

## **E-CONTENT: Travel & Tourism Management 2<sup>nd</sup>-Semester 2021-22**

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### **UNIT - 1**

#### **Travel Agency: Concept and Meaning**

Travel agent is a person who has a full knowledge about tourist product – destinations, modes of travel, climate, accommodation and other areas of the service sector. He acts on the behalf of product providers/principles and in return get a commission. Technically, a travel agent is an owner or manager of an agency, but other employees are responsible for advising tourists and selling packages tours/individual components of travel products.

A travel agent may be an individual /firm or corporation which is commonly known as a travel agency. An agency means the office of travel agent or organization where all travel goods and services are assembled and coordinated for the smooth conduct of travel agency business.

Travel agency is one of the most important organizations in the tourism private sector which plays a significant and crucial role in the entire process of developing and promoting tourism in the country or at a destination. It is a travel agency which packages and processes all the attractions, accesses, amenities and ancillary services of a country and presents them to tourists. That's why travel agency is known as '*image builder*' of a country.

A prospective travel agency is one which makes arrangements of travel tickets (air, rail, road, and sea); travel documents (passports, visa and other documents required to travel); accommodation, entertainment, and other travel-related services from principle suppliers. It may also secure travel insurance, foreign currency for traveling people.

#### **History of Travel Agency**

The first Travel Agency of the world was established by Thomas Cook in 1845 in England. 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 today describe as travel trade (travel agency and tour operation business) was taking place much earlier in history. Throughout the history, there was travel middleman who helped the merchants traveling for trade and other who traveled for religious purposes.

In 1841 a fortunate day comes in the history of travel trade when Thomas Cook, as

secretary of South Midland Temperance Association, organized a trip by a train for 570 members for his association to the distance of 22 miles. He bought railway tickets in bulk to sell them to people.

The experiment was successful and everybody was exultant. Mr. Cook had done his job on a no profit basis. But, incidentally, It gave him a new idea and turned it into a tour business.

Four years later in 1845, he set up a ‘World’s First Travel Agency’ to organize excursions. Due to this innovative approach, Mr. Thomas Cook is known as the Father of Travel Agency Business. He co-ordinated railway and steamship excursions throughout England, Scotland and Europe. However, the railways only gave him 5% commission which was not enough to meet his overheads, so he decided to diversify this business into tour operation. In 1855 Mr. Cook started operating package tours. He conducted the world’s first international tour from England to the Paris.

### **Types of Travel Agency**

Travel agencies are basically categories in two types-: Retail Travel Agency and Wholesale Travel Agency.

#### *Retail Travel Agency*

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

#### *Definitions*

According to Airlines Reporting Corporation (ARC) a retail travel agency is defined as “a business that performs the following functions: quotes fares, rates, make reservations, arrange travel tickets and accommodation, arrange travel insurance, foreign currency, documents and accepts payments.”

According to SARC (1967), “retail travel agency business consists of the activities involved in selling tourism products/services directly to the tourists and performs normal functions such as issuing air tickets, making accommodation and transportation reservation, providing specialized services, and accepting and making payments.”

The main source of the revenue for the travel agency is the commission received from the vendors. However, the rate of the commission differs from organization to organization an travel

component to the travel component. A travel agency receives approximately 95% of their revenue from the commission, and the remaining 5% from consultancy services and others.

#### *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 wholesale travel agency has a retail division). A wholesale travel agency purchases tourists product components in the bulk and designs tour package.

Sometimes, a wholesale travel agency buys travel components from the vendor in bulk and resells them to other travel business originations. Wholesale travel agencies assemble package holidays and sell them to the clients through retail travel agencies. A typical package tour includes – air tickets, accommodation, and something other services may also be included in it such as entertainment, sightseeing, and sports activities etc. These packages are referred to as ‘package tours’ 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 profits?**

Generally, a wholesaler receives volume discounts from the principal suppliers because a wholesaler might agree to purchase a large number of seats from a particular airline or reserve a large number of room at a particular hotel or resorts.

Practically, a wholesaler who sells package vacations/tours is called a Tour Operator. However, technically there is a difference between a wholesaler and a tour operator. A wholesaler who sells tourists product individually without assembling them into a package tour is called as a Consolidator.

Mostly, these are specialized in particular product components such as air tickets, accommodation, and conference, and conventions etc.

#### **Difference between Wholesale Travel Agencies and Tour operators**

The wholesale travel agencies may offer or operate the package tours or may specialize in developing tours for inbound as well as outbound travelers. They are often referred to as tour operators, but these two essentially different:

1. Wholesale travel agency does not sell directly to the public, while tour operators do sell directly to clients.

2. A wholesale travel agency usually combines, assembles and contacts for existing travel services to formulate a new travel product she has his own one or more components of travel product i.e. 'inclusive tours.'
3. Wholesale travel agencies are less inclined than tour operators to perform ground services i.e. handling agency or ground operators.
4. A wholesale travel agency may deal with one component of travel product while a tour operator offers a variety of tour programmes.
5. The size of the business is large in the case of tour operators in comparison to a wholesale travel agency.

### **Features and Importance of the Travel Agency**

Travel agency plays an important role in travel sector business. Some most important features and importance of the travel agency business are following as:-

1. An important link between the clients and principal suppliers.
2. Image-Builder.
3. Ensures rapid travel services.
4. Provider of authentic and reliable travel information.
5. A social a continuous process.
6. Establishes a good relationship with clients and vendors.

