foreign Independent Tour （Ref. Package Tour)

An international tour planed exclusively for a client by a travel agent

DIT Domestic Independent Tour

A custom-made tour of a part of Ethiopia planed exclusively for a client by a travel agent

MICE Meetings & Incentives Conference Exhibitions

The arrangements of convention centers, hotels, sightseeing and so on for the participant of international meetings and conventions

RQ Request

WL Waiting List

OB Overbooking

To sell more seats of rooms than are available

\*Airlines & Hotels are afraid of someone’s cancel, so they sometimes make reservations over their capacities.

Pax Number of Passengers

FD Full Day

HD Half day

MT Meeting with guests (mainly at airport)

TRF Transfer

S/S Sightseeing

HTL Hotel

RCFM Reconfirm

Meal BB: Breakfast, LL: Lunch, DD: Dinner

FB Full Board

Including all meals during staying

HB Half Board

Including Breakfast and ‘Lunch or Dinner’

T/C Tour Conductor (Coordinator)

T/L Tour Leader

FOC Free of Charge

CIQ Customs, Immigration, Quarantine

*Quarantine* - Isolation imposed by health authorities on persons or animals that might spread infectious disease, for instance to control the transmission of Avian Flu, H5N1 Virus, Ebola etc.

*Customs*- The government *agency* responsible for collecting *duties* on *imports*, including goods acquired abroad and brought into a country by visitors and returning residents. Hence, *customs duty*, the *duty levied on imports,* and *customs declaration*, the process of declaring such goods to customs and also the *official document* used for the purpose.

1. **Air Reservation & Ticketing**

Airline Code:

Each Airlines have own Airline Codes based on IATA’s rule. For example, Ethiopia Airline is ET, British Airways is BA.

Airport Code:

Each Airport have own Airport Codes based on IATA’s rule. For example, Adiss Ababa is ADD, Gondar is GDQ.[[1]](#footnote-1)

OW One Way (ADD/GDQ)

RT Round Trip (ADD/GDQ/ADD)

CT Circle Trip (ADD/BJR/GDQ/LLI/AXU/ADD）

Ethiopia Airlines (ET) has several discount fares for Circle Trip (CT) Travelers.

OJ Open Joe（ADD/BHD//GDR/ADD）

Some tourist moves to another city without using airplanes.

CRS Computer Reservation System

Recently, all Airlines use the Computer Reservation System (CRS) to manage their records. Large-scale Airlines such as United Airline (UA) have their own reservation systems, but small-scale Airlines use other airline’s reservation systems.

PNR Passenger Name Record

PNR includes Name (Family Name / First Name), Flight Segment and Status. PNR are made by CRS.

Flight Segment

Flight Number, Date, Departure & Arrival City, Departure & Arrival local time, and Status

Status (Record)

HK, HL, PN, NN, KL, KK, RR and others[[2]](#footnote-2)

Status (Ticket)

OK, RQ, SA, NS[[3]](#footnote-3)

Class Category

First (F), Business (C, J), Economy (Y, etc.)

There are many Class Categories up to Airlines and Fare Bases.

Fare base

There are various prices of tickets. Some kinds of tickets are limited the term of validity, but the price is cheaper than normal fares.

* + Normal Fare: Basic Tour Fare
  + IT Fare: Inclusive Tour Fare (GIT, IIT)
  + PEX Fare: Special Excursion Fare
  + APEX Fare: Advance Purchase Excursion Fare
  + Zone PEX Fare: Fare that was set up based on PEX fare by each Airlines
  + Child Fare: For 2-11 years old, 67% of Adult
  + Infant Fare: For 0-1 years old, 10% of Adult, NS
  + Youth Fare: For 12-26 years old
  + Student Fare: For student
  + Add-On Fare: Surcharge for an additional Flights

Seat Assignment

Window Seat, Aisle Seat

Air Report

Weekly Sales Report for Airlines

TL Time Limit

Airlines make a time limit to issue the ticket after reservations. If the ticket is not issued until TL, the reservations will be canceled.

Local Contact（Abbreviation is not unified.）

Airlines need the contact telephone numbers in both of the departure and arrival places.

SSR, OSI

Request for Airlines from users

SSR: Special Service Requirement

OSI: Other Service Information

RMKS Remarks

Massage for Airlines from users

FFP Frequently Flyer Program

A program that awards travelers free-travel, discounts, up-grade for flying a certain number of miles on a single airline; Sheba Miles/ET

Hub A central airport used by an airline as a connecting point to route passengers to their destinations

MCT Minimum Connecting Time

Minimum time to transit at the airport for passengers

ROE Rate of Exchange

Air fares are based on local currency. So, NUC is used in the case which itinerary sits astride in 2 or more countries. Therefore, we must convert the every currency into NUC to use ROE.

NUC Neural Unit of Construction

Numerical value used only for fare calculation

MPM Maximum Permitted Mileage

The longest mile with the official fare

TPM Ticketed Point Mileage

The mile between the areas that is written to the air ticket

GI Global Indicator

There are some kinds of air fares for one-way in the Tariff, because the air fare differs by the rout. GI shows the routing ground.[[4]](#footnote-4)

TC1: Tariff Conference 1

Western Hemisphere; America Continent etc.

TC2: Tariff Conference 2

Eastern Hemisphere; Europe, Middle East, Africa etc.

TC3: Tariff Conference 3

Asia Area other than TC2; Asia, Oceania etc.

Issue & Sales

S: Sale T: Ticket issue

I: Inside country of commencement of international transportation

O: Outside country of commencement of international transportation

SITI: Sale/Inside & Ticketing/Inside

SITO: Sale/ Inside & Ticketing/Outside

SOTI: Sale/Outside & Ticketing/Inside

SOTO: Sale/Outside & Ticketing/ Outside

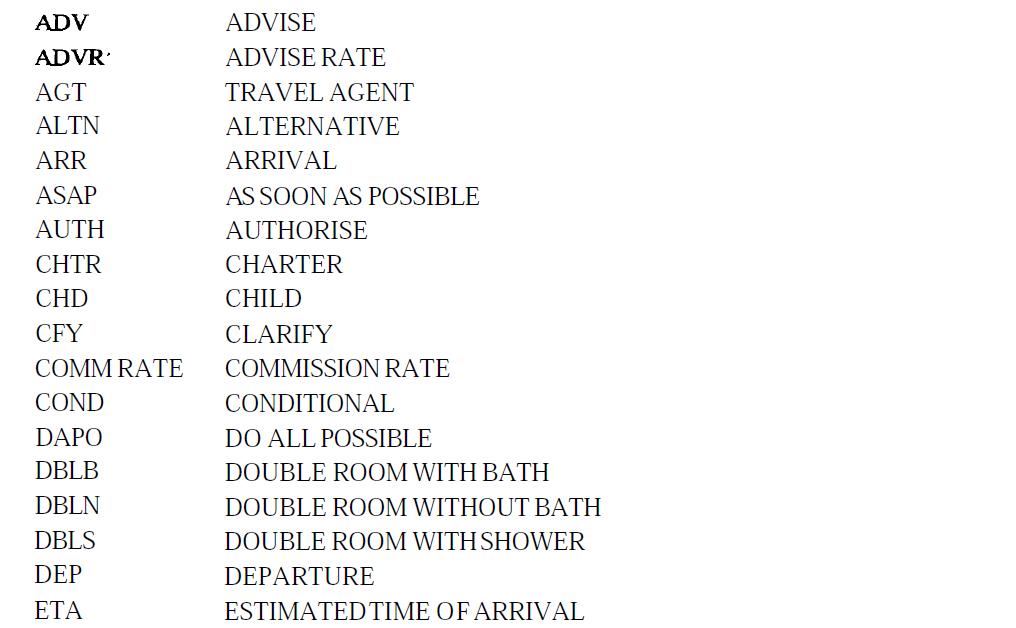
Hand baggage & Excess

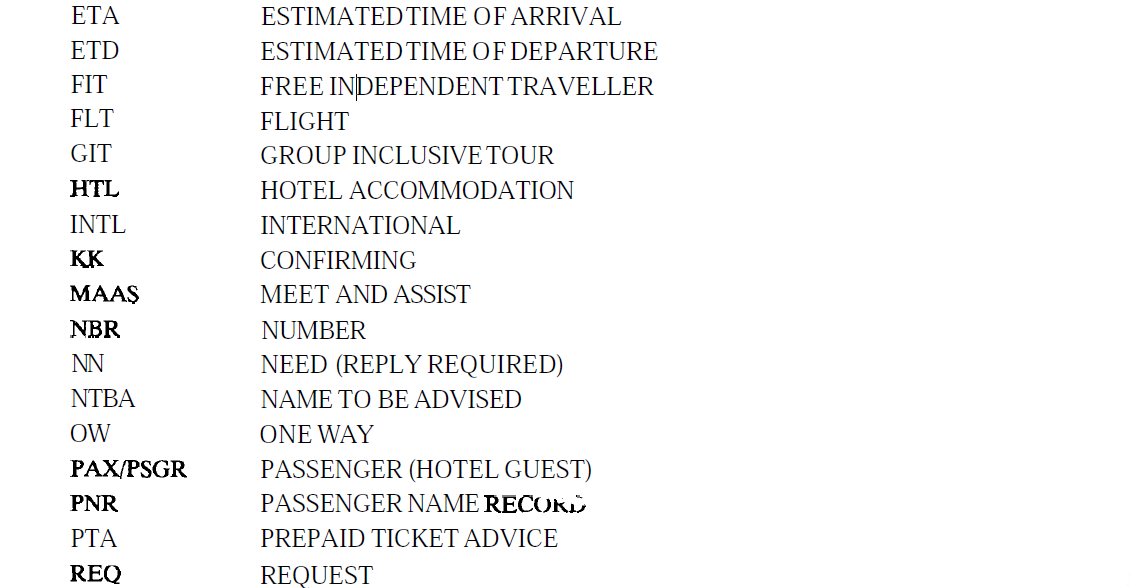
Passengers can carry their personal luggage with them on FOC. This limit is 20kg for economy class passenger; 30kg for business class; 40kg for first class on IATA’s rule, but some airlines make their own limits such as Ethiopian Airlines (30kg for Y, 40kg for C, 50kg for F). Normally, Excess fare is 1% of the first class normal fare.

No-Show

A person who makes a reservation but fails to use it

Other abbreviations:





* Phonetic Alphabet in the travel agency business

Although the trend for phone communications is slowly dropping while the Internet increases, phone continues to be the number - one way for agents to conduct business. Agents report they conduct an average of 65.8 percent of total business over the phone.

Often travel agents are dealing with cracking lines and with people whose accent is unfamiliar. In order that there should be less confusion, and more clarity, travel agents use a phonetic alphabet. The Phonetic Alphabet is a means of giving correct information such as a client's details with a much reduced possibility of error. By giving names to each letter of the alphabet it is possible to relay information accurately. Practice using the Phonetic Alphabet as often as possible so that you become totally familiar with its application. The phonetic alphabet is as follows:

**A** ALPHA

**B** BRAVO

**C** CHARLIE

**D** DELTA

**E** ECHO

**F** FOXTROT

**G** GOLF

**H** HOTEL

**I** INDIA

**J** JULIET

**K** KILO

**L** LIMA

**M** MIKE

**N** NOVEMBER

**O** OSCAR

**P** PAPA

**Q** QUEBEC

**R** ROMEO

**S** SIERRA

**T** TANGO

**U** UNIFORM

**V** VICTOR

**W** WHISKY

**X** XRAY

**Y** YANKEE

**Z** ZEBRA

***Illustration****:*

The following client's name needs to be transmitted accurately:

*John Brown*

Using the phonetic alphabet it will be given in the following way:

Juliet, Oscar, Hotel, November.

Bravo, Romeo, Oscar, Whisky, November.

* 1. *International Travel Formalities*
* Passport & Visa

Passport and Visa are the license for traveling foreign countries. This system was established internationally after the First World War.

Passport:

Passport is a necessary official document when the individual travels foreign countries and it is issued only for the person who has the nationality of the country ordinary.

It proves the nationality and personality of the holder and it is an inevitable thing to receive the protection and convenience of the country consul. It is the license for the possession person leaves or enters his/her country also. The custom that issues the passport is derived from the right of nations. The right is that every nation can reserve the privilege that passes the territory for foreigners.

Originally, Passport was the official license that admitted to pass the territory for foreigners. However, it became a custom that the travelers who try to enter abroad acquire the certificate of the nationality from their government for the convenience on procedure and host countries have come to approve this certificate as Passport.

Visa:

The visa is the proof that the government of the host country authorities approved the passport officially. In other words, the government authorities of the host country examine the passport and admit the efficacy. And Visa is the certificate that is suited in the law to visit the country for the Visa possession person. There are many kinds of Visa by the usage in a present such as Entry Visa, Tourist Visa, Business Visa, Employment Visa, School attendance visa, Spouse Visa and so on. The kind of the visa is not international common and each government can decide independently.

Foreign Currency

Cash:

Each nation is issuing an original currency generally in a present and the currency is circulating domestically. When international tourists entered into the host country, they need exchange their own currency to the currency of the host country. However, the financial institutions in the host country are not able to correspond to the currency of all in the world. Therefore, most of the international tourists are usually to purchase the international currency such as US dollar and Euro within their country. In any case, the first deed of international tourists begins from the exchange of their currency.

Travelers Cheques:

Most of international tourists are carrying Travelers Cheques other than cash. Travelers Cheques are the check of a trip exclusive use for private parsons. The Travelers Cheques are major that are issued by American Express, Thomas Cook (Master Card) and Visa Card. Generally, these are issued in US dollar or Euro. Travelers Cheques are used like cash in the country such as US etc. However, travelers Cheques, as currency, must be exchanged with financial institutions in most of countries.

The user need to make his/her signature in 1 place on the surface when he/she purchases Travelers Cheques and same signature are necessary on other places on the occasion of use for him/her, furthermore. Namely, others are not able to use it because the same signatures are needed in 2 places for using Travelers Cheques. The surpass point of Travelers Cheques is that it is able to be reissued on the occasion of robbery and missing comparing with cash.

Credit Card:

American Express Card, Dinners Club Card, Master Card, Visa Card and JBC Card are representative for Credit Cards. The price of the shopping in the foreign countries is settled with the bank account of the home country of the card holders in this system. Therefore, the card holders are released from the trouble of exchange and the risk they have cash. However, the use of Credit Cards is limited because there are many countries where the diffusion of this card is not going. This card can be used at Ethiopia Airlines Office, Sheraton hotel, Hilton Hotel etc. in Addis Ababa. Furthermore, the Credit Card companies take the fee from both of the card users and sellers generally.

CIQ (Customs, Immigration, Quarantine) Documents

Health Card:

Some country’s governments require Health Card for the international tourists to enter their counties, because they afraid that the international tourists bring to fatal diseases from foreign countries. For example, some international tourists need “International Certificate of Vaccination or Revaccination against Yellow Fever” which is certificated by World Health Organization (WHO) to enter into Ethiopia.

Custom Declaration Card:

You must receive customs examination when you enter all countries. The goods that becomes the object of taxation is various by a country. You usually go on to a green sign counter when customs report are not necessary and a red sign counter when customs report is necessary. In most of countries, you are requested to hand this card to a custom office only when a custom report is necessary recently.

Entry Card:

Some government requests the submission of an entry card to travelers when they enter some country. Thus, the government of host country can refuse the entry of persons who are unfavorable for them. Recently, the country that is omitting this system for the vicinity nations is increasing for the purpose of simplification of entry. Travelers fill out the personal information such as name and trip purpose in an entry card. An immigration office does examination of the qualification of entry to these travelers comparing this information with passport. The government of host country can know the nationality and trip purpose etc. of the tourists by this entry card. The every country government is taking the statistics regarding foreigner travelers by this card.

Exit Card:

Tourists need to hand a departure card to an immigration office on the occasion of departure from a country. The government of host country can know the length of visit etc. of the tourists by this exit card.

Travel Insurance:

Travel Insurance is essential to cover theft, loss and medical problems. A variety of policies is an available. You have to check that the policy includes all activities you want to do when you make an application of your Travel Insurance. It usually excludes dangerous activities such as white-water rafting, rock climbing, motorcycling and diving. Sometime even trekking is excluded. Special contracts can cover these risks but some kinds of them are very expensive. For example, there is ‘Abyssinian Flight Service’ in Ethiopia.

