

UNIT - 1

HISTORY OF TRAVEL AGENCY AND TOUR OPERATION

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1.0 Objectives:

After reading this unit, you will be able to:

- Discuss the evolution of travel agency business in the world;
- Explain the contribution of Thomas Cook to the growth of world travel agency business;
- Describe the comprehensive overview of the contemporary travel practices since Thomas Cook travel agency; and
- Explain the various stages and turning points in the history of global travel agency business.

1.1 Introduction:

The business of travel agency has witnessed a buoyant growth in the recent years. This upbeat sector provides enormous income and employment opportunities and

offers complete travel solutions to the new age travelers. While making such study on travel agency and its development in different stages can enlighten learners to a great extent in gaining extensive ideas and knowledge. Therefore, it is essential to have an insight of the origin of travel agency business in the world. In this unit we shall study the history of travel agency and the early stages of travel agency business. We shall also discuss the landmark period, period of innovation, intra and intercontinental tour, Second Generation Thomas Cook Business and so on.

1.2 Evolution of Travel Agency:

In the beginning, the travel agency business was in a state of experimentation and community help. Gradually, the business grew up in such a scale that competitive travel companies around the world forged into the sophisticated business. The nature of the business was a sort of intermediary role to cater holiday related services to those who were away from home. Travel agencies made all possible efforts to ensure the service quality for enhancing the level of satisfaction. In practice, travel agencies were principally driven by the needs of the customers. It is very strange to see that travel agency business in those periods were run with reasonable investment and used to make reasonable amount of profit amidst certain risks such as confirmation of hotel rooms, security of customers, quality of foods, frontier formalities, political system, ethnic difference, long traveling hours, language, etc. Despite of confronting with all impediments, traveling to places other than the place of own domicile was a status symbol of society that pushed people in Europe to undertake travel. The invention of railways and sophisticated steamship also motivated people to travel because travelers urged for comfort and relaxation in the tour. Thus, Thomas cook's voluntarism to experiment his noble idea to assist people to reach at their destinations is really a matter of great contribution to the history of travel agency. Several travel simplification mechanisms were successfully experimented and proved to be the best options till today in the travel world. Thomas is credited to have rekindled interests among the people in England to plan holidays in advance. On 9th June 1841, a 32-year old cabinet-maker, evangelists and Baptist book seller named as Thomas Cook walked from his home in Market Harborough to the nearby town of Leicester to attend a temperance meeting. It was a milestone day in the annals of world travel history.

A former Baptist preacher, Thomas Cook was a religious man who had a firm opinion that most Victorian social problem revolved around the consumption of alcohol and that the lives of working people would be greatly improved if those people were refrained from drinking alcohol. They can be better educated. As he walked along the road to Leicester, he later recalled his thoughts, “The thought suddenly flashed across my mind as to the practicability of employing the great powers of railways and locomotion for the furtherance of this social reform”.

The introduction of pleasure travel and continental travel round the world by Thomas Cook and other contemporary travel agencies ushered a new horizon in the international tourism. Travel coupled with hotel coupons, circular notes, credit cards, advance reservation of all required services for visitors were some of the travel innovations of those periods. Although, certain modifications have taken place today but the origin of the concept has certain significance in the study of history of travel business in the world.

The history of professional travel agency may be traced back to 1841 when Thomas Cook organized his first excursion tour for his own friends to attend a temperance meeting held in Leicester. To make the journey more comfortable and relaxed, he devised a creative method of engaging a special train hired from the British Railway to transfer his friends from Leicester to Loughborough and back to attend a rally. A group of 570 participants were signed of at the rate of one shilling per person for a twenty-two mile round trip. The tour gave birth to the idea of all-inclusive packages. Thomas Cook was so articulate and enterprising that the trip embraced a band to play typical hams, a picnic lunch of hams as well as the afternoon tea for refreshment. During the next three summers, Thomas Cook arranged a series of trips between Leicester, Nottingham, Derby and Birmingham on behalf of local temperance societies and Sunday schools. Within these limits many thousands of people experienced rail travel for the first time, and Thomas Cook was able to assess his strength to expand the areas of operations within the country. That brief success gave him ample solace to think for deepening his aim and interest to enlarge the scope of travel business in Europe. This turnaround has laid foundation of his future travel business. He later described this period as one of 'enthusiastic philanthropy' since, beyond the printing of posters and handbills; he had no financial interest in any of these early excursions.

It may be the grace of almighty to make the coincidence of the existence of the two giant travel companies in the world. The opening up of the American Express, a Travel Agency Company in USA in the year 1841 brought about a significant change in the system of banking transaction. The company was contemporary to Thomas Cook Travel Agency and both in the initial period operated the business in their own continents. In its early years, the American Express was focusing on freight business and gradually penetrated into other areas of travel and financial services. Its largest and most consistent clients were banks. The core business of the company was revolving around the supply and delivery of small parcels like stock certificates, notes, currency and other financial instruments to the banks across the USA. The company was giving considerable priority to small parcels services rather than transporting larger freight. Over the periods, the company shifted to other financial and travel solutions.

One of the early travel agencies is Cox & Kings, which has a special distinction of having the longest established travel company in the world. The company was drafted for making travel arrangements for the regiment in India. The company did not have diversified travel business as Thomas Cook used to operate in the beginning period. The notable history of the year of establishment of Cox and Kings started in 1758 when it was appointed as general agents to the regiment of Foot Guards in India under the command of Lord Ligonier. Cox & Kings is the longest established travel company in the world. By 1878, they were agents for most British regiments posted overseas, including the Royal Cavalry, Artillery and Infantry, as well as the Royal Wagon Train and the Household Brigade.

The first German Travel agencies in the line of modern travel agencies were known as immigration agencies. These agencies were engaged in booking ship's passages and sometimes group journeys from a collection point to the point of embarkation. The oldest of such agencies was Reiseburo Rominger in Stuttgart in 1842. This agency subsequently extended its activities to the whole range of travel services in Europe. To make traveling simple for the individual, the concept of tickets for means of transport were introduced and issued by these larger agencies in Europe.

1.3 Early Stage of Travel Agency Business:

The successful execution of the tour marked the beginning of the establishment of modern travel agency in the world. In 1845, Thomas Cook conducted the first large scale tour inside England by adding some entertainment activities in the tour package. The objective was to enhance the value of package and create certain appeal. That railway journey to Liverpool from Leicester, Nottingham and Derby was the first trip for making some profit. As long back as 1880s, certain travel companies in Germany were accredited to sell train tickets. However, the railway administrations didn't make any provision for offering commission to those agents that means those agencies book the train tickets for the passengers for which additional service charges over and above the printed fare of the tickets. In 1910, for instance, a well-organized travel agency in Germany could issue tickets for a round trip on the Lake Victoria and organized a journey from Cairo via Aswan to Khartoum. Hence, the ticket included the cost of the porters and tent age in order to trek to reach at the origin point of the river Nile. In 1851, Thomas Cook promoted trips to the Great Exhibition in Hyde Park for 150,000 people from Yorkshire and the Midlands. In 1855, Thomas Cook's first continental tour was conducted. He himself conducted two group tours from Harwich to Antwerp, then on to Brussels, Cologne, Frankfurt, Heidelberg, Strasbourg and, finally, to Paris for the International Exhibition.

1.4 Landmark Period:

Thomas Cook & Son Ltd got benefited from the post-world war holiday boom, which witnessed one million British nationals travelling abroad by 1950. The company set up a Business Travel Service (BTA) and renovated the holiday camp at Prestatyn (which had opened shortly before the outbreak of war). Although Cook's remained the largest and most successful company in the industry, but its dominance in the ravel market was subsequently being contested by the emergence of new travel firms. Those travel companies were able to quote lower prices than the Cook's package prices and crafted new strategy to offer cheap package deals. It is considered to be the first challenge to the Cook's unrivalled travel business in Europe. It was a big turnaround for Thomas Cook Company in 1965 when the

company's net profits exceeded £1 million for the first time. That was really remarkable in achieving a huge turnover and profits when there was an increasingly cut-throat competition. Subsequently after, the Thomas Cook travel agency was chased by the new rival travel agencies in the organized package tour market and company trailed behind them in terms of market share and profit. The vision of Thomas Cook to open potential areas of business opportunities was beyond the imagination of his competitors. By the end of 1850, having already visited Wales, Scotland and Ireland were explored by Thomas Cook towards the last of the year 1850, and he gained confidence to conduct inbound tours in Europe. He could not succeed in the mission of bringing foreign trips to the Europe, the United States and the Holy Land in the first attempt. He shafted his business expansion plan and got motivated with the suggestion of Sir Joseph Paxton, architect of the Crystal Palace, persuaded Thomas Cook to devote himself to bringing workers from Yorkshire and the Midlands to London for the Great Exhibition of 1851. The untapped opportunity was grabbed by Thomas Cook with a lot of determination and enthusiasm. There was no such ways that could communicate about the concept of package to the potential buyers or takers. He himself envisioned the printing of newspaper named as Cook's Exhibition Herald and Excursion Advertiser. He had sleepless nights from June to October to produce newspaper that would give platform to promote tours. He finally made the effort to write exclusive page on various places of tourist interests around the world. By the end of the season, Thomas Cook had taken 150,000 people to London to participate in the exhibition and 3000 children were also transferred to London to take part in the merry making function from Leicester, Nottingham and Derby. With the co-operation of the Paris, Lyons and Mediterranean Railway, Thomas Cook began to issue circular tickets (in both English and French) between Paris and the Alps.

Money transfer was certainly an unimaginable thing in the 19th century. There is no point of discussing the issue of punctuality and safety of transferring money. It remained an area which was not explored by the travel agencies citing the reason of impossibility and unacceptability. All uncertainties and threats tied up with the issue were eliminated by the innovative works of the American Express Company in 1882 when it took initiative by launching money order business in the USA. The

noble idea got clinched in the USA market and people were more reliable with the money order scheme launched by the America Express Company. This proved to be an instant success. The settlement of business transactions and payment by the customers were main nature of these transactions. Propelled by the colossal success of money order business, the company introduced the world's first travelers cheque in 1891. The traveler's cheque got accepted and appreciated all across the people in the USA cities. The volume of business achieved the annual sale up to \$6 million within a decade since the concept was introduced. Overwhelm success in money order business and travelers cheque opened much scope for the company to establish its network amongst major European Banks. This expansion plan made the company to gain visibility in entire European market. The success in freight coupled with the financial transactions helped the company to capture the huge untapped travel market in Europe including Paris in 1895 and in London in 1896, American Express had expanded to Southampton, Liverpool, Hamburg, Berlin, Bremen, Antwerp, Rotterdam, Copenhagen, Naples and Genoa by the end of 1910. Initially foreign exchange transactions were conducted in France in 1895, the company's overseas banking operation took place in 1904 when the Rotterdam office opened in the Netherlands and where the company also started conducting commercial banking services.

Check Your Progress – I:

Answer the following question:

1. Write five lines on the early stage of the travel agency business in the world.
2. What are the major turning points of travel agency business in the landmark period?

Check your answer with the one given at the end of the unit.

1.5 Period of Innovation:

It is quite natural that satisfaction of customer needs was the sole motto of the Thomas Cook Travel Agency for which the company introduced a system called Hotel coupons for the clients in 1868. The system of hotel coupons facilitated largely to both the customers and accommodation service providers. That noble

idea worked effectively in reducing the cumbersome procedure of payments through cash and increased a kind of confidence and trust for the customers at a large. Accommodation providers were greatly benefited with the exchange of hotel coupons for rooms and other allied services such as food, entertainment, transport etc. Finally the company successfully made the system more familiar with hotel operators with the intention of getting fixed room tariffs at selected hotels in all major cities in Europe. A significant contribution of Thomas Cook by introducing the Circular note drastically reduced a lot of tension and risk. Thus at the beginning of the last quarter of 19th century, the concept of circular note was successfully launched. The year of introduction of the circular note was 1874 during which the company had achieved a larger presence both in the Europe and the USA. The introduction of Cook's circular note in New York was treated as an early invention of traveler's cheque in the world.

The growing industrialization in the mid-19th century enhanced the per capita income and consumption of the people and created a reasonable bigger size of middle class community who had much disposable income and mind set to undertake travel on a regular basis. It was a great opportunity for Thomas Cook to design larger varieties of package tours for the particular class of people. As Thomas Cook was geared up to capture the outbound travel market in England and set a target of selling customized tour packages to the growing middle class who demanded for better accommodation and sojourn. There were many middle class clients to visit to Switzerland and Italy and the company shifted from the working class customers to the middle class customers. To add certain features to these places, Switzerland was popularly known for wellness activities and pleasant climate whereas Italy used to be a focal attraction for religious and educational purpose. He therefore set out to negotiate with innkeepers and hotel proprietors to provide rooms and meals at good prices. His professional business relationship with hoteliers was so friendly and cordial in short span of the time that most of the hotels in the popular destinations were happy to honour his bookings and payments. This relationship with hotels became stronger and deeper when Thomas Cook created two wonderful exchange processes, one was hotel coupon and another was circular note. The former was launched in 1868 to help the clients in the payment of accommodation and food tariff at the destinations and the later was

circular note in 1874. More particularly, the circular notes were easily exchanged against the local currency that provided much relief to the travelers in meeting the contingency expenditures for example shopping, tips, extra service, etc. It is indeed to mention here that Thomas Cook was the forerunner of the travellers cheque which were issued in the form a paper note. The period of innovation is said to be the glorious period in the history of modern travel agency business in the world. The innovation in the travel documents by Thomas Cook and the American Express Company enabled the travllers to plan a safe and hassle free journey and ensured the service providers to offer quality and homely services to the travellers.

1.6 Intra-Continental Tour:

Thomas Cook continued to expand his business in Britain, but he was determined to develop it in Europe too. In 1855 an International Exhibition was held in Paris for the first time and Thomas seized this opportunity by trying to persuade the companies commanding the Channel traffic to allow him concessions. They refused to work with him, however, and the only route he was able to use was the one between Harwich and Antwerp. This opened up the way for a grand circular tour to include Brussels, Cologne, the Rhine, Heidelberg, Baden-Baden, Strasbourg and Paris, returning to London via Le Havre or Dieppe. By this route, during the summer of 1855, Thomas Cook escorted his first tourists to Europe. During his first familiarization tours to Switzerland in June 1863, it was a trip for developing familiarity with the places of interest, contacting hotels and innkeepers. At the same time, he accompanied sixty elite class clients and conducted the tour as far as Geneva. It is very interesting note that Jemima Morrell was one of the tourists escorted by Thomas Cook and she was so fascinated with the superb arrangements of the tour that she used to record travel accounts of all activities and events throughout the tours in her diary. These rare original hands written documents donated by the young women can be seen and red in the Thomas Cook's Archives. More can be felt and believed if one can see the documents in the archives.

Thomas Cook gradually organized more such trips in the Northern and Western Europe in 1863. It was estimated that the company successfully handled the package tours for nearly 2000 tourists to Paris towards the end of the season in the

same year. As it is mentioned in the above, Like Rome in Italy, Paris in France was a bustling cultural and educational city. A sizable number of people from the Western part of Europe especially had a great fascination and urge for learning and enjoying the cultural events in Paris and Rome. Some 500 tourists who visited Paris extended their trips to Switzerland. With the co-operation of the Paris, Lyons and Mediterranean Railways, Thomas Cook began to issue circular train tickets (in both English and French) between Paris and the Alps. He then conducted the first circular tours to Switzerland, after having made an immediate success; he was so confident that the arrangements for the package tour were extended across the Alps. The first Italian tours organized in the summer of 1864 during which Thomas Cook escorted two large groups were escorted by Thomas Cook. One group was taken to Florence and parts of central Italy and the other one was accompanied to Rome and Naples.

1.7 Inter-Continental Tours:

As an expansion plan of the company to the USA in the North America continent, Thomas Cook took leverage of crafting strategy to offer the company's ready-made package tour to Europe, more particularly to London, Paris, Rome and Geneva. He also examined the plan of action minutely to popularize and promote various package tours across the North America. The USA was a rich country in terms of the growth of GDP and national income. A sizable number of people having much disposable income were tempted to spend for leisure and recreation purposes. There was no such privileges before them to utilize the spill over income. The great visionary Thomas Cook employed his all experiences and network to exhibit places of tourist interest in the USA as holiday product for the elite class in the UK. As a result, the Thomas Cook crossed the Atlantic Ocean for conducting outbound tours to North America. This particular tour was led by John Mason Cook (son of Thomas Cook) who conceived the operation and management of the first ever American tour. In order to cater to the long demands for visiting the world famous wonders pyramid in Egypt and religious visit to Jerusalem – the birth place of Jesus Christ, the Company extended its operation to Egypt and Palestine in the year 1869. Travelers used to encounter a lot of inconvenience and difficulty in carrying hard currencies with them and in most cases travelers had to face certain kinds of

robberies and miscreants. This was one of the major hindrances to undertake travel to places other than their domicile.

Going by his long experience and knowledge in the travel trade business in the Europe, Thomas Cook undertook an exploratory trip to the North America in 1865 for the sake of gathering information about the transport, accommodation, food, sightseeing, safety and security, etc. Finally, he managed to develop a system of tours that covered 4,000 miles of railways journey. The objective of aligning with the AMTRK was to conduct a safe and affordable package tour in the USA.

In 1869, he hired two steamers and conducted his first party up the river Nile. The climax of his long travel trade career happened at the age of 63 in 1872 when he departed from Leicester on a tour of the world that would keep him away from home for almost eight months. It had long been his ambition to travel “to Egypt via China”. However, such a trip only was practically possible at the end of 1869 following the opening of the Suez Canal and the completion of a rail network linking the East and West coasts of America.

Thomas Cook and his small party manage to travel across the Atlantic Ocean by steamship to discover a new route of world travel as it was his long cherished dream. They made their journey through the United States from New York to San Francisco by rail. They cruised by Pacific steamer to Japan, then across the Inland Sea to China, and afterwards visited Singapore, Ceylon and India. While leaving Mumbai, they crossed the Indian Ocean and the Red Sea to Cairo, from where most of the party travelled back to London. However, Thomas Cook himself set off on an extended tour of Egypt and Palestine. Finally he reached back home after traveling through Turkey, Greece, Italy and France. The total duration of the tour was estimated to be 222 days. The successful completion of the world tour was a great achievement for future expansion of the business. He himself gained confidence and convinced about the people, culture, political systems, economic systems, facilities, amenities, transport connectivity, etc in each stop over. So, his long awaited dream got transformed in to reality when he himself witnessed the Great Wall of China, The Taj Mahal, The Pyramid, Jerusalem etc and reinforced his efforts to sell world tours to the European tourists. The world travel was termed as pride cum adventure travel as many medieval travellers **like Marco Polo, Iban Batuta, Benjamin of Tudela, Columbus, and** others explored orient countries

with much difficulties, pains and nightmares. To experience those mysterious lands and cultures, the company conducted world tour on a priority basis as the duration of tours was much longer as compared to other package tour. Soon after the operation of world tour became a successful annual event. It is to know that the concept of Free Independent Traveler (FIT) is believed to have emerged in the then travel trend. There were more demands of FITs to buy round the world package tour than the group traveler. Many additional tickets were issued to independent travellers to visit those places explored by Thomas Cook and his party. Some of them traveled to Asia via Australia and New Zealand rather than China and Japan.

1.7.1 Second Generation Thomas Cook Business:

Thomas Cook was very fortunate to have a dynamic successor to manage company affairs. His Son John Mason Cook was capable of operating the business in his absence. More particularly, during the World Tour of 222 days, his son was tactfully and painstakingly managing the promotion, operation of package tour and other allied services for the clients. While Thomas Cook was traveling round the world, his business firm was shift to a new head office at

Ludgate Circus and the whole exercise of shifting were executed under the direct supervision of his son. There was a sharp difference of opinion on the company's expansion plan between his son and him that resulted in breaking the historic partnership in 1878. The difference occurred when Thomas Cook disagreed in principle with the international expansion plan mooted by his son. Before the rifts with his father, he acquired proficiency and adequate knowledge to float an independent outfit on his own. Finally, John translated his vision into action and proved to be a true successor and a better businessman than his father. He set about expanding the company across the world in an age when telegraphy was in its infancy and there were no telephones or fax machines to support operation of the business. This was far from easy. John set up Overseas Editions of The Excursionist, the newspaper launched by his father in 1851, to inform and apprise customers about the places such as France, Germany, India, Australasia, America and the Far East in the package tour. The newspaper was circulated across the world to portray the inclusive services offered to the customers in the package tour. Subsequently, the newspaper was renamed as The Traveller's Gazette in May 1902

and continued to be published until 1939. He also kept up a continuous stream of correspondence with his offices abroad, checking on their work and complaining if anything went wrong. Like many successful businessmen, John Mason Cook combined a flair for grasping business opportunities with a remarkable memory for small details.

Check Your Progress – II

Answer the following questions.

- 1. Justify the title of ‘Period of innovation’ by highlighting major innovations in the period.**

- 2. Write various places connected in the intra and inter-continental tours conducted by Thomas Cook and others?**

Check your answer with the one given at the end of the unit.

1.7.2 The Great Episode of John Mason Cook:

The Gordon Relief Expedition was an outstanding contribution of John Mason Cook to the British Government and that was considered as a biggest social service to the nation. In 1884, the British Government appointed John Mason Cook to organize a relief expedition up the Nile to rescue General Gordon from Khartoum. Arrangements were made for the movement of 18,000 troops, nearly 40,000 tons of supplies, 40,000 tons of coal and 800 whale boats. To transport the coal from Tyneside to Boulac and Assiout via Alexandria, 28 large steamers and 6000 railway trucks were required. An additional 7000 railway trucks were needed for the military stores, while on the Nile 27 steamers and 650 sailing boats were used to carry the troops and supplies. John and his Egyptian managers acted as overseers of the entire operation, which relied on the labour of 5000 local men and boys, and completed their side of the contract in November 1884. Despite all the efforts, however, and Gordon was killed.

1.7.3 Merger and Acquisition:

It was a matter of big loss to the travel trade fraternity that both Thomas Cook and John Mason Cook died successively during the 1890s. A long innings of professional career and lives of two legendary personalities came to an end when company was internally recognized. The company was truly in state of upbeat. Thanks to Almighty, the business was successfully inherited by John's three sons: Frank Henry, Ernest Edward and Thomas Albert ('Bert'). During the first quarter of the twentieth century, - a period which witnessed the introduction of winter sports holidays, tours by motor car and commercial air travel. The Travel Company of Thomas Cook and Son dominated the world travel scenario. The company was incorporated as Thomas Cook & Son Ltd in 1924, and in 1926 the office headquarter was shifted from Ludgate Circus to the aristocratic residential area at Berkeley Street in Mayfair. Later, the headquarter of Thomas Cook and Son Ltd was used as the Centre of London Society.

The World's pioneering Travel Company Thomas Cook was sold to the Belgian Compagnie Internationale des Wagons-Lits et des Grands Express Européens after the death of the surviving grandsons, Frank and Ernest (Bert having died in 1914)

in 1928. The Wagons Lits was a leading operator of most of Europe's luxury sleeping cars, including the Orient Express.

Shortly after the outbreak of World War II, the Wagons-Lits headquarter in Paris was seized by British forces, and Cook's British assets were requisitioned by the British Government. To save the legendary company from complete financial collapse in its centenary year, a deal was negotiated and, appropriately, the organization was sold to Britain's four mainline railway companies. Thomas Cook & Son Ltd settled its affairs with Wagons-Lits on the basis of retaining a 25% share in Cook's overseas business, what happened that immediately after the end of the world war-II, and subsequently in 1948 the firm was fully owned by Government as the state-owned company and the functioning of company was handed over to the Nationalized British Railways.

In 1972, Thomas Cook & Son Ltd was taken over by a consortium private ownership. The profit making Travel Company was fully acquired by a consortium of Midland Bank, Trust House Forte and the Automobile Association. There was a radical change in the organization structure and operation and a new standardized corporate logo (the words 'Thomas Cook' in 'flame' red) was conceived and introduced. The world Travel and Tourism Industry got a massive setback due to the world economic recession in 1970. It was Thomas Cook that managed to overcome that period and survived the recession. On the other hand, several travel firms were badly affected and many of them were bankrupt. The survival of Thomas Cook enhanced its reputation for providing excellent service by launching a Money Back Guarantee scheme in 1974. Thomas Cook was also a victim of the 1970s recession and the company underwent many changes that included the sale of its holiday camp at Restating and the relocation of its administrative headquarters from London to Peterborough. The firm also became a wholly-owned subsidiary of the Midland Bank Group. In the 1980s, Thomas Cook began to concentrate on its long-haul tours program by acquiring Rankin Kuhn Travel in 1982. Thomas Cook shifted its core business from the short-haul package tours to the long haul package tour and closed the operation of short haul travel market in 1988. The company made a comeback to the core short hauls package tour market in 1996 after it acquired Sun world.

Thomas Cook's prolonged existence was celebrated in 1991 and that year happened to be the 150th anniversary year of existence in the travel trade. The company's continued to register much growth and the company was again acquired by Westdeutsche Landes bank (West LB), Germany's third largest bank, and LTU Group, Germany's leading charter airline, in 1992. The acquisition had assured the employees and the shareholders to remain as the leading global player in the corporate and leisure travel, banking and travel insurance sector. Thomas Cook Ltd. became a wholly owned subsidiary of West LB in 1995. During the period of expansion, the company ventured into the acquisition of Sun world, Time Off and Flying Colours in quick succession and the expansion and acquisition plan was culminated with the merger with Carlson Leisure Group's UK travel interests. In the later time, the company saw the formation of **JMC** in 1999. In 1981, Thomas Cook introduced 'Holidaymaker', a view data system allowing travel agents to access its reservation system. In 1990, Thomas Cook became the world's leading foreign exchange retailer through acquisition of Deak International Inc. In 1994, Thomas Cook acquired Inter payment Services Limited to become the world's largest supplier of travellers cheques outside the US. 1995 - Thomas Cook became a wholly-owned subsidiary of West LB. and launches www.thomascook.com 1997. Thus Thomas Cook became the first UK travel retailer to offer online booking.

1.7.4 Technology Driven Period:

By 1920s till 1940s the airlines were confronting with numerous challenges of booking airlines tickets and scheduling flights. In these early days of commercial aviation, and passengers were relatively less in numbers with each airline routes were being tightly regulated along with the fares. The system for booking flights was totally managed by the manual method. The American Airlines developed a manual booking system at their Little Rock, Arkansas reservations center in the 1920s. This system employed a rotating file with cards for every flight, which was operated by a team of eight members. Like present manual coach booking, a mark on the card was endorsed when a seat was booked by some passenger. Therefore, the status of booking was called as manual way of booking. It was an obvious choice of airlines to operate the reservation and issue of tickets. That the process

was comfortable and easy when there were limited number of planes. However, the complete procedure in searching for the availability of a flight, reserving a seat and then issuing the ticket was taking prolonged time and it could take up to three hours in some cases, and 90 minutes on average. The situation became worse when the numbers of airlines were gone up and the frequency of air services was also increased. The demand for air travel was also increased. As a result, the system could accommodate only eight operators as that was the maximum number that could fit around the file. Attending many queries was cumbersome situation with the only solution to add more layers of hierarchy to categorize requests into batches. In the United States, the Civil Aeronautics Board in 1940 published a volume entitled the Official Airline Guide, with that publication, the process of dealing with airlines reservation became simpler and made easier to work out air travel itineraries for both travel agencies and corporate customers. Travel agents or consumers could prepare tentative air itinerary and send the itinerary to airlines either by taking the help of phone or telex and airline agents on receipt of information would mark the reservation on a card and file it. However, the then OAG had similar problems like the manual systems of catering to the needs of a larger number of users. As the demand for and complexity of air travel got expanded, the existing system not only turned to be expensive but also became obsolete to a larger extent.

There was a big boom in travel trade after the world war-II and the flow of foreign currency across boundaries and technological evolution was very much significant. In order to meet the growing money transactions, an innovative worldwide credit scheme was introduced to cater to the travel and related services in 1959. The innovation of the credit scheme provided an opportunity to the service providers in streamlining the payments and reduction in cost of transaction. Service providers subsequently were able to make standardized payments at a regular interval towards the settlement of all intermediate transactions.

The history of automated booking system may be dated back to 1946 when, American Airlines installed the first experimental automated booking system named as the electromechanical Reservisor. The early stage computers in this system used magnetic drum for temporary storage which was soon reinstated by Magnetronic Reservisor. This replacement was considered to be a great aid to the

airlines industry. The development struck the beginning of ever-changing technological era. This system proved fairly successful and was rapidly adopted by a number of airlines. In the accommodation sector, Sheraton Hotels also adopted for inventory control of sale of rooms. However, the major drawbacks of the systems were the need for local human operators to ensure and update the ground reality. In addition to this, ticketing agents were required to call into the booking office to make request for booking and in turn operators would enquire to a small team operating the Reservisor and then inform the agent over the telephone. The system was directly accessed by the agents for the booking or enquiry about the airlines schedule and availability. The University of Toronto invented a software system with remote terminals which attracted the attention of Trans-Canada Airlines (TCA) in 1953. Although it was a major development in the process of making book, but the system itself found certain major input/output related problem. An agency called Ferranti Canada got involved in the project to enhance a new system by using Punch Cards and launched a transistorized computer system in place of the unreliable tube-based Mark I. The consequential system Reser Vec, got into its operation in 1962 and captured all booking operations in 1963. Finally, a long cherished attempt was realized by establishing some terminals which were fitted in ticketing offices of TCA's, where all reservation queries and bookings were performed in one second without the help of remote operators. The invention of innovative technology to simplify the reservation procedures was deeply realized by major airline industry players in the world. It was American Airlines which later was inclined to invest in the product innovation by giving maximum priority to technology. The project was undertaken by the sheer interest of the American Airlines in 1953. The CEO of American Airlines C. R. Smith got an opportunity to consult with the R. Blair Smith, a senior IBM sales representative as IBM was the then leader and pioneer in the invention of numerous software technologies in the world. The need for using the technology was felt when other airlines got an edge over the American Airlines in terms of having a provision of carrying out bookings through the computer. Thus, subsequently the airlines laid stress on adopting the technology from the IBM. Both of them nourished an idea of an automated airline reservation system (ARS) that would provide best solution in regards to the complex airline bookings and resulted in bring about significant

development in the airlines booking system. In 1959, the American airlines ventured into using the reservation system popularly known as the Semi-Automatic Business Research Environment, or SABRE. The SABRE was recognized as the largest non- governmental providers of automatic airlines booking system and data processing system for delivering flawless outputs in the North America and in the Europe.

The use of automated airline booking system had a tremendous impact on the world aviation industry. Consequently other international and domestic airlines were keen on inventing their own systems. For example, Delta Air Lines launched its DATAS in 1968. United Airlines and TWA followed in 1971 with Apollo and PARS respectively. In the same period, many travel agents which were approved IATA agents began pushing for a software system that could automate their side of the process by accessing the various Automated Reservation Systems of airlines (ARSS) directly to make reservations.

In 1976, United Airlines began offering its Apollo system to travel agents; while it would allow the agents to book tickets on United Airlines's competitors, the marketing value of the convenient terminal proved indispensable. Gradually, the SABRE, PARS, and DATAS were soon released to travel agents as well. Following airline deregulation in 1978, an efficient CRS proved particularly important; by some counts, Texas Air executive Frank Lorenzo took over bankrupt Eastern Air Lines with a specific objective of gaining control of its System One CRS.

European airlines also began to invest in the field in the 1980s, propelled by growth in demand for travel as well as technological advances which allowed the GDS to offer ever-increasing services and searching power. In 1987, a consortium led by Air France and West Germany's Lufthansa developed Amadeus, modeled on Eastern's System One. In 1990, Delta, Northwest Airlines, and Trans World Airlines formed Worldspan, and in 1993, another consortium including British Airways, KLM, and United Airlines among others formed competing company, Galileo International, based on United's Apollo network. Numerous smaller companies have also been formed, aimed at geographic, industry, or language niches inadequately served by the "big four."

Modern Railways:

The concept of Eurail was started in the year 1959, which included 13 countries also had the same popularity in Europe like AMTRAK in the North America. AMTRAK, world’s largest railway network started its operation on 1st May 1971. One of the fastest trains of the world helped in transporting passengers in the North American region in less time. Online booking, discounted fare, in addition to familiarization trip to the agents motivated travel agents and tour operators to promote AMTRAK products.

So far the tours conducted by major travel agencies were for business, meeting friends and relative or for attending important meeting and congress. The concept of travel for pleasure and recreation conceived by the Thomas Cook in the year 1919 when it offered a pleasure trip by air. Subsequently other specialized attractions and events were recognized for the conduct of tour. In the year same Thomas Cook conducted an air tour from New York to Chicago for a boxing contest.

Check Your Progress–III:

Answer the following questions.

- 1. Give a small account of innovations made during the technological driven Period?**

2. Write five uses of information technology in the modern travel agency business.

Check your answer with the one given at the end of the unit.

1.8 Summary:

The modern travel agency business has got its origin from the setting up the legendary Thomas Cook Travel Company in the mid of the 19th century. In the succeeding periods, Thomas Cook, Cox and Kings and the American Express Company had made massive contributions to the growth of travel trade in the world. Many of their travel innovations and solutions are being largely used and practiced in the present world. The contributions made by Thomas Cook in terms of hotel coupon and service voucher are very remarkable features for the travel trade.

In this unit you read about the evolution of travel agency in various stages in the world. The unit also presented to you how Thomas Cook Travel Company and other contemporary travel companies were successful in designing and operating package tours in the Europe in the beginning and in the later to the whole world. This unit also unfolds various innovative measures undertaken by those travel companies in enhancing the service quality of the travel products and sustaining

their business growth. In order to demonstrate certain key elements in the historical records of travel agency, this unit further clarifies the growth of travel agency and tour operation by citing mostly the examples of Thomas Cook travel agency and its major strategic shifts in different periods.

1.9 Answers to Check Your Progress:

Check Your Progress – I:

1. Your answer should focus on functioning of the agency. (See section 1.4)
2. The answer must highlight the major events in that period. (See section 1.5)

Check Your Progress – II:

1. Your answer should include major innovations of the period. (See section 1.6)
2. The places which were connected in the ‘inter and intra continental tour’ should be included in the answer. (See section 1.7 and 1.8)

Check Your Progress – III:

1. Your answer should include the innovations made during the period. (See section 1.10)
2. The answer should include any five uses of information technology in modern travel agencies. (See section 1.10)

1.10 Suggested Readings:

1. Chand Mohinder, “Travel Agency Management – An Introductory Text”, Anmol Publications Pvt. Ltd., New Delhi, 2006.
2. Sinha P.C., “Tourism, Transport and Travel Management”, Anmol Publication Pvt. Ltd., New Delhi, 2006.
3. <http://www.hindu.com/thehindu/2001/08/02/stories/0602000n.htm>
4. <http://www.ttsvisas.com/visas.aspx?page=FAQ>

1.11 Review Questions:

1. Write a short note on 'evolution of travel agency'.
2. Differentiate Intra-Continental and Inter-continental tours.
3. Explain the role of Thomas Cook in travel agency business.
4. Describe the landmark period in the history of travel agency.