### **Functions and Services of Travel Agency**

Today, Travel Agencies have been recognized as a vital component of travel and tourism and have become an integral part of the travel and tourism industry at global. They account for more than 90% of international and 70% of domestic tourist traffic

Further, more than 60% of all travel agency revenues are derived from business travel. Most travel agencies sell both commercial and leisure travel, but there are many travel agencies which only specialize in one sector or the other. The operation of each travel agency is based on the scope of its activities and organizational size. Here we discuss the functions of a large scale travel agency that performs all types of activities such as Retail travel agency, wholesaling and tour operations etc. The main functions of large-scale travel agency are:

### *Travel Information*

Whatever the size of a travel agency, it has to provide necessary travel information to tourists. A travel agency must give up-to-date, accurate and timely information regarding destinations mode of travel, accommodation, sight-seeing, shopping, immigration, passport, visa, customs clearance and procedure, health and security rules and about various permits required to travel in particular areas etc.

### *Itinerary Preparation*

The term tourist itinerary is used to identify the origin, destination and all the stopping points in a traveler's tours. It is a composition of various elements and designed after a detailed study of the market. Travel agencies prepare an itinerary for tour packages.

### *Airline Ticketing and Reservation*

A travel agency sells a variety of tourism products. Airline ticketing and reservation is still a major source of revenue. Travel agencies perform a function of airline ticketing and reservation on the behalf of various airlines.

### *Tour Packaging and Costing*

Travel agencies prepare tour package and sell them to tourists. The costing and pricing of tour packages depend to a large extent on the ability of travel agent as to how effectively he is able to negotiate with the principal suppliers.

### *Reservation*

It is a very important function of all types of travel agencies. A travel agency consistently makes linkage with the accommodation sector, transport sector and other entertainment organizations to reserve rooms, and seats in the cultural programmes and transportation.

### *Travel Insurance*

Some large-scale travel agencies perform additional functions to serve its clients. Travel insurance protects the travelers against the personal as well as baggage losses resulting from a wide range of travel related happenings and problems.

### *Currency Services*

Approved travel agency authorized by Govt. body provides currency exchanges services to tourist.

### *Organization of Conference/Conventions*

Large-scale travel agencies offer a complete convention/conference package which includes registration of the participants at the venue to be picked up for dropped to the airport/hotel, overhead projectors, slide projectors, TV, VCR, information counter, sightseeing etc.

### **Travel Agency Linkages and Integration**

Basically, a travel agency serves two type of clients: business travelers and leisure travelers. Incidentally, the requirements of these tourists are different and an agency has to assemble or purchase related components from the principal suppliers to cater to their needs.



## UNIT II: TOUR OPERATOR

### Tour Operator

Tour operator is an organization, firm or company who 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 primarily 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 the other suppliers. That is why they are called **manufacturers of tourism products**.

Tour operators are sometimes called as wholesalers but this is partially true because a wholesaler buys goods and services in bulk at his own account to prepare a tour package and then retails it through the travel agencies or directly to clients. However, a tour operator who has his own one or more tourist products components, (SOTC, TCI, Thomas Cook, Kuoni) formulates a new tourist product for example '**inclusive tours**.' Tour operators generally offer a variety of package tours to cater to the needs of different kinds of travelers.

### Definitions

Poyther (1993) defines, "tour operator is one who has the responsibility of putting the tour ingredients together, marketing it, making reservations and handling actual operation."

Holloway (1992) stated that tour operators undertake a distinct function in the tourism industry, they purchase separate elements of tourism products/services and combine them into a package tour which they sell directly or indirectly to the tourists.

Today, tour operators have become highly competitive. They endeavor to achieve a high volume of turnover, and maximum International and domestic market share by effectively operating. Moreover, the success of many developed and developing nations as tourist destinations depend heavily on a tour operator's ability to attract tourists, development and promotion of tourism plant, diversification of tourism product and their social responsibilities to develop a remote and backward area.



## **Types of Tour Operators**

Tour operators are basically categories into **four types**. These are categories on the basis of their nature of the business and their operations.

1. Inbound Tour Operators
2. Outbound Tour Operators
3. Domestic Tour Operators
4. Ground Operators

### **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 is coming through TCI Ltd. 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 the tour operators need to adopt innovative marketing strategies and should introduce a special interest tour to cater the special needs of Japanese, Americans, French and British people.

### **Outbound Tour Operators**

Tour operators who promote tours for foreign destinations, maybe business tour or leisure tour are called **outbound tour operators**. For example a group of American tourists going to a trip of India and Thomas Cook handle arrangement in America like as ticket reservation, hotel booking etc. then Thomas Cook is called Outbound Tour operators in the context of America.

### **Domestic Tour Operators**

Domestic tour operators are those who assemble, combine tourist components into inclusive tours and sell it to the domestic travelers. In general, these tour operators provide travel services within the tourist's native country.

The domestic tour operators operate within the boundary of the home country and offer package tour to the travellers viz. Domestic inclusive tours or independent tours.

### **Ground Operators/Destination Management Companies**

These are commonly known as **handling agencies** and their main function is to organize tour arrangements for incoming tourists on the behalf of overseas operators. Let us take the case of India as a destination that – has a varied culture.

When a tour operator himself promotes beach holidays, wildlife holidays, adventure tours, heritage tours at the 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.

Sometime when a handling agency is at a prominent tourist place i.e., Delhi and it has to make arrangements to Goa, then it contracts (If it has no office of its own) with a local operator (known as excursion agent) to handle the arrangement on his behalf.

### **Why Ground Operators? Importance of Tour Operators**

Obviously, the tour operation companies do not have close contact with suppliers, governments, destinations and so on. It leaves no choice with the companies but to appoint handling agencies at the destinations. The main reasons are:

- Introduction of new products or plant to promote an exotic destination.
- Lack of Government regulations.
- Lack of personal contract.
- Language problem.
- The company cannot establish its own branch.