International Driving License:

You must make an International Driving License in the case that you want to drive a car in foreign countries, because the driver's license of your country is effective only the domestically. (However, there are a few exceptions for Tourism Promotions.If you have the license of your country, you can receive an International Driving License on the basis of your license fundamentally.

*ISIC（International Student’s Identification Card):*

This student's identification card was developed by the student organization of Europe originally. Especially in Europe and North-America, this has a big effect. If you have ISIC, you can receive the discount of the lodging, the airline and train tickets and the admission fee of a museum and national park.

GO25**（**International Youth Traveler’s Card**:**

When the persons below 25 years old trip abroad, they can receive the youth discount with GO25. If you have GO25, you can receive the discount in proportion to ISIC. However, there is much restriction compared with ISIC.

**CHAPTER2**

**TOUR OPERATION PRODUCTS**

**Chapter Outline:**

* + *Package holiday*
  + *Tailor-made/custom tour*
  + *Handling package tours*
  + *Designing package tours*
  + *Handling tailor made tours*
  + *Designing tailor made tours*

2. HANDLING/DESIGNING PACKAGE TOURS AND TAILOR MADE TOURS

2.1. Package Tours

①Independent Package Tour

Independent package tours are designed for clients who desire to travel independently. Most such tours consist of airfare, hotel accommodations, and either airport transfers or a car rental. In some cases, airfare may not be included, or may be offered separately. An independent tour provides travelers with considerable freedom in planning their activities. The total package cost may vary depending on the type of tour, the selection of hotel, the departure date, and optional activities.

An independent tour provides travelers with the cost benefits of a package vacation with a maximum amount of free time.

②Hosted Package Tour

A hosted tour is a package tour that utilizes the services of a representative, called a host, at each destination. The tour representative is available at specified times every day to provide travel active and assistance. A typical hosted tour may involve several stops or single destination. Hosted tours provide travelers with the advantages of a pre-arranged trip and the services of a personal adviser at their destination.

As an example, assume a retired couple purchases a hosted tour to London, Amsterdam, and Paris. As with an independent tour, each hosted tour includes round-trip airfare, hotel accommodations, and airport transfers. However, when the clients arrive in London, they are greeted at the airport by an English tour host, who assists them with claiming their baggage and making their way to their hotel. After checking in, the clients are on their own until their next scheduled departure. However, their tour host is available to offer advice about local attractions and entertainment, book a car rental or bus tour, or recommend a restaurant. When the travelers arrive at their other destinations, Amsterdam and Paris, a different host greets them at each airport.

③Escorted Package Tour

An escorted tour includes the service of a qualified tour manager, or escort. The clients travel together in manageable groups and may be accompanied by their escort on all or part of the itinerary. Escorted tours are especially popular with travelers who are planning to visit a foreign country for the first time. The escort’s job is to provide comprehensive assistance to the group, from airport check-in to hotel room assignments. Escorted tours provide travelers with a maximum level of prearrangement and personal assistance in a package vacation.

2.1.1. Designing Package Tours

⇒ Destination

The package tour for popular destinations has the competition with the other companies. So, these profits rate are restrained low. However, we can get many clients. In this case, arrangement activities are more important than others.There is little competition with other companies as for the package tour for rare destinations. So, these profits rate are possible high. However, there are few numbers of clients. In this case, sales activities are more important than others.Generally, large scale tour operators show tendency to deal with popular destinations and small scale tour operators do with rare destinations.

The trip to Ethiopia hits to latter in the world market. Each tour operator is raising high profits from a few clients. Even in the case of Ethiopia interior, although scale differs, this concept is almost correct. The popular destinations are famous areas where it is designated in World Heritage Site, such as Axsum, Lalibela and Gondar and the rare destinations are areas so-called the unexplored regions.Yet, the former is desirable from the point called the economic returning to host countries.

⇒ Travel Purpose（Leisure / Business / Experience / Studying etc

Each tourist has the different purpose individually. Recently, it is increasing the demand to the trip for various experiences and studying other than the leisure and business purpose. For example, some tourists want to help farmers in farm villages and others want to visit orphanages to support children.When tour operators design package tours, the development of new merchandise becomes possible by considering the trip purpose of such clients.

⇒ Period（Long / Short）

When Tour operators design package tours, they must consider carefully about the setting in the trip periods. It is important not only to research the market but also to do it, because it is easier to sell trip merchandises in a short term in the market. However, there is low profit from the trip merchandises in a short term. On the other hand, although there is good profit from the trip merchandise in long time, it is not easy to design the trip merchandise fitted with demands, because desires of the clients are various.In a recent trend, clients order some Optional Tours based on independent Package Tour. Then, tour operators are correspondence to the various desires of their clients.

2.1.2. Handling Package Tours

⇒ Arrangement

1. Stocking Seats: Airplanes

Tour operators must get a preset quantity of seats on selected flights for package tours. Therefore, they have to negotiate with airlines about the number and the price of seats. Usually, this negotiation is carried out once in a half year. By the way, tour operators must sell many seats in basic season to secure in seats in the peak season.

2. Stocking Rooms: Hotels

It is the same as the above, generally speaking. However, as for a negotiation, there are many once cases in a year.

3. Land Arrangement

Tour operators make a reservation of the restaurants, secure the vehicle and assign the guide in according to the designed arrangements previously. The land arrangements are carried out on occurrence basis usually.

In the case of the trip that tour operators of origin countries sponsor, they request arrangements to tour operators of host countries.

⇒ Sales（Sales through Agents / Direct Sales）

1. Preparation of Tour Broacher

2. Distribution of Tour Broacher to Travel Agency

Tour operators entrust the sales of package tours to travel agencies, usually. And travel agencies handle package tours of various tour operators. Therefore, tour operators expect that their Broacher is conspicuous. The position on the shelf is very important to cause Broacher conspicuous. To secure a good position, tour operators make an effort to build good relation with travel agencies.

3. Advertisement for Public

⇒ Correspondence to Travel Agent & Clients

1. Information Offers: Details of the tour, Local information etc.

2. Preparation and delivery of Travel Documents（Ｇ/A : Give Away）

Confirming Passport, Visa, Travel Insurance, Air Tickets, Travel Voucher, Final Schedule, CIQ Document, Name Tag etc.

3. Reconfirmation

The reconfirmation to each relation organizations is necessary previously before clients’ departures.

2.2. Tailor-Made Tours (Custom Tour)

A tailor-made tour is an independent tour designed to meet the needs of an individual client. At one time, tailor-made tours were called FIT, for “foreign independent travel,” or DIT, for “domestic independent travel.” In recent years, the term FIT has become so widespread that almost any type of tailor-made tour is referred to as an FIT.In a typical FIT, every detail of the traveler’s itinerary from departure to return may be planned in advance. Sight-seeing tours, sports programs, theater tickets, or other activities may be included in the tour. Package tours are often used as building blocks in creating an FIT.

2.2.1. Designing Tailor Made Tours

⇒ Designing tailor made tours require considerable research into client needs as well as the availability of travel components. If foreign destinations are involved, the process is potentially time-consuming and expensive. However, many clients still prefer tailor-made tours, hoping to combine the benefits of a tour with maximum flexibility.

2.2.2. Handling Tailor Made Tours

⇒ Consulting

1. Destination

Travel agents need the concrete destination of their clients. If their clients don’t have the concrete destination, they have to recommend some destination after getting more information.

2. Period

Travel agents have to know the client’s travel period, because there are many kinds of air-tickets based on the period such as 10 fix, 30 fix, 2M open, 1Y open and so on. The price and booking priorities of air-tickets are decided by the period. And if time-consuming is not enough for the client’s distinction or the period, travel agents encourage changing the destination or the period to their clients.

3. Budget

Travel agents have to grasp the client’s budget for their travel. If their budget is fix and is not enough for the client’s distinction or the period, travel agents encourage changing the destination or the period to their clients.

4. Trip Purpose

When any of the above 3 points do not fill the demand of the clients, the travel agents propose other destinations to their clients after the period and budget are considered. It is important for travel agents to grasp the trip purpose the client in this case.

5. Selection of the Airlines

The price of air ticket differs by the airlines in competition lines. However, all the clients do not necessarily purchase the cheapest air ticket. For example, there are clients who like the service that the airlines offer or other clients who want to use the particular airlines because they are the member of FFP of the airline.

6. Selection of Accommodations

There are many types of accommodations such as hotels, Inns, camps and so on. Every clients want comfortable for accommodations, but the concept of comfortable differs by clients. Some clients want to stay deluxe hotels which have 5 stars to enjoy their hotel life, but other clients want to stay economical hotels to serve their money.

Agents have to grasp the client’s the concept of comfortable and recommend them some hotels matching with their tastes.

7. Airport Transfer

A city area is far from an airport usually. There are public transfer systems or taxi services which access to a city area from an airport. However some clients cannot use them by themselves. For example, they are clients who have no experience to go abroad.In this case, agents propose them to arrange the airport transportation services in an advance to secure the relief and safety of clients.

8. Activities in Host Country

Most of the FIT travelers aren’t satisfied with the contents of package tours, because the contents are excessive and also be shortage.

Travel agents need discover the desires of their clients with the interview and construct the contents which they are satisfied with.

9. Estimation

Of course, travel agents need estimate the tour fee for a client; because a tailor-made tour is ordinal merchandise for each a client.

⇒ Arrangement

1. Airline Reservations

Agents check the seat status of the flight about the date, the time and the airlines company that clients request with CRS. When the seats are available, they reserve it. When the seats are not available, they make records on a waiting list. At the same time, they prepare some alternate plans and propose these to clients. In the case that the change of the charge results in, they notify it to clients without fail.

2. Hotel Reservations

Agents make a reservation of hotels according to the requested date from clients. Although there are some hotels of which agents can know unused room situation on online such as CRS, they must inquire that to hotels usually. It is general that hotel arrangements of foreign countries are reserved through tour operators in foreign countries, because they have good contracts with hotels. So, Hotel reservations are on request basically. Agents tell the result to clients as soon as they accept replies from tour operators. They prepare some alternate plans when the reservation was not confirmed.

3. Land Arrangements

Agents make a reservation of the airport transfer and the activity in the location for clients after the detailed meeting with clients. It is general that these are reserved through tour operators in foreign countries. These are on request basically. Agents tell the result to clients as soon as they accept replies from tour operators.

⇒ Correspondence to Clients

It is the same as in the case of a package tour, generally speaking.

**2.3. Economics and Cost Components of Package Tours and Tailor Made Tours**

When we consider the economics and cost components of package tours and tailor made tours regarding Ethiopia’s travel industries, we need three kinds of classification. Furthermore, these subjects are distinguished to two or three kinds by each function as follows.

1. Tour Operator; Outbound Tourism
   1. Package Tour sales through Travel Agency
   2. Package Tour sales to Client directly
2. Travel Agency: Outbound Tourism
   1. Package Tour Sales
   2. FIT (Tailor made tour) Sales
3. Tour Operator & Travel Agency; Inbound Tourism
   1. Land Arrangement receiving from abroad
   2. Land Arrangement receiving from domestic company
   3. Various Arrangements from walk-in guest（FIT inside Host Country）
4. Tour Operator; Outbound Tourism
   1. Package Tour sales through Travel Agency

Income from Travel Agencies’ Payment

|  |  |
| --- | --- |
| Profit | Cost |
| Sales of Package Tour  : 15-20% Price  Cancellation Charge  ---------------------------------------------------  Sales of Airlines Seats  : 5% Price  Sales of Hotel Rooms  : 15% Price | Commissions for Travel Agencies  : 10% of Price  Purchase of Airlines Block Seats  Purchase of Hotel Block Rooms  Land Arrangement Fee  Insurance for Tour Sponsorship  Producing Tour Broacher  Producing Give Away  Advertisement  Sales Activity  Refund  Fixed Cost  Others |

The profit of tour operators is 15～20% of the selling price from the package tour usually. However about 10% in these are paid as the commission to travel agencies. So, the final profit is about 5～10%. Also, there is the cancellation charge income in the case that the clients cancel the package tour with their circumstances after applications. The cancellation charge is based on the cancellation policy and decided by the time when clients cancel it. The income from here is very many usually because the cancellation charge reaches 10～100% of the selling price.

Furthermore, tour operators sell the seats of airplanes and the rooms of hotels to travel agencies because they stock these components with contract for a year and are afraid that their merchandise is left unsold. The seats of the airplanes are sold as discount air-tickets and the profit from this is about 5% of sales price. The rooms of hotels are issued as the hotel vouchers. As for the profits distribution from there, the same system is adopted as package tours usually.

Next, we consider the costs. Tour operators need

①Commission of the package tour for travel agencies,

②Payment of the block sheets fee to the airlines,

③Payment of the block rooms fee to the hotels,

④Foreign currency transfer of the land arrangement cost,

⑤Payment of the sponsorship insurance cost to an/the insurance company,

⑥The preparation cost of tour brochures,

⑦The preparation cost of Give-away such as tour vouchers,

⑧ The advertisement outlay of package tours,

⑨Business activity expense to travel agencies,

⑩The Refund for clients（complain, cancellation etc）

⑪A fixed cost such as the rent, ⑫Communication fee and consumer goods in the office etc.

* 1. Package Tour sales to Clients directly

Income from Clients’ Payment

|  |  |
| --- | --- |
| Profit | Cost |
| Sales of Package Tour  : 15-20 % Price  Commission from Travel Insurance  : 20% of Price  Cancellation Charge | Purchase of Airlines Block Seats  Purchase of Hotel Block Rooms  Land Arrangement Fee  Insurance for Tour Sponsorship  Producing Tour Broacher  Producing Give Away  Advertisement  Refund  Fixed Cost  Others |

In this case, the profit from the package tour is final profit for tour operators, because they don’t pay the commission for travel agencies. Also, they can get sales commission from insurance companies when they sale Travel Insurances for their clients. Of course, they can get cancellation charge without paying commission for travel agencies.Regarding the costs, they don’t need the commissions and the sales activities for travel agencies.

1. Travel Agency; Outbound Tourism
   1. Package Tour Sales

Income from Clients’ Payment

|  |  |
| --- | --- |
| Profit | Cost |
| Commission from Package Tour  : 10% of Price  Commission from Travel Insurance  : 20% of Price  Cancellation Charge | Fixed Cost  Others |

The profit of travel agencies is the commissions from package tour sales. Of course, they can accept cancellation charge shared with tour operators. Furthermore, they get commission from insurance companies when they sale Travel Insurances for their clients.

Regarding the costs, there are a fixed cost and others (See 1.1) only.

* 1. FIT (Tailor made tour) Sales

Income from Clients’ Payment

|  |  |
| --- | --- |
| Profit | Cost |
| Commission from Airlines  or Sales of Blocked Seats  : 10% Price  Commission from Hotels  or Sales of Blocked Rooms  : 10% Price  Profit from Land Arrangement  : 20% price  Commission from Travel Insurance  : 20% of Price  Cancellation Charge | Purchase of Airlines Tickets  Purchase of Hotel Voucher  Land Arrangement Fee  Producing FIT Tour Tariff  Producing Give Away  Advertisement  Sales Activity (Company, School etc.)  Refund  Fixed Cost  Others |

The Profit of FIT came from Air Tickets sales, Sales of Hotel Rooms, Land arrangement, Travel Insurance and Cancellation Charge.

There are 2 ways of Air Tickets sales. One of these is selling normal tickets and receiving the commissions from airlines. Another is that travel agencies buy block seats from tour operators and sell them for clients after adding some profit to the original price. In any case, the profit of travel agencies is about 10% of the selling price.Also, there are two ways of Sales of Hotel Rooms same as Air Tickets sales. Usually, clients pay the charge in the hotel directly, when travel agencies make a reservation of hotel rooms to hotels directly. In the case that travel agencies sell the hotel rooms which tour operators have stock, clients pay the fee for the hotel rooms and accept the hotel vouchers from travel agencies.

In any case, travel agencies’ profit is commission.