UNIT - 2

GROWTH AND DEVELOPMENT OF TRAVEL AGENCY AND TOUR OPERATION IN INDIA

Structure:

- 2.0 Objectives**
- 2.1 Introduction**
- 2.2 An Overview of Role of Travel Agency and Tour Operation**
 - 2.2.1 Pre-Independence Period**
 - 2.2.2 Post Independence Period**
 - 2.2.3 Post Liberalized Period**
- 2.3 Travel Intermediaries in India**
- 2.4 Changing Roles of Travel Agents and Tour Operators**
- 2.5 Current Scenario of Indian Tourism**
- 2.6 India's Outbound and Inbound Growth**
 - 2.6.1 A Case Study of Kuoni**
- 2.7 Tourism Awards to Travel Agents and Tour Operators**
- 2.8 Indian Tourism Offers New Business Opportunities**
- 2.9 Role of TAAI and IATO**
- 2.10 Summary**

2.0 Objectives:

After reading this unit, you will be able to:

- Discuss the evolution of travel agency and tour operation business in India;
- Describe the changing functions of travel agency and tour operation during the post-independence period in India;
- Explain the pre and post-liberalized period business scenario of travel agency and tour operation in India; and
- List the issues and challenges of the travel agency and tour operation in the new century.

2.1 Introduction:

The role of travel agency in the promotion of tourism in India is very crucial in the new millennium. Travel intermediaries play a very significant part in the development of Indian tourism industry. In the previous unit you have learned about the history of travel agency and tour operation. In this unit, we shall study the growth and development of travel agency and tour operation from Pre-independence period to post independence period and post liberalized period. We shall also discuss in detail the current scenario of Indian tourism, India's outbound and inbound growth and role of TAAI and IATO.

2.2 An Overview of Role of Travel Agency and Tour Operation:

In today's volatile market, travel organizations work towards showcasing India's rich tourism heritage in the form of designing organized package tours for the inbound, outbound and domestic tourists. The international travel organizations like Thomas Cook, American Express and Cox and Kings are the forerunners of the travel agency and tour operation business. Those travel agencies are responsible to bring this idea to the limelight and in the subsequent period, travel agencies in various countries started their operation on the line of them. Unlike the travel intermediaries in European countries, India's travel trade sector did not witness any such development in the pre-independence period and then in the post-independence period some measures were initiated by the central government that became favourable for travel agents to expand the scope of their activities and business scenario.

The role of the travel agents is not limited merely in selling travel related services but often also in taking considerable interest in promoting tourism destinations. The growth and development of travel agency was not remarkable in the first phase of the post-independence period. Afterwards many actions were taken to increase the share of India's position in international tourism scenario and travel originations were largely benefited with the increasing flow of tourist traffics to India. There has been a paradigm shift in the travel trade in the second phase of the liberalization in India and travel organizations have got the business diversified to target the growing outbound and domestic tourism market in India.

Travel agents are solely indulged into marketing the concept of travel and plan and sell holiday trips and ancillary services to individuals and groups. Travel agents do book tickets for air, rail, sea or road travel, arrange hotel reservations or guest houses, hire taxis etc. Besides domestic, all travel agents undertake international bookings and special business tours or conferences. On the contrary, tour operators are mostly involved into bulk travel arrangement and management for individual and groups. It is recognised as principal agent or wholesaler and offloads business to the ground handling agents. Tour packages are mostly promoted by the tour operator through the travel agents. Tour operators can offer special packages that include such diverse attractions as deep-sea diving, snorkelling, Himalayan trekking or even camel safaris in the Thar Desert.

2.2.1 Pre-independence period:

The evolution of modern travel agency and tour operation in India is not as old as the flourishing travel agency business in the Europe and the North American countries. As there was no such formal and organized form of travel related services, overseas travel agents exploited the vast potential of inbound travel markets of India. The framework of modern travel agency business in India was designed on the line of function and activities of earliest group of travel agencies like Thomas Cook, Cox and Kings and American Express. Those two UK based travel agents were well-experienced to conduct round the world tour and special interest tours to different parts of the world and more particularly, package tours were regularly conducted to India for British officials and their family members and relatives. It was the maiden attempt of Thomas Cook to take a pioneering attempt in commencing the package tour to India during the visit of Queen Victoria to Kolkatta after the end of the Sepoy Mutiny in 1858. The success of the tour had made much impact in terms of safety and security in India. Subsequent improvement of sea route connectivity between India and the Europe opened a new avenue for providing safe, comfortable and affordable journey. It was a matter of renewing relationships between the uprooted families of British officials living in the Europe and their counterpart living in India. Therefore, the prevalence of travel brought people of India and the Europe together. In 1878, Mr. Cook brought the first British Group of tourists to India by taking support of the Peninsular and

Oriental Steamship Company. The group landed in Mumbai, traveled to Agra by train to see the Taj Mahal. In the final leg of tour, the group visited Kashmir valley. The tour turned to become very successful and Mr. Cook gained confidence to set up offices in India. In the beginning, the Thomas Cook and Sons International (Ltd.) continued the inbound operation in India with its main branches and offices in metro cities. In 1880, Thomas Cook and Sons established offices in Mumbai and Kolkata as those two provinces were regarded as significant hubs of trade and commerce. Considering the huge demand of royal families, the Eastern Princess Department was also established in 1887 and that resulted in the rise of outbound travelers to Europe. Thomas Cook took much care and interest to arrange the sophisticated tour for India Princess to Queen Victoria's Jubilee Celebration. The outcome of the tour brought about drastic changes in the perception of elite class people in India to plan leisure trips to Europe.

A large chunk of the British, the French and other European nationals had much greater interest to meet their friends and relatives in India and vice versa. Many Europeans wished to undertake travel through sea routes to India for visiting selected tourist places of interest such as the Taj Mahal, Jammu & Kashmir, Shimla, Goa, Ajanta & Ellora, hill stations and beach resorts. The unique attractions of India were blended with unprecedented and exceptional history, exquisite art, architecture and sculpture, natural scenic places above all, a land of wonders. It is in fact relevant to mention that it was Thomas Cook which opened opportunities for taking travel to India and more particularly, the company ensured travel to all places by multiple modes of transport.

In the later period, people from other parts of the Europe were motivated with the attractive and well organized package tours to India. A large number of people in Europe had much fascinating perception and feelings about India and its cultural and natural wonders. Towards the middle of the 19th century, a sizable number of young Indians sailed particularly to England for pursuing higher study and appearing civil service examination and in the later periods, Indian political leaders traveled to England to participate several round table discussions on the solution for socio-economic and political issues.

More particularly for the British nationals, Thomas Cook got involved more actively in the inbound operation to India for long period of time. Thomas cook

used to book train tickets, reserve government run guest houses, arrange small car, mini coach, book horse carts and animal driven carts to transfer the tourists from the railway station to their places of stays and followed by conducting sight-seeing tour in and around the places. Thomas cook used to face the following obstacles for conducting tours in India

- Lack of amenities and facilities such as road, bridges, railway stations, accommodation, money exchanger, public toilets.
- Lack of trained tour conductors, guides, escorts and interpreters.
- Untrained staffs in the guest houses and other eating places.
- Cab drivers without having essential attributes worked for the travel agents. Thomas Cook and other contemporary travel agencies were also confronted with certain issues related with service factors. The factors which were partly responsible for the depletion of the service quality are as follows;
- Travel agents were not properly manned by the qualified and trained manpower.
- Lack of technology was a vital bottleneck in the growth of travel agency business.
- Lack of credit facility to the travel agent for the reservation of hotel rooms and airlines tickets.
- Lack of diversification of business was also an important factor that narrowed the scope of the expansion of opportunities for generation of revenue.
- Lack of promotional measures was also another pertinent factor to ensure higher growth rate in the travel agency sector.

Unlike in the Europe, the Indian railways system was much underdeveloped in the context of integration with the travel agents and tour operators in the promotion of inbound and domestic package tour. The issue has not been addressed fully as yet. In the similar instance, the airlines had limited role to work with travel agents and at the same time, there were not much airlines connectivity with India. Because airlines were generally operated within the domestic sky and countries did not venture for linking airline services beyond the boundary of country for two important reasons like political turmoil and low engine capacity for long haul journey.

The Indian Travel Agencies like Jeena & Co., Lee & Muirhead India Pvt. Ltd and Jamnadas & Co. Ltd located at Mumbai and operated inbound and outbound tours ventured into the so called sophisticated travel business. Meanwhile Thomas Cook and American Express Co. were uploading the inbound package tour business through Jeena & Co. and other contemporary travel agencies. Howsoever it might be the business scenario, Mr. J. N Katgara joined in the travel agency club in the world as the pioneer travel agent in India. In 1920 the first travel agency was founded in the name of Jeena and Company to cater to the domestic travel needs and the operation of the company was mostly serving the demand of Mumbai. As the cosmopolitan city was a major and busy port not only for arrival and departure of passengers but also for the goods and the inflow of foreigners to India was possible. Major trading centers were located in and round Mumbai. Mr. Katgara capitalized the opportunities of the volume of business and started looking into the cargo and courier business in the beginning and in the due course, shifted to other components of travel related services like ticket booking, hotel reservation, package tour, transport arrangements, etc. The company along with other travel agents underwent massive reformation and development in the post-independence period.

Answer the following questions.

- 1. Write five lines on the growth and development of the travel agency in the pre-Independence period.**

- 2. Write five lines on the major issues of travel agency business in the pre-**

Independence period.

Check your answer with the one given at the end of the unit.

2.2.2 Post Independence Period:

Even before the world war –II, the importance of tourism was well recognized as a critical segment of economy. The outbreak of war stalled the progress in the direction of tourism. The post-independence tourism development and its bearing on the travel trade in India unveiled a new chapter in the annals of Indian tourism scenario. The great concern shown by the then colonial Government to appoint a committee headed by Sir John Sargent in 1945 was a major step forward to fathom the potentials of tourism products dotted across the country. After a thorough investigation, the committee duly figured out the potentialities of developing tourist traffic in the country. The committee in one of its suggestions mentioned about the development of means of travel from nearest railway station, residential accommodation, travel brochures and guide books, provision of authorized guides, etc. that should be provided at places both for the domestic visitors and foreign visitors. The resultant impact was the formation of a separate Tourist Traffic Branch under the Ministry of Transport in 1949 to deal with the task of increasing tourist traffic to India. The tourist traffic section was mostly entrusted the charge for coordinating with the travel agencies and tour operators in India and overseas to augment the internal and external tourist traffic. It also dealt with internal conferences on tourism, coordination with railways, establishment of tourist bureau in States and development of tourist centers and the training of guides. Another most important action was taken to open a chain of tourist offices

both in India and abroad and Regional Tourism Offices were also opened in Delhi, Mumbai, Kolkata and Chennai.

The tourism offices located at different regions and destinations coordinated and controlled various segments of travel trade and ensured that the foreign tourists would get various services at reasonable cost and would not be hassled at any cost. There was a great leap forward when operation and functioning of eighteen overseas tourism promotion offices formally started to display the tourism potentials of the country. Those offices were based at countries and regions from where maximum inflow of foreign tourists to India was originated. As a result, overseas tour operators were encouraged to design itinerary and package tour for India and in a regular interval, local and regional tour operators held meetings with the India's overseas tourism promotional offices and sought all kinds suggestions related to the operation of tours, booking of hotels, safety and security. Foreign tour operators were also encouraged to participate in the familiarization tour program in India and overseas tourism offices and Air India hosted the tour with the purpose of introducing those places of interest to them. Both tourism offices in India and abroad were equipped with colourful brochures. Foreign tour operators were enthused to promote package tours to India and there was a steady increase in the tourist traffic to India. In 1950, 17 thousands foreign tourists visited India when there were no such overseas promotion offices or any promotional measures taken for the increase of inbound tourist traffic.

The Travel Agents Association of India (TAAI) was formed towards the end of the year 1951 by a group of twelve leading travel agents, who felt that the time had come to create an Association to regulate the travel industry in India. The primary purpose was to protect the interests of those engaged in the industry, to promote its orderly growth and development and to safeguard the rights of the travelling public. TAAI represents all that is professional, ethical and dynamic in our nation's Travel related activity and has been recognised as the voice of the Travel and Tourism industry in India. With a membership data base of over 1800 Active; Allied and Associate members comprising of IATA accredited Travel Agencies; Airlines & General Sales Agencies; Hotels and Tour operators; TAAI is the largest Travel Association of India.

Travel agency and tour operation business in India was relatively in the preliminary stage in first phase of independence. Even after also, there was hardly any travel company with full-fledged facilities. With the setting up of the Travel Agents Association of India (TAAI) in Mumbai in 1951, the travel business in India started in an organized manner. The Jeena and Company, the first Indian Travel Agency organized group tours abroad and in India for Indian travelers and it handled the first group of foreign tourists in 1950. However, Jeena and Company and other two Indian Travel Agencies were merged into one composite travel company known as Travel Corporation of India Ltd. (TCI) in 1961.

Moreover, the bulk of International tourists were then handled by the Thomas Cook and Sons and The American Express. Followed by the growth, there were a good number of travel companies established in India such as SITA (1963), Thomas Cook India Ltd. American Express, Cox and Kings , Ind Travel and so forth. As per the Foreign Exchange Regulation Act (FERA) 1973, Thomas Cook India (Ltd.) was established under the companies Act 1956 in 1978.

The Asian games were hosted in 1952 in India made a significant impact on the inbound traffic to India. The scenario of travel trade stimulated by promotional measures underwent remarkable change due to the rising number of tourist traffic. From 1951 to 1961 travel agencies were banking on airlines tickets and inbound operations to limited destinations. Travel agents started operating at Delhi and other destination points like Agra and Jaipur. More particularly travel agencies were resorting to the ticketing business and inbound tours to golden triangle circuit. Travel Agencies were facing the shortage of transport fleets to conduct sight-seeing tours in the cities. There was no such means to arrange different transports to conduct sight-seeing tours in the lesser known destinations. It was certainly a challenging moment for travel agents which had business plan to handle additional demand for the operation of package tour. In those times, travel agencies had to take much time to confirm the booking of hotels, transports, train tickets, guide services and other ground arrangements to the clients. Scope of business was not expanding owing to have limited operational network. The concepts of tour through ground handling agents were not fully known as there were very limited professionally skilled people to take the responsibility of handling the tours.

Presently, there are around more than thousand travel agencies and tour operation companies on the approval list of the Department of Tourism, Government of India. These are located in over 50 cities of the country and many have promotional offices in abroad. In addition to this, there are a large number of non- recognized travel agencies scattered all over the country. In India there are more than 400 travel agencies which have been approved by the IATA and a number of them have more branch offices.

Following the report of ad-hoc Committee on Tourism documented by the Jha Committee in 1963, that recommended the role of public sector in the promotion tourism. Along with other two corporations, India Tourism Transport Undertaking was set up in 1965 later it merged with other two tourism public undertaking subsidiaries of Government and gave birth to India Tourism Development Corporation (ITDC) in 1966. ITDC was, in the beginning, fully geared up with the plans and programs to development new infrastructure and strengthen the existing facilities, resultantly, many such hotels were constructed at popular tourist destinations and luxury transport facilities were also provided to the tourists. With the construction of hotels at many key destinations catered demand for accommodation and restaurant facilities, which enhanced the total hotel room capacity and ITDC associated travel agents and tour operators for the booking of rooms on the basis of commission. Overseas tour operators were completely apprehensive about the availability of rooms and other facilities and amenities in the destinations. When ITDC hotel properties came up, subsequently after, the apprehension was removed by the establishment of ITDC properties. There was a surge in tourist traffic to India. The fact remains that rooms, other facilities and amenities of ITDC hotels were at par with the international star hotels that provided a kind of impetus and confidence to Indian tour operators and foreign tour operators to conduct package tours. As the quality of rooms and transports are two significant components in the package tour, so when those facilities were plentifully available at the places of tourist interest, it is obvious that there were many tour operators shown their interests to organize tours in India. Thus, the number of travel agents and tour operators went on increasing and the business was treated to be feasible and profitable.

When accommodation and transportation capacity were somehow manageable, overseas tourist promotion offices took initiatives to showcase India to Europe in 1968 in a mass scale by launching a promotional campaign in a very grand way. With the exposure of introducing India to Europe campaign, the strategy for marketing India's tourism overseas underwent a significant change. In the later period, the scheme was extended to UK in 1970 and to USA in 1971. However, overseas tourism promotion was jointly sponsored and organized by the Department of Tourism with Air India's active participation and support.

All those efforts were translated into tangible results. The tourist arrivals registered a growth from 17, 000 in 1950 188,820 in 1968. From the year 1965, there has been a constant increase in the number of tourists visiting India and International tourists arrivals also increased to 1329950 in 1990. The share of India in the World tourism receipts has been varying between 0.64 per cent in 1991 to 0.38 per cent over the last few years.

Check Your Progress – II:

Answer the following question.

- 1. Write five lines on the growth and development of the travel agency in the post- Independence period.**

- 2. What are the major issues affecting the growth and development of travel agency in the post-independence period?**

Check your answer with the one given at the end of the unit.

2.2.3 Post Liberalization Period:

The expansion of business opportunities for travel agency and tour operators depends on the active role of the governments to formulate certain strategic objectives for the tourism development of sector. These strategies comprise five key actions such as to position tourism as a national priority, enhance India's competitiveness as a tourism destination, improve and expand product development, create world class infrastructure and draw up effective marketing plans and programmes. This growth-oriented strategy indicates vast of opportunities for the travel agents and tour operators. While travel agents are profiting from the tourist boom in the past couple of years, a number of them also feel threatened and are worried about the future. Commission cuts by airlines and the rapid technological advancement, especially the increasing penetration and use of the Internet has forced the travel agents community to rethink their business models and strategy for not just growth but their survival in the future. Airlines and hotels have turned away from intermediaries in the past couple of years, preferring to invest heavily in their corporate sites and offer best-rate guarantees in an attempt to woo e-tourists. In face of these commission cuts, the main income generator, many travel agents are attempting to diversify their operations by providing other services and also remodeling themselves as travel consultants, a makeover, which happened in the developed markets quite a while ago. Another recent trend, which is hitting the small time travel agents hard, is consolidation in the travel distribution network that has significantly reduced the number of travel agencies.

Currently the Indian travel industry is in the midst of a transition towards becoming a mature market and the key words for all stakeholders are adaptation and innovation. One way towards the future is adopting the idea of service fee. This practice highlights the advisory role of the travel agent as a professional or a consultant where clients pay for the agent's expertise instead of suppliers having to pay a commission. The role of a consultant dovetails nicely with the trend towards customized travel. Indian tourists today are well traveled and want to enjoy a certain freedom. They want to go beyond the beaten path, yet enjoy the benefits of a hassle free planning and expertise proffered by a travel agent. This means that agents must have the flexibility needed to offer customized travel products. Apart from changing their business models to meet the challenges of the future, travel agents and tour operators also have a wider and important role to play in the development of tourism. They can coordinate with the Ministry of Tourism and other related central and state ministries in their endeavour to improve facilities, guaranteeing safety and security of tourists and disseminating information. Besides this, travel agents and tour operators also need to establish channels of communication and liaison with the department of tourism, state and other public and private bodies and take all necessary steps to promote and develop tourism in India, while also promoting environment protection, cultural exchange and national integration. The challenge for the travel agent and tour operator community is also to formulate a uniform code of conduct to govern the procedure of booking, confirmations, payments, refunds, cancellations, no-shows, changes, preponements and postponements, retention charges, commission and discounts.

2.3 Travel Intermediaries in India:

In order to encourage quality standards and services, the Ministry of Tourism approves travel agents, tour operators, tourist transport operators and adventure tour operators in the country. As on 31st Dec.2003,186 travel agents,340 tour operators, 154 tourist transport operators and 13 adventure tour operators are registered with Ministry of Tourism. Rank wise distribution of these units is given in the table below: 1

Table-1
Tour Operators in India

S. No.	State/ UT Name	No. of Tourist Transport Operator(s)	No. of Travel Agencies	No. of Tour Operators	Adventure Tour Operators	Total
1.	Delhi	64	85	238	11	398
2.	Maharashtra	11	40	30	0	81
3.	Tamil Nadu	18	20	8	0	46
4.	Kerala	17	12	14	0	43
5.	Karnataka	10	11	4	0	25
6.	Rajasthan	6	6	11	0	23
7.	West Bengal	0	10	9	0	20
8.	Uttar Pradesh	5	4	5	0	14
9.	Andhra Pradesh	6	2	0	0	8
9.	Goa	2	1	4	1	8
10.	Haryana	0	0	7	0	7

Source: Tourist Statistics, 2003, Department of Tourism, Govt. of India

2.4 Changing Roles of Travel Agents and Tour Operators:

Traditionally, in the Indian market the travel agent acted as an intermediary that brings travel products to the end consumer. Travel agents used to receive a base and override commission. Pay-for-performance override commissions are now typically only available to large travel agents. The bigger the travel agency, more sales can be drawn to the airline paying the override. This revenue stream is generally not available to the small travel agents, who do not have a significant impact on an airline's market share. With the airline commissions diminishing fast, the agents who survive and grow will be those who embrace technology and implement alternative revenue streams and service fee concept. Apart from ticketing, travel agents are beginning to offer services like travel insurance, hotel bookings. Although package tours remain an industry staple, tour operators will need to develop more flexibility in the creation of holiday packages to serve the growing self-service segments. Whether catering for the inbound, outbound or

domestic markets, tour operators seem to have been the most forward thinking in their efforts to innovate in their products and services.

Thomas Cook India has recently decided to focus strategically on the travel business for augmenting future growth, which include hiving off financial services into a separate outfit. KUONI travel company SOTC outfit in India is looking for mergers and acquisitions for SITA-Inbound Division in terms of specialized markets like adventure tourism, incentive tourism and convention tourism. The travel business in India is segmented into: a) leisure; b) business; c) inbound and domestic; and d) employment/migrant travel. Business travel has stabilized at a growth rate of 10-15 per cent per annum. With increasing disposable incomes and lower costs, leisure travel -- both domestic and, to a larger extent, outbound travel -- is experiencing an upward trend at 30 per cent. Inbound travel is still fraught with infrastructural problems. SITA Inbound is growing at 15 to 20 per cent per annum. The formula for a merger is that the merging companies should have a product fit, a price fit and a people fit.

2.5 Current Scenario of Indian Tourism:

Indian Tourism is identified as a significant engine of economic growth .According to the World Travel and Tourism Council (WTTC), India' s Travel and Tourism (T&T) industry contribute 2.1 percent to Gross Domestic Product in 2006 (INR 713.8 billion or US\$16.3 billion). In the first half of the Annual Plan period of 2006-2007, the Ministry of Tourism has taken several initiatives in the field of infrastructure development and positioning Indian tourism as a major engine for economic growth. These include emphasis for developing the existing and new destinations to world-class standards, improvement of connectivity to important destinations and identification of 10-15 new destinations/ circuits by each state /UT for development to world class standard with all the required infrastructure components. Fastest-growing distribution channel, the Internet is generating annual bookings upwards of US \$35 billion in the US alone. In 2005, 25 per cent of all hospitality revenues globally were Internet generated, and in 2006 this figure is expected to reach between 27 and 29 per cent.

2.6 India's Outbound and Inbound Growth:

The outbound market is surging ahead due to the drastic fall in the international airfares, liberal open sky policy, increasing disposable incomes of consumers and aspiration to travel abroad increasing, as for the inbound traffic, India definitely has a bright future to look at. The recent government initiatives such as the Incredible India campaign, Athithi Devo Bhava campaign and Lonely Planet rankings etc. have made India a very popular country. The FIT market is growing at a rapid pace and the profit margin varies between 70 per cent and 80 per cent.

India expects about five million overseas visitors this year, as outsourcing cities like Bangalore and Hyderabad draw more business travellers. The government is trying to improve airports in New Delhi and Mumbai, two of the busiest airports, through private participation. The modernization of airports and licenses for new budget airlines are part of the government's effort to attract more travellers to India. World Travel & Tourism Council of London expects India to be the third-fastest expanding tourism market in the next decade. The entry of new airlines has pushed down fares by about 25 per cent in two years. Indian hotel companies added 1,200 luxury rooms in 10 cities and vacation destinations like Goa, taking the five-star category of accommodation to 24,000 rooms by the end of 2006.

The addition of hotel rooms coincided with the increasing frequency of flights by British Airways, Lufthansa, Singapore Airlines and Qatar Airways mainly. International passenger traffic at Indian airports rose 17 per cent to 19.41 million in the year 2007. Existing travel agencies are being replaced by self-serve travel Web sites on the Web and thus facing the following challenges.

- Revenues from ticket sales are shrinking
- Profitability is becoming harder to maintain.
- Middle and upper class travelers require more services than bargain travelers.
- Middle and upper class travelers will pay fees for services that go beyond issuing tickets.

2.6.1 A Case Study of Kuoni: You look at the world. We look after you:

Kuoni-India's key Outbound Division operates under the name of SOTC is the country's largest outbound tour operator. SOTC has escorted over 350,000 travellers across the globe to various destinations including Europe, Australia, New

Zealand, USA, Africa, Mauritius, South Asia, and the Far East. SOTC has a wide distribution network of 130 sales outlets across India to retail its range of products and serve its customers better. The flagship brand of SOTC, pioneered the designing and marketing of escorted tours to cosmopolitan travellers in India. Sport Abroad provide global sports-based holidays whilst Student Holidays strives to enrich the educational environment through travel and fun-filled experiential learning. SOTC Do-It-Yourself Holidays provides customized fully flexible holidays that cater to seasoned travellers. SOTC is also known for the domestic holiday brand which offers a wide range of organized domestic travel options across India, namely, Classic Holidays, Fun-filled Beaches, Hill Stations, wildlife Holidays and Spiritual.

The outbound travel division of Kuoni (India) has a 66 per cent share in the outbound-travel business in India. At least 60,000 to 70,000 Indians visit international trade fairs every year and small and medium entrepreneurs consider such visits as a business investment. Germany organises the largest number of these trade fairs, followed by Italy (Milan), China, France and Japan. The major trade fairs in Germany often attract 1.5 lakh visitors every yer. The leading source of India's outbound travellers is Delhi and it shares covers somewhere at 26 per cent.

2.7 Tourism Awards to Travel Agents and Tour Operators:

The Ministry of Tourism, Govt. of India gives away the National Tourism Awards to the tour operators such as inbound operators, adventure tour operators, domestic tour operators, MICE operators, Most Innovative Tour Operator and Tourist Transport Operators on the basis of their foreign exchange earnings and innovation in promoting

2.8 Indian Tourism Offers New Business Opportunities:

Travel agents and tour operators can take the advantage of the emerging tourism areas like Medical Tourism, Rural Tourism, Cruise Tourism and Convention Tourism. The following key areas of tourism can be tapped in the future course of time by the travel agents and tour operators.

- The ministry of tourism has taken several initiatives and actions like road shows and publication of brochures, in association with the tour operator, travel agent, hotels, airline companies and private ultra-modern hospital in the private sector, to promote India as a destination for medical tourism and make it a global health destination.
- A concept of rural tourism has been developed for showcasing the art, crafts and culture of rural India and for creating gainful employment in villages with tourism potential.
- India has a vast and beautiful coastline and hence the potential to develop cruise tourism.
- India is undoubtedly a unique Conference Destination as it offers cultural and heritage sites, the exotic and mystical, excellent facilities of beach and adventure holidays which can be combined as pre and post conference tours. International convention Centres of the global standard is considered to be one of the important segments for promoting India as an attractive tourist destination in the global market. Ministry of Finance, Govt. of India has already identified New Delhi, Mumbai, Bangalore, Goa and Jaipur for opening of world-class convention centres. Several initiatives have been taken up by way of public-private partnership to develop small convention centres of high standard.

2.9 Role of TAAI and IATO:

TAAI strives to build in its constituents and others with several a commitment to contribute largely for the growth and development of tourism industry in India. There are certain roles of TAAI which will bring in changes in the travel trade sector in the country. Thus, TAAI has set some important objectives such as delivery of highest service, build trust and credibility in the marketplace and apply technical skills.

The Indian Association of Tour Operators (IATO) was established in 1982 and its head quarter is located in Delhi. It is the national apex body of the tourism industry. It has over 4000 members covering all segments of Tourism Industry. Established in 1982, IATO today has international acceptance, and linkages. It has close connections and constant interaction with other Tourism Associations in US, Nepal

and Indonesia, where USTOA, NATO and ASITA are its member bodies; and is increasing its international networking with professional bodies. Indian travel agents and tour operators have certain significant infrastructure limitations such as clogged and creaking airports, ageing air traffic control systems and a chronic hotel shortage, combined with slow and cumbersome bureaucracy are threatening to slow down India's ascension.

Travel and tourism as an industry has been slow to take off in India, as compared to the tiger economies of Southeast Asia, it has only been in the last two decades or so that this sector has witnessed massive expansion and improvement. Though its growth rate is still lower than many smaller countries in the region, the industry is emerging as one of the largest foreign exchange earners, providing direct employment to more than 80 lakh people.

Check Your Progress – III:

Answer the following questions.

1. Write five lines about the impact of globalization and liberalization on the development of travel agency and tour operation.

2. Write five lines on the role of travel associations in the growth and development travel agency in the post-liberalization period.

Check your answer with the one given at the end of the unit.

2.10 Summary:

Travel industry has seen a phenomenal growth in the ear of globalization and liberalization. Modern Travel agencies in India have evolved through various stages and contributed immensely to the Indian tourism sector. The size of the travel market was relatively small and the numbers of travel agencies were also very limited. It is the Travel Agents Association of India in the beginning and in the later the Indian Association of Tour Operators strived relentlessly to give a face shift to the travel industry by bringing all travel intermediaries to a common platform to discuss issues pertaining to the growth and development of tourism industry. Travel agencies have seen a buoyant growth in the post liberalization period.

In this unit you read about the beginning period of travel agency business in India. The unit also throws light on various issues, which mostly obstructed the growth of travel agency business in India. Moreover, this unit has also gone further into clarifying details about the role of public sector undertakings in tourism and travel agencies have been greatly supported with the building of infrastructure at the tourism places of interest and port of entries. In this context, the unit also underlined the importance of tour operators in the promotion of inbound and domestic tourism in the country. Furthermore this unit discussed the growth of outbound tourism as to how the boom of the outbound travel would be sustained and captured in the foreseeable future.

2.11 Answer to Check Your Progress:

Check Your Progress -I

1. Your answer should include major benchmarks in the development of travel agency in pre-independence era in India. (See sub section 2.3.1)
2. You should include major issues in travel agency business in the pre-independence period. (See section 2.3)

Check Your Progress – II

1. You should include in your answer major highlights in the post-independence period. (See Section 2.3.2)
2. The answer should include major issues which affect the growth of travel agency business. (See section 2.3.2)

Check Your Progress – III

1. For answers please refer section 2.5 to 2.7
2. For answer please refer section 2.10

2.12 Suggested Readings:

Source: Asia Pacific Journal of Tourism Research, Vol. 11, No. 4, December 2006, Distribution in Emerging Tourism Markets: The Case of Indian Travel to New Zealand by Shalini Sharda and Douglas G. Pearce

2.13 Review Questions:

1. Explain the role of travel intermediaries in the promotion of tourism in India?
2. What is the current scenario of Indian tourism?
3. Discuss in detail the role of TAAI and IATO?
4. What are the various new business opportunities offered by Indian tourism?
5. Write a short note on success story of ‘Kuoni’.

UNIT – 3

FACTORS RESPONSIBLE FOR GROWTH OF TRAVEL SECTOR

Structure:

- 3.0 Objectives**
- 3.1 Introduction**
- 3.2 An Overview of Factors of Travel Trade in Early Periods**
- 3.3 Factors responsible for Recent Growth of Air Travel**
- 3.4 E-booking: Change in Online Consumer Behaviour**
- 3.5 New Direction of Indian Civil Aviation**
- 3.6 Factors Responsible for Growth of Road Transport**
- 3.7 Factors Responsible for Growth of Water Transportation**
- 3.8 Factors Responsible for Growth of Indian Railways**
- 3.9 Socio-Economic Factors**
- 3.10 New Travel Trends**
- 3.11 Summary**

3.0 Objectives:

After reading this unit, you will be able to:

- Explain the underlying tourism factors such as growth of aviation, railways, and ground transport affecting the growth of travel sector over the periods;
- Discuss the supporting factors such as economic, socio-political and cultural, directly and indirectly pushing the growth of the travel sector forward; and
- Describe the change of factors from Indian and global perspectives.

3.1 Introduction:

The world is witnessing rapid changes in the era of globalization, privatization and digitalization in the 21st century. The remarkable growth of world economy is ruly noticeable as less developed countries are fast becoming the hubs of industry, trade and commerce.

In the previous unit you have learned about the growth and development of travel agency and tour operation in India. In this unit, we shall study the various factors responsible for the growth of travel sector. We shall also discuss the various new concepts like e-booking, mobile booking, wireless connectivity, travel now and pay later, credit cards and so on.

The per capita income of people is increasing substantially and at the same time, the per capita consumption is also rising significantly. There is a change in the pattern of income and people are having much disposable income to spend for leisure, recreation and relaxation purposes. The world has been much shorter owing to the revolution of technology, more importantly the invention of fastest and comfortable air travel. The emergence of World Wide Web has also made visible contribution to the growth of world economy.

3.2 An Overview of Factors of Travel Trade in Early Periods:

The beginning of the travel trade was determined by the basic need for food and migration. The next phase of expansion of travel trade was supported by the development of communication facilities through roadways and waterways for the purpose of trade and commerce. Travel was no longer a motivational factor to seek pleasure, recreation and relaxation in those periods. The growth of Travel trade was further broadened when merchants in India used to sail the voyages with full of spice and traditional products which had a larger market in the South East Asia, west Asia, Middle East, and Africa. The silk route was the means for doing cross border trade in the Asian Continents. It was the Romanians who were very keen on traveling short distances in the relay of horses or the horse cart to the hill stations or sea side. The travel was purely termed as pleasure and relaxation, noting more than that. The travel trade was again augmented by the discovery of new lands by the explorers like Marco Polo, Columbus, Iban Batuta. The opening up of the Great Pyramid, the Great Wall of China, the hanging Garden of Babylonia, etc to the travelers also increased the scope of the growth of travel trade. Different continents were invaded by the political invasion and the establishment of colony that furthered the progress of travel trade.