Recognizing the very fact that the reputation, performance, and profitability of tour company in its own market largely depends on the efficiency and effectiveness of ground operators, it has become necessary for the company to consider various factors before the selection of a handling agency, they are:

- Size of business
- Professional staff
- Length of business

- Area of operation/Product line
- Market share

### **Functions of Ground Tour Operators**

Over the years of functions and activities of the destination, companies have changed drastically to cope with the changing environment of the tourism industry. In fact, today's destination companies have become more professional and are bound to provide personalized travel services to the tourists. The following functions are performed by ground tours operators:

1. Land arrangement
2. Contract and Negotiate with other vendors
3. Handling of Arrival and departure procedure
4. Planning and organizing local package tour
5. Escorting the tourists
6. Providing market information
7. Costing and pricing package tour

Practically, if we see the working of the travel agencies and tour operators in the industry we find that most of the organizations are performing different types of activities like the retail travel agency, wholesale travel agency, and tour operators.

The travel agency business is no longer amateurism. Over the last two decades, the pattern and structure of travel agencies have changed to meet tough challenges in the international market. Today, small-scale agencies are finding the travel industry increasingly complex.

Thus, the small and medium scale travel agencies are disappearing or merging or falling instead of rising. On the other hand, a new concept has also emerged i.e. **tour operation business**. The tour operation business is new but a maturing business at the global level.

### **Functions of Tour Operator**

A tour operator is an organization, firms or a person who is responsible for the actual arrangement of transport and accommodation facilities in any tour or vacations. They are also responsible for operating and providing vacation through contracting, booking and packaging together of the various components of the tour such as hotel, transportation, meals, guides, optional tours and sometimes flights.

A tour operator is like a service provider, providing the most convenient option for tourists to stay, visit, as well as leave from the city. A tour operator owns a high volume of travel services across carriers, services, and accommodation. Some most important functions of the tour operators are following as:

### **Planning a Tour**

The most important functions of the tour operators are planning a tour. Tour operators plan a tour and make tour itinerary which contains the identification of the origin, destination and all the stopping point in a traveler's tours. A prospective tour operator also gives advice to intending tourists in various types of tour programmes, which they may choose for their leisure or commercial travel.

### **Making Tour Package**

Tour operator buys individual travel components, separately from there suppliers and combines them into a package tour. Tour operators make tour package by assembling various travel components into a final product that is called tour package which is sold to tourist with own price tag. Making tour packages is also an important function of Tour Operator.

### **Arranging a Tour**

Tour operators make tour package and also arrange a tour according to tourist demands. Tour operators arrange the tour package and various tourists activities to provide the best experience to tourists/traveler.

### **Travel Information**

Whatever the size of tour operators, it has provided necessary travel information to the tourists. This task is utterly difficult and very complicated. A tour operator must give up-to-date, accurate and timely information regarding destinations, modes of travel, accommodation, sightseeing, immigration, health and security rules about various permits required to travel in a particular area etc.

### **Reservation**

It is a very important function of all type tour operators and travel agencies. Tour operator makes all the reservation by making linkages with accommodation sector, transport sector and other entertainment organizations to reserve rooms, and seats in cultural programmes and transportation.

## **Travel Management**

Tour operators manage tour from beginning to the end of the tour. A tour operator has the responsibility to look after the finer details of a vacation or tour such as hotel, accommodation, meals, conveyance etc. Tour operators provide travel guide, escorting services and arrange all travel related needs and wants.

## **Evaluate the Option Available**

Tour operators evaluate all available options to provide a unique or unforgettable travel experience to tourists during their journey. Tour operators evaluate the various options available for a tour package and provide best of them to tourists.

## **Promotion**

Tour Operators makes tour packages and promote them into various tourists markets at domestic as well international level. Tour operators promote a travel destination to attract a large group of tourists at domestic as well as international level. In the promotion of tourist destination, tour operators play a key role. Travel agencies or tour operators are called as *image builder* of a country.

## **Sales and Marketing**

Tour operators do sales and marketing of tourist products. Tour operators buy individual travel components, separately and combine them into a tour package, which is sold with their own price tag to the public directly. Tour operators do marketing of tourist destinations and tourism product to attracts the attention of the tourists/travelers.

## **Taking Care of Glitch**

Tours operators are also called handling agencies which handles tour package and take care of all the glitches and problems arises during a tour package. Tour operators fix the glitches and provide the best available alternative to tourists during their journey.

## **Importance of Tour Operators**

Tours operators play a key role in the tourism sector. Tour operators create tourist product, promote them and finally sell them to tourist. Tour operators provide the best and competitive price to the tourist. Tour operators negotiate with suppliers of tourism product such as hotels, airlines and provide the best possible price to the tourist. Tour operators buy tourist product in bulk and get huge discounts from suppliers, so that they provide tourist products at cheap price.

Tour operators organized a tour in the best way. They personalize and make sure each and every component of the tour is well-taken care. Tour operators provide best travel experience during a tour. Tour operators save tourists times and money.

Tour operators provide immediate support system at host country as well as foreign land. When tourists travel to a foreign land and things get uncertain, maybe its a health or loss of documents and need to return back or change of travel plan. A qualified tour operator takes care of all these unseen events with efficiency.

Tour operator caters to the needs of tourists on the based on their taste of travel. Tour operator provides all the best available option according to tourist needs and demands

### **Difference between Travel Agent and Tour Operator**

There is a lot of confusion about the difference between tour operators and travel agents what exactly makes them different. The main difference between a Travel agent and Tour operator are following as:

1. A travel agent is a person who has a full knowledge of tourist product – destinations, modes of travel, climate, accommodation and other areas of the service sector. He acts on the behalf of the product providers/principals and in return get a commission.
2. Tour operator is an organization, firm or company who 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.
3. Tour operators are like wholesalers and travel agents are the retailers.
4. A tour operator makes the package holidays up and the travel agents sell them on.
5. Tour operator taking up the bulk of the responsibilities and his fee is obviously much greater than a travel agent.
6. A tour operator has the responsibilities to look after the finer details of a vacation or tour such as hotel, accommodation, meals, conveyance etc.