Regarding to the profit from Land arrangement, Travel Insurance and Cancellation Charge, the existing explanation fits also in here.

Regarding the costs, travel agencies need ①Payment of purchasing Airlines Tickets, ②Payment of Hotel Voucher, ③Foreign currency transfer of the land arrangement cost, ④Producing FIT Tour Tariff, ⑤The preparation cost of Give-away such as tour vouchers, ⑥The advertisement for clienteles such as direct mail, ⑦Sales Activity to Companies, Schools etc.), ⑧The Refund for clients（complain, cancellation etc）, ⑨A fixed cost such as the rent, ⑩Communication fee and consumer goods in the office etc.

3. Tour Operator & Travel Agency; Inbound Tourism

* 1. Land Arrangement receiving from abroad company:

Income from Foreign Companies’ & Souvenir Shops’ Payment

|  |  |
| --- | --- |
| Profit | Cost |
| Commission from Airlines  : 10% Price  Profit from each Land Arrangement  : ------------  Commission from Souvenir Shop  : 5-50% of Price | Purchase of Domestic Airlines Tickets  Purchase of Hotel Rooms  Car Rental Fee  Payment for Guide  Payment for Restaurant  Insurance for Tour  Producing Tour Tariff  Sales Activity (Abroad)  Refund  Fixed Cost  Others |

This case is the model of tour operators in a host country, especially in capital city. The profit is the fee from land arrangements including hotel arrangements mainly. Furthermore, the commission from airlines is added to the profit when domestic flights arrangement is included.The land arrangement fee is set up on the basis of the profit amount, but not the profit rate, usually.

Besides, tour operators can get profit from the commission of their clients’ shopping at souvenir shops. The rate of commission changes by the thing that clients purchased. In this case, tour operators make contract with souvenir shops in an advance and souvenir shops sell souvenirs on fixed prices for their clients. In other words, as for souvenir shops, don’t present higher charges than the usual selling price for these clients.

Regarding the costs, operators need ①Purchase of Domestic Airlines Tickets, ②Purchase of Hotel Rooms, ③Car Rental Fee, ④Payment for Guide, ⑤Payment for Restaurant, ⑥Insurance for Tour（e.g. Contract with Abyssinian Air Service）, ⑦Producing Tour Tariff

⑧Sales Activity to Tour Operators and Travel Agencies in Foreign Countries（Foreign country business trip）, ⑨Refund for Tour Operators and Travel Agencies in Foreign Countries（Mainly complain: The income decrease is taken even from the refund usually because the settlement is done after tour completion）, ⑩A fixed cost such as the rent, ⑪Communication fee and consumer goods in the office etc.

* 1. Land Arrangement receiving from domestic company:

Income from Capital City’s Companies’ & Souvenir Shops’ Payment

|  |  |
| --- | --- |
| Profit | Cost |
| Profit from each Land Arrangement  : ------------  Commission from Souvenir Shop  : 5-50% of Price | Car Rental Fee  Payment for Guide  Payment for Restaurant  Insurance for Tour  Producing Tour Tariff  Sales Activity (Capital)  Refund  Fixed Cost  Others |

This case is the model of tour operators in a host country, especially in local area. The profit is the fee from land arrangements mainly in this case also but they don’t make a reservation of hotels usually. However, local tour operators receive the commission from souvenir shop while clients stay in the local area.

Regarding the costs, it is not so much case that they arrange domestic air-tickets and hotel rooms, because tour operators located in capital city（It means that there is an international airport.）arrange them by themselves. These tour operators need ①Car Rental Fee, ②Payment for Guide, ③Payment for Restaurant, ④Insurance for Tour, ⑤Producing Tour Tariff,

⑥Sales Activity in capital city, ⑦Refund for Tour Operators and Travel Agencies in Capital City（Mainly complain: The income decrease is taken even from the refund usually）, ⑧A fixed cost such as the rent, ⑨Communication fee and consumer goods in the office etc.

* 1. Various Arrangements for walk-in guest（FIT inside Host Country）

Income from Clients’&Souvenir Shops’ Payment

|  |  |
| --- | --- |
| Profit | Cost |
| Commission from Airlines  : 10% of Price  Profit from each Land Arrangement  : ------------  Commission from Souvenir Shop  : 5-50% of Price | Purchase of Airlines Tickets  Purchase of Hotel Rooms  Car Rental Fee  Payment for Guide  Payment for Restaurant  Insurance for Tour  Producing Tour Tariff  Advertisement  Producing Give Away  Refund  Fixed Cost  Others |

In this case, these companies sell domestic and international air tickets for walk-in guests and they get the commission from airlines for this activity. Furthermore, their profit came from various land arrangement such as hotel reservations, car rentals and so on. When clients buy the city tour, travel agencies get commissions from souvenir shops also.

Regarding the costs, travel agencies’ cost is almost same as 3.1. However, they need prepare Give Away for clients and Advertisement instead of Sales Activities. For example, they place an advertisement to newspapers to draw the attention of clients inside host countries.

**CHAPTER3**

**FUNCTIONS OF TRAVEL AGENCIES AND TOUR OPERATORS**

**Chapter outline:**

* *Types of travel agencies and tour operators*
* *Functions of Travel agencies*
* *Functions of tour operators*
  1. TYPES OF TRAVEL AGENCIES AND TOUR OPERATORS

3.1.1. Types of Travel Agencies

**Retail Travel Agency:** A retail travel agency sells tourist products directly to the public on behalf of the product suppliers and in return gets commission. Some package tours are sold in two ways i.e. on a commission basis and mark-up price. When a travel agency sells a tour package on marked up price, it means that first it marks up the cost of a tour and then sell it at a higher rate. The mark up price is the difference between retail price and wholesale cost.

A retail travel agency is defined as ‘a business that performs the following functions: quote fares and rates, make reservations, arrange travel tickets and accommodation, arrange travel insurance, foreign currency, documents and accept payments.’ The main source of revenue for a retail travel agency is the commission received from the vendors. However, the rate of commission differs from organization to organization and travel component to travel component. For example, in India, retail travel agencies receive ninety five percent of their revenue from commission and the remaining five percent from consultancy services.

Most of the time, scholars defined retail travel agency as it is a store which sells package tours, air tickets, etc. that were provided from wholesalers in a basic meaning.

However actual situation differs from this definition. Some of travel agencies have an agreement with airlines and hotels directly or have branch offices in foreign countries to make their own travel products. Therefore, it is becoming difficult to distinguish between Travel Agencies and tour operators recently.

Retail travel agencies are operated independently or the branch office as part of a chain. They are located in department stores, shopping males, or suburban and downtown business districts. Some agencies specialize in a specific type of travel. That is, business or pleasure, individual or groups, air or cruise, private or government, travel purposes, client’s social classes and age, and destinations.

**Wholesale Travel Agency:** These agencies are specialized in organizing package tours, which are marketed to the customers/tourists through the network of a retail travel agency or directly to the prospective clients (if the wholesale travel agency has a retail division). A wholesale travel agency purchases tourist product components in bulk and designs package tours. Sometimes, a wholesale travel agency buys travel components from a vendor in bulk and resells them to another travel business organization.

Wholesale travel agencies assemble package holidays and sell them to the clients by retail travel agencies. A typical package tour includes – air ticket, accommodation and sometimes other services may also be included in it such as entertainment, sightseeing and sports activities etc. These packages are referred to as ‘package tours’ as most of these tours include the services of escorts but a few are sold to people who wish to travel independently. How a wholesale travel agency generates profit? Generally a wholesaler receives volume discounts from principal suppliers because a wholesaler might agree to purchase a large number of seats from a particular airline or reserve a large number of rooms at a particular hotel and resort.

Practically, a wholesaler who sells package tours is called a tour operator. However, technically there is a difference between a wholesaler and a tour operator. A wholesaler who sells tourists products individually without assembling them into package tours is called a consolidator. Mostly, these are specialized in a particular product component, such as air tickets, accommodation, conferences and conventions etc.

* Business Travel Departments（BTD）

Some corporations have their own business travel departments for the business travel arrangement of employees traveling for business purposes. Sometimes, they have their own travel agencies for this purpose. We call them “In-house Agency” usually. Workers in a BTD and “In-house Agency” carry out work similar to that done by travel agents. The main difference is that the customers are company employees only and most travel arrangements are for business purpose.

However, several in “In-house Agency” are expanding a business for the public recently.

* On Line Travel Agencies

Internet providers sell travel components for customers on line. They have a license of Travel agency by themselves or make a contract with other travel agencies or tour operators. They have unsubstantial shops, that is, internet malls. Of course, the other kind of travel agencies use internet as their sales tools.

* Travel Club

Travelers can also purchase travel products through a Travel Club. Travel Clubs specialize in selling unsold travel products, such as a cabin on a cruise ship or an airline ticket at discount prices. To take advantage of these travel bargains, Travel Club members an annual fee and must have flexible schedules so that they can leave for a trip on short notice.This system is common in United States but it is not in the world.

3.1.2. Types of Tour Operators:

1. **Inbound Tour Operators:** These are also known as incoming tour operators. Technically, the operators who receive guests, clients/tourists and handle arrangements in the host country are called inbound tour operators. For example, a group of American tourists coming through TCI to India and the company makes arrangements and handles the group in India, then TCI is called an inbound tour operator. Incidentally, the inbound traffic to the country for the last two decades has been decreasing. Essentially, tour operators need to adopt innovative marketing strategies and should introduce special interest tours to cater to special needs of the foreign tourists.
2. **Outbound Tour Operators:** Tour operators, who promote tours to foreign destinations, may be business tours or leisure tours are called outbound tour operators. Chinese and Indian outbound tourist traffic is growing. The Indian outbound tourist traffic is growing at a rate of 10 percent annually and this makes India the second largest country in the world with regard to the traveling population. However, India’s outbound tourism is not only holiday oriented but it is business oriented too. There are many travel companies which offer outbound packages such as SITA, TCI, Thomas Cook etc.
3. **Domestic Tour Operators:** Domestic tour operators are those who assemble and combine tourist components into inclusive tours and sell it to the domestic travelers. In general, these tour operators provide travel services within the boundary of home country and offer package tours to the traveler’s viz. domestic inclusive tours or independent tours.
4. **Destination Management Companies/ Ground Operators:** These are commonly known as handling agencies and their main function is to organize tour arrangements for incoming tourists on behalf of overseas operators. When a tour operator himself promotes beach holidays, wildlife holidays, wildlife tours, heritage tours, cultural tours at different places, the difficulty arises. It is the ground operator then who by handling the incoming travelers in the same season but at different places ensures that the entire operation is according to the package tours or agreements. Sometimes when a handling agency is at a prominent tourist place, for example Addis Ababa and it has to make arrangements to Lalibela, then it contracts (if it has no office of its own) with a local operator (known as excursion agent) to handle the arrangements on his behalf.

Other classifications of tour operators

1. ~~Outbound tourism~~

* Package Tour Organizer

Tour Operator means Package tour Organizer, usually. Refer to unit 5 for details.

* Air Ticket Whole Sale Company

Some package tour organizers sell air ticket to travel agencies, because they must stock seats of some airplanes voluminously to keep cheap price for their package tours. There is the company which has quit the sales of package tours and be specializing in the sales of aviation tickets. The system that stocks voluminously and sells them to retailers is a usual commerce custom.

* Cruise Whole Sale Company

This is the same system as the above fundamentally.

* Land Operating Company

Land Operating Company is likely to the bridge between the travel agencies of host countries and the travel agencies of origin countries. Namely, Land Operating Companies transmits the order to the travel agencies of host country from the travel agencies of origin country. Also, Land Operating Companies collect tour fee from the travel agencies of origin countries and transfer tour fee to the travel agencies of host country.

While the destination of clients is various, each travel agencies and tour operators don’t make a contract with the travel agencies of host countries all over the world, because most of the travel agencies don’t have connection with the host country and the trouble of transferring foreign currency is required also.

Besides, Land Operating Companies give the information about host country to the travel agencies in origin country.

* Hotel Rep（Hotel Representative）

Hotel Rep is the company which handles the reservation only hotels. Hotel Rep is divided to 2 kinds largely. One of these is Hotel Rep made by hotels which are unfolding the world wide chain. These Hotel Reps make a reservation of the group hotels only. Another is an independent Hotel Rep. These make a contract with each hotel directly or through the travel agencies of host countries. The discount rate is adapted to this contract usually.

Hotel Rep sales their hotel reservations to clients through travel agencies and directly. In the case that Hotel Rep sales their hotel reservations to clients through travel agencies, they pay commissions to travel agencies.

B）Inbound Tourism: Host Country

* Land Operating Company

This means the company which makes the various arrangements about tourism inside host countries. Generally, the travel agencies of host countries manage this business. The contents of these company’s operations are making reservations of hotels and restaurants, and arrangements of car and tour guide, for example.

It is important for Land Operating Companies to give the information needed for tourists about host country to the contract company in origin country.

C）Internal Tourism

* Retail Travel agencies

The function is almost same in the case of outbound tourism.

* Package Tour Organizer

The function is almost same in the case of outbound tourism.

* Land Operating Company

Even if it is domestically, it is difficult for the travel agency to arrange tours when the destination of clients is far from there. In such a case, the travel agency orders the substitution of the arrangement to the travel agency where is in the destination of clients.

* 1. The Role and Functions of Travel agencies

Since ***Thomas Cook*** earned the first travel agent commission on 1845, the travel agency has become an integral part of the worldwide travel, tourism and transportation industry. 75 percent of all international travel and more than 50 percent of all domestic travel are arranged by travel agents. The vital role of travel agency in the modern world is summarized in the Principles of Professional Conduct and Ethics of the **American Society of Travel Agents**, as follows:

We live in a world in which travel has become both increasingly important and complex in its variety of modes and choices. Travelers are faced with a myriad of alternatives as to transportation, accommodations and other travel services. They must depend on travel services. They must depend on travel agencies and others in the industry to guide them honestly and competently.

More than any other factor, the emergence of the modern travel agency was made possible by the rise of the air transportation industry. The concept of selling travel arrangements to the public was first adopted by Thomas Cook, who persuaded the railroads to pay him a commission for booking passengers on regularly scheduled trains. Today, most of the revenues received by travel agencies come from commissions for selling airline tickets.

2. The Function of Travel Agency

A travel agency sells arrangements directly to the public. More specially, an agency sells air, and sea transportation; lodging accommodations; cruise trips; package tours; travel insurance; and other related products. Some travel agencies combine retail and wholesale activities on the same premises. For example, American Express Travel Related Service offices[[5]](#footnote-5) sell tour packages to other travel agencies and also provide retail services to the public. Thomas Cook USA,[[6]](#footnote-6) an outgrowth of the world’s first travel agency, also sells both retail and wholesale products.

An in-plant or in-house agency is a department or division of company set up to handle the travel requirements of the company’s employees. The company’s employees are the in-plant agency is located on the premises of a client company but is actually an extension or branch of an independent travel agency or air line reservation center.

**ARC (Airlines Reporting Corporation)** defines a retail travel agency as a business that performs the following functions:

Ⅰ. Quotes fares, rates, and/or schedules

1. Airfares
2. Hotel room rates
3. Rental car rates
4. Tour package prices
5. Cruise fares
6. Bus or rail fares
7. Travel insurance rates

Ⅱ. Making reservations

・Addis Ababa – London – Paris – Frankfurt – Addis Ababa

1. Number of passengers
2. Contact telephone numbers

The client can be contacted in the event, such as a schedule change, a flight cancellation.

1. Mailing or delivery address
2. Caller’s name

The name of person who requested the reservation is obtained for reference.

1. Service information for special requests

Special foods for fasting, Special support for a blind person etc.

1. Ticketing date
2. Form of payment（Cash, Check, Credit card）

Ⅲ. Accepts payment for travel

Ⅳ. Arranges for delivery of tickets or other transportation documents

Ⅴ. Assists clients with other travel arrangements

1. Package tours
2. Cruises
3. Hotel accommodations
4. Car rentals
5. Sightseeing excursions
6. Bus transportations
7. Travel insurances
8. Rail transportations

Ⅵ. Arranges for the issuance of tickets or other travel documents

Ⅶ. Issues tickets or travel documents

3. Agency Commissions

Most of the revenues received by a travel agency are from commissions paid by vendors. When an agency sells an airline ticket, it receives a commission from the airline. Likewise, hotels, wholesalers and car rental companies pay commissions for bookings made by a travel agency. The commission is deducted fro – not added to – the purchase price or fare.