The industrial revolution in the 16th and 17th century saw a drastic change in the economic growth in the Western Europe and it has a great impact in the travel trade

in terms of improvement in the transportation system especially the invention of railways, production of luxury coach and small car in Hungary and Germany respectively. People were greatly benefited with the introduction of annual paid holidays and weekly holidays. It may be summarized that in the olden days, travel was fundamentally a means for catering basic needs; subsequent medieval period experienced some changes like trade, commerce, religion and education. The elite class and middle people in the Europe with a basic urge for acquiring knowledge used to travel cultural and educational centers in Italy and France. The invention of air transportation in the first quarter of the 20th century added a new dimension in the annals of travel trade in the modern period. The phenomena can be dated back to 1958 when piston-engine aircraft was replaced with jet aircraft which increased speed, reliability and comfort while reducing costs of operation.

3.3 Factors Responsible for Recent Growth of Air Travel:

There are various underlying factors largely responsible for the rapid expansion of travel trade and business in the world and in India. The factors are discussed below.

(i) Upsurge in the functioning of Air transport Industry:

There has been a paradigm shift in the Indian aviation sector since the foundation of aviation wing of TATA Sons Ltd. in the year 1932. The change of the carrier name to Air India and Indian Airlines was a landmark decision of the Government of India to back the growth of the civil aviation development in the country. The role of private carriers in the Indian sky was greatly felt and in 1994, when Air Sahara and Jet Airways began with the domestic flight operation. In the quick succession, the Ministry of Civil Aviation, Govt. of India has recently launched Air India Express as low cost international carrier. The Indian Airlines has been replaced with the new offshoot called “Indian’. A move has been made to merge the two carriers with the vision of making higher profit, strength and expansion of network.

Air transport industry in last fifty years has experienced a drastic upsurge with the growth in the world economy and aviation technology. This has resulted in reduction of costs and thus fares and in turn the rapid growth in air traffic. Studies in IMF and ICAO reveal that the growth in world air traffic has surpassed world economic growth. Economists perceive that there is a strong correlation exists

between the economic growth and growth in air traffic. Thus increase in commercial and business activity of a country and personal income and propensity to travel have direct influence on growth of air traffic in the world. This is evident from its constant profit record since past five years. It has registered net profit for Rs 133.85 crores (approx USD 30 million) in the financial year ending March 31, 2003.

The rises of new middle class income group, the business class travelers and comfort, luxury transport have created a new demand for air travel. Increase in urban population with high standard of living and constraints of time leave commuters to undertake air travel with no other option. The examples can be drawn from the populous Indian cities like Mumbai, Delhi, Bangalore, Chennai, Hyderabad etc., within which a large number of passengers commute. There are some secondary factors such as improvement in service efficiency due to efficient use of technology, competitive strategy of airlines; human factors responsible for the drastic reduction of air fares. The operation of low cost airlines in India since last five years and last thirty in the world can be the best example which has brought an exponential growth in air travel business.

(ii) Frequent Flier Program:

The launch of a new innovative air travel scheme called Frequent Flier Programmes (FFPs) was first started by the American Airlines in the caption of 'A Advantage' in 1981. After a gap of two and a half decades, around 100 million passengers have become the part of the FFPs. In the scheme of the FFPs, Holiday Inn being the first partners in 1983 in association with many international hotels in airline programs to woo more passengers upon arrivals. Marriott followed with its Honored Guest Awards program in 1983. As with the hotels, rental car companies' first exposure to FFPs was as partners in airline-hosted programs 1987. Specifically, Hertz was the first car rental company to join an airline FFP. Mileage is a basic consumer expectation, alongside convenient schedules, competitive pricing, safety and customer service. As a very general rule, 5% of an airline's seats are allocated for use by frequent flyer program members using award tickets. Coupon brokers buy FFP tickets from members, and sell them (at a substantial discount to published fares) to bargain-hunters. These are the following airlines and their tagline of the FFPs - Air France: Flying Blue, Air India: Flying Returns

(Alliance Air, Air France, Air India, and Indian Airlines), Cathay Pacific Airways: Asia Miles, British Airways: Executive Club.

(iii) Excursions and Discount Fare:

Excursions and discount fares are meant for the advance bookings. Airlines keep the several options open for the passengers to avail maximum discounts by booking the tickets as early as possible. Unlike the business tourists, these heavy discount schemes are exclusively favorable to tourists as they plan the holidays in advance. Moreover, airlines need an accurate estimate of the number of people and amount of baggage on a flight so that they can load the proper amount of fuel. So airlines typically give discounts for people who stay over a weekend, flying off peak hours, and purchasing tickets 7 days, 14 days, 21 days or 30 days in advance.

(iv) Low Cost Airlines:

Launched in the year 2003 Air Deccan is the India's first budget airline. Low cost market has started operation which has planned to have 23 fleet size by 2008. A low-cost carrier or low-cost airline (also known as a no-frills or discount carrier / airline) is an airline that offers generally low fares in exchange for eliminating many traditional passenger services. The concept originated in the United States before spreading to Europe in the early 1990s and subsequently to much of the rest of the world. The term originated within the airline industry referring to airlines with a low - or lower - operating cost structure than their competitors. Through popular media the term has since come to define any carrier with low ticket prices and limited services regardless of their operating costs.

Typical low-cost carrier business model practices include; a single passenger class, a single type of aircraft (commonly the Airbus A320 or Boeing 737), reducing training and servicing costs, a simple fare scheme (typically fares increase as the plane fills up, which rewards early reservations) unreserved seating (encouraging passengers to board early and quickly), flying to cheaper, less congested secondary airports and flying early in the morning or late in the evening to avoid air traffic delays and take advantage of lower landing fees, short flights and fast turnaround times (allowing maximum utilization of aircraft) simplified routes, emphasizing point-to-point transit instead of transfers at hubs (again enhancing aircraft utilization and eliminating disruption due to delayed passengers or luggage missing connecting flights), emphasis on direct sales of tickets especially over the Internet

(avoiding fees and commissions paid to travel agents and computer reservations systems), encouraged use and issuance of the electronic ticket or ticket less travel employees working in multiple roles, for instance flight attendants also cleaning the aircraft or working as gate agents (limiting personnel costs) "Free" in-flight catering and other "complimentary" services are eliminated, and replaced by optional paid-for in-flight food and drink (which represent an additional profit source for the airline). Not every low-cost carrier implements all of the above points (for example, some try to differentiate themselves with allocated seating, while others operate more than one aircraft type, still others will have relatively high operating costs but lower fares). Nonetheless these are general characteristics, most of which apply to any given low-cost carrier.

(v) Role of Global Distribution of System:

The complexities of airline operations coupled with increased customer expectations have made development and implementation of reliable Information Technology and communication with customers and accurate databases even more critical. The airline anticipates \$100 million in incremental revenue from GDS participation this year. Efficient use of technology can lower unit cost and raise revenue. The ability to work across all channels is becoming a bit of a necessity. Some 85% of Jet Blue passengers book their reservations on the airline's website, another 10% use the telephone and the remaining 5% go through GDSs or travel agents.

(vi) Code and Cost sharing:

The code share was part of a "cooperative Services" agreement between the two carriers before the various airline alliances were formed. It refers to a practice where a flight operated by an airline is jointly marketed as a flight for one or more other airlines. Most major airlines today have code sharing partnerships with other airlines, and code sharing is a key feature of the major airline alliances. In 1980, the Australian Airline, Qantas Airways and American Airlines combined services from Australian cities to an array of U.S. domestic cities laid the concept of code sharing with the hope of increasing business share and larger passenger satisfaction.

(vii) Connecting flights:

This provides clearer routing for the customer, allowing a customer to book travel from point A to B through point C under one carrier's code, instead of a customer booking from point A to C under one code, and from point C to B under another code. Flights from both airlines that fly the same route - provides an apparent increase in the frequency of service on the route by one airline

(viii) E-Business System in Airline Industry:

The concept of e-business establishes direct connection between passengers that suppress time and place limits. The system also aims for providing much satisfaction of customers' need, build customer confidence and retention. Finally, it can be updated in every second. The GDS model is given below for gaining clear clarification and understanding about the GDS.

Check Your Progress – I

Answer the following questions.

- 1. Write five lines on the factors responsible for the growth of travel in the early period?**

- 2. What are the major factors affecting the recent growth in the air travel that directly and indirectly affect the travel trade?**

Check your answer with the one given at the end of the unit.

3.4 E-Booking: Change in Online Consumer Behaviour:

The airline industry in the US offers e-tickets as a default option and more than 60 per cent tickets in the domestic sector are e-tickets. There has been a drastic change in consumer booking option during the post internet evolution era in the world as well as in India. Travelanza.com was the first travel portal in India started operation in Bangalore in the year 2000. Since then there has been a gradual increase in e-ticketing and booking through travel portal. As is revealed from the table given below Air Deccan with twenty three percent market share is the leader in online booking tightly followed by Indian Railways Tourism and Catering Corporation with twenty two percent and Make My Trip.com with twenty percent of market share? Total online market size is US \$ 523 Million which grew 142% over the last year US \$ 368 Million. Air ticket online constitute a significant portion of 23 % of overall total sale which was 15% last year.

Table – 3.1
Change in Online Consumer Behaviour

Organisations in online booking	2006(in %)	2007(in %)
Jet Airways	1	2
India Times	2	2
Make My Trip	11	20
King Fisher Airlines	15	13
IRCTC	26	22
Spice Jet	17	15
Air Deccan	27	23
Hotels - Taj etc	1	1
Sahara Airlines and other OTAs	0	2

The online travel retail market in India is expected to boom over the next five years, with Internet-based travel retail transactions increasing by an incredible 271% between 2005 and 2010. Euro monitor International, who will be speaking about the growth of online travel retail in Asia Pacific at Travel Distribution Summit Asia

2007, predicts that online travel retail sales generated in India will exceed US\$2 billion in 2010 alone

Mobile Booking:

"Reliance Infocomm is the only service provider that has invested significantly in developing mobile data applications platform such as R World, which has become synonymous with the majority of mobile data offerings in India. Booking an Indian Airlines domestic just got easier, with the mobile phone facilitating the task as the airline today teamed up with Reliance Infocomm to offer India's first mobile booking of a domestic air ticket. ICICI Bank has tied up with IRCTC (for Railway Ticket Booking) and Air Deccan (for Air Ticket booking) to facilitate passengers to book online and payment through the credit card.

E-Ticketing:

IATA members are able to transact through the e-ticketing to help simplify the business for providing extra convenience to passengers and lower airline distribution costs. Like paper ticketing, e-ticketing is a way of documenting a sale, both for the passenger and for the airline. E-ticket uses a database to track the sale and use of tickets and the database is stored and updated by the validating airline. All subsequent ticket transactions including refunds, exchanges, check-in, void and settlement can be made. In the first half of 2004-05, there were nearly 19 million air travelers in the domestic sector and this number is growing 20 per cent annually. Even if 10 per cent of these tickets are booked online, it will result in tremendous cost savings for the airlines by 2007. Most successful LCCs (low-cost carriers) sell over 75 per cent of their tickets directly over the Internet, thereby saving on the distribution cost and travel agency commission. Air Deccan has become the biggest e-commerce site in India with daily ticket sales in the range of Rs 1.15 crore. Customers often prefer online booking because of the attractive freebies offered. Air-India entered the e-ticketing market in 2002 with its portal www.airindia.com, where clients can buy tickets using credit cards via ICICI's Payment Gateway Service.

Hotels too are entering the portals of online booking. Welcome Group's Chola Sheraton Hotel in Chennai has started online bookings for the last three years. Budget and other hotels catering primarily to business travelers also understand

that it makes good business sense to be available on the Net and at the fingertips of customers. So hotels like Goutham Manor and Hotel Ambica Empire in Chennai offer online bookings. Most discount airlines are able to save money by avoiding travel agent fees and accepting direct bookings on the internet. Indian Railways too have in collaboration with IRCTC has introduced e-ticketing system, where by on line booking is done and e-ticket is printed through any printer connected with system having internet connection. The e-ticket holder needs to carry an identity proof at the time of travel.

3.5 New Direction of Indian Civil Aviation:

India has become the World's fastest growing aviation market with the number of passengers flying rising by 26% in 2005. It is expected that by 2010 airlines in India are expected to carry 60 million passengers annually. To achieve the target, the Ministry of Civil Aviation has taken all possible steps for strengthening the aviation infrastructure. Total number air carriers have risen from 3 in 2002 to 10 in 2006. Indian carriers have ordered 333 new aircrafts since the start of 2005. Airport Authority of India has proposed to modernize 37 airports to world-class standards. Unused 300 air strips have been decided to be renovated for use. Tenth plan period in India had allocation of Rs.40, 000 Cr. for airport infrastructure development. Airlines originating from Metro airports at peak time of the day are imposed with congestion fee. Thus non-metro routes are being promoted to divert the crowd of the metro routes. Metro Airports are being privatized and secondary airports are being developed taking low cost airlines and carries into concern.

Against the back drop of the rapid development of airports and airlines there was an urgent need for developing Maintenance, Repair and overhaul activities. It is revealed that 25% worldwide and 60% of flight delays are maintenance related. Thus separate industry by name MRO (Maintenance, Repair & Overhaul) is rising very fast. MRO covers 5 key segments – engine overhaul, heavy checks, line maintenance, component maintenance and major airframe modifications. As per Boeing source Indian MRO market is worth \$405 million in the year 2005 which expected to rise to \$1.06 bn by 2014. Most airlines resort to third party for MRO related services to cut costs and focus on core activities. Recently both Boeing and Airbus have jointly invested \$185 million for MRO operations in Nagpur.

a) Boom in Duty and Tax Free Shopping:

The policy to open duty free shop in airports helps in hassle free travel to the passengers who wish to buy souvenirs and other gifts. The interests of travelers for souvenirs can be revealed from the increased sales at the duty free shops in airports. For instance IGIA's (Indira Gandhi International Airport) duty-free sales was Rs.100 Cr in 2005; Pantaloon Group plans to jack it up 5 times; Rs.3000 Cr. by 2009 (Alpha's forecast). ITDC had a virtual monopoly (profits grew @ 902% in the first half of 2006).

(a) Passenger Safety and Security:

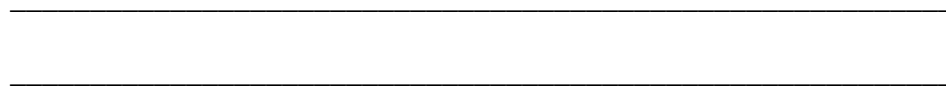
Airlines are taking much of care to create a sense of confidence with he passengers by disseminating information like fly on nonstop routings and larger size aircraft. Most accidents occur during the takeoff, climb, descent, and landing phase of flight, thus flying nonstop would reduce exposure to these most accident prone phases of flight. Currently, aircraft with more than 30 passenger seats were all designed and certified under the strictest regulations.

Check Your Progress – II:

Answer the following question.

- 1. Write five lines on the change in online booking behavior in India.**

- 2. What are the new directions in the Indian aviation sector?**



Check your answer with the one given at the end of the unit.

(a) Passenger Amenities:

The passenger terminal facility is now equipped with a wireless Internet network powered by ICOA Airport Networks. The wireless-enabled laptop, PDA, or cell phone can now get connected to the Internet anywhere from the curb front to the airplane. The choice of available rooms varies almost as much as the ways you could use them. Some of the notable amenities include Escalator, Easy luggage delivery. Gulf course, movie, suburb train, excursion, travel and information desk, Children Park, VIP lounge, and conference room

(d) Simplification of Frontier Formalities:

VISA upon arrival:

Some countries like Thailand, Malaysia, and Singapore permit visa upon arrival subject certain terms and condition. However many countries do not permit this. Online issues of VISA, Passport and Visa requirements are available through websites (like www.ttsvisas.com).

Travel Insurance:

Travel Medical Insurance reimburses the claim for emergency medical expenses incurred by passengers while traveling or living in a foreign country. Maximum coverage levels can be up to US\$5 million to cover major medical expenses such as emergency surgery and extended hospital stays. Plans usually include coverage for emergency medical evacuation, reunion, repatriation of remains, accidental death and various other travel assistance services.

Trip Protection plans typically reimburse one's non-refundable travel expenses if unexpected crises (e.g., death, sickness, airline strike, travel company bankruptcy, among other crises) occur before or during the trip causing it to be cancelled, interrupted or delayed. Plans often provide reimbursement for:

- Trip cancellation, interruption & delay
- Baggage loss and delay
- Emergency medical expenses

- Emergency medical evacuation
- Accidental death and dismemberment (AD&D)
- Repatriation of remains
- Travel assistance services

3.6 Factors Responsible for Growth of Road Transport:

Till the beginning of twentieth century, rail and steamship were only considered as important medium of transport. The availabilities of cars and coaches catered to the demand of short distance travel and were rarely used for the long-haul travel. Invention of new technology in producing luxury transport systems brought noticeable changes in road transportation during the First World War. The technological know-how was used to produce varied capacities of transports that enhanced the speed of the transport and simultaneously, adequate efforts were made to improve the condition of roads to take the speed of the transports. For the first time motor car and coaches as an alternative mode of transport to the railways for short and medium range journeys was experienced. Afterwards the rapid construction of national and international highways connecting countries in North America and Europe was a major breakthrough for the long journeys by the motor cars. The Trans Canada Highways is an efficient way to move across the Canada by road. The highway covers the distance of 7,820 kms and passes through Montreal, Winnipeg, Calgary, Vancouver and Victoria. The European road network is well developed particularly in the main industrial countries of the western part such as Germany, the Benelux countries, the UK, France, Switzerland, and Italy. Japan has well developed road network. In the Middle East countries, modern roads link the Mediterranean coast with Iraq and the Gulf region. Germany in 1930s became the pioneer in development of motor ways in the world. Though Europeans made a great progress in road constructions and transportation, the USA was the forerunner in building highways and express ways. The number of motor cars and coaches increased exponentially in the post Second World War scenario. Holiday makers too found it interesting, easy and comfortable for traveling for long distances by road. Provision of good roads, various categories of roadside amenities and mobility were highlighted as determining factors in the development

of national and international tourism. Unlike limited railways network, road networks were extended to new lesser known areas. By the opening of borders in the Europe and the USA, there was a free movement of commuters during 1950s and that made an impact on the massive construction of roads. The growth of industry, trade and commerce enhanced the income of people and there was a huge demand for cars. Thus the increased number of car ownerships, the development of 'motorail', and expanded network with speedy accessibility made the road a preferred mode of transportation. In recent scenario, despite of rising fuel costs and scarcity of oil resources owing to political instability in gulf regions, road transport remains as the most favoured mode of transport. Most countries allocate a huge amount of investment for construction, expansion and renovation of high ways, express ways etc. The United Nations and the World Bank also ensure from period to period for a huge allocation of funds for inter country and intercontinental high ways. Some of the popular international highways are The Trans African Highways, The Trans Europe North and South Motorway, The Pan American Highway, The Asian Highway etc.

Let us have a glimpse of the road infrastructure in India. The highways and expressways maintained by the National Highways Authority of India are the main long-distance roadways in India and one of the highly used means of transport in India. They play a significant role in the Indian economy. The National Highways, the majority 2 laned (one in each direction), constitute a total of about 58,000 km. Majority of the distances are broadened with the 4 lanes. Closer to big cities, highways are even divided into 8 lanes. Highways in India are around 2% of the total road network in India, but carries nearly 40% of the total road traffic. The longest NH is the NH7 which is from Varanasi in Uttar Pradesh to Kanyakumari at the southernmost point of the Indian mainland, in Tamil Nadu covering a distance of 2369 km. It passes through the metros like Jabalpur, Nagpur, Hyderabad and Bangalore. The shortest NH is the NH47A, which is a 6 km stretch to the Ernakulam - Kochi Port. India has the distinction of having the world's highest drivable highway connecting Manali to Leh in Ladakh, Kashmir. The recent policy of attracting private participation through Built Operate Transfer Method has speeded the construction of road networks in the country. For example National

Highway Development Programme estimated total cost to be Rs. 54,000 Crores or US\$ 13.2 billions.

3.7 Factors Responsible For Growth Of Water Transportation:

The business of cruise line is closely associated with the growth of travel trade. In the recent years, a large chunk of people have shown their utmost interest to experience the journey in the floating hotel. The magnitude of demand for cruise line travel is estimated to increase as retired and aged people in Europe and America prefer for spending time and enjoying the services of steamship. There are many journeys that are being conducted in the cruise lines for example; from Europe to the Orient, Australasia and Africa. Crusineline like 'Queen Elizabeth-2' caters to the demand of round the world travel. Cruise ships are referred to as floating hotels which is more than just a vacation at sea. Thus, passengers are given a unique experience of celebrating wedding anniversary, a romantic interlude, an amazing nightlife, ball room dancing and above all meeting new people.

These are some of the following cruise liners in the world;

- | | |
|----------------------------|--|
| 1. North Cape/ Scandinavia | Royal Viking Line Cunard. |
| 2. South Pacific | Royal Crusineline, Royal Viking Line |
| 3. East Asia | Pearl Cruises, Royal Crusineline,
Royal Viking Line |
| 4. US Atlantic Coast | American Cruise Lines, Clipper Cruise
Lines |
| 5. Nile River | Sheraton Corporation |
| 6. Rhine River | Marriott Nile Cruise, K D German Rhine
Line. |
| 7. Amazon River | Society Expeditions |
| 8. Mississippi River | Delta Steam Boat Company |
| 9. Around the World | Royal Viking Line, Carnival Cruise Line |

In the Asia Pacific region Star Cruises is the leading Cruise Operator. With a fleet of luxury cruise ships, it has pioneered the concept of the floating resort in the

region. In addition to Mumbai, Goa, Lakshadweep, Cochin, and Chennai in India it operates to other destinations like Singapore, Thailand, Malaysia and Sri Lanka. Ports in India can be divided into three types. “Major” ports viz. Mumbai, Kolkatta, and Chennai, are managed by the central government while a much larger number of “intermediate” and “minor” ports are state-managed. Major ports in India handle about 90 per cent of the country's maritime traffic. About one-third of India's more than 3,100 miles of navigable inland waterways, are commercially used, and these no longer carry a significant volume of traffic. There are more than 50 shipping companies engaged in either overseas or coastal trade in India. The largest amongst them is the government owned Shipping Corporation of India which was established in the year 1961.

3.8 Factors Responsible for Growth of Indian Railways:

Indian Railways is one of the most successful public sector undertakings in India. Of the 11 million passengers who climb aboard in one of 8,520 trains each day, about 550,000 have reserved accommodations. One amongst the largest rail network of the world Indian Railways have been most favoured mode of transportation for long haul travel in India. However the challenge is to provide a reservation system that can support such a huge scale of operations - regardless of whether it's measured by kilometers, passenger numbers, routing complexity, or simply the sheer scale of India. To meet the growing demand Indian Railways have taken some measures in the regard. They are as follows;

(i) Credit Cards:

Some railway stations allow the use of credit cards to purchase tickets and make reservations. A Rail Credit Card, which is a Visa card issued by Standard Chartered Bank, can be used for booking travel over the phone; the tickets have to be picked up 48 hours prior to the beginning of the journey from special counters at the station. There is a service charge of Rs. 50. The State Bank of India also issues a co-branded credit card with a loyalty feature where points can be earned when using the card to buy railway tickets; the points can later be redeemed for travel on IR. A *Shubhyatra* card has also been launched with the redeemable points feature without the credit card facility.

(ii) Internet booking:

Indian Railways has now implemented online train reservation and ticketing through a web site from Indian Railways Catering and Tourism Corp. Tickets booked in this way (called 'i-tickets') can later be picked up from a railway station or delivered to one's residence (in major Indian cities the entire ticketing system went online in 1995 to provide up to date information on status and availability). Today the ticketing network is computerized to a large extent, with the exception of some remote places. In large cities tickets can be booked for any two points in the country, which may not be available in smaller stations. Tickets can also be booked through the internet and via mobile phones, though this method carries an additional surcharge. An e-ticket can be booked up to the time of chart preparation for the train. This will require entering the identity particulars of one of the passengers, who will have to carry same ID card while travelling. An e-ticket can be booked only if the ticket status is Confirmed/RAC. An i-ticket refers to the normal Internet ticket which is delivered at one's door step in 2-3 days. For I ticket one has to book a ticket at least two days in advance to date of journey to ensure courier delivery. It can be booked in Confirmed/RAC /Waitlisted ticket.

Discounted tickets are available for senior citizens (above sixty years) and for various other passengers including the disabled, students and high ranking government officials. Season tickets permitting unlimited travel on specific sections or specific trains for a specific time period may also be available. Foreign tourists can buy an INDRAIL Pass, which is modelled on the lines of the Eurail Pass, permitting unlimited travel in India for a specific time period.

(iii) Special Tourist Train Services:

Indian Railways has many special tourist trains running between major tourist places especially hill stations in India. The Darjeeling Himalayan Railway runs between New Jalpaiguri and Darjeeling in West Bengal. The Nilgiri Mountain Railway operates between Mettapellyam and Udhagamandalam. The Palace on Wheels is a specially designed train, lugged by a steam engine for promoting tourism in Rajasthan. The Deccan Odyssey along the Konkan route has been introduced in the line of the palace on wheels. The Samjhauta Express runs between India and Pakistan. The Thar Express connecting Khokhrapar (Pakistan) and Munabao (India) is considered to be one of the major train services to promote

regional tourism. The heritage train between Kalka and Shimla is also a remarkable feature in the Indian Railway. The Fairy Queen is the oldest running locomotive in the world today running between Delhi and Rantamobore. The Himsagar Express, between Kanyakumari and Jammu Tawi, has the longest run in terms of distance and time on Indian Railways network. The Bhopal Shatabdi Express is the fastest train in India today having a maximum speed of 140 km/h (87 mph) on the Faridabad-Agra section.

(iv) Rail Passes in the World:

Like INDRAIL pass in India, there are popular rail passes such as Amtrak Pass, Australian Pass, Benelux Tourrail, Canada Rail, Eurail pass, The Eurail Select pass, Euro star, Euro star plus, Inter-Rail, Freedom / Eurodomino, German Rail pass, The Holland Rail pass, Japan Rail pass, The Polrail Pass, Scanrail, Swiss Rail Pass, Trans-Siberian Railway, Trenitalia Pass and UK Rail. It is a holiday train with a difference. The *Bharat Darshan* Tourism Train will open up India for domestic tourism, according to Mr V. Sriram, Group General Manager, South Zone, Indian Railway Catering and Tourism Corporation (IRCTC). It would give people a chance to travel in comfort on a limited budget to places in the North with a tour operator with no worries about food or accommodation. Mr Sriram said that the two trial runs were successful and the passengers were mainly in the age group from 55 to 60 years. The train will start from Madurai on May 12 and pick up passengers en route and then it would proceed to places of tourism and religious interest in the North. The cost per person would be Rs 500 per day, which will include accommodation, food and sightseeing.

The train will consist of eight coaches (for 504 passengers), a pantry car and round the clock civic amenity services. The train will carry only tourists. Regular passengers or outsiders will not be permitted to board. South Indian caterers will run the pantry car. Each coach will have security and a tour manager. Tourist buses are arranged at all the sightseeing spots and halls have been provided for accommodation wherever night stay is planned. The train will be managed for the coming year by the Chennai-based Travel Times India partnering with IRCTC and operated by the Indian Railways. There are plans to launch a specific train if the occasion arises. There are plans to run trains to a single point on the southern circuit. Talking about the hill railways, he said that there are plans to promote the

hill railways, two of which are World Heritage Sites. The product has to be developed and a lot of intangibles have to be built around it for it to be a sustainable project. A travel operator for The Nilgiri Mountain Railway will be finalized in a month or two, he said.

3.9 Socio-Economic Factors:

(i) Growing East Asian Economies

The East Asian economies have grown fast but their level of human development also has become a source of envy for many countries, in particular, the developing ones. People in East Asia live longer, are more literate, many go to school for longer periods and they eat better as compared with people in South Asian and other developing economies. Japan has a life expectancy at birth of 75, Hong Kong and Singapore 71.7 and China 69 while the world average is 63.6 and the average in developing countries is 62, according to the Human Development Index. Hong Kong, Singapore and Japan are among the top 20 of the 174 economies, according to the UNDP, 1988. Their growth has been described as an economic miracle behind which there is an education miracle.

(ii) Political Factor:

From the time immemorial, travel trade has significantly been affected by the bilateral and multilateral relationship. The considerable progress in the travel sector is achievable because it is clearly understandable that in the new global order, it is certainly impossible to run the country without keeping sustainable international relationship. The global trade and commerce have been growing increasingly owing to have the proactive role of the United Nations and its flagship organizations. It is witnessed that interdependence has increased phenomenally and reciprocation is the trend in the world today. It is the sign of the growth of the international tourism and travel trade that will boost the world economy. The congenial relationship of India with its neighboring countries like China, Pakistan, Sri Lanka, Nepal and others in recent times is taken as positive sign for intra-regional tourism. Government of India is persistently engaged in tying up bilateral and multilateral trade relationship which gives special emphasis on tourism. Setting up millennium development goal (MDG) by the UN recently to unite all countries to ensure the development without any social, economic and

environmental fatigues will undoubtedly strengthen the base of the international travel trade business. Regional trade blocs like SARRC, SAFTA, ASEAN and the European Union encourage regional cooperation by bilateral trade and strive for common currency. These in addition to people to people contact encourage continuous travel and tourism activities amongst the member nations.

(iii) Political Barriers to Growth of Travel Trade:

- Invasion policy of developed countries for the sake of imposing supremacy in the world politics.
- Cross border terrorism and ethnic warfare
- Impact on individuals of anti-terror measures likely to increase inconvenience of some travel options
- Outbreak of new epidemics such as SARS in South Asia and Australasia and Dengue in India effect of foot and mouth disease on tourism in UK

(iv) Economic Factor:

Economic condition is regarded as a significant factor to determine the development of travel trade. Economic factor includes the growth rate of gross domestic factor, national income, purchasing power, and export and import. In the western countries, the magnitude of travel trade is largely influenced by the buoyant growth of economies. People of these countries have much disposable income that results in increasing purchasing power. Traveling and holidaying are two important motivations in which people are eager to enjoy at various places of tourist interest. In case of India, it is observed that there has been a massive development in the industrial sector and service sector.

(v) Rising Middle Class:

India's middle class constituted less than 10% of the population in 1984 and 1985, according to the National Council of Applied Economic Research (NCAER). Since then, it has increased more than tripled, but is still less than 20%. Given the present growth of Indian economy, it is predicted that half of India will turn middle class between 2020 and 2040.

(vi) Rising Double Income Family:

In the post IT boom era the social structure in developing countries is changing rapidly. The traditional housewives are shouldering the family expenditure through

self-employment or direct employment in corporate houses etc. These double income family groups have sufficient disposable income and tendency to chill out in the weekends or long vacations. Thus these rising group of double income families have greater demand for travel products.

(vii) Rapid Urbanization:

Urbanization and rapid migration to the urban cities for pursuing education, business and job have also made a positive impact on the growth of travel trade business in India and elsewhere in the world. The 2001 census has listed 27 cities with more than 1 million people. The two largest metros Bombay (Mumbai) and Delhi (including the capital, New Delhi) have populations of more than 9 million each.

The emergence of liberalized economy that has been generating vast scope for employment has broadened the scope of travel trade in India. The following economic factors which are largely responsible for the expansion of travel trade are as follows;

- Opening up the scope for employment in non-conventional sectors such as information technology and communication.
- Establishment of multinational companies in service sector, manufacturing and retail sector.
- The business volume in the IT Enabled Services (ITES) alone accounts for \$850 Billion. India's first aim is to capture at least 15% of the Global business volume in these two sectors, which is expected to be around 1.2 trillion dollars by 2008.
- Creation of new industrial hubs and towns along with the expansion of existing metro cities.
- The growth rate of Gross Domestic Product has increased to 9.5 per cent. The rate of inflation is reasonable.
- Per capita income in India will rise to a level six times that of China – international car makers rush to capitalize.
- People in urban areas have much rising disposable income and rising purchasing power.
- India's individual purchasing power will climb from \$2,149 in 1999 to \$5,653 per person in 2020 — and to \$16,500 in 2040.

(viii) Increasing senior citizen population:

The numbers of senior citizens have increased and the central and state governments in India are offering a lot incentives and benefits as a social security measures that have tempted the senior citizen to undertake travel. Senior citizens, earlier traveling by First or 2nd class AC in the railway, now are finding domestic and international air travel affordable. The growth of the senior citizen population and the corresponding offers will push the growth of travel trade in the future. Travel agencies those are tapping the senior citizen market are given below.

Travel Corporation (India) Pvt Ltd (TCI) has come out with its senior specials with an all-inclusive package cost on an average per person would be around \$5,000, specially created for travel within India for those in their 60's and above. These holiday packages are planned to be taken at a leisurely pace and would include travel mostly by car (except in Nepal), accommodation at three-star hotels, sightseeing and airport or rail transfers. The Chennai-based Hi-tours has also come out with a package for this age group, which would offer tours to Singapore, Malaysia, Colombo, Dubai and Mauritius.

(ix) Social Factor:

In the 21st century, India has been able to produce a large number of talented youth with higher education for the task of knowledge acquisition, knowledge imparting, knowledge creation and knowledge sharing. At present India has five hundred and forty million youth under the age of 25 which will continuously be growing till the year 2050. This is one of the major competitive advantages in the growth of Indian economy.

(x) Changing Pattern of Employment:

There has been considerable change in the employment pattern also. The percentage of people employed in agriculture has come down from 64% to 54%. Simultaneously, the percentage of people employed in manufacturing has gone up from 15% to 19% and in the service sector from 20% to 27%. This trend has to continue and by 2020 our employment pattern should aim at 44% in agriculture, 21% in manufacturing and 35% in service sectors.

(xi) Changing Life Style:

There were radical changes in maintaining lifestyle in the 1960s and such social changes have been actively in existence in the social milieu in India. There are

much demonstration effects of those periods which have been very much vibrant in the present scenario, thus the social transformations have resulted in making much impact on the younger generation. Some people have delayed their college education and/ or careers to spend a year traveling throughout the world before becoming encumbered by scholastic or economic responsibilities. There is a fast emerging young and dynamic affluent class in India who prefers travel exclusivity as a part of luxury. Affluent consumers seek the best brands, the best quality, and the best services. This class celebrates the fusion of global luxuries and indigenous Indian brands in their lifestyles. Shoddy products, sub-par services, unpleasant purchase experiences are no longer tolerated or forgiven. The following social factors are broadly responsible for driving the growth of travel trade in India and South East Asia countries.

- Substituting travel for fashionable clothes, homes and investments.
- Opted for later marriages and smaller families or for remaining single.
- Top priority for spending income on individual pursuits such as travel.
- Consequently travel is regarded more as a social status and norm on a global scale
- These habits of traveling for the sake of pleasure and recreation have much implication on the quality of life factor in the recent time.
- More particularly for the educated and higher segments of the population.
- Delaying alternative expenditures on alternative purchases and minimized or even sacrificed to make travel possible and viable.
- More firms adopting flexible working patterns
- Recognizing travel as part of learning and experiencing new things.
- Encouraging children to combine the study with practical visits of the historical sites, forest, wildlife, factory, cities, traditional villages, mines, airports.