The wholesale travel agencies may offer or operate the package tours or may specialize in developing tours for inbound as well as outbound travelers. They are often referred to as tour operators, but there is a difference between Wholesale Travel Agencies and Tour operators.

## **UNIT – III: TOUR PACKAGING**

### **Tour Packages**

Package holidays, popularly known as a tour package or simply the word ‘tour’ in the travel and tourism industry refers either to a package tour escorted or not escorted by the tourist guide. When we say tour package, it means a pre-arrangement, prepaid trip that combines two or more travel components like airfare, airport transfer, accommodation, and other services. Practically, to define the tour package concept is complex one rather to understand.

Holloway defines a tour package as “a total tourism product consisting of transportation from the market area to the destination, accommodation at the destination and recreational activities promoted by the tourists.”

According to Gregorg “a tour package is advertised journey including specific features, arranged and promoted with tour literature by a tour operator and paid for in full by the tourists before starting the tour.”

Technically, a package tour/tour package is a total tourism product as it generally includes transport from the origin place to the destination, accommodation at an en route place or at the destination and other recreational or travel services. These components are purchased by an individual, firm or company called the ‘tour operator’. He combines all the travel components in a package and sells them at all-inclusive prices to the clients.

### ***History of Tour Packaging***

The term ‘tour’ was in vogue as early as 1670. The Britishers traveled to widen their knowledge of the continent, especially to study the culture and social life. This practice was gradually adopted by other lovers of cultural centers. The result of the process was that many European historic and cultural centers were opened to the British tourist. By the early 1730’s the small fishing resorts around the British coast begin to attract tourists seeking to their diseases by drinking the sea-water or by immersing themselves in it.

The introduction of a rail link between the major centers in 1830 had a profound impact on the pleasure travelers for the first time. Many entrepreneurs began to inspire rail travel by organizing excursions for the public at discounted offers.

However, to ‘the origin of package tour’ the credit goes to Mr. Thomas Cook in 1855, Cook, extended his business operation to different countries by introducing the first ‘inclusive tour’ to the Paris. Mr. Cook put together all the components of tourism products and sold them as ‘inclusive tour’ to the tourists. His pre-packaged tour inspired other tour organizations in the travel industry to organize similar tours to all parts of the globe.

Most of the Cook’s tours were a linear tour i.e., the person went from place to place on a single destination. Basically, Mr. Cook developed the concept of ‘grand tour and escorted tour’, the concept which is still used. Incidentally, World War II has tremendously developed the package tour concept because of the following reasons:

- Social and Economic Conditions
- Lower Cost
- Increase in Aircrafts
- Marketing Conditions
- Legal Requirements
- Integration took place.

Today, package tours are a vital segment of the world’s travel and tourism industry. According to WTTC, the package tour sales generate \$25 billion annually in the United States, \$18 billion in Europe, \$19 billion in Britain and \$21 billion in Asia. Today tour sales represented 50 percent of all leisure travel sales and 35 percent of all travel agency revenues.

### *Types of Tour Packages*

A travel agency/tour operator deals with variety of ‘tour packages,’ catering to the diverse needs of tourists such as adventure, beach, architecture, cultural, business, conference, incentive tours, ayurvedic packages, Buddhist, religious, incentive tour, special interest tours, cruise tour group tour, educational tour, heritage, monuments, wildlife lovers, etc. These are broadly classified into **five categories**:

1. Independent Tours



2. Escorted Tours
3. Hosted Tours
4. Incentives Travel/Tours
5. Freedom Tours

#### *Independent Tour*

Independent tours are prepared/formulated for those tourists who want to travel independently. The components of such tours are air travel, air transfer, accommodation, travel documents, sightseeing, boat riding, entertainment, and other travel services. However, in some cases, the tourists are free to purchase every single component separately. Thus, this type of tour provides the tourists considerable freedom to plan the activities according to their own choice.

An independent tour may or may not be an all-inclusive tour. Therefore, tour price varies depending on the type of air travel, air transfer, accommodation and is inclusive of other tour components. The foreign independent travel (FITs) and domestic independent travel (DITs) are examples of an independent tour.

#### *Escorted Tour*

When a travel agency includes the services of a well educated and trained tour manager in its package, the tour is called an escorted tour. Basically, escorted tours are meant for those travelers who are planning to visit a foreign country first time.

The escort's responsibilities and duties are to provide comprehensive information and assistance to the group or individual traveler, at the origin, en route and the destination place. The excursion tours are the example of escorted tours.

#### *Hosted Tours*

A hosted tour means when an agency utilizes the services of another agency at a particular destination. Suppose a group of French tourists is coming to India. When the group arrives in India, they are greeted at the airports by TCI, which assists them in clearing their baggage and transfer them to the hotel.

Their tour-host (TCI) is available to offer device and information about the local attractions and entertainment. Further, when the group arrives at another designation in India, a

different travel agency greets them at each tourist spot. Thus, a hosted tour provides the tourists maximum level of pre-arranged and personalized services.

#### *Incentives Travel/Tour*

It is a motivational programme or a fully paid holiday which is given to the employees by the enterprises as a reward. Mostly in medium and large-scale companies and usually too distant destinations to spur them in maintaining their track record, to increase output, improve the image and moreover to earn the long period loyalty of the employees. There are a number of the other packages offered by a tour company such as a custom touran excursion tour, an adventure, and special interest package tours.

#### *Freedom Tours*

Freedom tours are becoming very popular these days among the working class. These tours are designed as per the choice of tourists. The tourist is free to choose and plan how they want to travel and enjoy their holidays. These types of tours are meant for that kind of people who like to decide how, when, and where to travel. This tourist may an individual, family, group holidays for families and group travel for business. These tours are promoted and developed by the ORBIT.