Domestic airlines pay retail agencies commissions of 10 percent of the base fares. The base fare is the total fare without taxes or surcharges. Most international airlines pay a commission of 8 to 10 percent of the base fare. For airline tickets sold in conjunction with a package tour, the agency may receive a commission as high as 11 percent of the base fare.

* 1. Roles and Functions of tour operators/ Tour operating company

Since the dominant international leisure tourism flows are North-South to sun resorts, it is not surprising that much of work of tour operators is bound up in providing single destination inclusive of package tours. Multi-centered holidays are more common on travel for long period where the period of stay may extend to three weeks. And there is still a buoyant market for each coach tours which were the main form of package tour before the arrival of low low-priced air travel in the 1950’s. The first business to introduce the modern form of package tour was the British company Horizon in 1957, in order to circumvent exchange controls by paying the whole price in the origin country. It marketed combined transport and accommodation arrangement to Corsica.

Large tour operators normally sell a wide portfolio of tours and therefore have a range of brochures. For instance, there will be separate brochures for summer-sun holidays and winter-sun holidays, ski holidays, long-period travel and short breaks. Popular destinations may have tour operator’s brochures dealing solely with holidays to that country or region. Research has shown that the place to visit is often the first holiday decision made by some travelers. The brochure is designed to encourage customers to buy and is often the only information the might have concerning the resort until they arrive there. However, it cannot be a comprehensive travel guide. The number of pages is limited by considerations of cost and size. And operators try to put as much detail about accommodation and resorts as they can in the space available, but they must conform to the legal requirements. Clearly, the contents of the brochure must be consistent with the brand image that each operator is trying to convey, as they will each be competing for the customer’s attention on travel agent’s brochure racks.

Reference:*Thomas Cook*

Thomas Cook was the first to develop the inclusive group tour, in England. Others had used the concept before: combining tourist attractions, travel, accommodation and meals – but Cook was the first to make it into a true business venture that appealed to the public. In 1845 he began arranging tours as a commercial business, taking school children, women, couples and common people to places they had not been able to visit before.

Cook realised that transportation companies and accommodations also needed to fill their seats and beds and he negotiated prices with the owners. He also distributed flyers to advertise his tours. He understood the travel possibilities of his time: he also saw the need and desire for travel and simply combined supply and demand. Cook also handled all the matters relating to the tours, such as tickets, timetables, currency exchange and even published travel guides.

The average ‘guided Cook tour’ was led by Cook himself, or by his son and by doing this, he developed strong loyalties with his customers. Cook was a true ‘marketer’ as we would call him today.

The railroads, large safe ships and Cook’s packaged tours gave millions of middle-class people an opportunity to travel. A world was now open to the middle class that was once only accessible to the very rich. But tourism requires more than money – it also requires time. And time has always been scarce for the working class. Only in the 20th century, ‘free time’ became a civil right as a result of the democratic, political developments of those days.

2. The Function of Tour Operating Company

A. Offering Package Tour

Package tours and many components that are used in custom tours are arranged by tour operators. Technically, the term tour operator refers to a business that sells products for resale by other businesses, but does not sells products directly to the public. However, some tour operators do sell products directly to travelers.[[7]](#footnote-7) In this regard, tour operator refers to the way products are designed, rather than the way they are sold. To design a tour, a tour operator usually arranges to purchase one or more components at a discounted rate.

B. Laying Travel Components in stock

* Air

Many airlines allocate a preset quantity of seats on selected flights that can be sold by tour operators. Such flights usually operate between a major gateway and a popular tour destination.

Depending on airline, flight and season, up to 30 percent of the seats in the coach cabin may be available for sale by tour operators. A large tour operator might charter its own flights or guarantee to purchase a large block of seats on selected flights operated by an airline.

Another source of low-cost air space is a special class of discount fares, called ‘Net Fares’. Net Fares are available to retail travel agencies as well as tour operators, but to the general public. When the ticket is purchased at a Net Fare, the full price appears on the ticket, regardless of the actual fare paid by client. The tour operators or travel agents can sell the ticket at any price they choose. Net Fares are offered by most international airlines.

* Land

Low-cost hotel space and car rentals are obtained in the same manner as discount air space.　Many hotels, especially resorts in popular leisure destinations, set aside a predefined number of rooms, called a Room Quota, which can be sold by tour operators. Large hotels often have a discount wholesale rate extend the same rates to tour operators that are offered to tour operators that are offered to conventions or other groups.

In some cases, a tour operator may negotiate with a specific hotel to obtain a discount rate. If a special rate is negotiated, the tour operator may be required to meet a quota in order to receive the same rate in the future. A room quota is a preset number of rooms that must be sold during a specified period, such as six months or a year. Some tour operators guarantee to purchase a large room block at selected properties in order to obtain a discount rate. If a room block is guaranteed, the tour operator is obligated to pay for any unsold rooms.

Reference: *American Express*

The American Express Company was established in the nineteenth century for the purpose of transporting cash and goods, including baggage, and all the financial obligations required to ensure the safe transfer of items given to their charge. In 1882 the company introduced the unforgettable postal money order, which removed the need for cash transactions, and in 1891 Traveler’s Cheques were brought in, thus allowing tourists to cross borders without constantly exchanging cash. The system was also secure because of the double signature required and refunds were offered in case of loss.

The company expanded beyond its American origins so that by the turn of the century it had established travel offices in major European cities. As well as sales of railway and steamship tickets, a complete range of tours by rail, coach and private car were available before the advent of the First World War. After the war the company became agents for cunning and went in to organizing sea cruises. There was some interest in air travel, but this did not become significant until the growth of mass tourism in the 1950s. The company's financial services also increased with the growth in tourism, so that by the mid-1950s American Express Traveler’s Cheques were available in the denominations of the major currencies of the world. A further boost to the market came in the 1970s with the relaxation of exchange controls, which allowed the company to sell Traveler’s Cheques to the banking system, when previously they had been confined to travel agents.

Today, American Express offices are sophisticated travel centers, linked world-wide by computers. Not only do they sell holidays, but they also arrange business travel, offer passport and visa facilities. As well as dealing in a whole range of financial and personal matters. The latter include sales of Traveler's Cheques, buying and selling foreign exchange, money transfers and dealing with American Express cardholders' inquiries, offering a Helpline to cover emergencies and give travel assistance on a global basis.

**CHAPTER4**

**DESIGNING AND DEVELOPING TRAVEL CIRCUIT AND ITINERARY**

**Chapter outline:**

* 1. Developing Travel Circuit
     1. Identification of major attractions
     2. Identification of main service
     3. Coordination of attraction & service
  2. Designing & Drawing feasible tour itinerary
  3. Itinerary elements
  4. Itinerary format
  5. Itinerary drawing

Itinerary is known as a tour plan. It is related to the tour programs, timetable and the information of the places to be visited. A program includes only activities, whereas, an itinerary includes date, day, time duration and points of interests between the destinations, on the way to the destination, the special features of the tour and happenings at the destination etc. An itinerary is the combination of the different components of tourism to form a product ready for sale. So, it explains and shows how different components of tourism are joined together. Travel was there since a long time but there was no tourism. Hotels were there, transport or movements of the people were there but there was no tourism because there was no joint or coordinated effort. By the introduction of the travel agency, there came the concept of tourism. When there developed the joint effort then there came the concept of tourism. Travel agencies produce the tourism product that is to produce itinerary. Now the tour is sold as a single product. Tourism is defined as sum of the total activities related to travel and stay and itinerary joins that travel and stay together to form a product. Itinerary is the commoditization of tour.

* 1. Developing Travel Circuit

The development of a travel circuit/tour route (a way to be followed to get to a destination) involving visits to more than one destination and return to origin requires three major steps:

1. *Identification of attractions,*
2. *Identification of main services and*
3. *Coordinating attractions and services*. These will be discussed in brief below.

## Identification of Major Attractions

Generally, tourist attractions can be grouped in to two broad categories, namely manmade and natural. Attractions related to natural environment viz.

1. **Climate**

* Generally tourists from the colder climate, especially cold winter, seek warm/sunny, relatively dry climates.
* People from hot/humid may seek cooler climate.
* In many countries, seasonality of climate determines seasonality of tourist.
* Some tourist seeks different climate for health reasons.

1. **Landscape beauty, unusual characters and unique features.**

* Natural landscape beauty and characters such as mountains, valley, rivers, lakes and deserts etc related to activities such as sightseeing, trekking, camping, rafting, boating, and photography.

1. **Beaches and shoreline:** Beach tourism is the activities such as sun bathing, swimming, beach walking.
2. **Floras and faunas:** Interesting representative and sometimes unusual vegetation and animal life including birds.

* Unique and endangered species to be preserved for scientific purposes.

1. **Parks and Reserves (officially protected):** Conservation (preservation and protection) of important natural environment is essential for both scientific and tourism reasons.

Attractions related to culture, entertainment and special manmade features.

**i. Cultural patterns and life style:**

1. especially interesting to many tourists as an experience of cultural tourism
2. Includes – traditional cultural patterns, lifestyle and customs.
3. Include modern life style, which is different than that of the tourist.
4. **Festivals and events:** various types of festivals and events related to the local traditions and arts, and religious festivals can be major attractions.
5. **Archaeological and historic sites and monuments:**
6. All types of archaeological or pre-historic sites including marine archaeology and special features such as industrial archaeology.
7. All types of historic buildings, structures and areas including buildings of representative traditional and historic architecture and building techniques.
8. Sites of important historical events such as battle fields
9. Monuments to important historical events or people.
10. Unusual and striking manmade structures such as large dams and bridges.
11. **The art and handicraft**

* Includes visual art of paintings, carving, etc and performing arts of dance, drama and music

1. **Museums: e.g.:** National Museum, Addis Ababa. These/museums are special features, which exhibit and explain aspects of history, culture, arts and handicrafts technology, natural, historical and other special areas of interest.
2. **Sports activities and events:**

* Many sports events are of local tourist interest and some of national and international interest
* Includes participatory sports such as snow and water skiing, tennis, golf, scuba diving are becoming increasingly popular although popularity of some specific sports changes as current fashion.

1. **Entertainment:**

* Includes dance/drama/films and music performance related to either traditional or modern culture.
* Night life, especially night clubs and discos with dancing and music
* Gambling like casinos
* Development require facilities such as theatres, cinemas, stage performance, cultural shows, casinos with adequate access and parking facilities

1. **Shopping:**
2. Usually secondary attractions but in some areas may be primary attractions(Important part of itineraries)
3. Important means of tourist area to make money from tourism
4. It includes shopping for locally made clothing, arts and handicrafts, furniture and locally processed itemssuch as gems and stones)
5. Duty free items such as cameras and electronic equipment
6. Antiques
7. **Dinning and Cuisine:**

* Most people/tourists require good quality but not necessarily high priced food. Many and some tourists like to try local food at least once and some tourists consider good quality food as a major attraction. High quality restaurants can become important attractions in some areas.

**4.1.2.Identification of Main Services**

**i. Accommodation:**

* All types of accommodation – hotels, motels, holiday villages, guesthouses, residential (self-catering) units, youth hostels, camping, etc should be surveyed and evaluated. Identify kinds of facilities, services and quality levels.

1. **Other facilities and services**:

* Eating and drinking establishments
* Shopping and personal services
* Money exchange and banking
* Medical facility and services
* Public safety
* Postal services

1. **Transportation and other infrastructures:** air transportations, road and rail way networks.
2. **Facilities and services:** health institutions, banks, security
3. **Other infrastructure:**

* Water supply for tourist attractions
* Electric power
* Telecommunication
* terminals

**4.1.3. Coordination of Attractions and Services**

After clearly identifying the attractions and services which are available at the destination then, it is easy to develop travel circuits. It is a matter of *coordinating* the attractions and services. But *due attention* should be given that the tourist attractions are *worth visiting* and the services *available meet the expectations* of *tourists*.

* 1. Designing & Drawing Feasible Tour Itinerary
* Itinerary: description of a journey, showing dates and times, mode of transport, places visited and activities.
* An itinerary is a day to day plan of a journey. It includes all the activities and destinations that the tourist will engage in or visit during his or her journey.
* It is a list of the origin, destination and stopping points on a traveller’s trip
* Each portion of an itinerary is called a segment.
* The first city or airport in a segment is called the board point or departure point; and the second city or airport is called he off point or arrival point. Together the points make up a city pair.
* A segment that represents air transportation is referred to as an air segment: and a segment that represents land transportation is referred to as a surface segment
* A non-stop flight is does not make any stops between the origin and destination
* A direct flight does not require the pax to change planes, but may make one or more stops
* Two or more flights between the origin and destination are connecting flight
* A point in connection where a change of aircraft occurs is called a connecting point
* A point that is not a connecting point is called stopover point
* An itinerary that involves only points in a particular country is called domestic itinerary
* If any p0int in an itinerary is outside that country, the itinerary is called an international itinerary.

**Example**:

A pax will travel from Addis Ababa to New York connecting in London. After attending a meeting in New York, he will return on non-stop flight to Addis.

**Therefore**:

The pax’s itinerary consists of the following segments.

1. Addis Ababa-London
2. London- New York
3. New York -Addis Ababa

* London is a connecting point, New York is a stopover point
* The initial segment from Addis to London is called the outbound segment
* The last segment from New York to Addis is a return segment

**Basic requirements in itinerary planning**

Familiarity with airline timetable and OAG is a basic requirement for employment in many segments of the travel industry, including, travel agencies and tour operators. Two types of printed references are very useful in itinerary planning.

1. Time-tables: is a schedule of departure and arrivals of a particular airline. It consists of information about:

* Departure city (FM)
* Arrival city (To)
* Departure Time (DEP)
* Arrival Time (ARR)
* Flight number (FLT)
* Aircraft Type (EQP)
* Days of Operation (FRQ)
* Number of stop (ST)

N:B- Departure and arrival times are given in local times

1. Official Airline Guides: OAG is an international edition that covers all other flights, including flights between the US and Europe, Africa, South America, Asia as well as flights between points in foreign countries.

It has been noticed that most of the tour companies prepare multiple itineraries for the same tour. In reality, a tour company needs to develop/prepare separate and distinctive itineraries for the tourists, tour managers, tour escorts, vendors and tourist guides. However, different itineraries are based upon an individual expansion of the tourist itinerary.

Essentially two dominant itineraries are used

1. General Itinerary that is aimed at and marketed to a wide variety of clients; and may often be priced as a total package tour when provided by a tour operator,
2. Personalized Itinerary that is specially drawn up for a specific client according to that clients’ needs and interests. Here, each component may be individually priced if an independent tourist uses a travel agency or books directly with the services provider.

**Tips for preparing an itinerary**

The following information should be kept in mind when planning an itinerary

* Always have an interesting and attractive heading for your itinerary
* Show the date and time clearly
* Always break your itinerary up into paragraphs/ rows with new dates
* Provide as much information about the attractions and activities included in your tour plan, as possible
* Always us the 24 hour clock, i.e. 01h00 to 24h00
* Allow sufficient time for each activity
* Place each activity in logical order. Remember you need to save your client traveling time and cost
* Try to finish each day with a special activity, if possible
* Never make promises in your description that you may not be able to keep, (e.g. don’t say, **“you will enjoy a glorious sunny day at the beach”,** it could pour with rain on that day).
* Write clearly and to the point. The client must want to travel immediately to their preferred destination when they read your itinerary. It must however leave the client wanting to travel in order to discover the destination for them.
* Give them just enough information to wet their appetite.
* Never use the word **etc** in an itinerary
* You must be clear about accommodation, transport, attractions, and activities that the tourist is paying for.