3.10 New Travel Trends:

The growth of travel trade is the glaring indicator of the recent development in the world's political and economic order. It is obvious to demonstrate some of the factors that have played a decisive role in raising the growth prospect of the travel

sector. Let us now examine this concept as to how some of the phenomenal changes have brought about certain changes and the unit will also take a look at what motivates people at large to plan for travel. Today the tourism statistics of WTO have indicated that the new age traveler have emerged out in the Middle East, East Asia, South America and some parts of Africa. These travel needs are basically fulfilled after meeting basic necessities of life such as food clothing and shelter. In the developed countries of Europe, the North America and countries in the Pacific region, the attempt for planning vacation and leisure is not considered exceptional for many families.

- Pleasure travel has largely been considered a discretionary item in consumers' budget. That includes basic travel necessities such as transportation accommodation sight-seeing, shopping etc.
- Encouragement of annual paid holidays as a non-financial compensation to the employees in the public and private sector.
- Choice of places visited for holiday or leisure change over time
- Some destinations become unfashionable
- Others fall into decline through under-investment and unpopularity
- New destinations emerge through planning and changes in society
- Creation of new target group of tourists such as leisure and business tourists, independent travellers, package holidaymakers, age-specific groups in the destination marketing
- Choice of shorter breaks and more 'serial holidaymakers' (multiple breaks)
- Change in the demographic profiles and trends to healthier lifestyles such as adventure holidays, leisure and activity-related breaks, extreme and risk sports holidays.
- Rising frequency and intensity of extreme weather.
- Extreme climatic and weather events and natural disasters are omnipresent, with growing regional impact.
- There is a clear rise in material and intangible damage.
- Natural disasters are affecting the centres and the peripheries, rural areas and urban population centres.

- There are regional and local bottlenecks in supplies of water, food and energy.

Era of Branding Tourism:

Brands are generally considered to be a marketer's main tool for creating product differentiation. "Brands differentiate products and represent a promise of value. Brands incite beliefs, evoke emotions and prompt behaviour. India takes a big leap to become 'The Tourism Destination of the 21st Century'. India is truly shining as far as tourism is concerned. Every country needs a "personality" it can be associated with, a "branding" that can help it successfully compete for international business. The brand, and "branding" and brand equity have become increasingly important components of culture and the economy, now being described as "cultural accessories and personal philosophies". India Tourism office at Tokyo won two International Awards in Tour Expo held at Daegu in Korea for excellent tourism promotion. Indian Pavilion won the Best Booth Design Award as well as Best Folklore Performance. Generate awareness through presence, promotions & mass media advertising eg : Dubai, Singapore, Switzerland • Utilize "Bollywood" to promote destinations thru overseas film shoots.

Electronic Campaigning:

Destinations can better be portrayed with the help of electronic campaign. In the internet and World Wide Web era, it is feasible and easier to showcase the tourism and travel products in a very comprehensive way. Advertisement and dissemination of information about the places of interest and travel services are profusely available in the websites and both the trade intermediaries and travellers take the unique facilities to organise the package tours. It is the campaign which gives broader overview about the prospective places and facilities at arrival, departure places and places of visits also. It is truly appreciated that the access to the internet is considered as a sense of relief and confidence before the commencement of the trips.

Creation of Qualified and Trained Human Resources:

The availability of quality manpower in the travel sector is a major contribution to expedite the operation and functioning of the tourism business. Professional institutions are fully geared up to create human resources to meet the growing needs of the travel sector. Indian Institute of Tourism and Travel Management,

Gwalior and its different campuses are offering various regular, capsule programmes in the core and functional areas of travel industry. Various university departments are also providing different programmes in the regular and distance mode to a bridge the gap between demand and supply for human resources.

Tax Exemption:

The government both at centre and state level have been creating policies to encourage entrepreneurship in tourism. Given the nature of low yielding and volatility in tourism industry the governments have taken a policy decision to give certain tax relief to the industry. This tax exemption has been very help full for intermediaries to strengthen their business.

Proactive Role of Travel Trade Association:

Trade intermediaries have formed several associations at the local, regional, national and international level to fight over the issues which are crippling the growth of the travel trade business. The Travel Agent Association of India and the Indian Association of Tour Operators have been striving ceaselessly from their years of establishment. These associations are conducting annual meeting and conferences at various places in India. Those meetings have addressed scores of issues related to the industry. At the association level many issues have been debated and sorted out to the greater interest of the industry and tourists. Travel trade itself has gained a visibility owing to the proactive roles of the associations and governments. The Government has also considered their roles as very significant in strengthening the facilities and promoting the country as destination as whole.

Travel as a Bargain:

In the liberalised era, travel agencies and tour operators are very innovative in designing of packages. People, who wish to travel, can find several alternatives and options to get delightful experiences. Package tours include all sorts of travel and hospitality related services which can be bargained and amended to the wish of the clients' requirements. Both travel trade intermediaries and clients get benefit with the concept 'travel as a bargain'. There is no rigidity in the negotiations of cost of the travel products. Clients are empowered to select service components and opt out if the price of travel services is not suitable. The bargaining power of

clients for travel product has given clear indications to the tourism operators to look into the service quality travel products.

Revamp in the Accommodation Sector:

India is expected to be the third fastest growing nation in terms of tourism over the next decade, according to a World Travel and Tourism Council (WTTC) Study, with an expected annual growth of about 8 per cent up-to 2016. Hotels in the luxury and business traveler segment are recording nearly 100 per cent occupancy, spiraling tariffs and a strain on capacity and manpower. Anticipating this demand, around 10,856 hotel rooms in Delhi, 9,318 rooms in Mumbai, 7,794 rooms in Bangalore and 7,408 rooms in Hyderabad are expected to be added by 2011. By the end of 2006, India had only 103973 hotel rooms of the categories on the approved list of the Ministry of Tourism. The hotel industry expects that it should now be made eligible on par with the other infrastructure industries like Airports, Highways and Power Projects for the benefits like 5 years of Corporate Tax Holiday and deduction of 30 per cent profits for the purpose of tax during the next five years. The faster construction and availability of adequate additional hotel room capacity would result in doubling of foreign tourist arrivals from 4 million tourists in 2006 to 8 million tourists by 2010.

'Wireless Connectivity' And 'Toll Free Numbers':

In keeping with its tradition of unstinting commitment to customer service and convenience, the Oberoi Group has launched its 'Toll Free Numbers' for guests across the country. The toll free numbers are accessible to callers across 92 cities in India and a call made to any of these numbers is a no-charge call. In addition to this facility, the Group has also introduced wireless connectivity at its business hotels across the five metro cities of New Delhi, Mumbai, Kolkata, Chennai and Bangalore.

Travel Now and Pay Later:

The recent growth in travel marketing has made payment options very easy and affordable. One can travel any time and can pay later. Most of the time these finances for incredible vacations are interest free, with easy payment plans, with low down payments, with no credit checks to attract prospective customer with financial constraints.

3.11 Summary:

The travel sector, in the recent years, has been influenced by the factors which are not only important for the development of the travel trade but also very significant for the development of tourism industry as a whole. The growth of travel industry has become practically possible with the influence of these direct and indirect factors.

In this unit you read about the various factors that affected the growth of the travel sector in the ancient time. The present unit also underscores on the underlying factors affecting the growth of air travel in general and the travel trade in particular. Discussions on the e-bookings and m- bookings have been focused with other factors such as new direction in civil aviation, passenger safety and security and amenities comprehensively in the unit. Moreover, some other socio-economic and political factors have made much direct and indirect impact on the growth of the travel sector in India in the new millennium. In order to strengthen the factors, the unit explained with suitable examples and secondary data on the respective areas. The unit finally underlined the role of information technology in boosting the growth of the travel sector.

3.12 Answer to Check Your Progress:

Check Your Progress – I:

1. Your answer should include major factors responsible for the growth of travel in early period. (See section 3.3)
2. The answer should include factors from 3.4.1 to 3.4.8. (Refer these sub sections)

Check Your Progress – II:

1. The answer should make a comparative study of different online tourism service providers in India. (See section 3.5 and table 3.1)
2. You should include major changes in Indian aviation industry. (See section 3.8)

3.13 Suggested Readings:

- (a) Chand Mohinder, “Travel Agency Management – An Introductory Text”, Anmol Publications Pvt. Ltd., New Delhi, 2006.
- b) Sinha P.C., “Tourism, Transport and Travel Management”, Anmol Publication Pvt. Ltd., New Delhi, 2006.
- c) <http://www.hindu.com/thehindu/2001/08/02/stories/0602000n.htm>
- d) <http://www.ttsvisas.com/visas.aspx?page=FAQ>

3.14 Review Questions:

1. Write a short note on ‘E-booking’.
2. Write a paragraph on factors responsible for recent growth of air travel?
3. What are the new directions of Indian Civil aviation?
4. Explain the new travel trends in the tourism industry?

UNIT – 4

TRAVEL AGENCY AND TOUR OPERATION: CONTEMPORARY PRACTICES & TRENDS

Structure:

- 4.0 Objectives**
- 4.1 Introduction**
- 4.2 World Tourism - An Introduction**
- 4.3 Current Trends in the Management of Travel Organisations**
 - 4.3.1 Mergers and Acquisitions**
 - 4.3.2 Scarcity of Trained and Qualified Manpower**
 - 4.3.3 Constraints of Financing**
 - 4.3.4 New Search Engines: A Nightmare**
- 4.4 Trends in Modes of Transport**
 - 4.4.1 Sophisticated Coach Travel**
- 4.5 Consumer Market**
 - 4.5.1 Demographic and Attitudinal Shifts in Travelers' Market**
 - 4.5.2 Increasing Baby Boomers Market**
 - 4.5.3 Travel by Low Cost and No Frill Airlines**
 - 4.5.4 Internet Airline Model**
 - 4.5.5 Self-Managed Individual Tour**
 - 4.5.6 Greater Fragmentation of Holidays**
 - 4.5.7 Greater Role of Community**
- 4.6 Contemporary Practices in Travel Agency and Tour Operation Sectors**
- 4.7 Summary**

4.0 Objectives:

After reading this unit, you will be able to:

- Identify the changes in consumer market which affect travel agency operation;
- Explain the recent trends in management of travel organization;
- Describe the consumer trends in tourism market; and

- Discuss the current practices in travel agency and tour operation sector.

4.1 Introduction:

In the previous units you learned about the factors responsible for growth of travel sector. In this unit, we shall study the current trends in the management of travel organizations, trends in modes of transport, consumer market and contemporary practices in travel agency and tour operation sector.

4.2 World Tourism - An Introduction:

Tourism worldwide has undergone a sea change after liberalization and globalization. Tourism has become the prime source of revenue and foreign currency for most of the countries under UN WTO. Some countries have gone further in giving special status like industry, infrastructure, Key Resource Generation Area etc. to promote tourism related activities. Technological innovation in post liberalization era together with competition in market and other socio-political factors has brought about a drastic change in functioning of the travel and tourism industry.

As per research conducted by UN WTO in 2004, most international travel was undertaken for the purpose of leisure and recreation (52%), reaching a total of 395 million. This followed by business travel which accounted for some 16% of the total (120 million) and another 24% covered travel for other motives, such as visiting friends and relatives, religious purposes, and health treatments (185 million). Thus it is revealed leisure and recreation remain as the prime motive for holidaying. Further travelers prefers destinations which are safe to visit, easily accessible, hassle free in terms of services, facilities and infrastructure and clean from environmental point of view. Outbreak of epidemics like SARS, Dengue, Chikun Gunya etc on one hand increasing terrorism are two major reasons for tourists becoming very much safety conscious. The United States of America and others European countries holds top six positions in receipts from international tourism. Top European countries are Spain, France, Italy, Germany and the U.K. China the only one Asian country to be placed in top ten countries in receipts from

tourism. World's top tourism destinations as per international tourist arrivals and their receipts from tourism are given below.

Table – 1.1
The World's Top Tourism Destinations
1.8 (International tourist arrivals)

2004 rank	Country	Arrivals (millions)		Percent change 2004/2003	Market share 2004	Earnings \$ in billions	
		2003	2004			2003	2004
1.	France	75.0	75.1	0.1%	9.8%	36.6	40.8
2.	Spain	50.9	52.4	3.1	6.9	39.6	45.2
3.	United States	41.2	46.1	11.8	6.0	\$64.3	\$74.5
4.	China	33.0	41.8	26.7	5.5	17.4	25.7
5.	Italy	39.6	37.1	-6.4	4.9	31.2	35.7
6.	United Kingdom	24.7	27.8	12.3	3.6	22.7	27.3
7.	Mexico	18.7	20.6	10.5	2.7	-	-
8.	Turkey	13.3	16.8	26.2	2.2	13.2	15.9
9.	Germany	18.4	20.1	9.5	2.6	23.1	27.7
10.	Russian Federation	20.4	19.9	-2.7	2.6	-	-
11.	Austria	19.1	19.4	1.5	2.5	14.0	15.4
12.	Canada	17.5	19.2	9.2	2.5	-	-
13.	Malaysia	10.6	15.7	48.5	2.1	-	-
14.	Ukraine	12.5	15.6	24.9	2.0	-	-
15.	Poland	13.7	14.3	4.2	1.9	-	-

16.	Hong Kong (China)	9.7	13.7	41.1	1.8	-	-
17.	Greece	14.0	13.3	-5.0	1.7	-	-
18.	Hungary	—	12.2	—	—	-	-
19.	Thailand	10.1	11.7	16.4	1.5	-	-
20.	Portugal	11.7	11.6	-0.8	1.5	-	-
21.	Netherlands	9.2	9.6	5.1	1.3	-	-
22.	Saudi Arabia	7.3	8.6	17.0	1.1	-	-
23.	Macao (China)	6.3	8.3	31.9	1.1	-	-
24.	Croatia	7.4	7.9	6.8	1.0	-	-
25.	Egypt	5.7	7.8	35.7	1.0	-	-

Source: UN World Tourism Organization (UN WTO). Web: www.world-tourism.org.

In India, development of tourism can be analyzed in terms of its recent performance. Recent statistics in India reveal the followings;

- 430 million domestic travelers travel in India
- 4.42 million inbound tourists visit India every year
- 7 million outbound tourists cross the border for foreign travel which is expected to increase to 16 million outbound by 2010. Indian tourists are one amongst high quality tourists in the world. An average Indian tourist spends around US \$200-350.
- In India 120 million people are potential for air travel. The rising middle class and increased number of rich people bring great news for airlines.

Thus agencies' focus from traditional inbound tourists from western nations is changing to outbound tourists from and domestic tourism inside India. Further despite of vast increase in potential air travellers' market, travel agencies are not vying for meager commission from airlines ticket rather tapping the trend towards package tour.

Table -1. 2

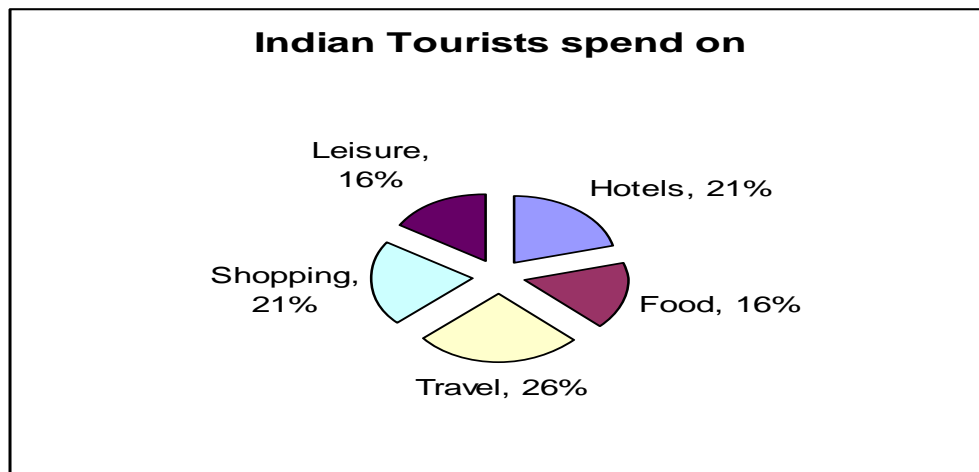
Six Major out bound market for India

Sl.No.	Country	Nos.
1.	Singapore	500000
2.	Dubai	250000
3.	Malaysia	250000
4.	Switzerland	100000
5.	Austria	50000
6.	Australia & NZ	50000

Source: Department of Tourism, Govt. of India

Chart – 1.1

Spending Pattern of Indian Tourists



Source: Department of Tourism, Govt. of India

4.3 Current Trends in the Management of Travel Organisations:

Travel organizations as part of overall economic scenario has been experiencing the dynamism of the economy in the lieu of the competition. However tourism and travel trade have some typical issues which are unique to it.

4.3.1 Mergers and Acquisitions:

Travel business as any other sector is experiencing an age of merger, take over and acquisition. Reasons may vary from stiff competition, focus on specialized areas to inefficiency and many more. Examples may be drawn from SITA and SOTC

being acquired by Kuoni travels, TCI has taken over by Thomas Cook, Orbit travels being separated to Orbitz and Orbit in travel companies. Thus the companies, which fail to adapt to the changed situations are either getting extinct from the market or has been taken over by other successful ventures. Customer orientation in the market is evident from the fact that all stake holders whether vertically or horizontally located, work in cooperation with each other to ensure unhindered and quality service to the customer. This helps in giving a wholesome experience to a customer. The increasing fragmentation in the industry leads agents to aim for profitability by giving specialized, tailor made packages to clients other than aiming at economies of scale. This however is not the case in big companies like Thomas Cook, Kuoni and Cox and Kings who have a larger presence in any country. Their marketing teams from various regions gather business and help the company in organizing group travel with economy price for standard service.

4.3.2 Scarcity of Trained and Qualified Manpower:

Travel industry particularly in IT and ITES era faces a severe skilled human resource crunch. There is a continuing and growing need to increase the supply of personnel and to enhance their professionalism. Tourism professionals do not get equal pay packages, whereas employers in industry feel that the industry faces low rate of return on the capital. The World Travel and Tourism Council (WTTC) survey of 13 National Tourism Organisations indicated the skills level of workers to be the most serious issue over the next ten years. In reviewing the findings of the WTTC study, approximately 64 per cent of the employers surveyed felt that the current education and training programmes did not address the skill requirements of the positions, indicating that it was very important to make programmes more relevant to actual work place needs. In particular, employers felt that programmes have had difficulty in keeping abreast of changes introduced by new technologies. From the employees' point of view, the question of low salaries is intrinsically linked to that of long working hours. This affects the turnover and dissatisfaction levels in the entire travel and hospitality industry in India.

4.3.3 Constraints of financing:

Traditionally all tourism businesses have been facing the sources of finance crunch. Unlike other sectors tourism entrepreneurs have been complaining about the slow turn over. Particularly new entrants in the market may continue to face difficulty in financing their venture initially. Thus all sizes of start-up tourism businesses will continue to face difficulty in spite of low interest rates. Moreover earlier the bookings were done before 6 to 9 months in advance giving sufficient flexibility to agencies in the period between receipt and actual payment to the suppliers. Now the advance payment period has reduced to mere two months before departure which handicaps the agencies in reaping the benefit of extra funds for that period. The result of all these is more reliance on equity investment and non-traditional sources of capital from external sources, including foreign investors.

With the ranging role of government from business runner to a catalyst may affect many government run businesses and attractions. These high-quality public facilities and attractions that have traditionally been supported and/or subsidized by governments will come under serious funding pressures. However there will be new opportunities for innovative financing for mega-projects and mega-developments that enjoy the support of the residents of a destination. Some of them are follows:

- Alliances, mergers and acquisitions
- Companies adopting to market changes which ensures quality levels
- Cooperation amongst all stakeholders to restore tourist confidence
- Greater emphasis on profitability less on volume
- Increased economies of scale and reduce costs – concentration

4.3.4 New Search Engines: a nightmare:

Search engine in the dotcom era is a popular phenomenon. Travel portal at the beginning has brought out the possibility of success of search engines in travel sector. Recently some of the search engines like Kayak and Mobissimo have made their presence felt throughout the world. Started in the U.S., fledgling brands such as Kayak and Mobissimo have been growing leaps and bounds. These new type of

travel search engines have opened their operations in India too. Their deployed technology may prove to be a disaster to the whole travel industry.

Both websites with sophisticated shopping capabilities have wide range of alternatives to choose from. For example, Mobissimo claims to search 166 travel sites directly. Kayak has 120 online sites as of now. The services range from airlines ticket, hotel booking, car rental and other activities which returns results of list price, hotel rating, name and address, and provider’s name. Mobissimo with a logo of “we search you travel” claims its mission is to, improve the way people seek and discover travel information. The purpose is to search out the best price for the consumer.

The technology is a scary move further move towards commoditizing travel market, where consumers have little regard for product features. Consumers believe that product as are homogeneous and it is only price which matters which may not always be the case. This leads to price war amongst travel providers to maintain market share and fill capacity. As prices are brought down, the weak entrepreneurs are bound to close or merge with their more efficient competitors. This will result in reducing choice and competition which certainly is not good for the travel industry and hence in long term for the consumers too. In future if more of such companies join the race it will surely be a nightmare for the whole travel industry.

Check Your Progress – I:

Answer the following question.

- 1. List out the name of top countries with their receipts from tourism.**

2. Write major issues those impede the success of travel organisations.

Check your answer with the one given at the end of the unit.

4.4 Trends in Modes of Transport:

Thus there has been a gradual increase in air travel. Travellers no more feel the air travel as unsafe. If we compare the market share of various modes of transport we can see the share of air transport has increased from 26% in 1990s to 30.8% in the year 2000. At the same time all other modes of transport (Road transport 61.1 to 57.0, Rail transport 7.0 to 6.0 and Water transport 5.9 to 6.2) have lost their shares to the Air transport.

Table – 1.3
Shares of different modes of transport

Modes	Share of the total volume	
	1990	2000
Air	26	30.8
Road	61.1	57.0
Rail	7.0	6.0
Water	5.9	6.2

According to a UN WTO statistics, just about half of all international tourists arrived over land by road (45%) or by rail (4%) to their destination in 2004. Air transport represented 43% of arrivals and transport over water accounted for 7%. The road transport hence remains as most popular mode of transport. After three sluggish years air transport rose by 15% in 2004, while transport over water

increased by 9% and transport over land by 7%. Thus growth in air transport is highest over other modes of transport which can be reasoned to advent of low cost carriers and competition due to open sky policy.

In India too there has been a steady growth in air traveler as is evident from the table below. Except the year 2001-02 all other years have shown a steady growth in air travel. The reason for down fall in 2001-02 can be due to major accidents like Trade centre attack, Parliament attack in New Delhi and wide spread SARS in Asian countries. The average growth baring 2001-02 is around ten percent which is even more than the growth rate of GDP.

Table – 1.4
Number of passengers traveled by Air

Year	International (in million)	Domestic	Total	Growth rate % age
1999-00	3.7	12.7	16.4	-
2000-01	3.8	13.7	17.5	6.7
2001-02	3.7	12.9	16.6	-3.15
2002-03	4.2	14.0	18.2	9.6
2003-04	4.5	15.7	20.2	11
2004-05	5.3	19.4	24.7	12

Source: Directorate General of Civil Aviation, Government of India

4.3.1 Sophisticated Coach Travel:

The advent of luxury Volvo coaches has brought in a major change in travel industry. Despite of a marginal decrease in share of road transportation in total volume of traffic, coach travel has been a favorite mode of transportation amongst travelers. The advantage of coach travel in terms of mobility, availability and luxury attracts passengers especially for sight-seeing, short distance travel and pick up and drop.

Check Your Progress –II:

Answer the following question.

- 1. Calculate rate of growth in domestic and international air passengers from the year 1999 to 2005.**

Check your answer with the one given at the end of the unit.

4.5 Consumer Market:

The recent development in the tourism industry can be characterized as a shift of market power from producer to consumer (From sellers' to buyers' market). This increased dominance of consumers is visible from the heavy downfall in prices in the airlines, tour packages and other tourism related services. Other features of the market are as follows.

4.5.1 Demographic and attitudinal shift in travelers' market:

'Consumer needs' worldwide is constantly changing. Fast changing social structure, life style, tastes and fashion lead to generate multitude of new demands in market for quality and style of product, vacation experiences that live up to their pitch. Professional and businessmen especially have the ability and interest to travel with less time at their disposal. This "Getaway" Market as a result of a time-pressure is increasingly seeking relief when it is possible. Thus, more frequent, shorter vacations [break-a-tions] are the trend of the day. An increase in short duration trips, with combination of business and pleasure are evident. Till recently

the pattern of shorter distance travel has been long distance travel on short breaks. Whether cross-border or within boundary this can be termed as "cross-over" trips. Since tourists are well informed and have wide range of alternatives, the price and quality are expected to match their expectation. Travellers wait a long time before making a purchase to find the lowest price. Moreover the group booking tendency of corporate clients to book before 6 to 9 months in advance have undergone a radical change to mere two months before departure now. This causes cash problems to a travel agent. The growing consumer expectations clubbed with market knowledge infuse severe competition amongst the suppliers. Particularly in case of airlines booking consumers have been found to be very sensitive to any discounts and reduction in fare. To this, some airlines like British Airways have accepted the trend to directly access the customer overriding middlemen to cut additional cost. Modern technology and efficient safety and security measures also have increased the fear of flying amongst the travelers. In addition to air transport for long haul travel tourists are more interested in coach travel due to invention of luxury Volvo coaches. In many cases tourists are found experienced, mature and informed than the information assistant on the table. However the frequent accidents, terrorist attacks and calamities have increased the concern for safety and security amongst the tourists. Thus a growing area of tourism development in many destinations may be organized travel that protects tourists from crime, health and security threats. An increased emphasis on "human relationships" may encourage new forms of tourism in which contact between hosts and guests is less superficial. People are becoming as important as places, and the collecting of interactive, novel experiences versus site visits or things is growing in interest. The psychology, hereditary affinity and safety concern result in tourist opting for VFR. Travelers many a times are seeking out unique and diverse experiences that are authentic to the place they are visiting. An increased emphasis on special interest tourism - such as cultural, educational and professional development travel is evident which may greatly strengthen and enrich the meaning of the travel experience. These highly motivated youth seek for thrilling adventure trips where degree of physical involvement is high to a greater extent. The present age travelers normally follow the following travel pattern:

- Wait and See attitude

- Last minute booking – Cash flow problems to Travel agency.
- Sensitivity to price/ Discount at airlines.
- Fear of flying is nil
- Preference to coach travel
- Increased competition/ motivation
- More mature and experienced traveler
- Increased concern for safety and security
- Travel with high motivation factor
- Visiting VFR
- Short haul stay in one place
- Travel as experience

‘Mancation’ (Men only tour):

Increasing number of male affinity groups have been found going for vacations in recent period. This is more evident in industrialized regions where week end holidays are more popular.

4.5.2 Increasing Baby boomers market:

Baby boomers are the elderly generation in USA, Japan and UK who are in 55-75 age group. In the next 20 years these residents of developed nations between the 55-75 age group will increase exponentially. This is a prospect market for Travel and tourism industry with substantial discretionary income, desire to travel and disposable time. These baby boomers in North America, Japan and UK form a lucrative market with a new set of vacation needs and experiences and pricing structures which shows healthier signs with increased disposable income as a retiring batch. This highly educated, well-traveled baby boomers market will also contribute to the general awareness about vacation in the market which further may increase the overall demand in the market.

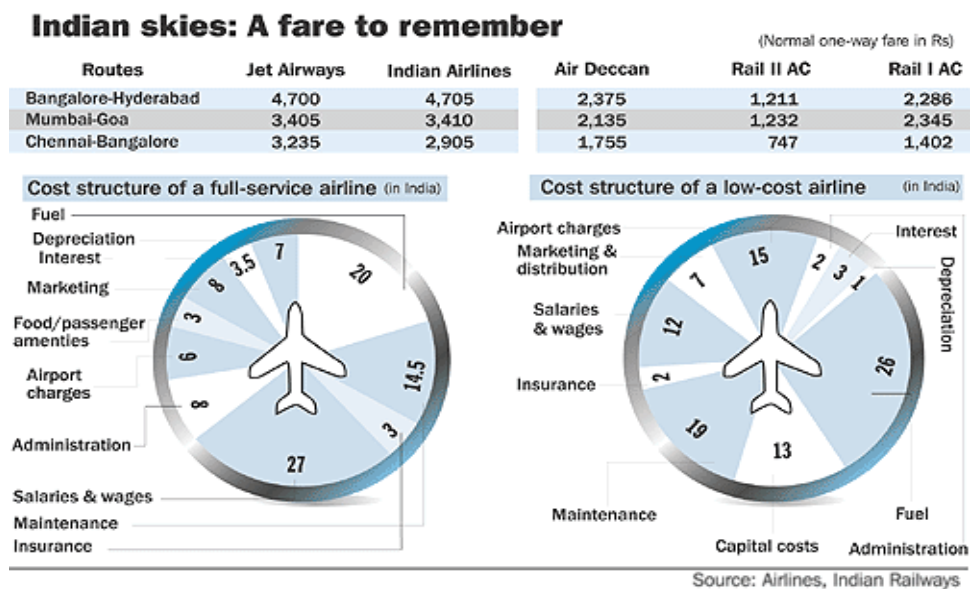
4.5.3 Travel by Low Cost and No Frill Airlines:

In India low cost carrier age started in the year 2003 when Air Deccan introduced its operation. Since then number of airlines in India have increased from three in

2002 to eleven in 2007. Till then there have been continuous growth of air travelers and reduction of fares in India. Gradually low cost carriers are on roll to acquire market share of full service carriers. Even full scale airlines also have started either floating low cost subsidiaries or keeping some seats vacant in their flights for low frill operation.

Chart - 1.2

Cost Structure-full Service / Low-cost



Low cost carriers as is revealed by the above graph have high fuel expenses in the overall cost structure. Since fuel cost is almost same for all in the aviation industry, it is understood that LCCs are very efficient in other operational expenses as administration, Passenger amenities and salaries and wages.

Despite of a short history of operation, low cost carriers have acquired a significant 23% share of market very quickly. The rate of growth in case of these low cost carriers is so high that by 2010 the market share of these airlines may rise to the half in terms of numbers of passengers fly. The full service airlines also have joined the race by introducing low cost subsidiaries like Jetlite, Indian etc.

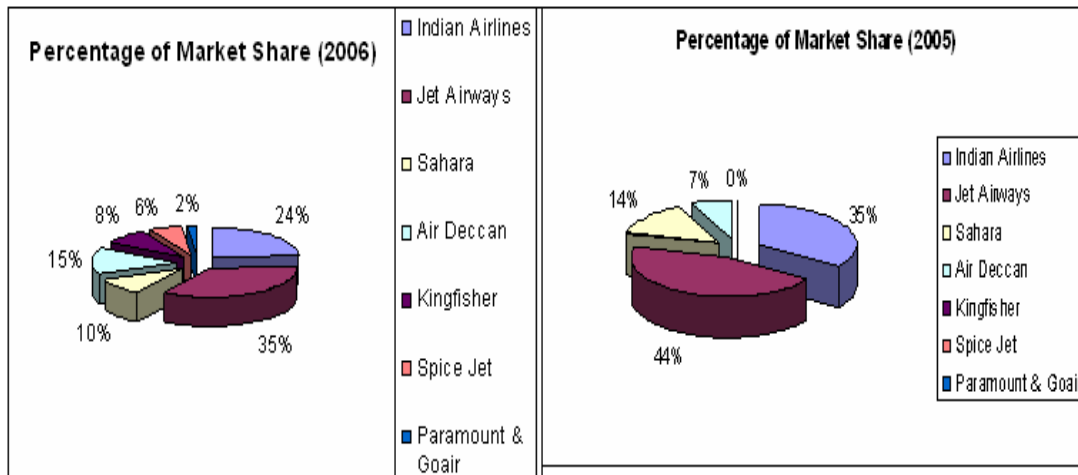
Table – 1.5
Percentage of Market Share

Percentage of share in	Indian Airlines	Jet Airways	Sahara	Air Deccan	Kingfisher	Spice Jet	Paramount & Goair
2006	23.9	34.9	9.7	15.2	8.3	6	2
2005	34.7	44.1	14.2	7	0	0	0

Source: Directorate General of Civil Aviation, Government of India

Note: Air Sahara has been acquired by Jet Airways and renamed as Jetlite recently in April, 2007

Chart – 1.3
Market Share of Different Airlines



4.5.4 Internet Airline Model:

In recent period some airlines are trying hard to cut costs by overriding middlemen. Especially low cost carriers want to cut all middle-men such as travel agents, GDSs and online travel portals from the distribution channel. The savings in distribution costs is believed to be the way to compete in the market. Interestingly these Internet airlines are achieving impressively high load factors and online booking penetration. In December 2001, easyJet, a UK based low cost carrier achieved an 82.8% load factor with 89.1% of passengers booking online, while Ryanair achieved a 78% load factor and 91% online bookings.

The low cost carriers normally dominate the short haul market by adopting the internet airline model. The key elements of this model are: Optimum utilisation of aircraft with fast turnarounds; lowering distribution costs by direct selling;

minimizing operational costs by using secondary airports, cutting out catering and other frills; adopting simple fare structures. All these principles are possible in case of short haul routes. In Europe this model has been very popular with the low cost airlines offering hop on/hop off bus-like connections. Thus big carriers may find it difficult to compete in the marketplace, because of low aircraft utilisation and high cost operations. Thus big airlines may be forced to withdraw substantially from short haul routes.

4.5.5 Self-Managed Individual Tour:

There have been less large group travels. Smaller groups and fully independent travel have been in demand. This market is difficult to identify, develop products to support, and market to. There is an increase in specialized or niche markets that want specific products and experiences. Thus priority of vacationers for large resorts and hotel properties is shifting to more intimate facilities and services such as Paying guest houses, lodges, country inns, bed and breakfasts, and small all-suites hotels. Tour products are becoming more flexible, less structured and customizable. Hence more efficient and trained management and staff are required to meet instant demand of prospective customers.

4.5.6 Greater fragmentation of holidays:

The demand for vacations those provide a sense of regeneration and knowledge will further increase in the market in years to come. Opportunities to experience the outdoors and nature with modern and comfortable facilities will continue to be popular amongst vacation seekers.

Rising health consciousness amongst city dwellers acts as a push factor for tourism products like spa and yoga centres. Especially these centres in natural settings like Kerala will continue pulling tourists to these places. Concerns with the effects of stress and aging have fueled the spa industry.

A growing number of youth from modern metros and cities will demand fulfilling vacations which are exhilarating, be it adventure, challenge, further education, cross-cultural awareness, or peace of mind.