#### **Components of a Standard Tour Package**

What is to be included in a package tour largely depends and varies from one tour organization to another, or from the one country to another, or from one destination to another and from one market to another market. But there are certain well-defined travel services which always turn a part of a package tour irrespective of the tour operator/travel agency, destination and even the market condition.

If we study and see the package tours offered by Thomas Cook and Sons Ltd., Cox and King Ltd., and other international travel companies, we find that a package tour has two major components. Therefore, a standard package tour has two basic components namely:

- Travel
- Ground Arrangements

Travel industry experience has shown that the first component, i.e. 'Travel' is directly bought by the agency from the principal providers like airlines and transport operators and for ground arrangement, the travel agency management asks the ground operators.

The reason behind buying ground arrangement from a handling agency is that it represents as a ground operator at a particular destination for the numerous tour organizations. Secondly, the prices offered by it are much lower than an individual agency obtain. Thirdly, it is very difficult to get credit from the supplier and finally, it ensures professional travel services.

#### *Factor Affecting the Tour Package Formulation*

Generally, the business of package tours involves great risk, high breakeven, high-quality product, and competitive prices. Therefore, the tour management requires in-depth tour planning and market survey. However, before a tour is designed the tour manager should take into consideration certain factors which are crucial in the formulation process. These factors have a profound impact on the tourist's satisfaction. The main factors are:

- Purpose of Tour
- Choice of Destinations
- Tourist Budget
- Legal Requirement
- Types of Tourist Accommodation
- Tour Period
- Departure and stay information
- Tour price; inflationary condition
- Tour Reference Tools
- Tour Features – political stability
- The relationship between the host and tourist generating nation

#### **Tour Package Design and Selection Process**

The quality of a package tour is entirely based on the above factors. Essentially, to design/formulate a travel product, the tour manager has to take the biggest responsibility, intuitiveness, imagination, and innovation coupled with a lot of business activities which range from finding new exotic destinations and planning, organizing or promoting such tour. The following are the main stages in the tour design and selection process:

## *1# Initial Research*

### *(i) The Destination Research*

The decision to develop and formulate a new package is a multi-stage process that involves various positive and negative points/steps. Normally, the idea for a new product comes either from the tour executive within the company due to a review of the questionnaire completed by the previous tour members because of the political, economic and social development in a particular area.

When a tour manager see that a large number of old clients are interested in taking a trip to particular destinations, naturally, those destinations become the nucleus of a new 'tour concept'.

### *(ii) Market Research*

Since tour package is a complete tourism product, obviously, before formulating/designing this product, market research needs to be analyzed and assessed in a systematic manner. Market research provides us the answer to the following questions:

- What is the size of the tourism market?
- Who are the existing clients?
- Where do they live?
- Who will be their potential buyers?
- Who are their competitors – their strategy and area of business leisure?
- How many tourist ones want to cater?
- What price will the clients accept?
- What facilities are available and required?
- What are the constraints viz., license, permission, finance, restrictions, taxes, and others?

Once we know the basic components of the package tour, distribution channels, market conditions, constraints in the tourism market, we can develop the marketing strategy. It enables the smooth functioning of the agency and also offers a clear picture of the tour programme.

Practically, market research is conducted by the private tour companies/ private tourism enterprises in order to penetrate the market.

## *2# Itinerary Preparation*

By itinerary one means the designing of a programme which one wants to sell and it includes destinations, stopping points, number of days and the travel services that are to be included in the programme. Whether it is a lean season or an offseason, escorted or not escorted, consumer-

oriented or readymade tour programme, the itinerary is prepared to identify the origin, destinations, stopping points, accommodations, sightseeing and other travel services on travelers' trip.

### *3# Handling Agency or Destination Company*

The appointment of handling agency not only ensure excellent travel services to the tourist but also make the operation smooth and profitable. It is a matter of great significance as the success of travel business largely depends upon the clients are actually taken care of during the tour.

It is a positive match between the promised services and tourist's actual experiences or feelings.

Thus, the tour operator should consider the experience of the handling travel agency in the business, the area of operation, reputation, credibility, professional staff, credit facilities and the competitive price in appointing a handling agency.

### *4# Negotiation*

It is another important management decision area in tour designing and planning. Once the decision has been made regarding the destination's concerning their date, duration and number of clients to be carried during the trip, the tour management starts negotiations with the principals' suppliers for a normal contract.

Negotiation means talk between the travel companies and the principal suppliers for the terms, conditions, and prices of the components of a tour package. When both parties are satisfied, it leads to a formal or informal contract between them. The tour company negotiates with the following tour vendors/suppliers:

- Airlines
- Accommodation
- Transport Operations- Rail and Road
- Ground Operators
- Cruise Companies
- Car Rental Companies
- The overseas representatives
- Ancillary Service Organizations

### *5# Coasting and Pricing a Package Tour*

The cost of a package tour encompasses the air ticket, the hotel room, car rental, entertainment charges, administrative costs, promotional costs, and other travel services. The confidential tariff helps the travel company in preparing the cost sheet which will enable the concern to determine its price strategy.

Tour pricing is a big factor in the success of the company's tour programme. The price of a package tour is, whether it is an escorted, independent or hosted the tour, often lower than the combined costs of the same components purchased separately from the principals. However, the purchase price of a travel product is based on three factors: Cost, competition, and demand.

Every tour package sold by a vendor has a quantifiable cost. To produce profit the price paid by the tourists must be greater than the agency's cost.

### *6# Tour Brochure*

The tour package is an intangible product which has to be purchased by the tourists/clients without inspection and sometimes even without adequate knowledge. In these circumstances, the brochure becomes the principal instrument to perform the major tasks to inform the clients about the products and to pursue them to purchase it.