**Factors to be considered in itinerary design**

The **quality** of itineraries is based on **itinerary-mix-planning**. Generally, the tour planner takes in to consideration the various ingredients while preparing an itinerary such as:

* right type of transportation,
* right type of accommodation
* right type of destinations;
* right amount of sightseeing;
* quality of meals;
* Customers’ interest
* professional tour conductors and a correct marketing approach;
* maximum entertainment in the right amount;
* reasonable free time,
* documents required and so forth

**NB**: To develop the best possible combination of tour ingredients, it is imperative to **review** and **analyze the comment sheet of past tourists** and **incorporate suggestions received** from the **current tourists**. Thus, whatever the approach the tour planner/manager should adopt, he must develop an itinerary that **attracts** the tourists.

* **Time zone**

Itinerary planning requires the **knowledge of time zones** and the **ability to calculate elapsed** flight time. An airline route system may cover several time zones. In flight schedule, departure and arrival times are stated in local time. If a **flight crosses one or more zones, the time change must be taken in to consideration** when elapsed flight time is calculated.

The ***civil day now*** begins at ***midnight***, local time. In ***ancient times***, the ***Babylonian*** day began with ***sunrise*** and with ***sunset*** among the ***Athenians*** and ***Jews***. The day is still often regarded as *starting* with *sunset* in ***ecclesiastical*** (particularly Jewish ecclesiastical) usage; until recently, the astronomical day started at noon, and the Julian day still starts at noon.

In ***common usage day***, as distinct from night, is the ***period of natural light between dawn and dusk***. The period of ***daylight***, most nearly constant near the equator, varies with the latitude and the season, reaching a maximum of 24 hr in the polar zones in summer, a phenomenon known as the midnight sun.

* **Time differences and elapsed flying time**

Next, let’s look at time differences and elapsed flying times. First, it is essential to be familiar with the 24-hour clock.

1200 hours 12.00 **noon** (mid-day)

1300 hours 1.00 pm

1400 hours 2.00 pm

1500 hours 3.00 pm and so on

2400 hours midnight

2359 hours one minute to **midnight**

0001 hours one minute past midnight

0100 hours 1.00 am (early hours of the morning)

0200 hours 2.00 am

0300 hours 3.00 am

Using the 24-hour clock eliminates mistakes or uncertainty about whether the time is am or pm. For instance, by ‘8 o’clock’ do we mean 8 o’clock in the morning or 8 o’clock in the evening? By using 0800 hours or 2000 hours the time is perfectly clear.

* **Time differences**

The world is divided ***into 24 time zones***, each of 15° longitude, with the Greenwich Meridian being point zero (GMT). The time used in each country, whether it is the time of the corresponding time zone or modified, is an hour fixed by law. Time is known as ***legal time***, ***standard time or local time***. Certain countries modify their legal time for part of the year, especially in summer.

You can study the international time calculator from your Official *Airline Guide[[8]](#footnote-8)*.

**Examples**

* Imagine it is now 1500 hours (3.00 pm) in Tokyo on 22 December. What time is it in Copenhagen?

Denmark’s standard time is GMT + 1, and Japan’s is GMT + 9. It is therefore 8 hours earlier in Denmark than in Japan. Subtract 8 hours from 1500 hours to arrive at 0700 hrs in Denmark on 22 December.

* It is 0800 hours in Athens on 12 October. What is the time in Barbados? Check the international time calculator: Greece + 2, Barbados – 4. Add 4 and 2 together to make it 6 hours earlier in Barbados than it is in Greece. Then deduct the 6 hours from 0800 hours to reach the answer – it is 0200 hours (2.00 am, early hours in the morning) in Barbados.

Some large countries, such as the USA, Brazil, Australia and the Russian Federation, do not have the same standard time throughout the country. Details are published in the official *Airline Guide*.

* **How long does the journey actually take**?

In the *Airline Guide*, you will find a table giving average journey times between major cities. This allows you to see quickly the approximate flying times between two cities, but you might need to work them out for individual journeys.

Then find the actual flying time for a journey where the city of departure has a time different from that of the city of arrival. You will need to convert both times into GMT.

*Step One*: Establish the departure and arrival times in local time. These are published in the timetables.

Example travel is in August:

Depart Rome 1415 hours

Arrive Port au Prince 1915 hours (Haiti)

*Step Two*: Look at the international time calculator to establish the time variance to GMT.

Rome – Italy = GMT + 2 (Daylight Saving Time March – September)[ Daylight Saving, system of setting clocks ahead so that both sunrise and sunset occur at a later hour, producing an additional period of daylight in the evening. In the North Temperate Zone clocks are usually set ahead one hour in the spring and set back to standard time in the fall. Until the year 2007, daylight-saving time begins at 2 am on the first Sunday of April and ends at 2 am on the last Sunday of October in most of the United States and Canada.]

Port au Prince – Haiti = GMT – 4

***Step Three*: Convert local times** to **GMT**

Depart Rome 1415 hours + 2 hours convert to GMT (–2 hours) = 1215 hours

Arrive Haiti 1915 hours – 4 hours convert to GMT (+4 hours) = 2315 hours

Now that you have both departure and arrival times in GMT it is easy to work out the actual flying time:

From 1215 hours to 2315 hours = 11 hours

* **International Date Line**

The International Date Line is a *time zone boundary*. It is an imaginary line extending from the North Pole to the South Pole and *separating* one calendar day from the next. Along most of its length, the International Date Line corresponds to the *180th* meridian of longitude.

The International Date Line lies at the 180° meridian on the opposite side of the earth from Greenwich and *divides the eastern and western time zones*. The *time difference* between each side of the International Date Line is 24 hours.

* A traveler moving *eastward* across the line *sets his or her calendar back one day*, and
* One traveling *westward sets the calendar* a *day ahead*.

Look at the map for the Fiji Islands and Hawaii in the Pacific Ocean. They are not a great distance from each other and yet there is a 22-hour time difference. This is because *Fiji* is at the *eastern* extreme of the time zone (GMT +12) and Tahiti is at the western extreme (GMT – 10). When we travel across the International Date Line going from the

* Eastern hemisphere to the western hemisphere we gain a day; and
* Travelling from west to east, we lose a day.
* **Procedures for effective itinerary design and development**

Tourist itinerary is **a crucial ingredient of a package tour**. Preparing an **effective** and **market-oriented** itinerary is not an easy task. It requires

* experience,
* knowledge,
* ability,
* imagination and
* exposure

As per the tour operation industry environment, a tour planner should adopt the following step by step procedure:

Identify market/tourist **requirements** and their budget

Select the **destination**/s

Negotiate with **DMC** and give them importance to ensure quality

Identify **ARNK**[[9]](#footnote-9)segments

Study and understand the use of worldwide city to city schedules

Study and follow itinerary planning tools- OAG and time zone calculation

Emphasize in right kind **of sightseeing**

Include **optional** ingredients with **free** time

Consider **views** of past tour participants (interest of current tourists)

* 1. Itinerary format

There are no hard and fast rules for itinerary format. But, the following are some formats used by tour operating companies.

* Skeletal - proposed and preliminary schedule of activities.
* Technical - specifies the details, like the scheduled transportation, arrival and departure schedules, duration of sightseeing, land travel time, type of accommodation.
* Descriptive - provides a narrative of the planned activities and destinations visited. - produced for marketing purposes.

Sample Itinerary-1

|  |  |  |
| --- | --- | --- |
| **DET 001-Historic route by Surface** | | **RMKs** |
| **Overview** | **Itinerary** |
| |  | | --- | | Tour Code:  **DET – 001** | | Category:  **Historic** | | Transport:  **Land** | | Duration:  **14 Nights, 15 Days** | |  |   Contact us for more information:- | **Day 1:** Arrive at Addis Ababa. O/N Sheraton Hotel  **Day 2:** Drive Addis to Debre Markos. Visit Debre Libanos Monastery &Blue Nile Gorge. O/N FM Hotel  **Day 3:** Drive to Bahir Dar & Sightseeing tour. Visit Open-air Market and panoramic view of the city. O/N D/Anbessa Hotel  **Day 4:** Bahir Dar. Visit Blue Nile Fall & Monasteries of Lake Tana O/N D/Anbessa Hotel  **Day 5:** Drive Bahir Dar to Gondar. VisitCastle compound, Bath of Fasildes, Debre Berhan Silassie church and Quskuam monastery. O/N Goha Hotel  **Day 6:** Drive Gondar to Axum. Visit the magnificent lemalimo mountain scenery. O/N Ramai Hotel  **Day 7:**Axum. Visit archeological sites & Church .O/N Ramai Hotel  **Day 8:** Drive Axum-Adigrat. VisitYehaTemple& Debre Damo Monasteries. O/N  XYZ Hotel  **Day 9:** Drive to Mekele. Visit rock-hewn churches. O/N ABC Hotel  **Day10:** Drive to Lalibela. Visit spectacular Mountains scenery. O/N Seven Olive Hotel  **Day 11:** Lalibela. Visit rock-hewn churches. O/N Yeha Hotel  **Day 12:** Excursion from Lalibela to Asheton Mariam or Yemrehane Kirstos. Visit       rock-hewn churches.  O/N Yeha Hotel  **Day 13:** Drive to Addis.O/N Sheraton Hotel  **Day 14:** Enjoy your free time. O/N Sheraton Hotel  **Day 15:** At 09:00- Cheek-out from Sheraton Htl and TRF to Bole int’l airport. | Meal Plan  **FB** |

***Sample itinerary-2***

***Day 1***

*Late evening arrival at Dubai international airport. Bilingual guides- after meet and greet escort guests through immigration and baggage reclaim out to luxury air -conditioned coaches. Welcome banner arranged outside the airport.*

*One person can be sped ahead to the hotel and dressed in the local national costume (in this case the national Arab costume) to greet the group. A special check-in room should be decorated again as a traditional room (in this case decorated as a Majlis) and cocktails and canapes should be served as the local traditional ban welcomes the guests.*

*The guests receive a personalised welcome envelope with the itinerary in their native language and*

*English, a general information sheet about the country which have information like dos and don’ts, public holidays, working hours of government and private offices, places for currency exchange, etc.*

***Day 2***

*Buffet brunch at hotel poolside. In the afternoon a fascinating city tour will afford visitors the chance to sample the culture and history of bygone Dubai. The routes takes the to the museum, housed in a 150 year fort, through the bastakia district of old wind – towered and mud – walled houses, into the souks of gold, silks and spices, past magnificent palaces and across the creek on and on a water taxi to gaze on the modern metropolis that is Dubai’s centre. Return at hotel at approx. 1830 hrs.*

*Dinner at the Dubai world trade – club, overlooking the city from a dramatic vantage point on the thirty – third floor of the world trade centre, the tallest tower in gulf.*

***Day 3***

*Following breakfast at the hotel, guests will be escorted to the hotel car park to board helicopters for transfer to the majestic high dumes of Liwa for sand skiing (equipment will be provided by the tour operator). Transfer to hotel for lunch. Afternoon at leisure. A coach driver and guide available for guests who wish to go for shopping. Guests collected by coach and escorted to a luxury restaurant specialising in traditional Arabic cuisine, followed by a night on the town – at a disco or maybe an Arabian night-club.*

***Day 4***

*Breakfast at poolside. Transferred at 0845hrs to the creek for an exciting fishing trip in the gulf in an Arabian Dhow. Guests will be provided with traditional Arabic hand lines.*

*Catches will be cooked and lunch served on board. Return to hotel around 1430hours.*

*Afternoon: shopping trip, the first stop is Karama, famous for its bargains. Then to Al Fahidi Street where the best buys are electronics, videotapes and watches. Finally, a short walk into a textile Souk with material for both men and women and a host of tailors ready to make your purchases into fashionable clothes. The evening is spent at one of the Dubai’s popular restaurants, perhaps specialising in Tex - Mex. food, with music from a live band. Late evening return to hotel.*

***Day 5***

*Guest will be taken to the Dubai camel racetrack for a camel race if scheduled. Following the race, breakfast will be served in a tent behind the track. Guests then split into two groups. Group 1 will leave for the hotel’s private beach club to avail themselves of the beach facilities, while group 2 will leave for their desert driving course and return to hotel at 1800hrs, while group 1 spend the afternoon on the beach.*

*Prior to dinner at the hotel, guests will be pres ented with their desert driving course certificates.*

***Day 6***

*Morning departure for the Hatta Fort Hotel, at the foot of the Hajar mountains which form the backbone of the emirates. The journey is spectacular. The sand dumes become taller and turn a beautiful amber – red colour until they merge with the mountains. Among the facilities of the award – winning mountain – lodge – style hotel are archery and clay pigeon shooting, where a “sharpshooter’s challenge” has been arranged.*

*Champagne will be served and lunch will be at banquet in the gardens. There will be plenty of time for a refreshing dip in the pool with piped underwater music.*

*101 Mid – afternoon the group leaves in a fleet of powerful four –wheels – drive vehicles. After some spectacular dume – driving, the cars emerge over a dume to find a champagne bar lit by the sun.*

*Nearby is a Bedouin camp. Everyone is given traditional Arab dress for the grand celebration. A local band alternates with western music. The goat hair tents are set out with low tables and full silver service.*

*After dinner, the sound of hooves is heard. The lights swing and three camels come into view. The middle camel carries only a rolled up Persian carpet. The riders of the two others present the carpet to a member of the group as a toke n of appreciation from the sheikhs. Ceremoniously, the Bedouins present a traditional dagger of “khanjar” to cut the string binding the carpet. The carpet unravels across the sand to reveal a beautiful belly dancer. A perfect end to the evening. Departure back to hotel at approximately 2200hours.*

***Day 7***

*Breakfast at the hotel. Baggage transferred to airport for check – in formalities. Guests transferred to the airport for return flight, giving ample time for last minute shopping at the famous Dubai Duty Free Shopping Complex.*

* 1. Itinerary Elements

Itinerary is not an element because tourism is not made of single element. It is made of different elements combined together. A hotel, transport, an attraction is not tourism they are the basic elements of tourism. So, every itinerary has following elements.

1. Tour Program

The main and most important element of an itinerary is a tour program. The tour program consists of different activities. The programs are related to the travel or movement, stay and involve in different activities.

2. Timetable

Another major component of itinerary is the timetable of the tour program. Time table is the explanation of when to do what. In an itinerary, the tour program must be supported by a timetable.

3. Duration

Tangible goods are measured in weight, length etc. but intangible services are sold on the basis of duration. So, tourism as service, an itinerary must explain the duration of the service that is the length of each activity, total tour.

4. Destination

Tourism is related to travel and travel is related to destination. The destinations are the places to be visited. An itinerary should mention the starting point and the destination to be visited.

5. 4 As.

Every itinerary should have 4 A, they are attraction, accessibility, accommodation, and amenities. Attraction is anything which attracts travelers to visit. Itinerary should mention what is the main attraction of the program. Then mention how to reach there, that is accessibility. It can be drive, fly, trek, raft etc. Next important feature is to mention where to stay. It can be hotel, camp, lodge etc. Finally every itinerary should mention service elements like what they enjoy, see, visit etc.

* 1. Itinerary Drawing and Quotation
     1. *Preparation of a (Tailor Made) Tour Itinerary & Quotation*

We have studied how to design and handle tours in the previous sections. At first, we recall and simplify them again.

The following factors affect the design and selection…[[10]](#footnote-10)

1. Purpose of the trip

People travel on tours for many reasons other than sightseeing. For example, some travelers seek exotic getaways or adventurous surroundings, whereas other clients may be more interested in dining and entertainment. Determining the purpose of the trip is integral to matching a tour, whether package or custom, to the personality and needs of the traveler.

1. Geographic Preference

Tours of all types cover virtually every area of the globe, from Antarctica to the Amazon. The client's geographic preference is a major factor in both the price and complexity of a tour.

1. Length of stay

Package tours are of a set length and often require departure on particular days or during specific periods. The desired length of stay is also a major factor in the total tour cost. Typical tour lengths range from several hours to several months. Many package tours have add-on prices (supplements) for additional days, enabling the tour to be extended to virtually any length.

1. Client budget

The client's budget affects not only the length of stay but also the type of accommodations and range of activities included in the tour price. Typically, the least expensive tours include the fewest number of features. For example, a budget tour is usually based on a minimum-rate room at an economy or limited service hotel, whereas a deluxe tour is usually based on premium accommodations at a luxury hotel.