Local foods and delicacies are very often a sought after component of a travel experience.

Event-based tourism is an important element of the tourist market and is growing faster with more business meets, trade shows, festivals, large concerts, sports competitions, social and cultural events and other events that attract large influxes of people.

Aboriginal tourism: With large migration round the world citizens are interested to learn about indigenous people of the destination to which they are traveling. This finding the route however does not mean they seek only ceremony or superficial contact with people. Some may want to experience their ancestors' lifestyle. Most will want to experience the cultural and historic sites and places of the destination. They may further show interest in meeting and interacting with the people in real setting and buying some art and craft.

4.5.7 Greater Role of Community:

There is a wide spread feeling that there are finite limitations to tourism development. There is a scarce of resources in terms of both physical and social carrying capacity of destinations. Sensitivity towards the scale and design of developments to limit their impact on the environment will be the recommended approach. National park systems in developed nations are adopting ghetto tourism (discouraging mass tourism) where as in developing and underdeveloped Nations, locals demanding their stake in the developmental process. National parks in India are seriously into community participation which forces travel agencies and tour operators to involve locals in the tour planning to these natural areas. All tourism planning and development process irrespective of nature and ambience will be increasingly mindful of the need for meaningful public involvement and input. Concern for and consultation with people who are immediately affected by new facilities and visitor inflows have been guideline for any sorts of policy formulation. Residents' responsive tourism will be the order of tomorrow. Community demands for active participation in development and management will be reflected in setting up new travel agency and tour operators.

Check Your Progress – III:

Answer the following questions.

1. **Compare the cost structure of a full service airline with that of a low cost airline.**

2. **What is meant by an internet airline model?**

Check your answer with the one given at the end of the unit.

4.6. Contemporary Practices in Travel Agency and Tour Operation Sectors:

Travel Agency Automation:

Travel industry especially the airlines has been forerunner in adopting computer for that matter any technology very fast soon they were invented. Ever since the ENIAC was developed by US army in 1939, it was first used for preparing navigational charts for warships and calculating artillery trajectories. Until the mid of twentieth century airlines reservations were made manually by airline staffs at its counters or over telephone to the airline staffs. It was first in the 1960s; most of the airlines had installed computer reservation system and microfilms were used for storing and displaying flight schedules and fares. However the use of reservation system was limited to airlines office. Travel agents continued book

tickets over telephone and issue hand written tickets to its customers. Subsequently after invention of teletype machine connected through telephone lines enabled an agent to issue direct printed tickets in its own office. However booking was done through telephone. The information transmitted from airlines office was received at agents' desk and ticket could be printed by the teletype machine. The first airlines reservation system was developed in the 1970s. But those attempts were purely experimental until 1976 when American Airlines, United Airlines and Trans World Airlines developed a CRS each containing flight information and fares of member airlines. Travel agents could obtain information from CRS via a data terminal consists of a key board and a screen. The data terminal was connected with the CRS through telephone line. TWA named its CRS as PARS an abbreviation for Passenger Airlines Reservation System. American Airlines named it as SABRE an acronym for Semi Automated Business Research Environment. United Airlines System named it as Apollo. The suit was followed by other airlines like Eastern Airlines developed "System One" in the year 1982 and Delta Airlines developed DATAS in 1984 both having capacity to connect to other CRS. In 1988 DATAS and PARS merged to form World Span System. Till now Travel agencies use GDS for all type of travel solutions like booking air tickets, rail tickets, cruise lines and reserving hotel rooms and making payments through BSP. However GDS companies are facing competition due to advent of travel portal and travel search engines.

Contemporary Travel Agency Functions

Table – 1.6: Travel agency functions

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Travel Information	Itinerary Preparation	Airline ticketing and Reservations	Accommodation Reserve	Reservation of Surface/ Sea transport	Tour packaging and costing	Travel insurance	Foreign currency	Organisation of	Acting as a GSA / Handling Agent/ Ground Operator of parent company
Counseling Immigration Passport Visa Custom Clearance and procedure Health and Security Checks Landing permits certificates		International Domestic	Hotel Resorts Others	Cruise Rail Road	Liaison with providers Market Research Costing and pricing Promotion of Package Executives of Tour package	Personal Baggage Travel		Entertainment Cultural programme MICE Seminars Symposiums Conferences Exhibition Others	

Organisation of Conference/ Convention

MICE business has become a profitable option for travel agencies which is of late tapped by the travel agencies. Some companies have specialised branch to deal in MICE businesses. Target customers for this operation are commercial organizations who intend to hold training programmes, conduct seminars, symposiums, trade shows and conventions. Typical conference related services or package include:

- Allotment of space (sale of space) at the conference centre
- Travel to/ from the venue
- Accommodation at the venue

- Registration fees and facilities
- Facilities for conference like audio-visual equipments
- Secretarial services
- Sight seeing
- Arrangement of cultural show and other entertainment activities
- Shopping

Travel Insurance:

Major change travel agency function is the inclusion of travel insurance in the service list. All most all large travel agencies have started offering insurance schemes jointly with some insurance majors. Travel Insurance protects the traveler against the personal, baggage losses and other travel insurance for any loss due to flight delay, major health problem, trip cancellation etc. Bajaj Alliance, American express, Max New York, TATA AIG, Thomas Cook, New India Assurance etc are major players in travel insurance sector.

Travel Agency Approval:

Travel agencies these days require multiple recognitions to start and operate business. Recognition of Department of Tourism in India is a basic requirement which is mandatory for agents to deal with tourists. This recognition helps the agents in getting other approvals to start and run business in addition to financial and non-financial incentives provided by the government from time to time. The Ministry of External Affairs and Reserve Bank of India authorizes an agent to deal in foreign currency and travel documents of international tourists. As business entities, travel agencies need to be registered and work under the Companies Act 1956 or Partnership Act 1932 etc as the case may be. In order to open an office in a municipality or town, permission from the Corporation or Municipality authority has to be taken. The recognition of IATA authorizes an agent to issue air ticket of international airlines. This helps in making payment through Billing and Settlement Plan (BSP) through Global Distribution System (GDS) network. Further IATA authorization is required to subscribe to any GDS vendors. Approval of Indian Airlines in India is required for issue of IA tickets. In addition voluntary marketing negotiations with individual airlines help Agencies and Operators in

operating business successfully. Membership of Hotel and Restaurant Association of India and other State Associations promotes the business of the Operator. However over the years travel agency functions have been diversified. Agencies are diverting from air ticketing to package tour operation and marketing. Thus recognition and approval from individual airlines is not much sought after.

Computer Reservation System:

CRS became very popular since early 1980s works through an interconnectivity of data terminals of agents otherwise called as agents' set with the main super computer owned by the promoters of CRS otherwise called CRS vendors or GDS (Global Distribution System) companies. The super computer is capable of serving many sites with multi functions like retrieving flight availability, fares and passengers records simultaneously. Agents' set is connected via a modem to the Central Processing Unit (CPU) of super computer. The modem (acronym for modulator/ demodulator) transfers computer data into signals for transmission via a telephone line. A printer which is connected by the modem prints the ticket being confirmed by the vendor's super computer. When a travel agency books any ticket it feeds the information to his computer which in turn transmits data and it get stored in the CPU of the super computer. The agent is authorized only to retrieve its reservations and other general information. For special information it needs to seek permission from the CRS vendor. Thus CRS is used for fare display, flight availability, flight booking, storage of passenger's record, advance seat assignments, storage of client profiles, queue functions, ticket and document printing, auxiliary segments and accessing general information.

E-tourism - Travel Portal:

E-tourism is about using internet technology in tourism systems and activities like promotion, resort management, online shopping, reservation, destination information services. A travel portal is a gateway in the internet which provides access to specialized and focused information and links. It is customized and acts as a channel between the provider and the audience. These virtual travel agencies and principals create a brand value in the minds of the consumer by designing appealing Web sites, emphasizing better service and providing additional product information. The key to success for online travel agencies is to build customer loyalty and reduce dependence on price competition by effectively addressing

pressing issues like security and quality. However the ease entry to the markets has made it much simpler for new entrants to get into the market and gain market share quickly thus increasing competition day by day. World's leading travel portals are expedia.com, lastminute.com, thomascook.com, firstchoice.com MyTravel.Uk etc. In India MakeMytrip.com, Travelocity.com, TravelGuru.com, Traveljini.com, indianholidays.com, indiainfo.com, yatra.com, ezeego1.co.in etc. With more and more people becoming techno-savvy travel portals are becoming popular medium of booking. In the year 2006 online booking size has reached US \$523 million mark from US \$ 368 million in the previous year. Online booking is fast becoming a significant portion of Traditional travel agency system which is reflected travel majors like Cox & Kings promoting ezeego1.com, Air Deccan tying up with Travelguru.com, Thomas cook opening its own travel portal by the same name. Most tour operator reservation system suppliers are also offering Web integration so that bookings made on the Web are stored directly in the same system where all other bookings are received. Thus these large vertically integrated travel companies are now taking multi-channel integration very seriously.

Emerging Travel Marketing concept from Selling:

The agencies in early 90s were mostly dependent upon sale of air tickets, hotel rooms and renting cars. Subsequently the airlines started cutting commissions and some airlines even stopped giving commissions due to high competition in the market on one hand and rise fuel prices on the other. The advent of internet further helped airlines to directly reach the customers by overriding the middlemen. In the third stage of evolution Travel portals further helped customers to reach their individual suppliers. All these made traditional suppliers shift their traditional style of functioning from sale of tickets and hotel rooms to customized package tours.

Customer Relationship Management:

Travel agencies are increasingly investing Customer Relationship Management (CRM) these days to build a brand loyalty. There has been trend of adopting sophisticated CRM technology have the ability to have one-to-one relationships with the customers. Moreover CRM is being regarded as a philosophy or a culture in the industry. A sense of personal care for customers is created by assuring them as they are not mere numbers in company's computer system, rather they can relax and trust that their travel arrangements will go smoothly. Thus an agent is expected

to know the travel preferences of his customer, answer all questions raised by the customer, record all past transactions, suggest ideas to make one's trip more enjoyable, take the feedback after the trip gets over, keep the customer abreast of all happenings in the industry etc. Thus there has been an increasing trend of acquiring CRM technologies in the travel agencies.

The Death of the Brochure

After the evolution of internet and tour operators are increasingly spending on web content development rather than spending on publication of brochures. This is because brochure costs are a massive financial burden on operators. However customers may feel dissatisfied at this moment with being offered so much unnecessary information in the web content. Moreover people inherently like to browse paper-based information rather than computer screen. But once consumers get used to searching for travel on the Internet operators will divert funds from brochure production to content development.

M-Commerce:

M-commerce (short form of mobile commerce) in travel products is going to be a big part of travel business. The benefit of it being handy mobile can become a great source of information to tourists. M-commerce probably won't take off for leisure travel now since customers take time to think for their big investment and big screen will their preferred mode. With all this online time, booking the theatre or arranging excursion to the local fiesta, booking a restaurant etc will remain the businesses through mobile.

Destination and Market Research:

Tour package before formulation and design need a thorough research based on analysis and assessment of the destination and market. With changing travel agency functions from sale of air ticket to ground handling and package tour operation, companies are increasingly emphasizing on research and development. The idea of tour executives thus is of greater importance in developing new products as he has a better knowledge about the developments in destination and client psychology. Market research provides the information about the size of tourism market, profile of the potential buyers and clients, details about the competitors in the market, customer expectations of quality and price etc. Once the operator is aware about various components of package tour, distribution channel

and market conditions and constraints it can carve out strategies for successful operation.

Check Your Progress – IV

Answer the following questions.

1. Write the concept of CRS.

2. What is meant by travel portal?

Check your answer with the one given at the end of the unit.

4.7 Summary:

Travel agency and tour operation in recent ages has undergone a sea change in all the spheres. The business has transformed from manual operation to Global Distribution System and onwards to websites and internet. Industry in general is sensible to technological, socio-economic and political factors. The competition in the industry often results in healthy companies taking over the management and ownership of less competitive and loss making units. In Management of agencies, scarcity of trained and less skilled human resource in addition to constraints of financing is an issue in better performance. Travel portals and travel search engines seem to affect the long term benefit of the industry. However there has been a significant growth in air travel due to online booking and competitive prices

offered by low cost airlines. All the developments in the market in recent period have favorably benefited customers. Hence the market can better be characterized as consumer driven market. There has been a significant shift in consumer expectations, preferences and thus behaviour. Consumers are more informed and have a wide range of alternatives which makes marketing more competitive and challenging. Travel agents and tour operators in order to be successful in the market are very receptive to the technological and other changes in the market. The traditional dependence on airlines ticket has been changed to marketing and development of tour package. Intermediaries play a vital role in research and development of innovative products and services and invest substantially in these areas.

4.8 Answers to Check Your Progress:

Check Your Progress – I

1. Your answer must reflect all the top five countries with their receipt from tourism. (See Table – 1.1)
2. In your answer you should talk constraints in terms of competition from technology driven search engines, lack of trained manpower and lack of suitable source of finance.

Check Your Progress - II

1. You should calculate percentage of growth every year from the year 1999 to 2005. Results need to be reflected separately for domestic and international air passengers. (See table – 1.4)

Check Your Progress - III

1. Your answer should make a comparative study of a full service airline with a low cost airline. (See chart – 1.2)
2. Your answer should mention the concept of internet model of airlines. (See sub section 4.4.4)

Check Your Progress – IV

1. Your answer must include the concept of computer reservation system. (See sub section 4.5.6)
2. In your answer, you should include all functions of a travel portal. (See sub section 4.5.7)

4.9 Suggested Readings:

1. Directorate General of Civil Aviation, Government of India
www.dgca.nic.in
2. Department of Tourism, Government of India, www.incredibleindia.org
3. World Travel and Tourism Council (1994) *Gearing up for Growth: A study of Education and Training for career in Asia Pacific Travel and Tourism*, Brussels, Belgium.
4. World Travel and Tourism Council (1999), *Millennium Vision Strategic Economic & Employment Priority*, London.
5. <http://www.genesys.net/article051014.htm>

4.10 Review Questions:

1. Define the various current trends in the management of travel organization.
2. Write a short note on 'Computer Reservation System.'
3. Explain the functions of a travel agency?
4. What is meant by 'M-Commerce'?

UNIT – 5

THE INDIAN TRAVEL AGENTS AND TOUR OPERATORS: AN OVERVIEW

Structure:

5.0 Objectives

5.1 Introduction

5.2 Travel Agency and Tour Operation History of India

5.3 Definition of Travel Agency and Tour Operator Business

5.4 Case Studies

5.4.1 Travel Corporation (India) Pvt. Ltd. (TCI)

5.4.2 Students International Travel Association (SITA)

5.4.3 Cox and Kings India Ltd.

5.4.4 Orbit- Travels and Trade Fairs

5.5 Indo Asia Tours

5.6 The Company at a Glance

5.7 Thomos Cook India Ltd.

5.8 Le Passage to India

5.8.1 Profile

5.8.2 LPTI Products and Services

5.9 Summary

5.0 Objectives:

After reading this unit, you will be able to:

- To explain the history of tourism;
- To discuss the history of organized travel business in India;
- To describe the travel agents and tour operators- definition and differences;
- To list the leading travel agencies and tour operators of India; and
- To discuss the travel programmes of leading travel agents and tour operators of India.

5.1 Introduction:

Travel has existed since the beginning of time when primitive man set out, often traversing great distances, in search of food and clothing necessary for his survival. Throughout the course of history, people have traveled for purposes of trade, religious conviction, economic gain, war, migration and other equally compelling motivations. In the Roman era, wealthy aristocrats and high government officials also traveled for pleasure. Seaside resorts located at Pompeii and Herculaneum afforded citizens the opportunity to escape to their vacation villas in order to avoid the summer heat of Rome. Travel, except during the dark ages, has continued to grow, and throughout recorded history, has played a vital role in the development of civilizations. This unit deals with the history of Indian travel agents and tour operations, we will discuss the case studies of TCI, SITA, Cox and Kings India Ltd., and Orbit – Travel and Trade Fairs. We shall also discuss the division of Orbit such as business tours, study tours, freedom tours, travel support etc.

5.2 Travel Agency and Tour Operation History of India:

Tourism today has grown significantly with both economic and social importance. The fastest growing economic sector of most industrialized countries over the past several years has been in the area of services. One of the largest segments of the service industry, although largely unrecognized as an entity in some of these countries, is travel and tourism. According to the World Travel and Tourism Council (1992), 'Travel and Tourism' is the largest industry in the world on virtually any economic measures including; gross output, value added, capital investment, employment and tax contribution.

Travel trade in India is relatively new. At the time of independence there was hardly any travel company in India worth the name in present context. The travel business in India in an organized manner started with the setting of the TAAI, Travel Agents Association of India in Mumbai. The Travel Agents Association of India (TAAI) was formed towards the end of the year 1951 by a group of twelve leading Travel agents, who felt that the time had come to create an Association to regulate the Travel industry in India. The primary purpose was to protect the interests of those engaged in the industry, to promote its orderly growth and

development and to safeguard the rights of the traveling public. TAAI represents all that is professional, ethical and dynamic in our nation's Travel related activity and has been recognized as the voice of the Travel and Tourism industry in India. With a membership data base of over 1800 Active; Allied and Associate members comprising of IATA accredited Travel Agencies; Airlines & General Sales Agencies; Hotels and Tour operators; TAAI is the largest Travel Association of India. Prior to it there were two major companies Thomas Cook and Sons and The American Express with their main branches and Indian companies, Jeena and Co., Lee and Muirhead India Pvt. Ltd., and N. Jamnadas and Co. Ltd., operating in India.

However the bulk of international tourists were handled by Thomas Cook and sons and the American Express. In 1920, Jeena and Company, the first Indian travel agency organized group tours abroad and in India for Indian travelers and it handled the first group of foreign tourists in 1950. However Jeena and Company and other two Indian travel agencies were merged into one composite travel company known as Travel Corporation of India Ltd, popularly known as TCI in 1961. After this there were a number of travel companies established in Indian such as SITA (1963) Thomas Cook India Ltd, American express, Cox and Kings, Ind. Travel and so forth.

Presently there are more than 500 travel companies on the approved list of Department of Tourism, government of India which are located in 50 cities of the country and many have promotional offices in abroad too. In addition of this there are a large number of non-recognized travel agencies or registered with respective states, scattered in the country. In India there are more than 400 travel companies approved by the IATA, International Air Transportation Association and a number of them have more than one office or branches.

5.3 Definition of Travel Agency and Tour Operator Business:

Generally we call travel agency a retailer that sells tourist products directly to the public on behalf of the product supplier and in return gets commission. According to the 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.” The main source of revenue for the 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. In India the travel agency receives ninety percent of its revenue from commission and ten percent from the consultancy services. 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 the middlemen is called a tour operator. More precise 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 infrastructure like car/ coaches and hotels etc. or can obtain these from other suppliers. That’s why they are called manufacturers of tourism products.

5.4 Case Studies:

5.4.1 Travel Corporation (India) Pvt. Ltd. (TCI):

TCI is India’s premier travel and tour organization, established in 1961. It has 25 offices in India and a total of 11 offices in USA, Canada, UK, Europe, China, Korea, Japan and Australia. TCI is a member of AFTA, ASTA, IATA, IATO, ICCA, JATA, PATA, TAAI, UFTAA and USTOA.

TCI’s core activities are Inbound Tourism, Business Travel and Leisure Travel. Over 1000 professionals at TCI offer expert guidance and take care of your every requirement, giving you optimum value for money. TCI is a leader in the inbound tourism field and works closely with tour operators worldwide. Besides tours to popular destinations in India and neighboring countries, TCI specializes in special interest and incentive tours, conferences and air charter / cruise ship ground operations. It operates its own Taj Tour and Delhi City Tour and is a G.S.A. for the Palace on Wheels and the Deccan Odyssey. TCI is one of India’s largest outbound operators and is the G.S.A. in India for Globus & Cosmos Tours, Rail Europe, Greyhound, Amtrak, Rocky Mountaineer Vacations, Japan Rail and Disneyland Paris. TCI organizes customized vacations and package tours to worldwide destinations.

TCI's Corporate Travel Management Services include implant operations, travel insurance, foreign exchange, conferences and incentive tours for multinationals and leading companies in India. In keeping with worldwide trends, TCI Travel Net offers 24 X 7 travel services through toll free numbers and on-line bookings on www.tcindia.com. TCI has won the National Tourism Award for "Excellence in the Tourism Industry" in Category I every year since 1976, besides annual awards and recognitions.

TCI has a widely distributed network of over 2000 travel agents and tour operators worldwide and service over 2,50,000 travelers annually. TCI's strong resources deliver the best in the industry. TCI sells various products in India including all places like North, South, East and West. The company sells tours in mountains, beaches, deserts, wildlife areas and organizes tours out of India too. In 2007 TCI merged with Thomas Cook.

5.4.2 Students International Travel Association (SITA):

A Division of Kuoni Travel (India) Ltd. - SITA Inbound is India's Number One Destination Management Company, operating Inbound Tours from all over the World, with Tour Operations and Marketing activities centralized at the Head Office in New Delhi. The company's strength is service, backed by experience, reputation and network of 11 branch offices in India and 6 overseas offices with associate offices in Nepal & Sri Lanka. With marketing offices in London, Paris, Frankfurt, Milan, Barcelona, Lisbon and Stockholm, SITA is fully equipped to handle every guest query globally.

Since its existence SITA is handling incoming tourists to India from all over the world. SITA INBOUND organizes attractive and carefully planned tours of the Indian subcontinent for groups and individuals. Its key markets are Europe, UK and North America where it enjoys distinct leadership. It has ambitious growth plans and is actively targeting new markets like South America, East Africa & Austral-Asia. The operations and marketing activities of SITA are centralized at New Delhi and its networking with its offices is technology driven, with over 300 committed professionals offering personalized services. SITA has preferred rates with all the suppliers, which ensures that partnership with all overseas Tour Operators with SITA is mutually beneficial. A stringent Quality Control

department monitors feedback from across the country and endeavors to constantly improve the caliber of service, endeavoring to provide a matchless travel experience to each and every guest.

History:

Its history goes back to 1933 when in New York a bicycle tour arranged by John C Dengler set the pace for a small company called Students International Travel Association. The company soon became popularly known by its acronym – SITA – and launched itself into the orbit of world travel. After achieving unprecedented success in the U.S.A., SITA looked beyond the Atlantic to Europe and Asia – India. In 1956 the first office was setup at New Delhi and from then onwards SITA has traveled a long and arduous journey in the sphere of travel and tourism to be recognized worldwide as a reliable and efficient agency with integrity and offering quality service.

Starting with a staff of just three people, today the company is proud to have increased its fold to encompass over 250 professionals. Foreseeing a policy of Indianisation, in 1963, SITA was converted into a private limited company under the guidelines of the Companies Act 1956 and came to be known as SITA World Travel (India) Pvt. Ltd. With the rapid growth of the Incoming Tours business, SITA soon set its sights on foreign land, starting in 1972 with its first office in Paris. Thereafter the extension continued to Milan, Frankfurt, London, New York, Stockholm, Barcelona and Lisbon. At the same time SITA extended its sphere of activity to the neighboring SAARC countries with a presence in Sri Lanka (1982) and Nepal (1984). Further in 1993, it became a fully owned Indian public limited company and came to be known as SITA World Travel (India) Ltd. Between 1970 and 1994, the company achieved a spectacular growth rate of 3062%. The foreign exchange earnings showed a monumental increase of 6041%. This remarkable progress was the result of adhering to well-defined business principles and goals over the years as well as providing services backed by experience, network and reputation. The company's excellent rapport with the Government, International & Domestic Airlines and Hotels chains was a valuable asset. SITA Indian Trails is a business unit of Kuoni Travel India (P) Ltd. and specializes in Incoming Services for foreign tourists traveling to India, Nepal, Sri Lanka & Bhutan. It handles tailor-made individual tours, group series, ad-hoc special groups as well as incentives. In

2003, with a staff of 40, SITA Indian Trails handled over 20,000 foreign tourists with a turnover of US\$ 7 million. The operations are streamlined with three market-focused departments: English Department, European Department and Far East Department.

Committed to excellence, the staff is IT-savvy, experienced and multilingual. Speaking English, French, German, Spanish, Italian, Japanese, Chinese and Korean, they cater to the individual needs of international clients from all walks of life in their own respective languages. The quality of services is further enhanced by the presence of our dedicated staff all over the country, which form an indispensable network of transport and communication. The offices are located in cities like: New Delhi, Agra, Bangalore, Chennai, Cochin, Goa, Jaipur, Jodhpur, Kathmandu, Khajuraho, Mumbai, Thiruantapuram, Udaipur and Varanasi.

5.4.3 Cox and Kings India Ltd:

Cox & Kings is the longest established travel company in the world. Its distinguished history began in 1758 when it was appointed as general agents to the regiment of Foot Guards in India under the command of Lord Ligonier. By 1878, C&K were agents for most British regiments posted overseas, including the Royal Cavalry, Artillery and Infantry, as well as the Royal Wagon Train and the Household Brigade. The Royal Navy was next and in 1912, The Royal Air Force came under its wings. Between 1750's and 1950's, Cox & Kings was witness to an exciting era in Indian history, and, in its own way, helped to shape it. Today, Cox & Kings is a premium brand in all travel related services in the Indian subcontinent, employing over 800 trained professionals. At present, the COX & KINGS group has offices in UK (2 offices), USA, Japan, Germany, Italy, Turkey, Pakistan and Nepal. In India, Cox & Kings has offices in Mumbai, New Delhi, Chennai, Bangalore, Calcutta, Ahmedabad, Cochin, Hyderabad, Pune, Goa and Jaipur and one satellite office in Andheri in Mumbai and Gurgaon in Delhi.

5.4.4 Orbit- Travels and Trade Fairs:

A zealous Indian duo Mr. Om Prakash and Mr. V. K. Vikamsey attended an international trade fair in Germany known as Drupa the world's leading Printing

Industry trade fair at Dusseldorf in 1972, where of the 3 lakh international visitors, the Indian representation was only of 25 businessmen. This number rose to 50 in Drupa'77, and on this second visit, the two like-minded visionaries envisaged a tremendous marketing potential. They felt that those Indians who did not attend the fair had missed a great opportunity. Mr. Om Prakash and Mr. Vikamsey were quick to capitalize on this fact and set about promoting their organized maiden tour of "Interpack" in Dusseldorf the world's largest packaging trade fair comprising of 40 members. Thus, the seeds for a highly professional and successful enterprise were sown. In 1978, the company ORBIT was launched, an acronym for Organizers of Business and Industrial Tours. Sensing their dynamism the Indo-German Chamber Of Commerce offered to extend full support. This enabled the duo to make greater strides... and the rest is history. At present it has offices and representations from length to breadth of the country with its corporate establishment in Mumbai and enjoys a dedicated and devoted work force of more than 600 persons. In 2006 the Orbit is separated into two organization.

Achievements:

In its more than 25 years of successful existence ORBIT has been recognized as the leader in Business Travel. Germany recognized the valuable and exceptional contribution of ORBIT and has awarded the prestigious Indo-German Award thrice (1985, 1995 and 1999) for fostering economic ties between the two nations. Having a distinction, ORBIT is the only service organization which has won this award three times. The organization has also received similar recognition from UK, USA and Singapore. The government of Texas, USA has honored the director of the organization by providing him the honorary citizenship of the state of Texas and the state of Arkansas-USA designated him as honorary ambassador of goodwill. He has also been awarded the Marshall of Oklahoma territory in USA.

International Support:

ORBIT is enjoying the co-operation and support of various Export Promotion Councils, Bilateral Chamber of Commerce and Bodies, Industries, Trade Associations, F.I.E.O. and Indian Trade Promotion Organization and thus established the fact that the participation in trade fairs is the most cost effective and advanced marketing weapon to witness the world's latest technologies that helps

Indian business for globalization and to enhance Indian export. This uniqueness has uplifted the statistics of business travelers from India year after year.

ORBIT has signed MOU with over 70 international trade fairs organizations worldwide to become their official representative in India. This has given ORBIT a distinction of becoming the largest trade fairs promotion organization in the country and thus added the new dimension to business travel.

Divisions of Orbit:

- **Business Tours:**

Today, ORBIT is established as a renowned specialty service company to cater to all travel-related activities with its six independent divisions under one umbrella with all India presence and an office in Germany.

The Business Tours division of ORBIT handles MICE outbound from India and provides platform to the Indian Industries to visit world's most renowned trade fairs all across the globe through most comprehensive packages combining business with pleasure. Each year the division caters to over 200 trade fairs as per the needs of industries. ORBIT also organizes special trade delegation tours to various destinations of the world, inclusive of trade fair visits, factory visits, meeting with associations & chamber of commerce and buyer-seller meet on an individual or on group basis.

- **Study Tours:**

ORBIT has also taken an initiative to facilitate "Study Tours" for the first time in India to those countries specializing in certain areas of industry, trade or agriculture that to highlight their working culture, material management whereby enhancing export-import relations and bilateral trade between the two countries.

- **Expositions & Conventions:**

In order to promote Indian exports the Expositions & Conventions division of the organization is representing international trade exhibitions of all continents as their sole agent in India for space bookings and assistance. The division has also taken the challenge to expose Indian products and technologies to world markets and boost export by way of "India Shows" at various business gateway destinations of the world. This division also organizes international trade expositions in India. Travel arrangements and bilateral

industrial meetings for foreign business dignitaries on their MICE visit to India is also a specialization of ORBIT.

- **Freedom Tours:**

The Freedom Tours division of the company has expertise in providing arrangements for individual travelers to the countries of Europe, Far & Middle East, USA as well as South Africa and Island countries. Both Discover India Holidays and Freedom Tours division design premium holidays customized exclusively for those who deserve quality of product and service.

- **Discover India Holidays:**

The Discover India Holidays division of the firm is engaged in translating holidays into an exciting pleasure itinerary, which includes scenic destinations in India and neighboring countries.

- **Travel Division:**

Travel Support division caters to the corporate needs of the travelers through booking air tickets, passport services and assistance in visa procurement.

- **Group Incentive Tour:**

ORBIT's Group Incentive Tour division offers choice of destinations and wide ranging corporate incentive packages for company executives, dealers etc. through its meticulously planned and operated tours.

5.5 Indo Asia Tours:

Indo Asia Tours was founded in February 1987 by a dedicated group of professionals, experienced in every facet of tourism in the Indian sub-continent, and each with more than a decade of experience behind him. It is an owner managed organization, hence good personalized services, prompt replies and competitive rates are its benchmarks. The company is headquartered in Delhi, besides having branch offices in Mumbai, Bangalore, Chennai and Kathmandu. The company has 45 sub agents all over the Indian subcontinent. The company is registered and recognized by the Ministry of Tourism, Govt. of India and is members of a number of international organizations, like ASTA, PATA, DRV, COTAL, IATO. Since inception the company has experienced rapid but steady growth and presently handles tourists from 19 nations of the Globe. Ever since its

inception, the company has regularly received The National Tourism Award for Excellence in Travel Industry from the Govt. of India.

The Company has been awarded No. 3 position in the First Category by Department Of Tourism, Government of India in 2001-2002.

5.6 The Company at a Glance:

- **Tourist Guide:**

The company knows that the success of any tour largely depends on the good tourist guide. For this it has a group of in house professionals doing the escorting job with the tourist group. They speak different foreign languages and keep themselves abreast with the latest information. This results in very satisfied clients who keep repeating their visits to various parts of this sub-continent.

- **Transport Division:**

The company has its own fleet of 12 modern (Indian make) buses. The bus sizes vary from 10 to 35 seats. All busses are air-conditioned and have very comfortable seats. All are well experienced, service oriented and has been with the organization for the last 5 years. The company has also a small fleet of new medium size cars.

- **Hotel Division:**

The company owns three hotels. These are 3 star properties located in Jaisalmer, Bikaner and in Madikeri (Karnataka -South India). The company has plans to build a hotel in Hassan (Karnataka) and yet another one in Hampi - a World Heritage Site in the State of Karnataka. The company has plan to have these hotels operational in the year 2008.

5.7 Thomos Cook India Ltd.:

During John Mason Cook's 1881 visit to India, he set up the company's first Indian office in Mumbai. He courted senior government officials and he negotiated special rates with railway officials. On his return, India was officially added to Cook's Travel Empire with the publication of a shilling brochure entitled Cook's Indian Tours. It contained an extensive programme of tours and numerous tips for the first-time visitor. The number of tourists visiting India was initially small, but

Cook's position was enhanced by several official commissions. In 1887, the firm was invited to make arrangements for senior British officials and Indian princes to attend Queen Victoria's golden jubilee celebrations in London. In the 1890's Cook's set up the Indian Princes Department for the sightseeing purpose of Royal family members. Also in 1887, following overtures from the viceroy, Cook's began organizing the transport of Indian Muslims on the annual pilgrimage to Mecca. They had previously been subjected to terrible conditions and extortion's, and Cook's brought welcome order to the proceedings. The agreement was terminated by the Indian Government in 1893.

Subsequently, it expanded to the cities of Kolkata, Bangalore, Delhi and Chennai, under the aegis of Thomas Cook Overseas Limited. The current company, Thomas Cook (India) Limited (TCIL) came into existence with effect from November 1, 1978. TCIL made its public issue in February 1983.

Size:

Present in 19 cities across 67 locations in India Over 1100 employees

Thomas Cook (India) Limited- National Network:

TCIL has offices in Mumbai, Pune, New Delhi, Gurgaon, Chandigarh, Agra, Ahmedabad, Bangalore, Baroda, Bhubhaneshwar, Chennai, Cochin, Goa, Hyderabad, Jaipur, Jalandhar, Kolkata, Trivandrum and Vishakapatnam. TCIL has Foreign Exchange Counters at the international airports of Mumbai, New Delhi, Kolkata, Chennai, Cochin and Trivandrum, open 24 hours and 365 days a year to cater to the needs of the international and domestic traveler. TCIL also has a round-the clock Foreign Exchange counter at the New Delhi Railway Station.

Leisure Travel:

The Leisure Travel division promotes domestic inbound and outbound holidays. The business is already one of the top two names in the leisure travel in the country. The Tour Operating sub-division operates over 40 Group Inclusive Tours (GIT) to leading destinations in all 5 continents and also promotes Free Individual Travel (FIT) to over 50 countries around the globe. It also offers domestic tours in the country. In order to offer Indians a full range of holidays, the company has also forged ties with the best names in the leisure business such as Globus & Cosmos, Rail Europe and Star Cruises.

The Incoming Services sub-division caters to the needs of tourists visiting India from all over the world. This division currently caters to the needs of over 50,000 foreign tourists in India and is one of the top two names in the country for incoming services. It handles tourists in all segments including Charters, FIT, regular and ad hoc groups and incentives. In fact Thomas Cook India is the undisputed market leader for the charter segment of the industry which gives it access to lowest hotel and transport rates in the country. The Conferences & Convention cell provides a number of large international conferences in India and has been recognised as the leading conference organiser in India.