Designing, printing, and distributions of tour brochures require necessary skills and knowledge about the components of the tour package. Basically, in the era of specialization and intense competition, tour brochure creates awareness and provides the description of the holiday programme.

Thus, tour management should consider various pros and cons while preparing a tour brochure. A brochure should contain the following information:

- Name of the Travel Company
- Means of transport
- Details about destinations
- Itinerary
- Accommodation, types, location, meals
- Name of the overseas representative
- Duration of each tour

- Booking, reservation and cancellation conditions
- Details of other services – insurance, currency, entertainmentTravel documents required
- Details of price

#### *7# Development of Reservation System*

The next step in tour formulation process is reservation system. The agency management in order to put a package into operation must develop and implement a scientific reservation system. The system depends on whether the reservation is to be handled manually or with a computer working on the distribution method.

Whatever method the agency may adopt, the agency management should always keep in mind the sole objective of the reservation system.

#### *8# Marketing of Tour Package*

Once a tour package is ready, travel agency management has to make a careful decision regarding promotion and marketing of the particular package tour. The basic objective of management is to make a tour package widely known to make it more and more attractive.

To achieve these objectives, the management must consider the budget available, promotion mix, potential market, easiest and most effective media, campaigning through the international, regional or the public/private sector etc.

The promotion of a package tour means increasing its sales potential and creating an awareness of the existing and potential markets. The following methods are commonly used to promote package tours:

- Middlemen – Retail Travel Agents, GSA, consolidators
- Familiarization tours
- Building Brand Loyalty
- Encouraging Potential Buyers
- Competitive Market
- Courier

#### *9# Tour Handling/Actual Tour Operation*

After the successful marketing and achieving target sales, the next and final step in the process of tour designing is tour handling. It means an actual operation of tours, which generally includes administrative work and passenger handling like maintaining reservations, handling deposits,

sending advice to ground operators, arranging travel representation, analyzing the feedback received from clients/escorts/ground operator and so on.

All this is not an easy task. At every stage, one has to face different types of queries and problems due to lack of coordination and communication.

### **Significances of Tour Package**

Tour package is beneficial to travel companies, travelers, destinations and other organizations which are directly or indirectly involved in the tourism business. The main benefits are:

- Time Saver
- Increase the seasonality of a destination cost/price
- Earn foreign currency
- Better quality of products/professional services
- Wide-variety of the tour package
- Provide bulk business to organizers



## **UNIT IV: TRAVEL DOCUMENTATION**

### **Travel Document:**

A **travel document** is an identity document issued by a government or international treaty organization to facilitate the movement of individuals or small groups of people across international boundaries, following international agreements. Travel documents usually assure other governments that the bearer may return to the issuing country, and are often issued in booklet form to allow other governments to place visas as well as entry and exit stamps into them. The most common travel document is a passport, which usually gives the bearer more privileges like visa-free access to certain countries. However, the term is sometimes used only for those documents which do not bear proof of nationality, such as a refugee travel document.

### **Passport:**

In general, a passport is a travel document that also serves as proof of nationality from the issuing country. Although generally accepted by the majority of countries in the world, some issuing countries expressly exclude the validity of passports from nations that are not recognized by their governments.

### **TYPES OF INDIAN PASSPORT**

Two of the most used terms in travel vocabulary are passport and visa. For travelling outside of a country, the passport is a necessary document. In 2018 the Indian passport is ranked at 66<sup>th</sup> position. This year Indian passport holders can travel without a Visa to 25 countries. 41 countries offer Indian passport holder visa on arrival, while 132 countries require Indians to travel with a pre arrival Visa.

An Indian passport is issued by the Indian Ministry of External Affairs to Indian citizens for the purpose of international travel. It enables the bearer to travel internationally and serves as proof of Indian citizenship. The Ministry of External Affairs functions as the central passport organisation is responsible for issuing Indian passports on demand to all eligible Indian citizens. Indian passports are issued at 93 passport offices located across India and at 162 Indian diplomatic missions abroad.

The passport is a document of identity and contains a person's name, date of birth, gender, address and place of birth.

- first issued - 1920 (first version) - 1986 (current version)
- Issued by - India
- Purpose - Identification

- Eligibility requirements- Indian citizenship
- Expiration - for Adult it is issued for 10 years, age between 15 and 18 is issued for 5 or 10 years, for Minors it is issued for 5 years.