1. Accommodations desired

Many travelers prefer only basic, economy-class lodging, leaving more money available to spend on meals and activities. However, some travelers are willing to pay a higher price to obtain a superior level of luxury. Property location is also important to many tour clients. For example, a traveler who desires to go scuba diving probably would be dissatisfied in a business hotel in a downtown area, whereas a traveler who is interested in sampling gourmet cuisine would probably be unhappy in a remote countryside inn far from any restaurants.

1. Features, options and activity desired

Destination activities can have a strong influence on client satisfaction. Some travelers prefer to explore a destination independently. Others prefer the convenience of organized sight-seeing tours, sporting events, and other activities.

1. Travel Documents required

A valid passport is required for most foreign destinations. To enter some countries, travelers must also have a visa.

We have to prepare the tour itinerary and quota the tour fee after examining the clients’ requirements.

Then, we turn the eye to the tour quotations especially in host countries.

Travel agencies and tour operators of foreign countries/the capital city order tour operators of host country/rural-area to quota the tour itineraries after making them by themselves. Furthermore, tour operators of host country/rural-area make some package tours or model courses including general attractions for travel Agencies and tour operators of foreign countries/the capital city, and present the charges.

Also, they make the list of charges for each constitution element in preparation for FIT client etc. The estimation is necessary in this process.

First, we study the estimate of the tours that are set up in an advance. That is, the estimate for the completed itinerary.

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\* ***Sample Itinerary -3*** \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

1st day: ADD

・MT & TRF to HTL ------ PM FLT

・HD ADD S/S (National Museum, Holy Trinity Cathedral, Merkato)

Meal: BB: ------, LL: ------, DD: City Restaurant

2nd day: ADD/GDQ

・TRF to APT for SD/OUT ------ ET138 ADD/GDQ

・MT & TRF to HTL

・FD GDQ S/S (Royal Enclosure, Fasiladas’ Bath, Debre Berhan Selassie Church)

Meal: BB: HTL, LL: City Restaurant, DD: HTL

3rd day: GDQ/ADD

・TRF to APT for SD/OUT ------ ET139 GDQ/ADD

・MT & TRF to HTL

Meal: BB: HTL, LL: ------, DD: ------

4th day: ADD

・TRF to APT for SD/OUT ------ AM FLT

Meal: BB: HTL, LL: ------, DD: ------

HTL: ADD/Hilton, GDQ/Goha

GD: ESG

Transportation: Private

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

Let's try to estimate “Net Price” from the above ‘Sample Itinerary’.[[11]](#footnote-11)

* + Car Rental Fee

Sedan （1-2 Pax） $30.00/day

Van （3-7 Pax） $50.00/day

Mid bus（8-19 Pax） $100.00/day

Big bus （20 Pax up） $150.00/day

* + Guide Fee

FD $20.00/day

HD $10.00/day

TRF only $5.00/day

* + Admission Fee

National Museum $1.50/pax

Holy Trinity Cathedral $3.50/pax

Royal Enclosure & Fasiladas’ Bath $7.00/pax

Debre Berhan Aelassie Church $2.00/pax

* + Hotel

Hilton（Contracted, BF & Tax ICLD） $80.00/room

Goha（Contracted, BF & Tax ICLD） $50.00/room

* + Restaurant

BB ICLD in Hotel Fee

LL $6.00/time & pax

DD $8.00/time & pax

* + Domestic Air Ticket

ADD/GDQ（RT） $200.00/pax

1 pax : $ 671.00 /pax

2-3 pax, based on 2pax : $ 453.50 /pax

4-5 pax, based on 4pax : $ 427.25 /pax

6-7 pax, based on 6pax : $ 398.50 /pax

8-11 pax, based on 8pax : $ 421.63 /pax

12-19 pax, based on 12pax : $ 394.75 /pax

20 pax up, based on 20pax : $ 388.25 /pax

SGL Supplement: ($80.00 x 2 + $50.00) – ($40.00 x 2 + $25.0)

= $105.00

Example for 2pax

****

Sedan: 1st day ADD 1 time, 2nd day ADD 1 time & GDQ 1time, 3rd day GDQ 1time & ADD 1 time, 4th day ADD 1time; 1 Car

Guide: 1st day ADD HD 1 time, 2nd day ADD TRF 1 time & GDQ FD 1 time, 3rd day GDQ TRF 1 time, ADD TRF 1 time, 4th day ADD TRF 1 time; 1 Guide

Admission Fee: each 1 time for 2 pax

Hotel: Hilton 2 NT, 1 RM, Goha 1 NT, 1 RM

Restaurant: LL 1 time for 2 pax, DD 2 time for 2pax

Domestic TKT: 1 time for 2 pax

The above table was made with Excel (Microsoft Software). The use of Personal Computer makes calculation easily and precisely.

The Gross price needs some profit added to this Net price. For example, the gross price is $503.50/pax in the case that the profit is $50.00/pax.

Next, the example of the tariff preparation is shown for each constitution element. The contents are follows based on above ‘Sample Itinerary’.

* + - Airport Transfer (OW) $17.50/pax
    - HD S/S in ADD $25.00/pax
    - FD S/S in GDQ including Lunch $40.00/pax
    - Dinner Arrangement including transfer service $28.00/pax
    - Dinner Arrangement inside Hotel $8.00/pax
    - Hotel Arrangement(ADD/GDR; per room) $80.00/$50.00
    - Domestic Air Ticket $200.00/pax

In this case, we have to quota for each item.

For example, “Airport Transfer” needs a car and a tour guide, so the total amount is $30.00(Sedan) plus $5.00(Guide) equal $35.00. Net price per pax is $17.50 for 2 pax group.

Similarly, when the charge of the half-day sightseeing in Addis Ababa is calculated, $30.00(Sedan) plus $10.00(Guide) plus $5.00×2pax(Admission) equal $50.00. Net price per pax is $25.00.

The full day sightseeing in Gondar is $40.00 per pax.

The car and the tour guide become necessary to arrange the meal in the city restaurant. So, $30.00(Sedan) plus $10.00(Guide) plus $8.00×2pax(Dinner) equal $56.00. Net price per pax is $28.00.

Dinner Arrangement inside Hotel is $8.00 per pax.

Hotel Arrangement is each $80.00 and $50.00 per room per night.

Furthermore, we add the profit to each Net price. Therefore, the Gross price becomes follows. The profit supposes as $5.00 to each item.

* + - Airport Transfer (OW) $22.50/pax
    - HD S/S in ADD $30.00/pax
    - FD S/S in GDQ including Lunch $45.00/pax
    - Dinner Arrangement outside Hotel $33.00/pax
    - Dinner Arrangement inside Hotel $13.00/pax
    - Hotel Arrangement (ADD/GDR; per room) $85.00/$55.00
    - Domestic Air Ticket $205.00/pax

The tour fee becomes below, when ‘Sample Itinerary’ is calculated on the basis of the above Gross price.

Airport Transfer (OW): $22.50 × 6 times × 2pax ＝ $270.00

HD S/S in ADD: $30.00 × 1 times × 2pax ＝ $60.00

FD S/S in GDQ including Lunch: $45.00 × 1 time × 2pax ＝ $90.00

Dinner Arrangement outside Hotel: $45.00 × 1 time × 2pax ＝ $90.00

Dinner Arrangement inside Hotel: $13.00 × 1 time × 2pax ＝ $26.00

Hotel Arrangement in Addis Ababa: $85.00 × 2 times × 1 room ＝ $170.00

Hotel Arrangement in Gondar: $55.00 × 1 time × 1 room ＝ $55.00

Domestic Air Ticket: $205.00 × 1 time × 2pax ＝ $410.00

Total Gross price is $1,161.00 and $580.50 per pax.

$77.00/pax difference of Gross price is seen comparing with the former quotation. However, this is an extreme example.

Most of the tourists like later order Hotel Arrangements only or, Airport Transfer and 1 night accommodation on arrival day to travel agencies. Therefore, the tourist like the former brings more profit actually.

**CHAPTER5**

**ECONOMICS OF TOURS**

Chapter Outline:

Costing tour products

* Meaning and types of cost
* Concept of tour costing
* Preparation of Cost Sheet
* Components of Tour Cost

Pricing of tour products

* Pricing of package tours
* Pricing Strategies

**Introduction**

Costing the package tour is an important exercise that determines the scale of sale and margin of profit in a peak and lean season. The actual cost of buying the services is incurred to acquire the goods and services for production and consumption. Cost is defined as the total expenditures for acquiring the various components of services from the hotel, resort, transporter, etc for the tailor-made or ready-made packages. Cost is something that each tour operating company makes an in-depth survey of the available supplies in the market and the capability of the suppliers. The reduction of cost can help the tour operator tag a competitive price and it makes the tour wholesaler flexible in keeping profit margin and discounts for the customers. In a cut-throat competitive market environment, costing the elements of services included on the package tour needs methodical approach to curtail unwanted expenditures and increase the salability of tour packages. In this context, this unit aims to explain the meaning and types of cost, concept of tour costing, components of tour cost, preparation of cost sheet, tour pricing, calculation of tour price, pricing strategies and factors influencing the tour costing.

**6.1 Meaning and Types of Cost**

Cost is otherwise explained as the sum total of all expenditures for buying the principal and ancillary services. It is the amount of expenditures that may be actual or notional incurred on buying services. Cost does not include distribution of capital and revenue along with certain unexpected value releases. The value release or the acquisition of economic resources in order to take managerial decisions is called cost. The concept of cost is measured in monetary terms that the amount of resources is used for the purpose of value addition. Moreover, cost is the monetary value of resources used for acquisition of assets and production of outputs. In financial terms, cost is represented as to realize the objective of a business firms. In the tour operation business, tour wholesaler uses all knowledge and skills to control the cost and maximize the output. Tour operators incur the cost of booking the hotel rooms, airline, cruise line seats, railway seats and bus seats and other primary services.

**6.2 Concept of Tour Costing**

Tour cost is represented as the total cost incurred or attributed to various elements of package tour. The sum of costs for booking the services is incurred to design the FIT and GIT tour package. As such, tour operator does not own the primary services of package tour and it assembles the services in bulk from the accommodation and transport companies. However, the cost of package tour is determined by the tastes and preferences of customers and the business strategy to increase the sale of more tour packages. Tour managers easily find the variable and fixed costs and take appropriate decisions. The method of calculating the costs largely vary from one tour operating company to other depending on their core competency and company’s business strategy.

Break-even analysis is one of the key concepts of tour costing. It is the total revenue generated from the sale of package tour and it must be equal to the total cost incurred for acquiring the services. This technique is used to evaluate alternative pricing levels. Thus, break-even sales can be obtained by dividing the sum of the total fixed costs and the total variable costs by the package prices.

**6.2.1. Types of Cost**

* Make a list of component of tour costs and Assess the percentage cost that is shared by each component.
* Which are the implicit and explicit costs in the package tour?

Like any other manufacturing business, tour operation business has two types of cost. One is variable costs that vary as per the variations of production and the second is fixed costs that do change in short run, but it varies in the long run as every cost is variable in the long run. Tour operators generally work out the variable costs and fixed costs along with the overhead/marketing costs. Variable costs change as per the number of pax in the package tour. The services that require variable cost include meals, accommodation, entrance fees and other costs charged at a rate per person. It includes the actual expenses (direct costs) of rooms, tickets, and other package components incurred with the sale of each package.

The change of fixed costs occurs when the sale of number of packages increases over a period season. Fixed costs are incurred before acquiring the variable services for the package tour. These costs often include advertising, pamphlets, brochures, salary, interest on loan and advances. Thus, fixed costs also include hiring buses and guides or interpreters. The overhead and marketing costs as part of the variable and fixed costs are included across the package tours. Thus, there is a variation of between 60 per cent and 70 per cent between Fixed, variable, and overhead costs in the package tour. Tour operations, after taking all these costs into considerations, usually add 10-15 per cent mark-up for an individual tour package.

**6.2.2. Preparation of Cost Sheet**

A cost sheet reflects the cost of each component in the package tour. It requires continuous efforts for working out the cost estimates in order to find an attractive price that will increase sale and profit margin. In a typical package tour business, several combinations of costs are calculated to arrive at a competitive price. Here we may divide the costs of the elements of services in the package into direct and indirect costs. The direct costs include administrative cost that includes salary, training, official tours, telephone and internet bills, rent, electricity, and employee amenities. The indirect cost include advertising, sales promotion, and publicity. Thus, a tour operator can make a profit of around 15 per cent on each sale of the package tour that includes the commission or override from the principal service providers.

The component of tour costs is given in the following table.

|  |  |  |
| --- | --- | --- |
| **Type of Cost** | **Components** | % |
| Direct Costs | Accommodation & Food ( Room, Breakfast & Meals) | 25 |
| Airlines ticket ( Scheduled and Charter Flights) | 20 |
| Transfer, Sightseeing and Excursion ( Coach, Car & Van) | 15 |
| Agent commission | 10 |
| Total | | 70 |
| Indirect costs | Administrative (salary, perks, recruitment, selection, allowances, employee insurance, etc and Maintenance (rent, electricity & telephone bill, software, etc) | 09 |
| Marketing and Sales Promotion | 05 |
| Miscellaneous ( Medical, Incentive Travel, Get together, etc) | 01 |
| Total | | 15 |
| Net Income/ Profit | | 15 |
| Grand Total | | 100 |

Activity:

\*Develop a tour itinerary and find out the elements of cost. Present the costs in a sample cost sheet.

\*How does a tour operator arrive at the net income?

**6.3 Components of Tour Cost**

The sum total of cost components of a package tour is known as the cost of package sold. However, the process of ascertaining a package cost becomes complicated, if it not done which a budget is established. Hence, it is wise to prepare the tour budget before the costing

and pricing and reviewing the cost structure of competitors. The budget is based on the market research to determine the exact and accurate cost. The projected cost helps the tour planners to determine and adopt effective pricing strategies. Before the printing of final price in the promotional brochures and websites, tour wholesalers look into several other variable costs. Generally, a package tour includes the cost of travel and ground services. Thus, the cost components of a package tour include;

 Research and Product development

 Travel cost

 Accommodation

 Transfer

 Food and beverage

 Sightseeing and Activity

 Marketing & Sales Promotion

 Administrative and Investment

 Miscellaneous Costs

**Research and Product Development**: The expenditure on market research is used to conduct study on the travel behaviour and motivations of customers. It incurs cost to prepare a survey report. The cost for development of new packages includes the process of planning and exploring new places of tourist interests.

**Travelling and Transfer**: International and domestic air fares, rail travel, and transfer and departure tariffs are also included in the cost component of package tour.

**Accommodation**: The cost of booking rooms constitutes one third of total cost of package tour. Tour operators get best possible room rate after negotiations.

**Sightseeing & Activity:** Tour operators arrange several value-added activities in sightseeing and excursion tours. The cost of activity is equally divided across the members of group.

**Administrative and Technical Cost:** This cost is incurred towards the payment of salary, allowance, incentives, etc. It is also added to the total tour costing. Technical cost includes the acquisition of new software, hardware and computers for the reservation of hotel rooms, air, train and bus and ferry tickets.

**Training and Development**: The cost of training staff is indirectly included in total cost. Tour operators hire the trainers for in-house training or send the staff and senior managers to professional institutes.

**Marketing and Sales Promotion**: Marketing cost includes advertising and sales promotion. The sales promotion includes discounts, commission and other benefits to the travel agents and customers.

**Printing and Publicity**: The cost of printing tour brochures is included in total tour costing. The cost of foreign promotional tour is included in total cost of package tour.

**Payment of Interest:** Tour operators incur the cost of payment of interest to the banks on the investment of capital to run the business.

**Depreciation of Assets**: Tour operators incur depreciation cost in the long run due to the obsolete nature of software and hardware, and electronic gadgets.

**Miscellaneous Cost**: This cost includes porterage charges at airports and railway stations, tips at hotels or airports, entrance fees, insurance premiums, gifts and welcome dinners.

**6.4 Pricing Package Tour**

Tour operator takes lots of precaution for giving a price to the package tour. The pricing the package depends on the positioning and branding of the product. After examining the trends, tour operators add their margins and cost of package. Further, the price on the package is labeled after estimating the operational costs and margin of profit. It is absolutely the freedom of tour operator to price the package. Some of the essential elements of the cost include mark up, net rate and gross profit. Mark up is the extra amount which the company can maintain on each sale. Gross profit is the rate at which a supplier quotes for products/ services that it delivers. The commission constitutes a major share of earnings in tour operations.