Foreign Exchange:

Thomas Cook (India) Ltd is a leading foreign exchange provider and offers a wide range of innovative products and services. These include Cash Passport, a reloadable global card that enables travellers to withdraw local currency from more than 800,000 Visa ATMs across 144 countries worldwide; Wire transfers of funds worldwide, using the SWIFT network; MoneyGram money transfer service for quick money transfers to India from anywhere in the world.

Thomas Cook has bank notes in 25 currencies and travellers cheques and foreign currency drafts in major currencies such as US Dollars, Pounds Sterling, Euro, Australian Dollars, Swiss Francs, Japanese Yen and Canadian Dollars. Their customers include persons travelling on business, leisure, employment, medical treatment, further studies and migration. Thomas Cook is also the largest player in the bulk foreign exchange business handling bulk currency volumes for the country's leading banks and moneychangers. This branch has over 20 money exchange bureaus at the Mumbai, Delhi, Kolkata, Trivandrum, and Cochin International Airports, which operate 24 hours a day to provide foreign exchange services to travelers at gateway locations.

Corporate Travel Management:

In this segment, Thomas Cook effectively “manages” the travel budgets of several large national and multinational companies such as TCS, Reliance Industries, Godrej, Sanmar, Mahindra British Telecom, Texas, Instruments, Mastek and Tata Motors.

Thomas Cook sets up ‘On-sites’, which are CRS-linked and offers comprehensive end to end travel solutions.

Insurance:

Thomas Cook (India) Ltd. is the only travel company in India to have a registered license to sell insurance and offers its own Travel Insurance branded products Viz. Travel Care, Scholar Care, Family Care, Corporate Care and Travel Perks exclusively designed for different customer segments like, Leisure Traveller, Students, Family, Corporate & Frequent Flyers.

Incentives and conferences:

Corporate Marketing & Incentive is one of Thomas Cook's Travel divisions to cater to the needs of the corporate clientele. For many organizations and establishments, incentive travel has become a tool to motivate their employees at work. The company specializes in providing travel arrangements with high quality services for individual as well as organization from different industries. Our clientele include Multi-National Companies, academic institutions, government bodies, exhibition organisers, community clubs, resident committees and etc.

Available Products and Services:

Group Air-ticket booking

Group Hotel Accommodation Arrangement

Seminars/Conference

Tailor-Made Incentive

Business Travel:

Thomas Cook effectively "manages" the travel budgets of several large national and multinational companies. The company's large volumes and immense buying power help the agency in effectively managing the travel budgets of several MNC's, blue-chip companies and multinational banks to their advantage. Thomas Cook knows the needs of the corporate traveler like no-one else does, and provides businesses a complete basket of products for all their travel needs including the followings:

- Air Reservations
- Hotel Reservations
- Car rental
- Passport/Visa Service
- Foreign Exchange
- Conference/Incentive tour arrangements

Its branches specialize in offering tailor-made Travel Policies for each corporate, thereby bringing savings on spend, by focusing on areas such as:

- Travel Policy Review
- Travel Planning and Budgeting
- Joint definition of preferred vendors and joint negotiation of preferred rate programs
- Consolidation of Spends onto limited number of preferred suppliers
- Travel Policy Compliance
- Corporate MIS generating details as required by the Corporate
- Streamlining of Ordering Procedure
- Review Procedure to review the corporate on pre-determined intervals

The company's Travel Insurance products under the brand Travel Care is high on service excellence, world-wide coverage and value for money.

- Issue of policy for the ages between six months to 70 years.
- No medical certification required for any individual irrespective of age and destination.

Any pre-existing ailments or medical conditions are not covered under this policy.

CHECK YOUR PROGRESS:

Answer the following questions.

1. Travel Corporation (India) Pvt. Ltd. (TCI) was established in the year -----.
2. SITA Indian Trails is a business unit of ----- Travel India Pvt. Ltd.
3. ORBIT is the only service organization which has won ----- award three times.
4. Indo Asia Tours was founded in -----.
5. Thomos Cook (India) Limited (TCIL) give into existence with effect from -----.

Check your answer with the one given at the end of the unit.

5.8 Le Passage to India:

5.8.1 Profile:

Le Passage to India Tours and Travels Pvt. Ltd. is the country's fastest growing destination management company. Set-up in August 2002, Le Passage to India is already amongst the top two inbound tour companies in a short span of time. The company is specialized in package tours and tailor made holidays for groups and discerning individual travelers to whom it offers a wide range of specially designed products. With its headquarters in New Delhi, the company is managed by over 200 travel professionals with over 500 years of collective travel experience. The well-knit motivated team of committed people who have in-depth knowledge of the business and unspoken passion to promote tourism in the Indian subcontinent ensures that all guests are well looked after. The philosophy is simple and aims to apply strong management practices in an atmosphere of collaboration and intellectual honesty. Le Passage to India is recognized by the Department of Tourism, Government of India. The company mission is to make "Travel" a truly magical experience with the vision to make the company India's top Travel Company

Aims

- To be India's most trusted travel company
- Exceed customer expectation of service – "wow" on every smile
- Be the employer of choice
- Foster partnerships with client & supplier
- Meet shareholders expectations

5.8.2 LPTI Products and Services:

The company sells and promotes various kinds of tours in India under following headings:

- **Cultural tours-** This category shows the best essence of India including south India, Rajasthan, Golden Triangle (Delhi- Agra and Jaipur), North India and combination of India with Nepal.
- **Incentive tours-** The tour to Golden Triangle in this category is the best incentive tour by the company.

- **Special interest-** Under this category the company offers architecture and Handicraft tours.
- **Adventure and wildlife-** This category offers the tours in Ladakh and wildlife areas of Coorg. The elephant safari at Corbett National Park is another attraction of this category.
- **City Stopovers-** Under this category the company offers 04 metropolitan cities of India with 3-4 days itinerary.

5.9 Summary:

In this unit you have discussed:

- Tourism is very important tool for the world economy and it has tremendous potential for the employment generation.
- Tourism is a business concept and a strong tool for the social development
- The development of tourism in India has come up with the efforts of Travel Agents Association of India.
- The details and case studies of leading travel agencies and tour operators of India.
- The different products and services offered by selected travel agencies.

5.10 Answers to Check Your Progress:

1. 1961
2. Kuoni
3. Indo-German Award.
4. February 1987
5. NOV 1, 1978.

5.11 Suggested Readings:

- Bagri S.C., (1997), 'What is tourism? Concepts and definitions.' IITTM *Journal of travel and tourism*, Vol.1, No. 1, March 1997 IITTM Gwalior.
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- Foster, L.D., (1994), *Introduction to Travel and Tourism*, McMillan, New York.
- Godwin, N. (1987), *A Complete Guide to Travel Agency*, Albanj, Delmer.
- Website of TAAI, www.taai.org
- Website of TCI, www.tci.com
- Website of Cox and Kings, www.coxandkings.com
- Website of SITA, www.sitaindia.com
- Website of Indo Asia Tours, www.indoaisa-tours.com
- Website of Thomas Cook India, www.thomascook.co.in
- Website of Le Passage to India, www.lepassagetoindia.com

5.12 Review Questions:

1. Why the tourism business is important?
2. What is the role if TAAI?
3. Define the business functions of travel agency and tour operator.
4. Write a short note on the history of travel agency business in India.
5. Explain the growth and development of SITA.
6. Explain the organizational update of Travel Corporation of India Ltd.
7. Write a detailed note on the insurance services provided by Thomas Cook.
8. Describe the different package of Le Passage to India.
9. Write short notes on Indo Asia Tours and Cox and Kings.
10. Write a detailed note on the development of Orbit and its contribution as a leading trade fair organizer in India.

UNIT-6**FORMS AND TYPES OF TOUR OPERATION**

Structure:**6.0 Objectives****6.1 Introduction****6.2 Concept of Travel Operations****6.3 Different Types of Tour Operation****6.3.1 Inbound Tour Operations****6.3.2 Outbound Tour Operations****6.3.6 Domestic Tour Operations****6.3.4 Destination Management Companies/ Ground Operations****6.4 Integration and Linkages in the Travel Operation****6.4.1 Integration in Travel Operation****6.4.2 Travel Agency/ Tour Operation – Linkage****6.5 Different function in Travel Operation****6.6 Travel Technology****6.7 Summary**

6.0 Objectives:

After reading this unit, you will be able to:

- Define the concept of travel operation;
- Discuss the difference between travel and tour operation;
- Describe the different types and forms of travel operation; and
- Explain the linkages in travel operations.

6.1 Introduction:

The concept of organized tours is quite old in this world even though the business travels have started quite late and the economic benefits from tourism are considered and appreciated much later to be the strong tools for revenue generation. Travel operations generally means by handling related arrangements with a travel

schedule of a tourists inside the travel agency which includes his air tickets and rail tickets to a particular destination of tour. Ticketing is the most important part of the travel operations which starts right from the demand generated by a client for travel to a particular destination. There are several courses which are offered to understand the techniques of ticketing including the courses run by IATA too. In brief, the arrangements related with movement from one place to another place of a client are called travel operations. In wider forms, to fulfill the motive of traveling and to arrange accommodation and guides in the destination for a tourist is called tour operation.

In this unit we shall discuss the different types of tour operation, integration and linkages of in the travel operation, different forms of travel operation and tourism techniques.

6.2 Concept of Travel Operations:

A travel agency arranges for travel services from suppliers such as airlines, hotels, car rental companies, and cruise lines. Typically, travel agencies operate at the retail level, the wholesale level, or both. Retail agencies sell services directly to the consumer; it may be helpful to view them as commissioned middlemen for numerous suppliers of travel services. Most agencies provide information and reservations services at no charge to the customer; but in some locales, retail agencies are considering a fee structure for these services. The "consumer" is often thought of as an individual seeking transportation services or a tour booking. For many agencies, however, the more important "consumer" may be the business accounts. The income reported on the agency's tax return does not indicate the relative importance of the business accounts, but to the excise tax examiner, it provides valuable information about the point of collection of excise tax.

A wholesale agency primarily assembles and sells "packages" of services, such as air and land arrangements to Alaska or Hawaii. Although some wholesale agencies specialize in only one type of service, such as air passage to South America, they do not usually provide these services themselves; rather, they secure them from suppliers. The consumer is the individual traveler, and the traveler must normally purchase the package through a retail agency. A wholesale agency earns its income by securing blocks of reservations and reselling them at a markup. Suppliers deal

with wholesalers instead of selling only to the public directly because wholesalers generate advance sales to the suppliers.

When selling the tour packages directly to the paying public, the tour operator has the responsibility for the collection and remittance of the excise tax. It is incumbent on the operator to maintain adequate records in order to determine the basis on which to apply the tax. In other words, a distinction is required to split the air transportation component (actual taxable flight and related services) from the nontaxable, non-air transportation components. Such nontaxable items are:

- Ground transportation;
- Baggage handling, storage, and transfer; and
- Charges for admissions, guides, meals, hotel accommodations, and other non-transportation services.

6.3 Different Types of Tour Operations:

6.3.1 Inbound Tour Operations

These are also known as incoming tour operators. Technically, the operators who receive guests / clients/ tourists and handle arrangements in the host countries are called inbound tour operators. For example a group of American tourists is coming through TCI limited 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 decade has been increasing. Essentially the tour operators need to adopt innovative marketing strategies and should introduce special interest tours to cater the special needs of Japanese, Americans, French and British tourists.

6.3.2 Out bound Tour Operations:

Tour operators who promote tours to foreign destinations may be business tours or leisure tours are called out bound tour operators. Indian out bound tourist traffic is growing at the rate of 11% annually and this makes India as the second largest country in the world with regard to the traveling population. However India's out bound tourism is not holiday oriented only but it is business oriented too. There are many travel companies which offer outbound packages such as Raj Tours Travels, SOTC, TCI, Thomas Cooks and sons etc.

6.3.3 Domestic Tour Operations:

Domestic tour operators are those who assemble combined tourists components into inclusive tours and sell it to the domestic travelers. In general these tour operators provide travel services in the tourist's native home country. Domestic tour operators operate within the boundary of home country and offer package tours to the travelers viz., domestic inclusive tours or independent tours.

Check Your Progress:

Answer the following question.

1. The operators who receive guests/ tourists and handle arrangements in the host countries are called _____
2. Tour Operators who promote tours to foreign destinations are called _____
3. _____ operate within the boundary of home country and offer package tours to the travelers viz., domestic inclusive tour or independent tour.

Check your answer with the one given at the end of the unit.

6.3.4 Destination Management Companies/ Ground Operations:

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, adventure and heritage tours, cultural tours at different places then the role of ground operator become effective. It is the ground operator who by handling the incoming travelers at different places makes the tour successful.

6.4 Integration and Linkages in the Travel Operation:

6.4.1 Integration in Travel Operation:

Today, the travel and tourism industry is becoming more and more competitive at globe level. Such competition is often encouraged by government policies like deregulation of airlines, transportation, communication and other sectors of the economy. But it has been noticed that no other factor is more influential than the

political unrest, social conflicts and other world events which have a profound impact on the travel agency business. The competitive forces compel the travel companies to seek ways to become more efficient and profitable in this context.

Integration means to grow by enabling a travel company to increase its market share and simultaneously reduce the level of competitive forces. In other words, it is a concept used in economics to describe formal linking arrangements between one travel agency organization and the other. It is of two types:

- **Horizontal Integration:**

Firstly, Horizontal integration means two tour operators or two travel agencies or two hotels or two airlines which are offering competitive products amalgamate either through merger or through take over. For example, Thomas Cook, one of the best known names in the global travel industry, strengthened its hand in the British market on October 6, 1998 when it announced plans to merge its worldwide business with US owned Carlson companies. Secondly, Horizontal integration occurs between companies offering complementary rather than competitive products like hotels and travels agencies and other sectors.

- **Vertical Integration:**

When an airline company or hotel company establishes its own travel division or agency like British Airways, Lufthansa, ITDC and SITA it is called vertical integration. Today many multinational companies are sought to own and operate their own travel agencies, hotels, resorts in key destinations in order to secure trading advantage over their rivals.

Benefits of Integration:

- Economics of Large Scales
- Eliminates Middlemen
- Protects the Market Position
- Secures the Supply and Increases the Buying Power.

6.4.2 Travel Agency/ Tour Operation – Linkages:

Basically, travel agencies serve *Business travelers and leisure travelers clients*. Incidentally, the requirements of these tourists are different and agency has to assemble or purchase related components for the principal suppliers to cater their needs. Thus, travel agencies, maintain close ties with the airlines, hotels, car rentals, banks, insurance companies, railways, government, trade associations,

foreign tour operators and travel agents, grounds operators, cruise companies and tourism educational institutes. A brief discussion of these undertaking are as follows:

- **Airlines:**

International Air Transport Association (IATA) operates a network by which travel agencies sell airline tickets and receives commission. Thus, the sale of airline tickets is highly regulated and strictly controlled. The agency's commission range from 5 to 11 percent but most major airlines offer additional incentives, i.e., cash bonuses and override commission. However, in some cases when a travel agency purchases air tickets in bulk, the margin of commission will be high. This largely depends on the relationship between the two organizations. The procedure to sale of domestic airline tickets is different from country to country and even the rate of commission also varies. Today, airline ticketing and reservation is almost entirely automated.

- **Accommodation Companies :**

Most hotels and other lodging companies, including Major Indian and international hotel chains pay commission to the travel agencies. (The rate varies from hotel to hotel). However, hoteliers in dealing with travel agencies are more informal and less regulated than the airline companies. Interestingly, many hotels and hotel chains participate in Computer Reservation System (CRS), permitting hotel reservation to be made at the same terminal which is used to sell airline tickets. The commission received from hotels is the second largest component of total agency revenue. But if the purchase is made in bulk than the profit is based on the negotiated prices and accordingly the profit may be higher or lower.

- **Cruise Companies:**

The Cruise companies are informally regulated by its own governing body, i.e., cruise lines association, which must approve any travel agency that desires to sell booking on behalf of any member of a cruise company'. The cruise companies also offer a complete package including sea travel, accommodation, food, entertainment and sometimes air travel also. The commission varies from 10 to 20 per cent. However, most cruise package tours are sold to the public through travel agencies. It was Thomas cook who brought first group of foreign tourists in India through sea route.

- **Insurance companies:**

Today, many travel companies have included travel insurance in their package tours like Thomas Cook. The company insured the travelers to protect them against accident, loss of baggage and missed flights. Successful travel agency management has to make close contact with insurance companies to obtain insurance policy for its clients. Recently, the Oriental Insurance Company has introduced two new travel policies for domestic as well foreign tourists i.e. '*Suhana Safar*' for domestic travelers and '*Videsh Yatra Mitra*' (VYM) for foreign travelers. Incidentally, the foreign policy is an upgraded version of 'overseas mediclaim insurance'.

The '*Suhana Safar*' covers accident and Baggage loses – excluding Money, jewellery, cheques and other costly items. The policy is valid for a period of 60 days and it could be served and claims settled in any one of the 956 officers of the company.

The '*Videsh Yatra Mitra*' contains medical expenses and repatriation cover up to \$ 5 lakh worldwide including US and Canada and up to \$ 2.5 lakh worldwide excluding US and Canada. It also covers a total loss of checked – in baggage by an international airline and a cover of up to \$100 for purchases enforced by the delay of check – In baggage. Even the loss of passport is covered up to US\$ 250 and personal liability is covered up to US\$ 200,000. Insurance companies allow 20 to 60 per cent commission on insurance policies to travel companies.

- **Banking Companies**

Travel agencies offer banking facilities to the travelers like clearance of traveler's cheques and arrangement of foreign currency. Only those travel agencies, which are authorized by the Reserve Bank of India (RBI) under Foreign Exchange regulation Act 1976 (new amendment FERM 1998) can deal with foreign currency. Banking companies give commission to travel agencies on traveler cheques and currency exchange.

- **Educational Institutions:**

An agency's success depends almost entirely on the competence of management and expertise of the staff. It develops manpower planning in such a way that will help to conduct on campus selection and match the students to the requirements of the company. The linkage between travel companies and tourism education institutions will solve the problem of human resource requirements of present and

future. Therefore, a travel company needs to maintain close contact and interface with tourism education institutions. Many Chief Executives from the industry are the members of the advisory board of the institutions.

- Travel Trade Associations

These associations provide a common platform to solve many problems of the members such as training, common code of conduct, airlines commissions or any other. These are a number of travel trade associations like TAAI, IATO, ASTA, IATA and PATA which are quite active in the promotion of travel trade at global. Essentially, every travel company should be approved by these associations to avail financial and no financial incentives and commissions from the airlines, hotels, railways etc.

• Other Organizations:

The travel agencies need to maintain close ties with many other organizations offering travel related services like cultural and entertainment organization, foreign tour companies, regional passport office, department of tourism both at centre and states, sports operators, transport operators, food and beverage business etc. In fact, these organizations play a vital role in making travel a complete product.

Travel companies provide business to above cited organizations and in return receive commissions. However, there are few other organizations that help the agency to run travel business smoothly and promote India as a tourist destination. Technically, a travel company cannot work in isolation but is interdependent with other travel related enterprises.

6.5 Different Functions in Travel Operation:

• Handling queries:

In the office of a travel agency there are several business queries that a person receives through emails, fax and telephones. Handling of these queries needs a very special training and experience of the product. Once the business query is received, one needs to read it very carefully and respond it accordingly. In today's world majority of queries are received through email and the time is very important for the sender of the queries, secondly the option for travel through internet is extremely wide which simultaneously increases the competition also. So the swift responses of email queries are highly appreciated and it sustains the business too.

To handle the queries in a professional way one needs to have the information of the destination the client is asking, the available facilities at that destination with several options, the prices of the services and a proper liaison with the handling team at the particular destination so the operations move smoothly once the client/group reaches there. It should be taken of good care that the queries have to be responded quickly and the potential client has to be made satisfied as maximum as possible from the first interaction itself. No fake information or approximate cost should be supplied to the client.

- **Designing itineraries:**

There would be different kinds of travel queries, the potential clients may ask for a tour which is published by you through your brochures and websites or they can ask for a tour of a particular region by giving the approximate number of days they wish to spend for the holidays or they can ask a customized or tailor made program from your organization. If the tour program is not designed, the concerned person handling the query has to design a feasible itinerary for the clients. The itinerary is a day to day tour program which includes the detail of place, accommodation, distances and meal plan in brief. While designing the itinerary against any query one needs to keep the spending capacity of the client in mind which can be asked from the client while handling the initial query or can be judged from the occupation, previous travel history and the place of the potential client if he is not interested to mention his budget. Normally today there would hardly be a place which is not explored and the details of all the regions are well mentioned in the numerous websites available on internet and it's also quite important that the travel consultants should be a very good travelers in themselves because if the product is experienced by the consultant himself, it would be very easy for him to design the program and put the best price for that.

- **Sending Quotations:**

This would be third phase of travel pre operation in a travel agency business. Once the itinerary has been finalized the consultant/ executive or the file handler is expected to send the final quotation to the client. The quotation for the package contains prices for the flights, railways, surface transportation (whatever is applicable according to the program), accommodation and the sight-seeing during the tour. If there are monuments to be visited during the tour, it also has to be

finalized whether the clients/group will directly pay the entrance fees or the same has to be included in the tour price. Normally the prices for the accommodation are included on the basis of continental plan which includes room plus breakfast but a destination management company has to follow the brochure programs of its foreign agents and if there are any other meals are found included on a group tour, the same has to be included while sending the quotation. If the query is sent by FIT or an individual, the tailor made itineraries will follow the instructions of the client while adding the meals in the package cost. The second essential aspect of quotation is your markup or the profit share on that particular package. The profit share or the mark up is normally included on the net price of the services whereas the travel agencies do have the special prices from the hotels/ transporters on their operational circuits which are absolutely less than the rack rates. It has to be noticed that the quotations should be competitive so the business must remain with you. This is the time of World Wide Web which has several benefits and threats too. To avoid the threats, the good travel agencies have developed the technique of “dynamic packaging” as a very strong tool of travel technology.

6.6 Travel Technology:

Travel technology was originally associated with the computer reservations system (CRS) of the airlines industry, but now is used more inclusively, incorporating the broader tourism sector as well as the hospitality industry. While travel technology includes the computer reservations system, it also represents a much broader range of applications. Travel technology includes virtual tourism in the form of virtual tour technologies.

Travel technology was born with the airline industry's use of automation and their need to extend this out to the travel agency partners. It should be kept in mind that there was an online world before the advent of the World Wide Web in the form of private and commercial online services. The convergence of industries has forced people to create terminology such as information technology, biotechnology, ubiquitous technology and even cultural technology to explain frequently talked about topics. Tourism Technology is a term that encompasses all social, cultural, managerial, and value-adding activities of the tourism industry.

Tourism Technology also incorporates and encourages technological advancements and economic development in the tourism industry.

- **Tourism Technology:** Initially based on the concept of cultural technology, is a more comprehensive term covering knowledge used to add to the value of tourism products on a micro level and the management of the travel and tourism industry on a macro level. New tourism products are also the end result of tourism technology combining with other industries. These include medical tourism, educational tourism, agricultural tourism, marine tourism, and the application of information technology to the travel and tourism industry.
- **Application of Tourism Technology:** The term "technology" can easily call to mind scientific achievements, computer graphic skills, special effects and other engineering-related images. However, "Tourism Technology" encompasses the integrated fields mentioned in the previous paragraph, statistics, managerial and socio-cultural know-how, and skills that the tourism industry can adopt to design, produce, and market various tourism products. In addition to coordinating various aspects of human resources in the travel and tourism industry, "Tourism Technology" describes a comprehensive field containing but not limited to such widely referred to subjects as entertainment technology, contents technology and creative technology.

Examples of how Tourism Technology can be applied are as Follows.

- Development of tourism products that tell a story
 - Convergence with other industries such as medical and film industries
 - Application of advanced information technology to provide tourist information via navigation systems or PDAs
- **The Time of Virtual Tourism:**

Virtual tourism refers to pre-planning alternative touristic activity before your departure, by integrating multiple digital resources to explore regions of the world without having to physically travel. It helps focus attention onto people, places and exploring changes over time! By using the internet, travel literature (travel guides and travelogues), Journals, Papers and television a customer gets sufficient information necessary to make an informed decision about which places to visit and explore. It is an economic activity that employs people from several different specific areas, such as journalists and photographers, geographers, editors,

cameras, writers, etc... and it is one activity related to promoting nature-based or people-powered outdoor recreation involving adventure-based tourism.

The phrases panoramic tour and virtual tour are often used to describe a variety of video and photographic based media. The word panorama indicates an unbroken view, so essentially, a panorama in that respect could be either a series of photographs or panning video footage. However, of late the phrases 'panoramic tour' and 'virtual tour' have mostly been associated with virtual tours created using stills cameras. The image above is an example of what a virtual tour movie looks like when it has been 'flattened'. This is also referred to as a panoramic image.

Such virtual tours created with still cameras are made up of a number of shots taken from a single point. The camera and lens are rotated around what is referred to as a nodal point (the exact point at the back of the lens where the light converges). These images are stitched together using specialist software; the movies are each resized and configured for optimal on-line use. Travel agents have developed dynamic packaging tools to provide fully bonded (full financial protection) travel at prices equal to or lower than a member of the public can book online. As such, the agencies financial assets are protected in addition to professional travel agency advice.

All online travel sites that sell hotels online work together with numerous outside travel agents. Once the travel site sells a hotel, one of the supplying travel agents is contacted and will try to get a confirmation for this hotel. Once confirmed or not, the customer is contacted with the result. This means, that booking a hotel on a travel website will not get you an instant answer. Only some of the hotels on a travel website can be confirmed instantly (which is normally marked as such on each site). As different travel websites work with different suppliers together, each site has different hotels that it can confirm instantly.

- **Making reservations:**

Once your quotations are accepted by the client/ agent; it's the time to forward the reservation according to the hotels you have offered in the itinerary or at the phase of supplying quotations. It should be noted that if the same hotels are not available at this stage, one must try to offer the similar hotels on same prices. The reservations can be made initially on telephone but latterly it has to be done by email or fax and the hotels/vendors should be requested to acknowledge all your

important emails/fax messages and they must reconfirm the services at your earliest so the same can be forwarded to the agent/client if demanded. The same has to be done with the transporters; handling agents and guides/escorts too and one must get the reconfirmations from them also for the office records. There are following main areas where a client/group has to be booked.

- ✓ Air lines
- ✓ Hotels
- ✓ Transportation
- ✓ Guides/escorts

• **Issuing vouchers:**

This is the third step of travel operation to issue the vouchers to concerned hotels/handling agents and transporter on the itinerary. These are the same organizations where the client/group has been confirmed. The vouchers are the printed exchange orders of one travel agency which are issued against services that the vendors have to provide for the clients. There are four copies of the vouchers, one is sent to the hotel/transporter/ handling agent, second is kept with the agency for its office record, third is forwarded to the accounts department and the last one is carried by the client/ tour leader while traveling. The client's copy is the original copy of the voucher that he gives to the hotel/ transporter/handling agent after using their services by making a signature on it. Since the voucher contains the list of services that the hotel has to provide against it and the travel agent is liable to pay for only those services which are mentioned on the vouchers and on every voucher it is always mentioned at the end of leaf that all the extras have to be collected directly from the client. Here the extras mean for the services which are not mentioned in the voucher. Once the services are provided, the hotel sends the original voucher with its bills to the issuing office that's the travel agency and collects the payments. The person who is issuing the voucher must write everything very carefully on it because the services by vendors will only be provided on it.

• **Payments- Collection and Distribution:**

The collection and distribution of payments is the next phase of a travel agency working. Normally the payments are received from the client/ agent well in advance, which is before the arrival of the client/ group. The payment to the hotels and transporters are made after they send the bills once the inbound operations are

concerned and for outbound tours the payments are sent to all the service providers before the arrival of the client/ groups. Generally all the travel agencies do have their separate accounts department which takes care of everything related with the accounts including the adjustments of service taxes and income taxes.

- **Liaison and coordination**

This is the real part of the tour operation. Once the group is arrived till the time of its departure back to origin, it is the responsibility of the file incharge or manager/executive operations to be in touch with the hotels/transporters/guides/escorts and local handling agents and also with the client directly or indirectly. This is the way of professionally working conditions so the agency remains informed about the every days' happening with the client/group. The same office is responsible to keep all services reconfirming including the international flight tickets to the origin place which have to be reconfirmed at least 72 hours before the commencement of the flight.

- **Feedback and remarks:**

A right and proper feedback and remarks are the basic tools for further research and business development. The liaison and coordination phase too provide important information about the success of any tour and even the negative points are also observed at this stage. The remarks can be obtained once the group/client reach back to the last destination and the same is discussed in the office to get maximum success for the upcoming tours on same circuit.

6.7 Summary:

In this Unit you have discussed:

- Travel agency and its working system
- Different Types and Forms of Travel operations
- Retail Agencies and wholesale Agencies
- Different linkages in travel operations
- Bookings and reservations
- Itinerary preparation and its importance
- Tourism techniques and importance in modern travel operations
- Inbound, outbound and domestic travel operations

- Different functions in travel operations

6.8 ANSWER TO CHECK YOUR PROGRESS:

1. Inbound Tour Operator
2. Outbound Tour Operator
3. Domestic Tour Operator

6.9 Suggested Readings:

- Bagri, S.C., (1997), 'What is tourism? Concepts and definitions.' *Journal of travel and tourism*, Vol.1, No. 1, March 1997 IITTM Gwalior.
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6.10 Review Questions:

- How many kinds of travel operations are there?
- What is the difference between inbound and outbound travel operations?
- What is domestic travel operation?
- What are the different organizations that a travel agency is linked with?
- Define tourism technique and its importance in worldwide web promotion?
- Write a detailed note on different functions of a travel operation?

UNIT - 7

ELEMENTS AND COMPONENTS OF TRAVEL OPERATIONS

Structure:

- 7.0 Objectives**
- 7.1 Introduction**
- 7.2 Components and Elements of Travel Agency and Tour Operation**
- 7.3 Importance of Itinerary Development in Travel Operations**
- 7.4 Airline Ticketing and its Importance in Travel Operations**
- 7.5 Marketing of Inbound and Outbound Tours**
- 7.6 Importance of Accounting in Travel Operations**
- 7.7 Summary**

7.0 Objectives:

After reading this unit, you will be able to:

- To discuss the different components of travel operation
- To describe the importance of itinerary making and the various elements included in itinerary development.
- To discuss the technicalities of airline ticketing and its use in travel operations
- To explain marketing of inbound and outbound tours as strong element of travel operations
- To describe the importance of accounting in travel operations

7.1 Introduction:

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

traffic. Further, more than 60% of all travel agency revenues are derived from the business travel. Most travel agencies sell both commercial and leisure travels 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 organizations size. In this unit, we shall discuss the basic elements and components of travel operation. We shall also discuss the itinerary preparation, airline ticketing, marketing of inbound and outbound tours and importance of accounting in travel operation.

7.2 Components and Elements of Travel Agency and Tour Operation:

I. Providing Travel information:

Whatever the size of a travel agency, it has to provide necessary travel information to the tourists. This task is utterly difficult and very complicated. A travel agency must give up-to-date, accurate and timely information regarding destinations, modes to travel, accommodation, sight-seeing, shopping, immigration, passport, visa, custom clearance and procedure health and security rules about various permits required of travel in particular areas etc. further, we can say that travel agencies are image builder of a country. Therefore, they should present an accurate picture of various tourist resources and potentials of a country of the tourists.

II. Itinerary Preparation:

The term tourist itinerary is used to identify the origin, destination and all the stopping points in a travelers tours. It is a composition of various elements and designed after detailed study of market. Practically, a travel agency prepares two types of itineraries (a) general itinerary (b) special tourist interest itinerary i.e. Delhi-Agra-Jaipur-Delhi, Pilgrimage tourists, mountain tourists, Buddhist tourists etc. Preparation of different types of itinerary is a very important, function of travel agencies/ tour operators. A prospective travel agent also gives advice to intending tourists in various types of tour programmes, which they may choose for their leisure or commercial travel.

III. Airline Ticketing and Reservation:

A travel agency sells variety of tourism products. Airline ticketing and reservation is still a major source of revenue. Today recognized travel agencies and tour

operators issue and sell more than 90% of international Air tickets and 60% of domestic tickets in India. Airline ticketing, however, is not an easy job, as the range of international airline fares is very complex, varied and requiring complete up-to-date knowledge of various schedules and airfares of airlines worldwide.

The Computerized Reservation System (CRS) has changed the entire scenario of travel industry. Today, using this system (CRS) the travel agency may serve a wide variety of clients and fulfill their needs and requirements.

IV. Tour Packaging and Costing:

A tour package is a combination of various tourism services/goods like transport, accommodation and other facilities at and en route destinations. However in reality, it has only two basic components (a) travel and (b) ground services. Travel agency prepare a package keeping in view the preference of target market, which is based on different factors like modes of travel, client choice, income, age group, country and region. After the identification of target market the travel agency liaisons with service/good providers and enters into a contact with them.

The costing and pricing to tour packages depend to a large extent on the ability of a travel agent/ tour operator as to how effectively he is able to negotiate with the principals. Thus negotiation is also an important function of the travel agency. The cost of a tour is calculated on the basis of what he has negotiated with the produces. Some extra cost is added for the unforeseen/further contingencies. Thus, costing is done by adding each element of cost i.e. transport, accommodation, and sightseeing, guiding, administrative and fixed expenses. For fixing the price of a tour package, and has to add some percentage of profit margin to the cost (which is based on organization objective, pricing policy and competitiveness of the product).

Once the package is formulated and priced it means that it is ready for sale. The travel agent/tour operator needs to promote its package so that the targeted clients may come to know about it and are motivated to purchase it. Technically, this is known as marketing of tour package, which involves different methods and techniques.

V. Reservation:

It is a very important function of all types of travel agencies. A travel agency consistently makes linkage with accommodation sector, transport sector and other

entertainment organizations to reserve rooms, and seats in the cultural programmes and transportations. However, prior to reservation, a successful travel agency must understand the needs and requirements of the individual clients.

Once client may demand a deluxe hotel whereas another may want a two star or a one star or different types of rooms, rates, meals plans and so on. A travel agency makes a reservation for the tourists by giving complete information regarding the number of tourists, date and time of arrival, length of stay and what is required by an individual, travel agencies use different types of reservation techniques. However today CRS is widely used worldwide to make instant reservation.

VI. Travel Insurance:

Some large scale travel agencies perform additional functions to serve its clients. Travel insurance protects the traveler (s) against the personal as well as baggage losses resulting from a wide range of travel related happenings or problems. A tourists, who purchases travel insurance (sometimes included in tour packages) receives a contract, called a policy, issued by the insurance company. The policy is based on the client (s) needs, price and type of tour etc. Travel insurance generally covers (a) personal accidents (b) medical and related expenses (c) baggage loss and (d) trip cancellation and interruption etc.