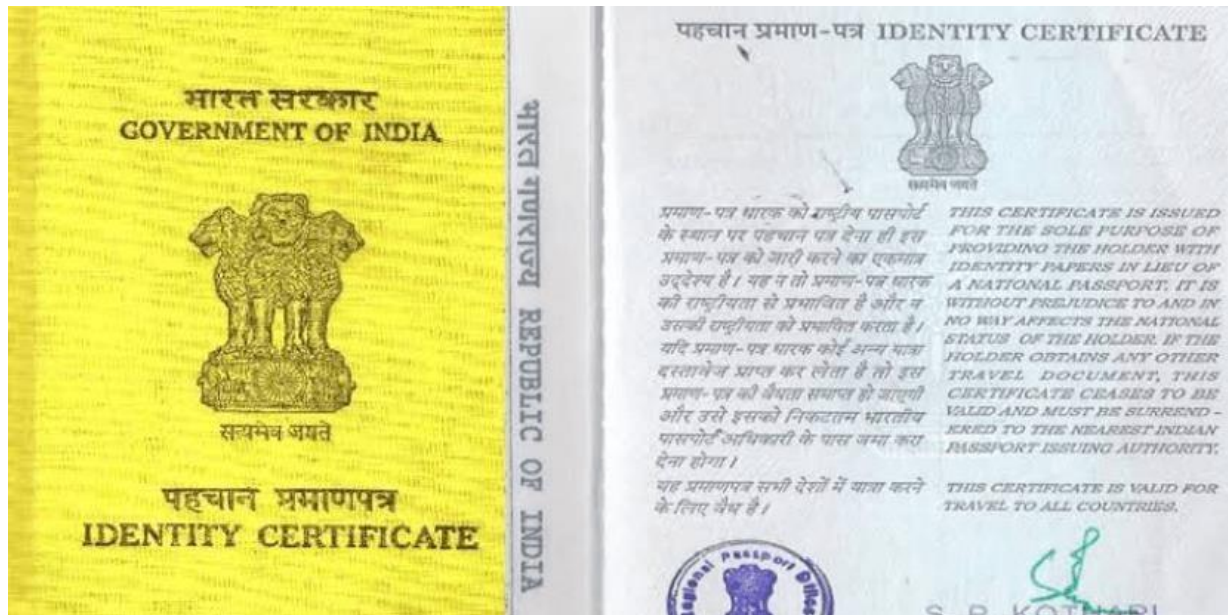


### **Other types of Indian Passports**

1. Ordinary passport is navy blue in colour and is issued for ordinary travel or business trips it needs to be renewed every Ten years.
2. Official Passport is issued to individuals representing the Indian government on official business. It is also called service passports
3. Diplomatic Passport is issued to Indian diplomats, top ranking government officials and diplomatic couriers

All types of passports are to request and require in the Name of the President of the Republic of India By order of the President of the Republic of India. Diplomatic or Official Passports are issued with specific validity five years or less, depending on the position of the holder and the nature of the assignment or visit.

Other than above the passports, Ministry of External Affairs, Government of India issues a Travel Document known as Identity Card (IC) to non-citizens of the Republic of India for foreign Travel .It enables the bearer to travel internationally and serves as proof of identity as per the act. In our country it is mostly issued to Tibetan Refugees along with other stateless people.



4. It is commonly known as Yellow passport in India, this certificate have a yellow cover with Golden colour printing. If the holder obtains any other travel document, this certificate must be surrendered to the nearest Indian passport issuing authority.

This certificate is issued for Ten years if the person is aged eighteen years and above, less than eighteen years it is issued for five years. Yellow passport holders are eligible to travel to most of the countries except a few like Sweden and all. The Swedish government has announced that since last year it is not accepting the travel document issued by India to Tibetan refugees for travel abroad, the Identity Certificate(IC). Tibetan refugees living in India normally travel to other countries by using the IC, however, according to a recent report by Voice of America's Tibetan service, the Swedish government does not accept the IC as a valid document. USA also doesn't accepting the Tibetan refugees anymore.

Apart from this, if an Indian travelling abroad loses his or her passport in a foreign country, the Indian embassy in the country usually grants an Emergency Certificate with which the person can travel back to India. Emergency passport also called temporary passport issued to persons whose passports where lost or stolen without time to obtain a replacement.

### Travel Visa:

A **visa** (from the Latin *charta visa*, meaning "paper that has been seen") is a conditional authorization granted by a territory to a foreigner, allowing them to enter, remain within, or to leave that territory. Visas typically may include limits on the duration of the foreigner's stay,

areas within the country they may enter, the dates they may enter, the number of permitted visitors or an individual's right to work in the country in question. Visas are associated with the request for permission to enter a territory and thus are, in most countries, distinct from actual formal permission for an alien to enter and remain in the country. In each instance, a visa is subject to entry permission by an immigration official at the time of actual entry, and can be revoked at any time. A visa most commonly takes the form of a sticker endorsed in the applicant's passport or other travel document.

Historically, immigration officials were empowered to permit or reject entry of visitors on arrival at the frontiers. If permitted entry, the official would issue a visa, when required, which would be a stamp in a passport. Today, travellers wishing to enter another country must often apply in advance for what is also called a visa, sometimes in person at a consular office, by post, or over the internet. The modern visa may be a sticker or a stamp in the passport, or may take the form of a separate document or an electronic record of the authorization, which the applicant can print before leaving home and produce on entry to the visited territory. Some countries do not require visitors to apply for a visa in advance for short visits.

Visa applications in advance of arrival give countries a chance to consider the applicant's circumstances, such as financial security, reason for travel, and details of previous visits to the country. Visitors may also be required to undergo and pass security or health checks upon arrival at the port of entry. Some countries require that their citizens, as well as foreign travellers, obtain an "exit visa" to be allowed to leave the country.

Uniquely, the Norwegian special territory of Svalbard is an entirely visa-free zone under the terms of the Svalbard Treaty. Some countries—such as those in the Schengen Area—have agreements with other countries allowing each other's citizens to travel between them without visas. The World Tourism Organization announced that the number of tourists requiring a visa before travelling was at its lowest level ever in 2015.

### **Types of Visa:**

Each country typically has a multitude of categories of visas with various names. The most common types and names of visas include:

## Transit visas

Transit visas are required for passing through the country of issue to a destination outside that country. Validity of transit visas are usually limited by short terms such as several hours to ten days depending on the size of the country or the circumstances of a particular transit itinerary.

- *Airside transit visa*, required by some countries for passing through their airports even without going through passport control.
- *Crew member, steward, or driver visa*, issued to persons employed or trained on aircraft, vessels, trains, trucks, buses, and any other means of international transportation, or ships fishing in international waters.