**Questions:**

**\***What is pricing? and how is done in package tour business?

**\***How does a tour operator label the price of package tour?

**6.5 Pricing Strategies**

Setting pricing for tourism businesses is a strong mix of marketing strategy and financial analysis. Tourism products are very rarely identical, often because of location, but also because of the people and the components that make up the experience you provide a traveler. It can be incredibly diverse and pricing strategies can evolve as a tourism business develops it’s brand and market share. Even star ratings for accommodation only give a general guide for travellers on what the pricing will be – there are not set criteria. There are three types of traditional pricing strategies in tour operation business.

**Cost-based Pricing:** This type of pricing strategy is used to make over the cost in order to reach at the breakeven point. It calculates the average cost of each element of services in the package tour and it adds a markup over and above the average cost to earn profit. This very common and typical pricing strategy. For example, Thomas Cook and the Oberio Hotel were used to be known for adopting the cost-based pricing strategy as there were no competitors to them. In the subsequent time, they moved to the other pricing strategies like competition and consumer-based pricing.

**Competition-based Pricing**: This pricing strategy takes tab of the prices of its competitors in order to tag the price of its own product. Price may be set at the same price of competitor or it may be a little above or below the price of competitor. Unlike the package tour market in early nineties, there has been a great change in the pricing due to the penetration of foreign and domestic tour companies with aggressive marketing and sales promotion. There is a marginal difference in the price of outbound package tour of SOTC and Cox & Kings.

**Consumer-based Pricing:** This is a form of pricing that is primarily set to target customers by taking the affordability and the quantity of purchase into considerations. Gone are the days, it was producer dominated market; it is now consumer-driven and led market. Thus, the inbound, domestic and outbound tour operators design the package tour taking socio-economic backgrounds of customers. All package tours are designed after assessing the market.

After from the typical and age-old pricing strategies, these are the following pricing strategies used in the tour operation business.

**Rack Rate Pricing:** It is full rate before discounts are given. It is generally printed in the tour brochures for the forthcoming season.

**Seasonal Pricing:** A wide mix of pricing of package tour is set to cater low, high and shoulder seasons as tourism is largely driven by the season.

**Last Minute Pricing:** It is a common method of giving discounts from the daily quoted prices in order to close bookings. It is put in the flash items in the websites for last minute booking. In the group travel, tour operators offer some additional services or discount the prices to get minimum booking to operate the tour.

**Per Person Pricing:** This type of pricing is set per person or for each category service. It can be per adult or child or additional person. It can be a taxi at the disposal of customers.

**Per Unit pricing:** It is set of price for one unit of package. It may include husband and wife with children cost free. Sometime, the package includes room, transfer and sightseeing cost. The room rate generally includes breakfast as per the European Plan (EP).

**CHAPTER6**

**BOOKINGSERVICES**

Chapter outline:

* + Negotiation & negotiation types
  + Tactics of negotiation
  + Contracting techniques
  + Booking of services
  + Processing reservation & guest files

6.1. ESTABLISHING CONTACTS & CONTRACTS AND NEGOTIATING WITH ACCOMMODATION ESTABLISHMENTS, TRANSPORTATION COMPANIES AND OTHER TOURIST SERVICE PROVIDERS

* Making a contract

Negotiations are first step for making contracts for all business. This fits to the tourism industry.

When tour operators negotiate with hotels, airline companies and others about their contracts, it is clear that the existing sales achievements are most important for negotiations. After all, it is necessary to make negotiation partners think that you will be the prospect customer. Furthermore, it is better to show your tour broachers, statistical materials and recommendations from a third party to negotiation partners. However, the contract in the highest condition is not able to expect from the beginning.

If the companies have no the existing achievements at the time of business, they must be devoted to sell the merchandise of other Tour Operators. At first, it is important to obtain trust, to make some connections and to build the achievement from these activities. You cannot expect that a big contract is sealed from a beginning usually – if you have very strong pull, it well be different.

* Renewal of a contract & Improvement of the conditions

Airline companies and hotels expect tour operators to sell their seats or rooms voluminously. In other words, they don’t make a contract with poor prospect customers. Regarding airlines companies especially, they have few distribution agents of each country – of course; there is not restriction in the reservation and issue of regular tickets.

Airline companies and hotels examine each tour operator from the sales quantity of the former period. Then they decide the next conditions of a contract on the basis of the examination. The actual example is shown as follows.

Case Study: Sales Activities of X Airlines in Country Y[[12]](#footnote-12)

[Precondition]

1. The national carrier X airlines of the X country has the air route between Y country and the mother country.
2. The X country is the typical host entry and most of the passengers are foreigners.
3. The Y country is the important market to X airlines.

X airlines has sales contracts with 10 tour operating companies in Y country. They are deciding the period that is April through September as the first half and October through March as the second half. And they are classifying each tour operator into the class of A～E according to the sales achievements in the period in immediately before. The judgment standard in the classification is below.

A class: 7,200 seats up / period (1,200 seats up / month, 40 seats up / day)

B class: 5,400 seats up / period (900 seats up / month, 30 seats up / day)

C class: 3,600 seats up / period (600 seats up / month, 20 seats up / day)

D class: 1,800 seats up / period (300 seats up / month, 10 seats up / day)

E class: Under the standard of D class

The number of block seat and the net price depend on the above class for each tour operator. For example, 30 seats for block and $500 per one seat for A class, 20 seats for block and $510 per one seat for B class, 10 seats for block and $520 per one seats for C class, no block seats and $530 per one seat for D class. The tour operator, which was classified to the E class, loses the right that sells the seats with special fare. Then, another tour operator joins as a new sales agent.

By the way, when tour operators stock the seat of the airlines company as block sheets, they must report the reservation situation (Firming) until 45 days before departure and they are obligated the report of the name of the boarding passengers (Name-In) until one month before departure usually. When some passengers’ name is not fixed until one month before departure, tour operators return the part of block seat to the airlines company. After that, these seats become neutral and the airlines company installs these in a general sales frame.

The tour operator which was canceled contract sell air tickets at regular price and take commission from the Airlines Company or stock air tickets from other tour operators that have the right to stock them with special fare. By the way, in the case that non-contracted tour operators stock air tickets from the A class sales agencies, the price of stocking is same with the D class sales agencies when A class agencies obtained the profit of 30 dollars from them. When non-contracted tour operators plan the package tour that is held only once (none-series package tour), they may buy the seats of the airlines company at a special price. Therefore, these air tickets lead to markets at the price under the market prices, when these seats were left unsold.

New contracted tour operators start from D class usually. However, the airlines company returns the balance to tour operators later in accordance with the sales results in the first year period. (KB: Kick Back System)

When tour operators make a contract with hotels and other tourist service providers, the system of contracts is the same as the above almost. However, the construction of human relations might supplement the insufficient of the sales achievement.

Appendix 1：Mechanism of Negotiation[[13]](#footnote-13)

The structure of negotiations is various. There is the case that the airlines company may have overwhelming power like the above example, but there is another case that the plural airlines companies are joining the same flight rote and the specific gravity of power may be big to distribution agencies. Below, I patternize the structure of negotiations.

1. Number of the negotiation participants

【Negotiation between 2 groups】

In this case, it is easy to grasp the negotiation partner and establish the strategy, so the negotiation is simple.

【Negotiation between 3 or more groups】

In this case, groups who interest same benefits are connected each other, so negotiation is complicated with the element of “Power Game”.

1. Number of the negotiation issues

【The simple issue】

In this case, the relation of the negotiation group is an opposition target, so the bargaining carries out the negotiation.

【The plural issues】

In this case, you can obtain the compromise of partners with the certain issue by handing over with the other. So, the negotiation is cooperative usually.

1. Position of the negotiation person

【Simple layer negotiation】

In this case, an actual negotiator can come to a conclusion directly. Therefore, the negotiation is simple.

【Double layer negotiation】

In this case, a negotiator is just the representative of an organization. A conclusion needs the agreement inside the partner organization. Therefore, negotiation is complicated.

1. Power distribution of the negotiator

【Symmetric negotiation】

In this case, each negotiator has equal power.

【Non-symmetric negotiation】

In this case, some negotiator has strong power and another has weak power such as the negotiation between parent and child. The weak must know the lowest compromise point clearly at the negotiation.

Appendix 2：Tactics of Negotiation[[14]](#footnote-14)

You have to use the tactics corresponding to each negotiation to negotiate efficiently.

1. Threat

The threat is the simplest negotiation tactics. For example, the direct threat has a big effect for the hotel such as “We will make a reservation to other hotel if you do not offer rooms cheaply”. However, this tactics is effective in only when the relation between the hotel and you is perfect casual situation and there is an alternate plan abundantly, because it is certain to get damaged to the confidential relation with the partner when you use this tactics. Therefore, the threat is a last resort.

By the way, there is the ‘Threshold tactics’ that is a kind of the threat. This is the tactics that makes both you and partner stand the threshold of miserable situation and cause the partner unavoidable recession.

1. **Reputation establishment tactics**

This is the tactics that establishes a reputation by accumulating an achievement and tries to proceed with a negotiation advantageously. You can obtain the trust of a partner if you get the reputation that has not betrayed a partner in the past. Therefore, your negotiation goes ahead smoothly.

1. **Good Cop/Bad Cop Tactics**

This is the method for a hard negotiation without deteriorating the human relations. You make a negotiation partner think that you are a friendly person by making other bad fellows intentionally. For example, say, “I think this attaches conditions enough but my boss don’t agree with this." As a result, you can obtain the compromise of a partner easily.

1. **Ratification tactics**

This means that you have a ratification procedure before making a final conclusion such as resolution of a board of directors meeting. Thus, you can avoid the risk that has made a contract with the pace of a partner. This tactics is effective to take a rest and keep your coolness before making a contract officially.

11. Processing reservations & guest files

Recently, it is general to use the travel business management software when we control reservations. However, the software is based on a classic reservation control method. Therefore, we will study a classic reservation control method here.

# Origin Country

1. Name and Title of a client

Enter it with the turn of Family name, First name, Title without fail.

（e.g. Shimamura / Masahiro Mr.）

In case that the spelling even 1 character is wrong, airlines sometimes refuses the boarding of the passenger. Especially, the spelling mistake is fatal on the occasion of overbooking.

1. Age of a client

Airlines requires passenger’s age for reservation of the domestic airline’s ticket in some countries.

1. Passport data of a client
   1. Passport Number
   2. Date of issue
   3. Date of expire

There are many cases that a client has the expired passport.

Name and birthday of the client are recorded in a passport exactly, so it is desirable to obtain the copy of a passport if it is possible.

1. Address of a representative client in an origin country
   1. Home address & telephone number
   2. Office address & telephone number
   3. Mobile phone number
   4. E-mail Address
2. Local Contact of a client in a host country

The local contact in the host country of a client must be recorded to have connection with a client in an emergency and report it to airlines.

1. Tour Code

The tour cord usually controls the reservation record and it is given to each record.

1. The number of pax and details inside a client’s group

The reservation of an air ticket requires even the number of adult, child and infant for each.（e.g. Adult 2, Child 1, Infant 1）

1. Departure date, Flight, Time（e.g. 08 Dec LH591/2340）
2. Arrival date, Flight, Time（e.g. 15 Dec LH590/2140）
3. The contents of Air Reservation
   1. Request of the reservation: Request Date, Name of Contact Person
   2. Reply from the airlines: Accept Date, Name of Contact Person

The above unnecessary if with PNR（Reference number necessary）

* 1. Reply to the client: Reply Date
  2. Final confirmation from the client: Confirmation Date
  3. Issue Ticket: Date of issue
  4. Report of ticket number to airlines: Date of report, Ticket Number

Report be possibility even through CRS

1. The contents of Hotel Reservation
   1. Request of the reservation: Request Date, Name of Contact Person
   2. Reply from the hotels: Accept Date, Name of Contact Person
   3. Reply to the client: Reply Date
   4. Final confirmation from the client: Confirmation Date
   5. Final confirmation to the hotels: Confirmation Date
   6. Preparation of Hotel voucher: Preparation Date
2. The contents of Land Arrangement
   1. Request of the reservation: Request Date, Name of Contact Person
   2. Reply from the tour operator: Accept Date, Name of Contact Person
   3. Reply to the client: Reply Date
   4. Final confirmation from the client: Confirmation Date
   5. Final confirmation to the tour operator: Confirmation Date
   6. Preparation of Tour voucher: Preparation Date
3. Progress checklist
   1. Preparation & Delivery of Confirmation Sheet/Contract document
   2. Receipt of Deposit
   3. Preparation & Delivery of Invoice
   4. Receipt of Balance
   5. Preparation of Final Itinerary（include Guidance of departure）
   6. Issuing Air Ticket
   7. Preparation of Hotel voucher or Tour voucher
   8. Preparation of Insurance document
   9. Set up Travel goods such as a name tag
   10. Delivery of G/A（Final Document）

Arrival： 15 Dec LH590/2140

No. of Pax： 4 (A 4, C 0, I 0)

Date of Application： 10 Nov 2004

Departure： 08 Dec LH591/2340

Tour Code： UOG00001

Representative： Ms. Annemiek

Passenger Name List

2. Kukreti / Mohid DR 30yrs

AB76543 /India /30Mar’00-30Mar’10

1. Snapheen / Annemiek MS 36yrs

1234567 /Netherlands /01Jan’02-01Jan’12

4. Shimamura / Masahiro MR 37yrs

F999999 /Japan /22Oct’03-22Oct’08

3. Tomas / Tony MR 30yrs

AD54321 /India /15Jun’01-15Jun’11

6.

5.

8.

7.

10.

9.

Address of Representative: Ms. Annemiek

H) P.O. Box ×××, Gondar, ph: △△△, Mobile: ○○○, E-mail: anmk@gondar.ac.et

O) Gondar Univ. Tourism ManagementDept. P.O. Box 196, Gondar, ph: 08-110174

Local Contact: FRA) ABC Hotel, ph. (+49) 69-690-1234

Flight:

08Dec LH591 ADD/FRA 4 Seats OK

15Dec LH590 FRA/ADD 4 Seats OK

Carrier: 10Nov Ms. Smith RQ, 11Nov Mr. Robert CFMD, 03Dec Issued 012-3335557777

Client: 11Nov Reply, 01Dec FNL

Hotel:

09-15Dec　FRA) ABC Hotel　2X1XX　6NT OK

Frank Travel Agency: 10Nov RQ by Fax, 11Nov CFMD by Fax, 03Dec FNL by Fax

Client: 11Nov Reply, 01Dec FNL

Land Arrangement:

09Dec FRA) MT & TRF to HTL w/z ESG OK

15Dec FRA) TRF to APT for SD OUT w/z ESG OK

Frank Travel Agency: 10Nov RQ by Fax, 11Nov CFMD by Fax, 03Dec FNL by Fax

Client: 11Nov Reply, 01Dec FNL

Progress checklist

Itinerary

Balance

Bill

Deposit

Confirmation

01Dec.

Complete

20Nov.

Complete

17Nov.

Complete

12Nov.

Complete

12Nov.

Complete

G/A

Set up

Insurance

Voucher

Issue TKT

05Dec.

Complete

03Dec.

Complete

03Dec.

Complete

03Dec.

Complete

04Dec.

Complete

Host Country

1. Name of the ordered Travel Agency
2. Name List for Domestic Air Tickets

Sometimes, Airlines request the passenger age for domestic flights.

1. Rooming List for Hotels

When the foreign tourists check-in a hotel, they are requested the presentation of their passport from a hotel. However, in the case that tour operators are notifying their passport data to hotels in advance, most of hotels don’t demand the presentation of their passport to them. Therefore, tour operators are desirable to obtain their passport data in advance for the convenience of them.

1. Local Contact of a client in a host country

Although this is clear when tour operators make a reservation of the hotels for clients, but when clients do by themselves, tour operators need to obtain this for the emergency in advance.