VII. Currency Services:

Travel agencies/tour operators which are permitted by the RBI and foreign Exchange Management Act 1973 (FEMA) to deal with Foreign Currency, offer currency services (currency. Travelers cheque and other documents) to the intending clients. This is a very important facility to the tourists as it saves their time and energy. However, for this the travel agencies charge certain percentage of commission.

VIII. Organization of Conference/Convention:

Today, organizing conferences convention and seminars have become a profitable business for many travel agencies. Even in some large scale travel agencies we find separate convention and conference departments to perform this vital function. Whenever, a commercial organization desires to hold a conference/ convention to discuss the future plans and strategies of undertaking or to conduct seminars/ training programmes for its employees or to introduce new product in the market and so on, it contacts the travel agency and asks for the recommendation of suitable

destination/venues where such services and facilities are available. Many travel agencies (SITA, COX and Kings, TCI, Thomas Cook) offer a complete convention/ conference package including registration of participants at the venue to be picked up for dropped to the airport/ hotel, overhead projects, slide projectors, TV, VCR information counter available on the venue during the conference/seminar period to ensure rapid and quality services.

Technically, when national or international events are announced every travel agency tries to collect all the relevant details on the events such as date, duration, place and other formalities. Once the agency knows about these facts it works out a package plan.

Generally a Conference/ Convention Package includes:

- Travel to and from the venue;
- Accommodation at the venue;
- Registration fees and facilities;
- Conference room with audio – visual devices and other services;
- Secretarial services;
- Sight-seeing and cultural entertainment and Shopping.

Check Your Progress:

1. ----- is a very importance function of all types of travel agencies.
2. A travel agency must give up to date, accurate and timely -----.
3. Preparation of different types of itinerary is very importance function of - -----.
4. The computerized Reservation System (CRS) has changed the entire scenario of -----.
5. The Indian large scale travel agencies acting as ground operators, for foreign four companies are -----.

Check your answer with the one given at the end of the unit.

Travel Agency as Handling Agency/Ground Operator:

Industry experience has shown that the reputation, efficiency and profitability of the travel company (Indian or foreign) in its own tourist market largely depends on the performance of its ground operators. A handling agency may be an individual,

a firm or a company making ground arrangement on behalf of another travel company. Today, the Indian large scale travel agencies acting as ground operators, for foreign tour companies are TCI, SITA, and Thomas Cook etc.

7.2 Importance of Itinerary Development in Travel Operation:

Itinerary Development:

An itinerary is a key and significant component of a tour package. It may be an initial itinerary or a final itinerary. Basically, it is designed to identify the origin, destination and all the enroute stopping points along with transportation, accommodation and other services on a traveler's trip. An itinerary has various portions and these portions are known as segments as inbound and outbound segments. Practically, these segments are dependent on the type of journey undertaken by the tourists.

Types of Trip/Journey

- One way;
- Circle trip
- Round/Return Trip
- Around the world Trip; and
- Open jaw trips etc.

Let us illustrate these segments with suitable examples. Suppose Mr. and Mrs. X travel a 'round trip' from New Delhi to Japan. In this way the itinerary has two segments.

- New Delhi – Japan (outbound segment)
- Japan – New Delhi (Return segment)

Y travel from Paris to Delhi: the case would be:

- Paris – Delhi (inbound segment)
- Delhi – Paris (Return segment)

In an itinerary one can find air and surface transportation. The segment that represents air transportation is referred to as an air segment and the segment that represents land transportation like road, or rail is known as a surface segment. The tourist itinerary consists of various segments.

We have defined that an itinerary is used to identify origin, stopping points and off points. But what are these points? Actually, the first city in an itinerary is called a board/origin/departure point and it may be an airport in an air segment or any other segment. Each stop – over – point is referred to as a destination point; and the off point is known as the arrival point which makes up a city-pair.

If the travelers do not return to the board point, the itinerary is called a one way itinerary such as the Delhi to Paris itinerary. If the travelers return to the origin point the itinerary is known as a return/ round trip as the Delhi – Paris – Delhi itinerary. When one extra stop over point is included in a round trip it is called a circle trip like the Delhi – Paris – Singapore – Delhi itinerary. The main difference between round (return) trip and circle trip is that whereas in a return trip the fare and route for each segment of the itinerary, inbound and outbound, is the same, in a circle trip, both fare and route for each segment of the itinerary are different.

In open Jaw trip, the one segment is interrupted by the other segment and the interrupted segment is known as ARNK Segment such as the Golden Triangle of Delhi – Agra – Jaipur – Delhi.

As an example, let us assume that the international tourists will reach Delhi and will travel by air from Delhi to Agra, but will travel by a deluxe coach (surface) from Agra to Jaipur and will return by air from Jaipur to Delhi. In this case the air segment is interrupted by surface transportation and in order to maintain continuity in the itinerary an ARNK Segment is placed.

Itineraries and their Importance:

It has been noticed that most of the tour companies prepare multiple itineraries for the same tour. Why is this done? Perhaps, to cater the needs of tour planners, tour managers, individuals, vendors and tourists industry. 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.

The main itineraries are:

- The tourist/ Client itinerary.
- The tour manager's itinerary.
- The vendor's itinerary.
- The bus driver's itinerary.

- The tour escort/country step – on – guide itineraries.

- **The Tourist/Client Itinerary**

The ‘famtrips’ gives a basic idea to the tour planners to draw a rough draft to the projected itinerary. In other words, one of the purpose of the ‘fam trip’ is to prepare an initial client itinerary that will be used to operate first – client – test tour. The ‘fam tour’ identifies itinerary problems that the tour planner may not have perceived in advance.

The tourist itinerary is the starting point in the development process of and itinerary. Therefore, tour planners should undertake various considerations at the time of planners an itinerary, such as the propose to tour, choice of destination (s), tourist budget, accommodation, transportation, legal requirements, tour reference tools and cordial relationship between the host and tourist generating nation etc. Moreover, tour planner familiars himself with the following itinerary: Timetables;

- The official Airline Guide (OAG)
- Air Tour Manual;
- Worldwide cruise and Ship line Guide;
- ABC Travel Guide;
- World Hotel Guide;
- The official Rail Guide.

These tools provide ways to develop itineraries and also how the tours can be conducted.

In developing itinerary (inbound and outbound), the tour planner normally considers a number of options and determine whether or not they should be included or made optional for the clients. The tour planners should seriously consider the right kind of destination, sightseeing, transportation, accommodation, quality of food and beverage and proper entertainment in the amount and so on. It is clear that the itinerary planning for a one day tour or a two day tour or for domestic or international tour starts with tour events and then moves to other secondary ingredients.

The tourist itinerary is usually a short enough itinerary that can be included in the tour brochure and a separated sheet of the itinerary is given to the client at the beginning to the tour. Basically, it emphasizes on the basic things that the tourist

need and want to know relating the transportation, accommodation, sightseeing/destinations to be covered and other services provided during the tour/ trip. Moreover, he wants to see the order in which the various activities are scheduled. Further, the client itinerary provides him the essential information such as departure points/time, check – in – check – out time and location for the completion to the trip.

• **The Tour Manager's Itinerary:**

The key individual in the tour/ travel company is the tour manager. He has to perform various types of functions ranging from tour planning to actual operation of tours. The entire success of the tour company depends on his expertise, skill, capability, capacity and dedication to the job that the tour manager performs. Therefore, for any tour company the tour manager is an extremely important asset, more than the company's clients. He brings to the company the most effective and extensive management style which is the result of his own personality, knowledge, experience and professional qualification. In a large scale tour company the tour manager's functions are:

- Tour planning
- Tour promotion/ marketing
- Control over Costs
- Tour handling.

In order to perform the above functions, the manager needs a comprehensive itinerary. As he has to manage and control all aspects of a tour from the planning to the actual operation, it means that the tour manager's itinerary is the most comprehensive of all the itineraries prepared/planned.

The procedure for preparation of tour manager's itinerary is different from company to company and even from country. In many companies one can find the manager's itinerary in several pages. On the other hand several tour companies prepare tour manager's itineraries on day – to – day basis. Some companies even break each day and devote one separate page each dealing with morning, afternoon or evening schedules and the related accommodation, transport and other facilities. This procedure helps the tour manager as he doesn't need to carry all the itineraries with him. Only the concerned itineraries are carried by the tour manager. In tour manager's itinerary one will find that all the tour activities are on the left – hand

side of the page and the right hand side of the page is left open for suggestions, recommendations, and additional information available before the beginning of a journey or on enroute destinations.

- **The Vendor's Itinerary:**

Technically, the travel vendors do not need a copy of the itinerary. However, sometimes they are required to offer Services/Facilities according to the client itinerary such as providing lodging, entertainment, clubs, guides, transportation, and ground services etc. Basically, this group is responsible in offering sophisticated services and facilities for the benefit of its clients. Therefore these will find specific part of an itinerary more helpful. Moreover, this process will help the tour planner's tour ingredients in the itinerary.

Sometimes, especially the hotels, and resorts takes advantage of having a copy to the tourist itinerary in advance. They make special effort to meet the group/ tour members, deliver welcome speech upon their arrival and other arrangements are also done in advance. Recognizing these very facts, a tour company prepare vendor's itinerary (specific part of the client itinerary) to help the vendors to offer scheduled services and facilities to tourists.

- **The Tour Escort Itinerary:**

Today, with the improving economic, social, cultural and educational levels, the traveler (s)/ tourists are becoming more and more sophisticated and demand more professional. The tour escort is recognized as an important individual in the tour company's organization. He is not only a sightseeing guide but his experience, expertise, knowledge, skill, judgment, integrity and personality can make or break a tour. Therefore, the tour company should appoint those as tour escorts who have a vast knowledge and experience and who have traveled extensively in the area (domestic /international destinations) to which he leads the tour.

Sometimes the tour escort conducts the entire tour alone. In a one toe or a multi-day tour (domestic as well as international) the tour company often depends heavily on the expertise of step – on – guides. Basically, these tour guides are local experts who are fully aware of the culture, history, language, sights, and the scenery that is being visited by the tour members better than anyone who is an outsider. Experience has shown that many tour operators/travel companies often contract with ground operators or destination management companies for step – on – guides

or directly common with the tourist guide so that these professionals can accompany the tour members. When the tour company uses their services/ expertise, the company provides them in advance a detailed step by step itinerary which includes – time, location, accommodation, sights to be visited and so on. This encourages the guides to prepare themselves better for their presentation. The quality of itineraries is based on itinerary – mix – planning. Generally, the tour planner takes into consideration the various ingredients while preparing an itinerary such as the right type of transportation, accommodation and destination; right amount of sightseeing and quality of meals; professional tour – conductors and a correct marketing approach; maximum entertainment in the right amount; reasonable free time, documents required and so forth. Combining the right mixture i.e., concentrating the product and understanding the consumers/ clients leads to the success of a tour company. However to develop best possible combination of tour ingredients it is imperative to review and analyse the comment sheet of past tour participants/ tourists and incorporate suggestions received from the current tourists both business and holiday.

7.4 Airline Ticketing and its Importance in Travel Operations:

A travel agency must follow some guide lines at the time of issuing an airline ticket. It is one of the most important functions of a tour/travel agency. The agency is accountable and responsible for ticket stocks and the collection of amount on behalf of the airlines. Generally, a travel agency follows the following basic ticketing procedures:

- Confirms seat through a computer or other modes.
- Does not make duplicate reservations.
- Checks the travel documents.
- Select the form of passenger ticket.

Use the identification plate of an area settlement plan of the carrier. At the time of delivery of a complete ticket, detaches the auditor's and the agent's coupons

- All entries in the ticket must be in Block letters.
- Do not erase or 'strikeover' as this makes the ticket invalid.
- Never use ditto marks in any of the box in the ticket.

- Write the full name of each city in an itinerary.
- Enter the stopover codes clearly.
- Enter the fare box and total fare box properly and carefully.
- Be sure about special fares MPM and TPM and ticket validity.

Reservation Sheet:

Reservation sheet preparation and completion is the first and the foremost step in airlines ticketing. This sheet vary from one travel agency to another, but all contains detailed travel information for the customers/ tourists such as:

- **Date** -----
- **Name(s)** -----
- **No. of Tour participants** -----
- **Address with phone and code No** -----
- **Tour Plan** -----
- **Carrier** -----
- **Flight No** -----
- **Day of week** -----
- **Status** -----
- **Fare** -----
- **Taxes** -----
- **Airline Code** -----
- **Airport Code** -----
- **Type of Service** -----
- **Any other information** -----

Airfare Calculation:

Incidentally, airfare calculation is not an easy job that can be gained over night. It can be mastered only through continuous practice and exercise. Practically, airfare calculation breaks down the air itinerary (both international and domestic) into various fare parts to show how the total fare was derived. It includes base fares and airport – surcharges. Before calculating an airfare, it is essential to understand the type of journey. There are five types of journey:

- **One way** (OW)
- **Round Trip** (RT)
- **Circle Trip** (CT)
- **Round the World** (RTW)
- **Open Jaw** (OJ)

7.5 Marketing of Inbound and Outbound Tours:

Inbound tour market is of two types – international inbound tours and domestic inbound tours. The international inbound tour market includes tours organized for the foreign tourists coming to India. The domestic inbound tours are offered to the domestic travelers. Usually these are handled by the ground operators. These ground operators meet and assist services at local airports, provide accommodation and sightseeing tours for one or two days at particular destination. These operators are the members of large scale tour companies and other organization which deal with tourism activities. For example, a group of French tourists is coming to India through TCI, to visit various places in India like, Delhi, Goa, Bangalore, Mysore and so forth. Suppose X and Y travel company provides services at Goa to these tourists. In this case, TCI is the international inbound tour company and X and Y Travel Company is the domestic inbound tour company.

In India, a majority of tour companies are specialized in a variety of inbound tours such as group tours, inclusive tours, incentive tours, conference and convention tours, trade fair tours, adventure tours, wild life tours, culture tours and so on. These companies generally work closely with foreign tour companies, international travel trade associations, local travel companies, the chamber of Commerce, Indian Travel Trade Association, local visitor attractions, hotels, ground operators, transport operators, clubs, cultural and entertainment organizations, airlines, railways and others who have an interest in attracting the visitors. Diversifying into the inbound market represents one way to develop a competitive edge and to improve the company's bottom line. Incidentally, it is an area that has hardly been explored by the Indian tour companies so far.

The marketing of inbound tours may be done either by the tour companies or through its branches outside India or through the foreign tour companies.

Marketing may be directed to travel trade associations, clubs, business houses and other travel organizations which plan tours for the travelers. Inbound tour marketing is frequently focused around existing clients, maintaining personal contacts, organization of conferences and seminars, requests for proposals, for international conference and conventions of representatives. In some cases Indian tour companies are marketing their tours directly in the foreign countries through media plan. These days' web sites are widely used in international Market. However, Indian tour companies are required to adopt integrated marketing strategies which will yield better results. Marketing of outbound tours is quite different than the inbound tours. In developing the marketing plan for outbound tours, many Indian tour companies have divided the travelers into two groups – business groups and holiday groups. The strong potential are contracted by salespersons and they is sent to the executive committee i.e., to the concerned company's, Board of Directors and others who have an authority to approve the tour before it can be offered to the employees. This is the way to market business/ incentive tours. Once an organization or a company agrees to offer a tour to its employees, then the tour company marketing personnel designs a targeting sale in an effort to sell tours to individuals which is a more difficult task. The marketing strategy should focus on travel agencies, newspapers, magazines, print media, direct sale, telemarketing and other organizations through which an approach can be channeled to the interested individuals. Thus, a tour company needs to understand both its product and target market before designing and developing a marketing strategy for inbound and outbound tours.

7.6 Importance of Accounting in Travel Operations:

Today, accounting is recognized as an information system and is designed to communicate the right information to the internal as well as external users. It involves recording, classification and summarizing the accounting information directed towards the determination of financial strength and weakness of a travel agency. To manager a travel agency/ tour operator profitably demands accurate recording and preparation of financial statements. These are essential in determining the true and fair status of business and for making strategic plans and decisions.

Accounting System:

The basic objective of accounting is to ascertain profitability and financial position of a travel agency operation. To achieve this, every travel agency prepares the following journals and statements:

- Sales
- Cash receipt
- Account receivable
- Cash disbursement
- IATA ledger
- Pay Roll
- General Ledger
- Profit and Loss Account
- Balance Sheet.

Cash Receipt Journal:

It is used to record all revenues received by the travel agency during a period. In other transactions concerning cash, cheques, credit cards are recorded in this Journal. For example sole of tour package, commission received from the hotel companies, Airlines, and other vendors are recorded in it.

Account Receivable:

When a travel agency purchases tourism products/services from the supplier/principal on credit, the amount owned to producers/suppliers/ sellers are referred to as an account receivable.

Sales Journal:

In this journal all credit sales are recorded. Sometimes, a travel agency provides/extends credit facilities to its clients i.e., leisure and commercial clients. It, infact, makes a cash loan to its clients. However, it has been noticed that only large sale travel agencies can afford to extend credit to corporate customers, but even then, a thorough credit check is required before a credit account is opened. To maintain up to date record of all credit sale, every travel company prepare a sales Journal.

Cash Disbursement:

Cash outflows are recorded in the cash disbursement journal. Cash outflows mean the operating expenses of the travel agency like rent, salaries, telephone expenses, administrative expenses, financial and legal expenses, selling and distribution expenses etc. These are mostly paid by cheques or through bank drafts. Cash disbursement journal is also called cost journal. Thus, cost journal is used to record the payments made by a travel to its employees and other.

IATA Ledger:

The IATA ledger is known as 'Chief Book of Accounts' and is the destination point of the entries made in the journals or sub journal. It is used a balance the accounts of the travel agency. In accounting, 'Balancing Accounting' means continuous and consistent check and verifications of the accuracy of a travel's accounting system.

The main objectives of IATA ledger are:

- Identification of travel agencies' revenue sources.
- Determination of total sales (credit and cash).
- Determination of total commission earned by the travel agency.
- Find out the total amount owned to IATA.
- Evaluate the performance of each travel agency.

The procedure for posting IATA ledger is very simple and easy to understand. Today, almost every travel agency is using Electronic Data Processing System (EDP) to maintain up – to – date record of each cash as well as credit – card transactions. The procedure of posting Cash and Credit – Card Transaction in the IATA Ledger is:

- Enter the date, items and invoice no.
- Enter the gross amount of cash and credit – card transaction.
- Calculate the commission and enter in the agency commission column.
- Subtract the commission from the gross sale and enter the result in the Net Amount Column.
- If any amount is due then record it in the due column.

Pay Roll Journal:

In this journal a travel agency maintains the record of salaries and other benefit (financial) given to its employees like number of employees on the pay roll, total

salaries, insurance premiums, compensations, housing facilities, medical facilities and other benefits to the employees.

Practically, total from each journal is compiled monthly and posted to the general ledger. In this ledger all types of accounts are maintained/ transferred from the various individual journals to provide ready information for the preparation of financial statements.

7.7 Summary:

In this unit you have discussed:

Travel operations have different components including, information providing, itinerary designing, airline ticketing, visa related services and reservations.

Tour packaging and costing are the main components of travel operation

A travel agency takes care of currency handling and organizing the conferences and conventions

The itineraries are of different kind and the travel agency supplies itinerary to different service providers for a particular tour to assure the best quality of its operations.

The airline ticketing is very important element of tourism operations and there are various kinds of tickets. The airfare calculation has also been learnt.

How important is marketing for a travel agency including inbound and outbound tourism.

The accounting is very important element of travel operation and there are various kinds of account heads which have to be maintained by the accounts department in a travel agency.

7.8 Answers to Check Your Progress:

1. Reservation
2. Travel information
3. Travel agency/ tour operator
4. Travel industry
5. TCI, SITA and Thomas Cook

7.9 Suggested Readings:

- Beaver, Allen (1975), Retail Travel Practice, Beaver and Gordon Land Tour Ltd, London.
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- The ABC World Airways Guide, Jan. 1999
- ASTA Manual
- Financial Statements of various Travel agencies and tour operators.

7.10 Review Questions:

1. What do you understand with the travel agency as a ground handling agency?
2. What are the major components of travel operations?
3. What all is included in a conference package?
4. Define the itinerary and its importance
5. Explain various kinds of itinerary
6. What do you understand with airline ticketing?
7. Draw the reservation table and write about airfare calculation
8. Why marketing is important for travel agency business?
9. Describe accounting system in detail.

UNIT – 8

INTERNATIONAL CONVENTIONS ON TRAVEL AND TOUR OPERATION

Structure:

- 8.0 Objectives**
- 8.1 Introduction**
- 8.2 Warsaw Convention 1929**
- 8.3 Chicago Convention 1944**
- 8.4 ASTA Principle of Professional Conduct and Ethics**
- 8.5 Tourism Bill of Rights and Tourist Code**
- 8.6 World Association of Travel Agents (WATA)**
- 8.7 Brussels Convention on Travel Contract (CCV)**
- 8.8 Helsinki Accord**
- 8.9 Athens Convention**
- 8.10 International Council of Cruise Lines, Guidelines for Medical Facilities**
- 8.11 Manila Declaration on World Tourism**
- 8.12 Summary**

8.0 Objectives:

After reading this unit, you will be able to:

- Explain the significance of international conventions;
- Discuss the implications of international conventions for world tourism;
- Describe the important conventions like Warsaw and Chicago; and
- Discuss the role played by organizations like WATA and ASTA;

8.1 Introduction:

International conventions play a major role for governance of international travel and tourism trade. If you look into the history at the some point of time a realization came into the global leadership to formulate suitable regulatory mechanism for governance of civil aviation, railways, sea transport etc. Similarly the need for fixing up the liability also arise because of the fact that unforeseen circumstances

leads to material damage as well as there is a greater risk of the life and the property of indiscriminate travelers. A thorough understanding of these conventions and their proceedings will enable the students to keep themselves aware about the contemporary changes happening in travel and tourism trade. In this unit, we shall discuss the important convention like Warsaw and Chicago convention and significance of international conventions. We shall also discuss the role of organization like WATA and ASTA and so on.

8.2 Warsaw Convention 1929:

Warsaw Convention means the convention for the unification of shorten rules relating to international carriage by air signed at Warsaw, Poland on 12 October 1929, or that convention as amended at The Hague, on 28 September 1955, whichever is applicable.

The convention defines if the carriage involves on ultimate destination or stop in a country other than the country in departure, the Warsaw Convention may be applicable and the convention governs and in worst cases limits the liability of the carrier in respect of loss, damage or delay to Cargo to 250 French Gold Francs, unless the higher value is declared in advance by the shipper and a supplementary charge paid if required. The liability limit of 250 French Gold Francs per Kilogram is approximately US\$ 20 per Kilogram based on US\$ 42.22 per Ounce of gold. “French Gold Francs” means Francs consisting of 65.5 milligram of gold with a fineness of nine hundred thousandths.

8.2.1 Advice to International Passenger’s on Limitation of Liability:

Passenger’s on a journey involves ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as Warsaw convention may be applicable to the entire journey, including any portion entirely within the country of origin or destination. For such passenger’s on a journey to, from within an agreed stopping place in the United States of America, the convention and special contracts of carriage embodied in applicable tariffs provide that the liability of certain carriers, parties to such special contract’s, for death of or personal injury to passenger’s is limited in most cases to proven

damages not to exceed US\$ 75,000 per passenger and that this liability up to such limit shall not depend on negligence on the part of the carrier.

For such passenger's traveling by a carrier not a party to such special contracts or on a journey not to, from, or having an agreed stopping place in the United States of America, liability of the carrier for death or personal injury to passenger's is limited in most cases to approximately US\$ 10,000, US\$ 20,000.

The names of carrier's parties to such special contracts are available at all ticket offices of such carrier's and may be examined on request. Additional protection can usually be obtained by purchasing insurance from a private company. Such insurance is not affected by any limitations of the carrier's liability under the Warsaw Convention or such special contracts of carriage.

N.B.: The limit of liability of US\$ 75.000 above is inclusive of legal fees and costs except that in case of a claim brought in a state where provision is made for separate award of legal fees and costs. The limit shall be the sum of US\$ 58.000 exclusive of legal fees and costs.

8.2.2 Notice of baggage liability limitations:

Liabilities for loss, delay or damage to the baggage is limited unless a higher value is declared in advance and additional charges are paid. For most international travel (including domestic portions of international journeys), the liability limit is approximately US\$ 9.07 per pound (US\$ 20.00 per Kilo) for checked baggage and US\$ 400 per passenger for unchecked baggage. For travel wholly between U.S.points federal rules, require any limit on an airlines baggage liability to be at least US\$ 1250.00 per passenger. Excess valuation may not be declared on certain type of articles. Some carriers assume no responsibilities/liabilities for fragile, valuable or perishable articles. Further specific information's can be detained from the carrier.

8.3 Chicago Convention 1944:

Between 1 November to 7 December 1944, the Chicago Convention on international civil aviation was held at Chicago, USA. Sir Franklin.D.Roosevelt, The then USA President, chaired the convention. Nearly all countries active in the international were parties to it. The convention discussed relation between states

on both technical and commercial subjects concerning international air transport such as:

- Flying over the territory of contracting states
- Availing facilities like custom and other related air operational service
- Prevention against spread of epidemics.
- Assistance on frontier formalities facilitation and documentation.
- Recognition of each other certificate and license.
- Assistance on statistics, finances, technology and accident investigation.
- Establishment of ICAO and IATA.

The Chicago convention does not itself grant rights to operate the international air services but it makes provision for the manner in which such rights may be granted. It draws the distinction between the scheduled and non-scheduled air services.

(a) Scheduled air carrier may be operated by agreement between two countries or more concerned. Numerous agreements of this kind known as “Bilateral”, “Trilateral” and “Multilaterals” have been entered between state is with regard to non-scheduled air services the convention states that each country may impose such regulation and condition as it may consider desirable.

Bilaterals: Under the bilateral agreement, each state designates its scheduled air carrier. Sometimes designation of one carrier is also permitted the agreement specify the rights that such designated carrier will enjoy in a different country. The most important part of the bilateral agreements specifies the cities, which may be served by the designated airlines. These agreements go even further, often stipulating at which points whether intermediate or beyond the other country – the designated carrier may exercise its traffic rights. These right including the right of over fly or make stop for technical reason’s only in another country, are known as the “Freedoms of the Air”.

It should be noted that however, these traffic rights could only be exercised if specifically permitted in the bilateral agreements. Furthermore a special authorization is required not only in the bilateral between the two countries, but also in the bilateral between the country of the designated carrier and each of the countries where the intermediate point or the point beyond is situated. If one agreement is missing, the carrier may not have full traffic right and may loose revenues.

Those agreements may be different from the regular charter services. For exceptional or single commercial flight's, no bilateral agreement is necessary. When filing a flight plan a single authorization will be automatically issued. All flights for regular air carriers are filed for 6 or 12 months, with the air, office of the governments concerned, where the flight will be landing and departing. The following examples are concerned with operations of an airline of country "A".

First Freedom:

Example: - Flight : AI 319
Airline : India, Air India
Origin : Mumbai
Destination: Dharam (Saudi Arabia)
Over fly: Dubai (U.A.E)

Second Freedom:

Example: - Flight : PIA 786
Airline : Pakistan International Airline (Pakistan)
Origin : KHI (KARACHI)
Destination: DEL (Delhi)
Technical stop: At DXB (DUBAI) for refueling

Third Freedom:

Example: - Flight : CX 920
Airline : Cathy Pacific (Hong Kong)
Origin : HKG
Destination: TYO (Tokyo)

Right for Cathy Pacific to set down passengers, mail and cargo, from the home country in a foreign country.

Fourth Freedom:

Example: - Flight : CX 919
Airline : Cathy Pacific (Hong Kong)
Origin : Tokyo (Japan)
Destination: Hong Kong

Right for CX: To pickup Mail's, Cargo and passengers from a foreign country to the home country.

Fifth Freedom:

Example: - Flight : QF 505
Airline : Qantas
Origin : BKK (Thailand)
Destination: AMS (Netherlands)
Right for QF: To carry passenger's, Mail
And Cargo between two foreign countries

Sixth Freedom:

Example: - CO – Continental Airline (USA)
Flight : CO 004
Origin : LON (Britain)
Destination: Mexico City (Mexico)
Via : Washington (USA)

Right of Continental Airline to carry passengers, Mail and Cargo between two foreign countries but via the home country (normally with the change of aircraft)

Seventh Freedom or CABOTAGE

Example: - Flight : RK 808
Airline : Air Afrique (Cote d'ivoire)
Origin : France (Marseille)
Destination: Paris (France)

Right for RK: To carry passenger's, Mail and Cargo wholly within a foreign country.

Eighth Freedom:

Example: - Flight : JL 309
Airline : Japan Airline
Origin : Hono Lulu
Destination: San Francisco

Right of JL: To carry passenger's, mail and cargo between Hono Lulu and San Francisco

8.4 ASTA Principles of Professional Conduct and Ethics:

The travel industry today is highly specialized. The average traveler, faced with a myriad of alternatives for transportation, accommodations and other travel services, must depend upon the professional travel agent to guide him wisely and

honestly in his choices. Similarly, these travel services depend upon the travel agent to follow the best traditions of salesmanship and ethical conduct. In recognizing this role, ASTA steadfastly demands adherence to a code of ethics. Every ASTA member accepts this creed as his own, and pledges himself to observe its spirit in all his activities. The following is an excerpt from ASTA's "Principles of Professional Conduct and Ethics". The complete text is available in booklet form and may be obtained from ASTA Headquarters.

8.4.1 Relations with the Public:

It is the duty of the ASTA Member to protect the public against any fraud, misrepresentation or unethical practices in the Travel Agency Industry, and to report to Headquarters, in writing, any unethical practices.

It is the duty of the ASTA Member to keep him and his staff fully informed on all phases of domestic and international travel in order to give clients truly professional travel advice.

ASTA Members shall consider every transaction with a client to be strictly confidential.

ASTA Members must advise their clients in writing whether the client will be required to pay any charge in the event the booking is changed or cancelled.

ASTA Members should use advertising materials to acquaint the public with the advantages to be gained with the ASTA Travel Agent.

The ASTA Members in his advertising should avoid misleading statements and doubtful. Such phrases as "our services are free" or "it costs no more" or words of similar import shall not be used.

8.4.2 Relations with Travel Services:

ASTA Members shall, at all times, follow the best traditions of salesmanship and good taste by according all services fair and impartial representation.

ASTA Members shall adhere to all valid rules and regulations of carriers and carrier conferences.

ASTA Members shall make themselves and their employees thoroughly conversant with conference agreements, and with tariff rules and regulations.

ASTA Members shall not divide any commission allowed them by any carrier with the passenger or any other individual not regularly in its employ, either directly or indirectly, or use any similar subterfuge.

ASTA Members shall not improperly attempt in any manner to influence the employees of carriers, hotels, tour operators or other organizations for securing preferential consideration.

ASTA Members to ease space availability problems of the carriers and other travel services, shall release promptly all unsold space and refrain from suggesting and/or making duplicate bookings for clients.

In the event of a complaint of grievance by a client against any carrier, hotel or other service, ASTA Members shall give them an opportunity to make full investigation before taking action.

8.4.3 Relations with Other Travel Agents:

The ASTA Member should seek no unfair advantage over his fellow Travel Agent and should willing share with him the lessons of his experience and study.

An ASTA Member should so conduct his business as to avoid controversies with his fellow Travel Agents. Any controversy that does occur should be submitted to the Grievance and Ethics Committee.

An ASTA Member should not disparage the business practices of a competitor.

ASTA Members shall not willfully interfere with or induce the cancellation of a definite sale made by another Travel Agent.

ASTA Members shall not solicit the services of an employee of another Travel Agent without his knowledge.

ASTA Members shall not imitate any name design or style mark used by another ASTA Members, without permission.

When an ASTA Member is charged with an alleged unethical practice, he should willingly place all pertinent facts before the Grievance and Ethics Committee.

8.5 Tourism Bill of Rights and Tourist Code:

The General Assembly of the World Tourism Organization at its Sixth Ordinary Session in Sofia, Bulgaria, held on from 17 to 26 September 1985 passed the tourism bill of Rights and Tourist and recommended the following guidelines:

- I. AWARE** of the importance of tourism in the life of people because of its direct and positive effects on the social, economic, cultural and educational sectors of national society and the contribution it can make, in the spirit of the United Nations Charter and the Manila Declaration of World Tourism, to improving mutual understanding, bringing peoples closer together and, consequently, strengthening international cooperation.
- II. RECALLING** that, as recognized by the General Assembly of the United Nations, the World Tourism Organization has a central and decisive role in the development of tourism with a view to contributing, in accordance with Article 3, paragraph 1 of its Statutes, “to economic development, international understanding, peace, prosperity and universal respect for, and observation of , human rights and fundamental freedoms for all without distinction as to race, sex, language or religion”.
- III. RECALLING** the Universal Declaration of Human Rights adopted by the General Assembly of the United Nations on 10 December 1948, and in particular Article 24 which provides that “Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay”, as well as the International Covenant on Economic, Social and Cultural Rights adopted by the General Assembly of the United Nations on 16 December 1966, which invites States to ensure for everyone “Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays”.
- IV. CONSIDERING** the resolution and recommendations adopted by the United Nations Conference on International Travel and Tourism (Rome, September 1963), and particularly those aimed at promoting tourism development in the various countries and at simplifying government formalities in respect of international travel.
- V. DRAWING ITS INSPIRATION** from the principles set forth in the Manila Declaration on World Tourism adopted by the World Tourism Conference on 10 October 1980, which emphasizes the new role of tourism as an appropriate instrument for improving the quality of life of all peoples and as a vital force for peace and international understanding and defines the responsibility of States for tourism development and, in particular, for

fostering awareness of tourism among the peoples of the world and protecting and enhancing the tourism resources which are part of mankind's heritage, with a view to contributing to the establishment of a new international economic order.

VI. SOLEMNLY AFFIRMING, as a natural consequence of the right to work, the fundamental right of everyone, as already sanctioned by the Universal Declaration of Human Rights, to rest, leisure and periodic holidays with pay and to use them for holiday purposes, to travel freely for education and pleasure and to enjoy the advantages of tourism, both within his country of residence and abroad.

VII. INVITES the States to draw inspiration from the principles set forth below substituting the Tourism Bill of Rights and Tourist Code, and to apply them in accordance with the procedures prescribed in the legislation and regulations of their own countries.

8.6 World Association of Travel Agents (WATA):

Independent travel agents for the benefit of independent travel agencies around the world created WATA. It helps the agencies to gain local respect with the influence gained by global recognition. Since its inspection from 1949, WATA has become a respected name in the travel industry worldwide with over 1000 members in more than 50 countries.

WATA was registered as an association under Swiss Civil Law and is an essentially a non-profit making organization. It's permanent in headquarter is located at Gland, Switzerland. WATA provides information, assistance, promotional action business management, developmental guidelines for all members.