## Short-stay or visitor visas

These visas are needed for short visits to the visited country. Many countries differentiate between different reasons for these visits, such as:

- *Private visa*, for private visits by invitation from residents of the visited country.
- *Tourist visa*, for a limited period of leisure travel, no business activities allowed.
- *Visa for medical reasons*, for undertaking diagnostics or a course of treatment in the visited country's hospitals or other medical facilities.
- *Business visa*, for engaging in commerce in the country. These visas generally preclude permanent employment, for which a work visa would be required.
- *Working holiday visa*, for individuals travelling between nations offering a working holiday program, allowing young people to undertake temporary work while travelling.
- *Athletic or artistic visa*, issued to athletes and performing artists (and their supporting staff) performing at competitions, concerts, shows, and other events.
  - *Cultural exchange visa*, usually issued to athletes and performing artists participating in a cultural exchange program.
- *Refugee visa*, issued to persons fleeing the dangers of persecution, a war or a natural disaster.
- *Pilgrimage visa*: this type of visa is mainly issued to those intending to visit religious destinations, as for example in Saudi Arabia or Iran, and to take part in particular religious ceremonies. Such visas can usually be obtained relatively quickly and at low cost; those using them are usually permitted to travel only as a group, however. The best example is Hajj visas for Saudi Arabia.<sup>[9]</sup>

- *Digital nomad visa*, for digital nomads who want to temporarily reside in a country while performing remote work. Thailand launched its SMART Visa, targeted at high expertise foreigners and entrepreneurs to stay a longer time in Thailand, with online applications for the visa being planned for late 2018.<sup>[10]</sup> Estonia has also announced plans for a digital nomad visa, after the launch of its e-Residency program.<sup>[11]</sup>

### **Long-stay visas**

Visas valid for long term stays of a specific duration include:

- *Student visa* (F-1 in the United States), which allows its holder to study at an institution of higher learning in the issuing country. The F-2 visa allows the student's dependents to accompany them in the United States.
  - *Research visa*, for students doing fieldwork in the host country.
- *Temporary worker visa*, for approved employment in the host country. These are generally more difficult to obtain but valid for longer periods of time than a business visa. Examples of these are the United States' H-1B and L-1 visas. Depending on a particular country, the status of temporary worker may or may not evolve into the status of permanent resident or to naturalization.
  - *Journalist visa*, which some countries require of people in that occupation when travelling for their respective news organizations. Countries that insist on this include Cuba, China, Iran, Japan, North Korea, Saudi Arabia, the United States (I-visa), and Zimbabwe.
- *Residence visa*, granted to people obtaining long-term residence in the host country. In some countries, such as New Zealand, long-term residence is a necessary step to obtain the status of a permanent resident.
- *Asylum visa*, issued to people who have suffered or reasonably fear persecution in their own country due to their political activities or opinion, or features, or association with a social group; or were exiled from their own country.
- *Dependent visa*, issued to certain family members of holder of a long-stay visa of certain other types (e. g., to spouse and children of a qualified employee holding a temporary worker visa).

## Immigrant visas

Granted for those intending to settle permanently in the issuing country (obtain the status of a permanent resident with a prospect of possible naturalization in the future):

- *Spouse visa* or *partner visa*, granted to the spouse, civil partner or de facto partner of a resident or citizen of a given country to enable the couple to settle in that country.
- *Family member visa*, for other members of the family of a resident or citizen of a given country. Usually, only the closest ones are covered:
  - Parents, often restricted to helpless ones, i. e. those who, due to their elderly age or state of health, need supervision and care;
  - Children (including adopted ones), often restricted to those who haven't reached the age of maturity or helpless ones;
  - Often also extended to grandchildren or grandparents, where their immediate parents or children, respectively, are for whichever reason unable to take care of them;
  - Often also extended to helpless siblings.
- *Marriage visa*, granted for a limited period before intended marriage or conclusion of a civil partnership based on a proven relationship with a citizen of the destination country. For example, a German woman wishing to marry an American man would obtain a Fiancée Visa (also known as a K-1 visa) to allow her to enter the United States. A K1 Fiancée Visa is valid for four months from the date of its approval.<sup>[12]</sup>
- *Pensioner visa* (also known as retiree visa or retirement visa), issued by a limited number of countries (Australia, Argentina, Thailand, Panama, etc.), to those who can demonstrate a foreign source of income and who do not intend to work in the issuing country. Age limits apply in some cases.

## Official Visas

These are granted to officials doing jobs for their governments, or otherwise representing their countries in the host country, such as the personnel of diplomatic missions.

- *A diplomatic visa* in combination with a regular or diplomatic passport.<sup>[13]</sup>
- *Courtesy visas* are issued to representatives of foreign governments or international organizations who do not qualify for diplomatic status but do merit expedited, courteous treatment – an example of this is Australia's special purpose visa.

### Foreign Exchange regulations of Indian Residents:

Indians travelling abroad can carry \$3,000 worth foreign exchange in cash, as per Reserve Bank of India regulation. RBI rules say that in connection with private visits abroad, for tourism purposes, etc, foreign exchange up to \$10,000, in any one financial year, may be obtained from an authorised dealer(bank) on a self-declaration basis. Travellers are allowed to purchase foreign currency notes/coins up to \$3,000. The balance amount can be taken in the form of travellers cheque or banker's draft. The ceiling of \$10,000 is applicable in aggregate and foreign exchange may be obtained for one or more than one visit provided the aggregate foreign exchange availed of in one financial year does not exceed the prescribed ceiling of \$10,000. This limit of \$10,000 per financial year can be availed of by a person along with foreign exchange for travel abroad for any purpose, including for employment or immigration or studies. However, no foreign exchange is available for visit to Nepal and/or Bhutan for any purpose.

Exceptions to this are (a) travellers proceeding to Iraq and Libya can draw foreign exchange in the form of foreign currency notes and coins not exceeding \$5,000 or its equivalent; (b) travellers proceeding to the Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States can draw entire foreign exchange in the form of foreign currency notes or coins. The \$3,000 limit is applicable to the amount of cash that an individual can carry. However, credit card holders can spend up to the full limit of their cards when travelling abroad. This spending is in addition to the limit of \$3,000 that individuals can carry in cash.

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