1. Tour Code

The tour cord usually controls the reservation record. Tour code is given to each record. It is easy to distinguish records when each travel agency / tour operator is given each Tour Code. For example, NTS00001 is the first reservation from “Netherlands Travel Service”, IET00025 is the 25th reservation from “Indian & Ethiopian Travel”, and JTB00150 is the 150th reservation from “Japan Travel Burro”.

1. The number of pax and details inside a client’s group

The reservation of an air ticket requires even the number of adult, child and infant for each.（e.g. Adult 2, Child 1, Infant 1）

1. Arrival date, Flight, Time（e.g. 08 Dec LH590/2050）
2. Departure date, Flight, Time（e.g. 13 Dec LH591/2340）
3. The contents of Air Reservation for domestic flights
4. Request of the reservation: Request Date, Name of Contact Person
5. Reply from the airlines: Accept Date, Name of Contact Person

The above unnecessary if with PNR（Reference number necessary）

1. Reply to the travel agency: Reply Date
2. Final confirmation from the travel agency: Confirmation Date
3. Issue Ticket: Date of issue
4. Report of ticket number to airlines: Date of report, Ticket Number

Report be possibility even through CRS

1. The contents of Hotel Reservation
2. Request of the reservation: Request Date, Name of Contact Person
3. Reply from the hotels: Accept Date, Name of Contact Person
4. Reply to the travel agency: Reply Date
5. Final confirmation from the travel agency: Confirmation Date
6. Final confirmation to the hotels: Confirmation Date
7. Preparation of Hotel voucher: Preparation Date

Guide submits Hotel voucher to the hotel in the tour of guide accompanying.

1. The contents of Land Arrangement
2. Car Rental or Car Assignment
3. Restaurant Reservation & Budget per person
4. Tickets Arrangements（Train, Theater etc.）
5. Guide order or Guide Assignment
6. Request of the reservation: Request Date, Name of Contact Person
7. Reply from the each: Accept Date, Name of Contact Person
8. Reply to the client: Reply Date
9. Final confirmation from the travel agency: Confirmation Date
10. Final confirmation to the each: Confirmation Date
11. Progress checklist
12. Issuing Air Ticket
13. Accepting other tickets
14. Preparation of Hotel voucher
15. Preparation of Meal voucher
16. Preparation of Meeting Board
17. Guide Assignment
18. Give Away (Special Attention etc.)

Arrival： 08 Dec LH591/2050

Tour Code： JTB00150

Travel Agency： Japan Travel Burro

Departure： 13 Dec LH590/2340

No. of Pax： 4 (A 4, C 0, I 0)

Date of Application： 10 Nov 2004

Name List

1. Snapheen / Annemiek MS 36yrs

2. Kukreti / Mohid DR 30yrs

3. Tomas / Tony MR 30yrs

4. Shimamura / Masahiro MR 37yrs

Rooming List

SGL：

1. Snapheen / Annemiek MS 1234567 /Netherlands /01Jan’02-01Jan’12

2. Kukreti / Mohid DR AB76543 /India /30Mar’00-30Mar’10

TWN：

1. Tomas / Tony MR AD54321 /India /15Jun’01-15Jun’11

1. Shimamura / Masahiro MR F999999 /Japan /22Oct’03-22Oct’08

Local Contact: ADD) Hilton Hotel, ph. (01) 518400

GDQ) Goha Hotel, ph. (08) 110634

Flight Schedule:

10Dec ET138 ADD/GDQ 4 Seats OK

12Dec ET139 FRA/ADD 4 Seats OK

Carrier: 10Nov Mr. Abebe RQ, 10Nov Mr. Haile CFMD, 06Dec Issued 071-2226668888

Travel Agency: 11Nov Reply, 01Dec FNL

Hotel:

08-10, 12-13Dec　ADD) Hilton Hotel　 2X1XX　3NT OK

10-12Dec GDQ) Goha Hotel 2X1XX　2NT OK

ADD) Hilton: 10Nov RQ by Fax, 11Nov CFMD by Fax, 05Dec FNL by Fax

GDQ) Goha: 10Nov RQ by Fax, 11Nov CFMD by Fax, 05Dec FNL by Fax

Travel Agency: 11Nov Reply, 01Dec FNL

Land Arrangement:

08Dec ADD) MT & TRF to HTL w/z ESG OK

10Dec ADD) TRF to APT for SD OUT w/z ESG OK

12Dec ADD) MT & TRF to HTL w/z ESG OK

13Dec ADD) TRF to APT for SD OUT w/z ESG OK

Addis Transport: 10Nov RQ by Fax, 11Nov CFMD by Fax, 03Dec FNL by Fax

Ato.Gebre/Guide: 06Nov Assigned, Client: 11Nov Reply, 01Dec FNL

Progress checklist

G/A

Guide

Meeting

Meal

Hotel

Other Tkt

Air Ticket

06Dec.

Complete

n

06Dec.

Complete

06Dec.

Complete

None

06Dec.

Complete

None

06Dec.

Complete

**CHAPTER7**

**ORGANIZING TOURS AND TRAVEL**

**Chapter Outline:**

* Pre tour preparation & execution of tour program
* Briefing tourist guides & others
* Contact service providers
* Expense allocation
* Preparations for risks
* Assessing tourist satisfaction

7.1. **Pre tour preparation & execution of a tour program**

**7.2. Briefing of tourist guides and other suppliers**

# **Outbound Tourism**

* **Passport**

*“Is the term of validity of the client’s passport sufficient in the trip period?”*

Airlines refuse the boarding of the passengers whose passport is not sufficient for the term of validity, because airlines have responsibility for the passengers and must return them to origin country right away, when the passenger cannot enter the host country.

Certain nations demand the passport residual period for 3 or 6 months at the time of the entry of the passengers.

* **Visa**

*“Is the visa of all countries that the client is planning to enter gotten?”*

*“Does the name written with the visa agree with the name on the passport?”*

*“Is the term of validity of the visa enough for the client’s stay period?”*

The entry control government agency of the host country refuses the entry of the passenger, not only when the passenger does not have a necessary visa but also when the passenger has the visa of wrong contents.

Therefore, airlines refuse the boarding of this kind of passenger from the reason of the mentioning.





* **Heath Card**

*“Does the destination’s nation demand the presentation of Health Card at the time of entry?”*

*“Have the necessary proof contents been assembled?”*

Some country’s governments require Health Card for the international tourists to enter their counties. In this case, the passenger without Health Card is refused to enter into the countries. To get Health Card, passengers have to take several injections. So, it takes several days.

* **Air Reservation**

*“Does the name on the air ticket agree with the name on the passport?”*

*“Are there any mistakes in the date and the number of the reserved flight?”*

*“Is the reconfirmation of the departure flights completing?”*

*“Have the air ticket numbers been reported to the airlines correctly?”*

Airlines refuse the boarding of the passengers whose name is written on the air ticket incorrectly, especially in the case of over-booking.

And some airline operates the plural frights a day to same destination. These flights numbers are similar and are displayed up and down on the reservation screen of CRC. Therefore, the operators often make a wrong reservation. Of course, the wrong reservation will make the trouble at the airport for clients.

The reserved seats must be reconfirmed on the period from 1 week to 72 hours before departure in accordance with an international rule. The stay in the destination within 72 hours is considered as “Transit”. The all flights considered as “Transit” must be reconfirmed in advance. The reservation is cancelled automatically without reconfirmation.

The airlines cancel the reservation without the report of the air ticket number until the time limit. Because it is not possible the reservation of the seat again especially in the case of overbooking, the attention is necessary.

**Three Rules of Airline Ticket**

* Non- Refundable
* Non- Transferable
* Non- Reroutable
* **Hotel Arrangement**

*“Are the date of the check-in and check-out correct?”*

*“Are the type, category and number of the room correct?”*

*“Have you sent the rooming list to the hotel?”*

*“Have you informed the arrival time of clients for the check-in to the hotel?”*

Of course, the confirmation of the staying term is necessary. Furthermore, don’t forget to reconfirm the type, category and number of the room. Some client’s purpose for travel is to stay in the special category room of some hotel. It is non-sense to stay other category room for them. Furthermore, this is the trouble occurring frequently, hotels sometimes prepare the “Double Room” for the clients who have requested the “Twin Room”.

In the case that the client is a large number of persons, you need to send the rooming list to hotels in advance. So, your clients can shorten the time at the check-in. Also, you must report the arrival time of the client to the hotel in advance. So, it becomes possible to prevent the situation that the room is during cleaning when the client arrived at the hotel.

* **Land Arrangement**

*“Have you sent the Final Itinerary to Tour Operator of host country?”*

*“Have you accepted Final Confirmation from to Tour Operator of host country?”*

When the departure day of the client is approaching, the travel agency of the origin country sends the final confirmation about the arrangement contents to the tour operator of the host country. And the tour operator of the host country sends back Final Confirmation to the travel agency of the origin country after examine of Final Itinerary.

* **Travel Insurance**

*“Have you recommended Travel Insurance to the client?”*

*“Have you explained the details of the insurance contents to the client?”*

*“Is the contract period of Travel Insurance sufficient in the trip period of the client?”*

Travel Insurance is essential to cover theft, loss and medical problems. However, there are not few clients who don’t understand the importance of Travel Insurance. Therefore, you had better to recommend it to the client.

Furthermore, there are many clients who don’t grasp the covered extent of Travel Insurance they applied. To avoid the trouble regarding the guarantee, the detailed explanation is necessary in advance.

Clients often overlook the insurance contract of last day, when the itinerary includes the night-run flight on last day. The expired insurance is not useful at all. So, the reconfirmation in the term of validity becomes needed.

* **Preparation of Give-Away Document**

*“Is not there a leakage in the delivery of Give-Away Document to the client?"*

The representative thing of Give-Away Document becomes below.

These become the final guidance for a client.

①Gathering place and time, ②Guidance of departure and arrival flights, ③Final Itinerary, ④Name Tag, ⑤Tour badge, ⑥CIQ Documents,

⑦Address in host country, ⑧Urgent address in origin country,

⑨Guidance of the departure airport, transfer airport, and arrival airport,

⑩Special attention in host country, ⑪Document for an absent home, etc.

# **Inbound Tourism**

The same confirmation as Outbound Tourism is requested regarding Air Reservation and Hotel Arrangement to Inbound Tourism.

Moreover, the following confirmation is required in Inbound Tourism.

* **Air Reservation**

*“Is the reconfirmation of the flights completing?”*

*“Is not the departure time changed?”*

It is desirable that the double reconfirmation is made at least. The 1st reconfirmation should be made according to the airlines’ rule. And 2nd reconfirmation should be made on the previous day of the departure date. The departure time of domestic flights are often changed in Ethiopia. Of course, the Ethiopian airlines have to inform the change of the departure time to passengers in advance. However, tour operators have to collect information actively, because even this is one of a client service.

* **Hotel Arrangement**

*“Don’t you forget the confirmation work to the hotel in the check-in day?”*

The preparation of the room often has not been arranged before the clients arrive at the hotel. This is one of complain that often rises from the clients. The bad impression of the hotel makes the bad impression of the whole arrangements. The prudent attention is necessary regarding the hotel reservation in the arrival day of the client, because the first impression is important especially.

* Meal Arrangement

*“Have you examined the menu offered at the restaurant?”*

*“Will the quantity offered at the restaurant is adequate?”*

*“Have you reserved the position of a good seat?”*

The meals are occupied with the large part of the clients’ satisfaction in their trip. While clients try to eat Local food, they want to have the food that they eat usually. The selection of menu must be carried out prudently. Moreover, the situation is worst that the quantity of the food is insufficient. This will become the resource of a big complains later.

Also, it is an important element that the position of the seat depends on a certain client. In the case that we are not able to secure a good seat, we have to consider changing the restaurant.

* Car Arrangement

“Have you arranged the car enough for the comfortable trip of the client?”

“Is there the space for luggage in the car?”

“Are there problems in the maintenance including the durability of tires?”

“Are there the spare tires and the spare fuel in the car?”

All clients cannot be satisfied with the overloaded car. Don’t provide 2 seats for 3 people. Also, you must prepare the 4WD car such as Land Cruiser when clients go to the directions with off-roads.

It is not few foreigner tourists who carry a lot of luggage. If there is not the enough space for the luggage in the car, you have to arrange another car for the luggage. If clients’ luggage will be piled up on the roof of the car, the cover, such as a vinyl sheet, has to be prepared to protect them against rain and dust.

When the malfunction of the car disturbs the execution of the plan, the tour operator, which uses the car, must take responsibility. In this case, big compensation might result. Therefore, even the tire and fuel of the spare must confirm in addition to the condition of the maintenance of the car.

* **Preparation of Give-Away Document**

“Are you preparing sufficient matters that demand special attention during the stay of clients with a letter?”

“Is the document prepared such as the travel voucher?

A tour guide at the transfer to city from the airport explains ‘Matters that demand special attention’ in an arrival day usually. However, the handouts are effective to avoid the trouble with the client.

When the guide does not accompany to other districts with the clients, the clients receive the service from each tour operator in each district. For example, the client stays at Gondar who the tour operator of Addis Ababa received. The tour operator of Addis Ababa orders the tour arrangement for the client in Gondar to the tour operator of Gondar. Therefore, tour operator of Gondar requires the travel voucher issued by the tour operator of Addis Ababa. The travel voucher is important not only for the settlement between the tour operators, but also for the meaning that gives sense of security to clients.

* **Guide Assignment**

*“Is the assignment (the briefing) to the tour guide getting finished?”*

*“Don’t you forget the preparation of ‘Meeting Board’ in the waiting place?”*

*“Have you prepared the necessary documents?”*

Tour Operator needs the final meeting with Tour Guide. This Guide Assignment is the confirmation work based on a final itinerary.

①Confirmation of Tour Contents

* Airport Transfer
* Sightseeing

②Confirmation of Time and Place

* Gathering with the driver
* Gathering with the client (daily)
* Lodging hotel
* Restaurant

③Confirmation of the necessary documents

* Meeting Board（Welcome Sign）
* Domestic Air Ticket
* Hotel Voucher
* Meal Voucher
* Tour Voucher for Local Tour Operators
* Matters that demand special attention

④Confirmation of carrying cash

Payment in cash（e.g. the admission fee of museums）

⑤Other Confirmation to Tour Guide

* Clothes of the tour guides
* Collection of the international air tickets for Reconfirmation
* Urgent address of the tour guides etc.

1. BJR: Bahar Dar, LLI: Lalibela, AXU: Axsum, etc. [↑](#footnote-ref-1)
2. HK: Direct Confirmed, HL: Waiting List, PN: Pending, NN: Request, KL: Confirmed(HL→HK), KK: Confirmed(PN/NN→HK), RR: Reconfirmed etc. [↑](#footnote-ref-2)
3. SA: Stand-By, NS: No seat for infant [↑](#footnote-ref-3)
4. EH: Eastern Hemisphere, WH, AT: Atlantic, PA: Pacific, AP: Atlantic & Pacific etc. [↑](#footnote-ref-4)
5. Associated company of American Express [↑](#footnote-ref-5)
6. Associated company of Thomas Cook [↑](#footnote-ref-6)
7. It is difficult to distinguish the difference between Travel Agency and Tour Operator recently. [↑](#footnote-ref-7)
8. Today, the OAG brand is recognized as the most accurate, single source of airline information. Its suite of multi-media products and services all originate from its comprehensive proprietary databases. OAG is best known for its airline schedules database which holds future and historical flight details for over 1,000 airlines and more than 4,000 airports. This aggregated data feeds the world’s global distribution systems and travel portals, and drives the internal systems of many airlines, air traffic control systems, aircraft manufacturers, airport planners and government agencies around the world. Travel planners rely on OAG to deliver all scheduled flight options for efficient itinerary planning, choices and changes. [↑](#footnote-ref-8)
9. When air segments are interrupted by surface travel, such as rail or ship travel it is called ANRK [↑](#footnote-ref-9)
10. Foster, D. L. (1995), pp.185 [↑](#footnote-ref-10)
11. These prices are just for this exercise and different from the actual. [↑](#footnote-ref-11)
12. This is the actual example of the certain airlines company.However, a little modification is put to this actual example for the simplification of this model. [↑](#footnote-ref-12)
13. It is the concept in business administration. [↑](#footnote-ref-13)
14. It is the concept in business administration. [↑](#footnote-ref-14)