8.6.1 Code of Conduct:

- i.** WATA symbolizes consistency in quality
- ii.** High standard of business
- iii.** Universal code of conduct for all members

- iv. Reliability
- v. Honesty
- vi. Dedication to duties
- vii. Customer satisfaction
- viii. Sales appraisal
- ix. Innovative technique
- x. Offside assistance through close partnership etc.

8.7 Brussels Convention on Travel Contract (CCV):

An international convention was held at Brussels Belgium on 23rd April 1970 to note the development of tourism and its economic and social role as well as for recognizing the need of establish uniform provision relating to travel contracts.

The participating nations were agreed on the following:

- i. The travel contract means either an organized travel contract or an intermediary travel contract.
- ii. Prize means any remuneration in cash or kind or in the form of direct or indirect benefits of any kind whatsoever.
- iii. Travel organizers mean any person who habitually or regularly undertakes to perform the contract whether or not such active his main business and whether or not he exercises such activities on a professional basis.
- iv. Travel intermediary shall be any person who habitually or regularly undertakes to perform the contract whether such activities are his main business or not and whether he exercises such activities on a professional basis or not.
- v. Traveler means any person who benefits from an undertaking whether the contract is concluded or the price paid by himself or by any other person for him.

This convention shall apply to any travel contract concluded by the travel organizer or intermediary where his principal place of business or, failing of such

business, his habitual residential, or the place of business through which the travel contract has been concluded, is located in a contracting state. This convention shall apply without prejudice to any special law establishing preferential treatment category of travelers.

8.8 Helsinki Accord:

An accord is sign between the participating nations at Helsinki on 1 Aug 1979 regarding security of cooperation in Europe. The convention reaffirm its objective of promoting better relations among the participating nation and ensuring that their people can leave in true and lasting peace free from any theft of or attempt their security.

The convention adopted the following:

- i.** The participating nation should respect any others sovereign equality.
- ii.** Should refrain from the theft or of force
- iii.** Should regard each other frontier is inviolable
- iv.** Should respect the territorial integrity.
- v.** Should settle disputes by peaceful means.
- vi.** Should refrain from any intervention any internal affairs.
- vii.** Should respect human rights and fundamental freedoms.
- viii.** Should respect equal rights and self-determination people.
- ix.** Should cooperate among themselves in accordance with the purpose and principles of United Nation charter.
- x.** Should fulfill good faith and obligation under international law.

8.9 Athens Convention:

An international convention was held at Athens (Greece) in the year 1974. The main aim of the convention was to set limits of liability for shipping companies for loss or damage to baggage or injury to or death of passenger's. The participants are from these countries involved in the business of shipping of cargo and passengers. Like the Warsaw Convention, the conditions of liability is set and they are as follows:

- i. All shipping companies operating to carry passengers or cargo should have a three party insurance coverage before operation.
- ii. The Carrier is liable to the passenger, consignee or shipper only from the time of receipt of passenger or cargo to the time of off-loading from the carrier.
- iii. Any mishandling at the time of loading or off-loading is not coming under the conditions of liability of the carrier.
- iv. The liabilities are limited whatever the consignment may be as per a pre-determined rule.
- v. The burden of proof of (all necessary measures to avoid damage) is thus shifted from the claimant. Where it normally rests and placed on the shipping company.

8.10 International Council of Cruise Lines, Guidelines for:

1.8.1 Medical Facilities:

The International Council of Cruise Lines (ICCL) is a non-profit industry trade association consisting of the 16 largest passenger cruise lines that call on major ports in the United States and abroad. The ICCL is dedicated to helping the cruise industry provide a safe, healthy, secure and caring ship environment for both passengers and crew. Among those services that illustrate this commitment to passenger welfare are the shipboard medical infirmaries found on all ICCL member vessels.

The ICCL member lines have taken a proactive role in addressing the quality of shipboard medical care, and many cruise ship physicians are members of the American College of Emergency Physicians ("ACEP") and serve on that organization's Cruise Ship and Maritime Medicine Section.

As a result of cooperative efforts between experienced cruise ship physicians and ACEP, all ICCL cruise lines have agreed to meet or exceed the requirements of the ACEP Health Care Guidelines on Cruise Ship Medical Facilities as approved on October 23, 2000. ACEP's guidelines address the facilities, staffing, equipment and procedures for medical infirmaries on cruise ships. Patients requiring facilities that

are more comprehensive or treatment are typically referred to a shore side medical facility.

These guidelines are not intended to constitute medical advice, or to establish standards of care applicable to the industry as a whole. They reflect consensus among member lines of the facilities and staffing needs considered appropriate aboard cruise vessels, within the recognized limitations of the sea environment. However, the practices of individual cruise lines and shipboard physicians may vary depending upon passenger and crew demographics, itinerary, ship's construction and other circumstances.

The guidelines are generally intended to foster the following goals:

To provide reasonable emergency medical care for passengers and crew aboard cruise vessels.

To stabilize patients and/or initiate reasonable diagnostic and therapeutic intervention

To facilitate the evacuation of seriously ill or injured patients when deemed necessary by a shipboard physician

The specific medical needs of a cruise ship are dependent on variables such as ship size, itinerary, anticipated patient mix, anticipated number of patients' visits, etc. These factors will modify the applicability of these guidelines especially concerning staffing, medical equipment and the ships' formulary.

Medical care on cruise ships would be enhanced by ensuring that cruise ships have:

- I. A ship medical centre with medical staff (physicians and registered nurses) on call 24 hours per day, examination and treatment areas and an inpatient medical holding unit adequate for the size of the ship. A medical centre with adequate space for diagnosis and treatment of passengers and crew with 360° patient accessibility around all beds / stretchers and adequate space for storage.
 - One examination / stabilization room per ship
 - One ICU room per ship
 - Minimum number inpatient beds of one bed per 1000 passengers and crew
 - Isolation room or the capability to provide isolation of patients
 - Access by wheelchairs / stretchers
 - Wheelchair accessible toilet on all new builds delivered after January 1, 1997
 - A contingency medical plan defining:

- One or more locations on the ship that should:
- be in a different fire zone (from the primary medical centre)
- be easily accessible
- have lighting and power supply on the emergency system.
- Portable medical equipment and supplies including
- Documentation and planning material
- Medical waste and personal protective equipment
- Airway equipment, oxygen and supplies
- IV Fluids and supplies
- Immobilization equipment and supplies
- Diagnostic and laboratory supplies
- Dressings
- Treatment - medications and supplies
- Defibrillator and supplies
- Communication equipment for each member of the medical staff
- A clear procedure in case the primary medical space cannot be used
- Crew assigned to assist the medical staff

II. Medical staff who have undergone a credentialing process to verify the following qualifications:

- Current physician or registered nurse licensure
- Three years of post-graduate / post-registration clinical practice in general and emergency medicine

OR

- Board certification in:
 - Emergency Medicine or
 - Family Practice or
 - Internal Medicine
- Competent skill level in advanced life support and cardiac care.
- Physicians with minor surgical skills (i.e. suturing, I&D abscesses, etc)
- Fluent in the official language of the cruise line, the ship and that of most passengers

III. A medical record and communication system that provides:

- Well organized, legible and consistent documentation of all medical care

- Patient confidentiality

IV. Emergency medical equipment, medications and procedures:

- Equipment:
 - Airway equipment - bag valve mask, ET tubes, stylet, lubricant vasoconstrictor, suction equipment (portable)
 - Cardiac monitor and back-up monitor (2)
 - Defibrillators two (2) portable, one of which may be semi-automatic
 - External cardiac pacing capability
 - Electrocardiograph
 - Infusion pump
 - Pulse Oximeter
 - Nebulizer
 - Automatic or manual respiratory support equipment
 - Oxygen (including portable oxygen)
 - Wheelchair
 - Stair chair and stretcher
 - Refrigerator / Freezer
 - Long and short back boards cervical spine immobilization capabilities
 - Trauma cart supplies

- Medications

Emergency medications and supplies for management of common medical emergencies, to include:

- Thrombolytics and sufficient quantities of advanced life support medications, in accordance with international ALS guidelines, for the management of two complex cardiac arrests
- Gastro-intestinal system medications
- Cardiovascular system medications
- Respiratory system medications
- Central nervous system
- Infectious disease medications
- Endocrine system medication
- Obstetrics, gynaecology and urinary tract disorder medications
- Musculoskeletal and joint disease medications

- Eye medications
 - Ear, nose and oropharynx medications
 - Skin disease medications
 - Immunological products and vaccines
 - Anesthesia medications
 - Procedures
 - Medical operations manual as required by international safety management code
 - Medical staff orientation to the medical centre
 - Maintenance for all medical equipment as recommended by manufacturer
 - Code team trained and updated regularly
 - Mock code and contingency medical plan drills on a recurrent basis and as recommended by ships' physician
 - Emergency preparedness plan as required by the international safety management code
 - Internal and external audits
- V. Basic laboratory and X-ray capabilities
- Haemoglobin / haematocrit estimations, urine analysis, pregnancy tests, blood glucose (all with quality control program as recommended by the manufacturer)
- X-ray machine for new builds delivered after January 1, 1997
- A process whereby passengers (prior to embarkation) are requested to provide information regarding any medical needs that may require medical care on board. (FYI-ACEP Board)
- A health, hygiene and safety program for medical personnel
- A regular health, hygiene and safety program for medical personnel
 - An annual TB screening program for all medical personnel

8.11 Manila Declaration on World Tourism:

The World Tourism Conference, which was held at Manila, Philippines in October 1980, considered the nature of tourism phenomenon in all its aspects and the role tourism is bound to play in a dynamic and vastly changing world. Convened by the

World Tourism Organization the conference also considered the responsibility of various states for the development and enhancement as more than purely economic activities of nations and peoples.

The significance of tourism to developing countries came up for detailed discussion during the conference. The participants in the World Tourism Conference attached particular importance to its effects on the developing countries. The conference from the beginning pronounced itself on this subject. It stated its conviction “ that the world tourism can contribute to the establishment of a new international economic order that will help to eliminate the widening economic gap between developed and developing countries and ensure the steady acceleration of economic and social development and progress, in particular of the developing countries”.

Manila Declaration on World Tourism considered almost all the aspects of the tourism phenomenon. Besides the economic aspects, social, cultural, spiritual aspects also were considered. The conference was also convinced that world tourism can be a vital force for world peace and can provide the moral and intellectual basis for international understanding interdependence.

8.11.1 The Declaration States:

Tourism is considered an activity essential to the life of nations because of its direct effects on the social, cultural, educational and economic sectors of national societies and their international relations. Its development is linked to the social and economic development of nations and can only be possible if man has access to creative rest and holidays and enjoys the freedom to travel, within the framework of free time and leisure whose profoundly human character it underlines. Its very existence and development depend entirely on the existence of a state of lasting peace, to which tourism itself is required to contribute.

On the threshold of the twenty-first century and in view of the problems facing mankind it seems timely and necessary to analyze the phenomenon of tourism, in relation fundamentally to the dimensions it has assumed since the granting to workers of the right to annual paid holidays moved tourism from a restricted elitist activity to a wider activity to activity integrated into social and economic life.

As a result of people's aspirations to tourism, the initiatives taken by States regarding legislation and institutions, the permanent activities of voluntary bodies representing the various strata of the population and the technical contribution made by specialized professionals, modern tourism has come to play an important role within the range of human activities. States have recognized this fact and the great majority of them have entrusted the World Tourism Organization with the task of ensuring the harmonious and sustained development of tourism, in cooperation, in appropriate cases, with the Specialized Agencies of the United Nations and the other international organizations concerned. The right to use of leisure, and in particular, the right to access to holidays and to freedom of travel and tourism, a natural consequence of the right to work, is recognized as an aspect of the fulfillment of the human needs by the Universal Declaration of Human Rights as well as by the legislation of many States. It entails for society the duty of providing for its citizen the best practical, effective and non-discriminatory access to this type of activity. Such an effort must be in harmony with the priorities, institutions, and traditions of each individual country.

There are many constraints on the development of tourism, and groups of nations should determine and study those constraints, and adopt measures aimed at removing their negative influence.

The share tourism represents in national economies and in international trade makes it a significant factor in world development. Its consistent major role in national economic activity, in international transactions and in securing balance of payments equilibrium makes it one of the main activities of the world economy.

Within each country, domestic tourism contributes to an improved balance of the national economy through a redistribution of the national income. Domestic tourism also heightens the awareness of common interest and contributes to the development of activities favorable to the general economy of the country. Thus, the development of tourism from abroad should be accompanied by a similar effort to expand domestic tourism.

The economic returns of tourism, however real and significant they may be, do not and cannot constitute the only criterion for the decision by States to encourage this activity. The right to holidays, the opportunity for the citizen to get to know his

own environment, a deeper awareness of his national identity and of the solidarity that links him to his compatriots and the sense of belonging to a culture and to a people are all major reasons for stimulating the individual's participation in domestic and international tourism through access to holidays and travel.

The importance that millions of our contemporaries attach to tourism in the use of their free time and in their concept of the quality of life makes it a need that governments should take into account and support.

Social tourism is an objective which society must pursue in the interest of those citizens who are least privileged in the exercise of their rights to rest.

Through its effects on the physical and mental health of individuals practicing it, tourism is a factor that favours social stability, improves the working capacity of communities and promotes individual as well as collective well-being.

Through the wide range of services needed to satisfy its requirements, tourism creates new activities of considerable importance, which are a source of new employment. In this respect, tourism constitutes a positive element for social development in all the countries where it is practiced, irrespective of their level of development.

With respect to international relations and the search for peace, based on justice and respect of individual and national aspirations, tourism stands out as a positive and ever-present factor in promoting mutual knowledge and understanding and as a basis for reaching a greater level of respect and confidence among all the peoples of the world.

Modern tourism results from the adoption of a social policy, which led to the workers gaining annual paid holidays, and represents the recognition of a fundamental right of the human being to rest and leisure. It has become a factor contributing to social stability, mutual understanding among to its well-known economic aspects, it has acquired a cultural and moral dimension which must be fostered and protected against the harmful distortions which can be fostered and protected against the harmful distortions which can be brought about by economic factors. Public authorities and the travel trade should accordingly participate in development of tourism by formulating guidelines aimed at encouraging appropriate investments.

Youth tourism requires the most active attention since young people have less adequate income than others do for traveling or taking holidays. A positive policy should provide youth with the utmost encouragement and facilities. The same attention should be provided for the elderly and handicapped.

In the universal efforts to establish a new international economic order, tourism can under appropriate conditions, play a positive role in furthering equilibrium, cooperation, mutual understanding, and solidarity among all countries.

Nations should promote improved conditions of employment for workers engaged in tourism, confirm, and protect their right to establish professional trade unions and collective bargaining.

Tourism resources available in various countries consist at the same time of space, facilities and values. These are resources whose use cannot be left uncontrolled without running the risk of their deterioration, or even their destruction. The satisfaction of tourism requirements must not be prejudicial to the economic interests of the population in tourist areas, to the environment or, above all to natural resources, which are the fundamental attraction of tourism, and historical and cultural sites. All tourism resources are part of the heritage of mankind. National communities and the entire international community must take the necessary steps to ensure their preservation. The conservation of historical, cultural, and religious sites represents at all times, and notably in time of conflict, one of the fundamental responsibilities of states.

International cooperation in the field of tourism is an endeavor in which the characteristics of people and basic interests of individual states must be respected. In this field, the central and decisive role of the World Tourism Organization as a concept utilizing and harmonising body is obvious.

Bilateral and multilateral technical and financial cooperation cannot be looked upon as an act of assistance since it constitutes the pooling of the means necessary for the utilization of resources for the benefit of all parties.

In the practice of tourism, spiritual elements must take precedence over technical and material elements. The spiritual elements are essentially as follows:

- The total fulfillment of the human being;
- A constantly increasing contribution to education;
- Equality of destiny of nation;

- The liberation of man in a spirit of respect for his identity and dignity;
- The affirmation of the originality of cultures and respect for the moral heritage of peoples.

Preparation for tourism should be integrated with the training of the citizen for his civic responsibilities. In this respect, governments should mobilize the means of education and information at their disposal and should facilitate the work of individuals and bodies involved in this endeavor. Preparation for tourism, for holidays and for travel could usefully form part of the process of youth education and training. For these reasons, the integration of tourism into youth education constitutes a basic element favorable to the permanent strengthening of peace.

Any long-term analysis of humankind's social, cultural and economic development should take due account of national and international tourist and recreational activities. These activities now form an integral part of the life of modern national and international societies. Bearing in mind the acknowledged values of tourism which are inseparable from it, the authorities will have to give more increased attention to the development of national and international tourist and recreational activity, based on an ever wider participation of peoples in holidays and travel as well as the movement of persons for numerous other purposes, with a view to ensuring the orderly growth of tourism in a manner consistent with the other basic needs of society.

The States and other participants in the Conference, together with the World Tourism Organisation, are strongly urged to take into account the guidelines, viewpoints and recommendations emanating from the Conference as that they can contribute, on the basis of their experience and in the context of their day to day activities, to the practical implementation of the objectives set with a view to broadening the process of development of world tourism and breathing new life into it.

The Conference urges the World Tourism Organisation to take all necessary measures, through its own international machinery and, where appropriate, in cooperation with other international, inter-government and non-governmental bodies, so as to permit the global implementation of the principles, concepts and guidelines contained in this final document.

Check Your Progress:

Answer the following questions.

1. What is CABOTAGE?

2. Discuss the Brussels Convention on Travel Contract.

Check your answer with the one given at the end of the unit.

8.11 Summary:

Tourism is considered an activity essential to the life of nations because of its direct effects on the social, cultural, educational and economic sectors of national societies and their international relations. Its development is linked to the social and economic development of nations and can only be possible if man has access to creative rest and holidays and enjoys the freedom to travel, within the framework of free time and leisure whose profoundly human character it underlines. Its very existence and development depend entirely on the existence of a state of lasting peace, to which tourism itself is required to contribute.

On the threshold of the twenty-first century and in view of the problems facing mankind it seems timely and necessary to analyze the phenomenon of tourism, in relation fundamentally to the dimensions it has assumed since the granting to

workers of the right to annual paid holidays moved tourism from a restricted elitist activity to a wider activity to activity integrated into social and economic life.

Because of people's aspirations to tourism, the initiatives taken by States regarding legislation and institutions, the permanent activities of voluntary bodies representing the various strata of the population and the technical contribution made by specialized professionals, modern tourism has come to play an important role within the range of human activities. States have recognized this fact and the great majority of them have entrusted the World Tourism Organization with the task of ensuring the harmonious and sustained development of tourism, in cooperation, in appropriate cases, with the Specialized Agencies of the United Nations and the other international organizations concerned. To streamline tourism development globally various international conventions were held from time to time.

Answer to Check Your Progress

1. CABOTAGE or Seventh Freedom

Example: - Flight : RK 808

Airline : Air Afrique (Cote d'ivoire)

Origin : France (Marseille)

Destination : Paris (France)

Right for RK: To carry passenger's, Mail and Cargo wholly within a foreign country.

- 2.** An international convention was held at Brussels Belgium on 23rd April 1970 to note the development of tourism and its economic and social role as well as for recognizing the need of establish uniform provision relating to travel contracts.

8.13 Suggested Readings:

- Bhatia, A.K., "Tourism Development: Principles and Practices"2003.
- Holloway, J. Christopher & Chris Robinson, "Marketing for Tourism"1995.
- Mill, R.C. and Alastair M. Morrison, "The Tourism System" 1992.
- Negi, Jagmohan, "Marketing and Sales Strategies for Hotels and Travel Trade"2002.
- Official websites of ICAO, IATA, ICCL, Google search etc.

- Rust, Roland T., Anthony J Zohorik & Timothy L. Keiningham, “Service Marketing”.

8.14 Review Questions:

1. What do you mean about travel ethics?
2. What are the areas covered by tourism bill of rights?
3. How could you define tourism code?
4. Professional bodies like WATA helps in standardization of travel trade service around the world, discuss.
5. The Brussel’s Convention on Travel Contract speaks about which socio-economic role of tourism?
6. What are the principles adopted by Hilsinki Accord.

UNIT – 9**LINKAGES AND ARRANGEMENT WITH OTHER
TOURISM COMPONENTS**

Structure:**9.0 Objectives****9.1 Introduction****9.9 Tourism through ages****9.3 Components of Tourism****9.4 Sectoral Amalgamation****9.5 Summary**

9.0 Objectives:

After reading this unit, you will be able to:

- Define the tourism system;
- Explain the elements of travel operations; and
- Describe the coordination of various elements in tourism operations.

9.1 Introduction:

Tourism Operations have created a space for themselves in the economy of each country, region or destination- small or big. Various sections of each economy work in a closely-knit fashion. Tourism operations, however, are not an exception. They have given rise to the inter-sectoral linkages as an important phenomenon at a point of time when tourism has been acknowledged as the world's fastest growing economic activity. Operating such an activity calls for close linkages between all the players and also all those who have stake in it. This unit attempts to provide an understanding in this regard along with highlighting certain operational issues.

In this unit the main emphasis is on the operational linkages of stake-holders with the rest of the components and the functional aspects of travel agents and tour operators. For successful operations in hospitality and tourism industry, one has to co-ordinate with many other organizations or persons providing the required products and services. For example, a tour operator is dependent upon a hotelier for accommodation, a transporter for taxis and coaches and shopkeepers for souvenirs. As a matter of fact these all have to depend upon the tour operator to ensure optimum business. Now all these have to maintain cordial and effective relations to achieve their objectives. This relationship is termed as Linkages and the same has been discussed in this unit.

9.2 Tourism through ages:

In recorded history there have been instances where by one is able to know that man has been traveling throughout the ages. Much of the travel in the beginning was largely unconscious and a simple affair. There were no travel procedures and formalities as there were no frontiers. All human activity focused upon day to day survival, they were busy in search of basic necessities like food, water and shelter but it was very difficult and unsafe.

It was however, in the Neolithic age that several innovations were made which changed the nature of travel. Around 4000 B.C. sailing vessels were built in Egypt. It was also during this period that animals were domesticated and trained to carry and transport community members, tools and agriculture supplies. Invention of wheel during this period was also an important landmark which made movement of people to distant lands possible.

Most early travel, however was not undertaken for the purposes of pleasure, the primary motive for which the travel was undertaken was related to trade, exchange of goods, commerce and the activities associated with it. The traveler in the ancient past was thus a trader and a merchant looking for merchandise and engaging in trade and commerce. There was, however, another type of traveler and this traveler was pilgrim, a scholar in search of ancient texts and a curious wayfares looking forward to new and exciting experiences. Seeking knowledge was his primary purpose for undertaking travel.

9.3 Components of Tourism:

The Basic Components: Tourism is a complex activity with wide range of relationships. In order to understand tourism systematically, it is necessary to know the various components. Three of these are considered to be basic:

- a) Transport
- b) Attractions/Locale
- c) Accommodation

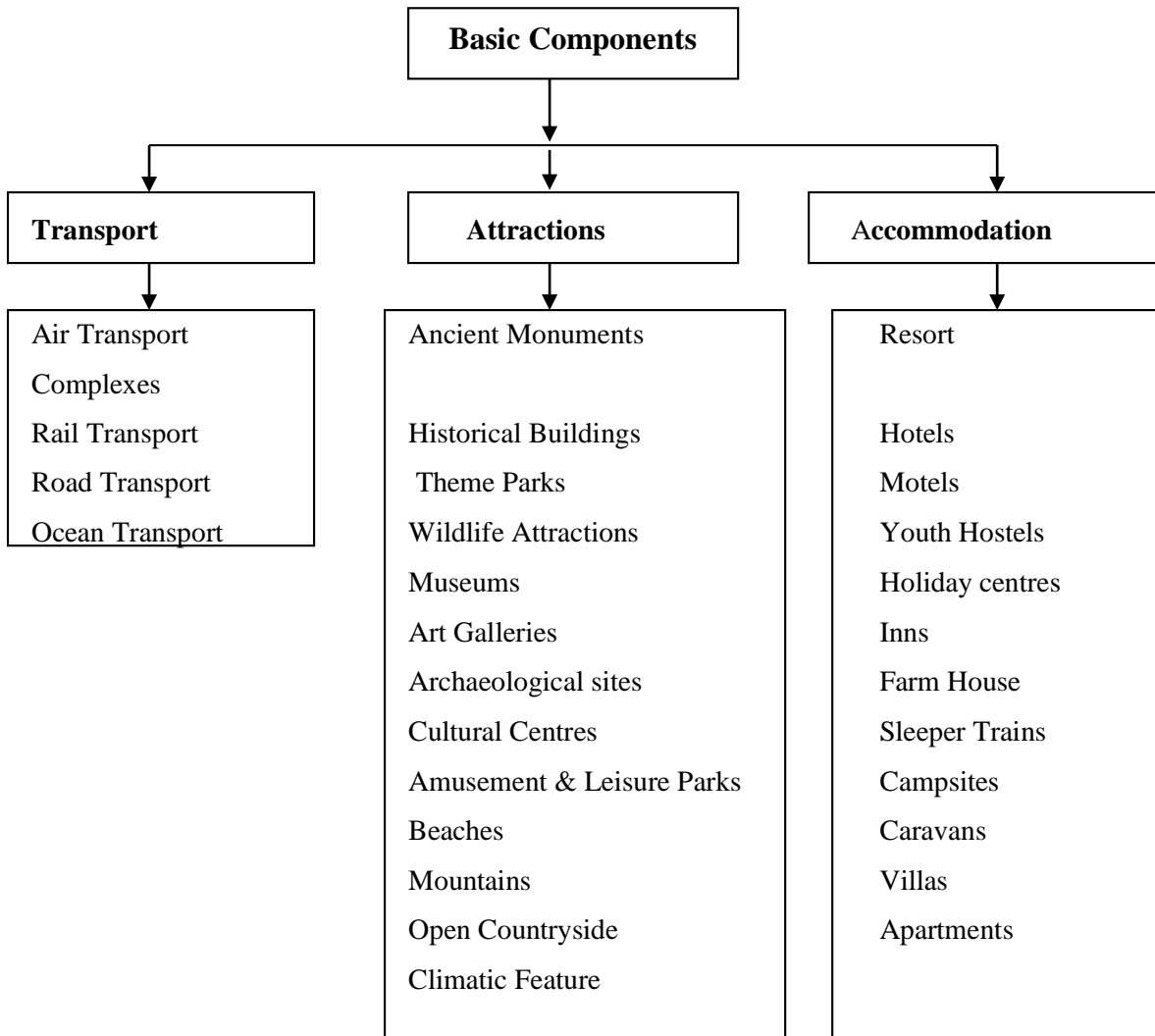
1) Transport: There can be no travel if there were no transport. Travel involves movement of people and this is possible only if there is some mode of transport. Connectivity is very vital for tourism development. This could be possible only if adequate transportation infrastructure and access to destination is efficient, comfortable and inexpensive. A tourist, in order to get to his destination therefore, needs some mode of transport. This mode of transport may be a motor car, a coach, an aeroplane, a ship or a train which enables a traveler to reach his pre-determined destination.

2) Locale: The locale may include the holiday destination and what it offers to the tourist. The holiday destination may offer natural attractions like sunshine, scenic beauty or sporting facilities, etc. The locale, with its attractions and amenities, is the most important as these are very basic to tourism. Unless these are there the tourists will not be motivated to go to a particular place. Tourist demands also change very fast due to change in fashion. Fashion is an important factor in the demand for various tourist attractions and amenities. The tourists who visit a particular place for its natural beauty may decide to visit some other attractions due to change in fashion.

3) Accommodation: Accommodation plays a central role and is very basic to tourist destinations. World Tourism Organisation in its definition of a tourist has stated that the tourists must spend at least one night in the destination visited to be qualified as a tourist. This requires availability of some kind of accommodation.

Accommodation may in itself be an important tourist attraction. Infact, a large number of tourists visit a particular destination or town simply because there is a first class luxury hotel or a resort which provides excellent services and facilities. There has been decline in the use of boarding houses and small private hotels. Large hotels are increasing their share of holiday trade in big metropolitan areas and popular tourist spots.

Table: Basic Components of Tourism



The various principal elements in tour operations and linkages involved therein, to a large extent are common to all tourism businesses. However, there are problems that need attention e.g. initially, airlines were not ready to become a part of inter sectoral linkage structure, but when they realized that tour operators can fill their vacant seats, they started offering special fares for use exclusively for tour operators for combining them into all inclusive tour. But here also situations vary

from country to country and destination to destination. These fares may be offered on selected sectors only. We have witnessed that as a result of globalization, when certain countries opened their economies the number of business travelers increased manifold. The hotels jacked up their prices and airlines withdrew discounts or incentives that were available to tour operators. The sufferer was tourism and the tourists. Tensions emerged within the tourism industry sector against the other with each sector's association taking up its cause. This infact was an example to illustrate that the linkages are not necessarily always smooth and many a times you have to depend upon the collective strength of the association to determine the nature of linkages.

To base future growth purely on the availability of willing bodies should not be the sole strategy in this business e.g. in search for a special quality-USP-of a product the tour operators sought exclusive properties, quality airlines etc. but they later on realized that they have no patent on these facilities or standards and they aren't difficult to emulate. Through such practices, there can only be short-term advantage that can be gained. Therefore they had not only to satisfy the changing demand of tourists but also to coordinate the outside variable, which make up an attractive package. It was acknowledged that they are operating and trying to dominate an industry where most of the ingredients that go to make up the product are outside their control. These may include:

- Price
- Volume
- Brands
- Airlines
- Uncontrollable costs and
- Computerizations and use of technology etc.

Let us discuss briefly, the mentioned factors in relation to tour operators business as a case study though they are applicable to other businesses also.

- **Price:** This is obviously the area, which concerns most to tourists. Cutting prices is easiest of all marketing tasks. Reducing the price of a holiday can be done with a strike of pen but its advantages would only be short term. Your strategy should be to control costs and to deliver a holiday sale at a profit. This calls for

a well-directed and well-targeted strategy while focusing upon the following areas:

- Volume of customers (tourists)
- Frequency of purchases (by tourists)
- Distribution channels of your product.
- Foreign currency regulations, and
- Overhead controls and product/services analysis

In a highly competitive business like tourism pricing decisions are not easy and further operating price decisions are even harder to take e.g. while pricing your package the approach of price cutting should not only out rightly be adopted but it should be given a more corrective approach. Since value is the key consumer watchword defined not just by price but also by product image, both above and below the line, it is the expression and presentation of values that counts. This is why holidays need to be packaged to offer high-perceived value even if the basic package has not been altered. This, in fact is done by some value additions. The tourists perceive the price cut with a different perspective.

Volume: Any knowledgeable tour operator will apprehend the fact that there are certain fixed/base costs which are not volume related like MD's salary, computer technicians, office rentals etc. These costs however are required to be spread over a large number of customers if your cost input is to remain competitive As a strategic tour operator you should know that higher volume of business can be achieved by large scale advertising and publicity of company It not only gives better ability to your customers to buy at competitive price but it will also allow your advertising cost to be more meaningful. Therefore volume shall be seen as a vital ingredients and factor in deciding the per passenger cost input.

Brands: Concepts and objectives of branding, mainly serves two purposes:

- a) Achieves more speedily the proper economic volume levels, and
- b) Service the changing requirements of tourists more readily

As a small tour operator you can make your own identity.

Airline seats: The one important component of your product, which in every sense of the world is a commodity, is the seat on an aircraft .Of course there is a choice/preferred carrier, and yes it is worth for an airline to maintain high standard and reputation, but it is also true that only a small percentage of passenger carried

by these airlines even would know the name and type of aircraft they are booked on to travel. The cost of airline seat, and therefore the profit of an airline will largely depend upon the relationship between the airline and the tour operators.

Uncontrollable costs: Tourism industry is probably the only industry, which has bent under so many pressures, like pressure of consumer bargaining, frequent fluctuation in currency value. That it should pre judge the cost of fuel and prejudice the whim of the govt. to increase local taxes and levy increased landing charges etc, To overcome this, the principal service providers, be it an airline or a hotelier, give no guarantee for surcharges. A tour operator sets the prices of his products fourteen or more months before the arrival of his clients at destination. Therefore, when the principal supplier gives no guarantee on surcharges and tour operator has to sell his package so much in advance, linkages are bound to be stronger so as to avoid any confrontation related to price, quality or standard of services.

Linkages with technology providers: If a person wants to travel by air he/she will need a ticket; which provides him/her right of passage and in return the airline needs to reserve a seat in his/her name. The person also needs to book himself/herself for a hotel room at the destination and hence, the hotel ought to really expect him/her. It is very difficult to imagine these economic transactions in a better-suited business environment related to the wonders of modern technology. To solve many travel and reservation related problems tour operators must develop and maintain linkages with manufacturer/suppliers of computers and designers of software required by them. Development and regular updating of Amadeus and Galileo are remarkable examples of these linkages.

Quality management operations: In the present globalized competitive business environment quality management is the key word for success in any business and tour operation if this element of quality control or quality assurance is missing you cannot sustain in the market. Quality management is advised to begin with product design and shall remain as a continuous process all through the stages of product development up to post consumption stage. For instance, if you are manufacturer or supplier of airline seats it is important for you to control the quality of your product not only in terms of its comfort, location, and convenience but also in terms of its sale, and related facilities and services like emergency landing facilities to combat terrorist or hijack situation, so on and so forth.

In your operations you shall ensure a high degree quality while preparing and presenting your products or services; failing which the result is dissatisfaction of passengers. This dissatisfaction will lead to multiplication of lost passengers through word of mouth bad publicity. Therefore, significance of quality management cannot and shall not be ignored in tour operation business.

Value Addition in Operations: Gone are the days of monopolistic market conditions. Today, customer is well aware of the existence of alternative products and alternative suppliers. Therefore, to be a successful tour operator or manager in tourism business you must lay emphasis upon value addition to your operation. For instance, if you are a tourist transport operator and if you provide cold drinks to your passengers after every stopover for sightseeing or if you are a hotelier and you provide free transport for transfers of your groups, or if you are an airline operator you decide to add some recreational activities, e.g., fashion show, magic show, etc., on board all this will add to the satisfaction level of your customers. All such value added activities offered by you will provide you with repeat as well as referred business.

Hence, value added services can be integrated both horizontally and vertically within other sectors of the tourism trade.

Trained Service Providers: Tourism and hospitality being important components of travel trade are characterized by a common characteristic, i.e., man served by another man. This characteristic has overemphasized the significance of trained service providers. For instance, if you are a provider of tourist transport services, it is essential for you to provide a trained driver, assistant as well as trained escort with the group. It is true that this trade is so diversified as are the training needs, but as a professional operator you shall assess the needs for training and must train your workforce accordingly to provides best services to your customer. If you practice this advice nothing can prevent you from becoming a successful entrepreneur in tourism trade.

CHECK YOUR PROGRESS:

Put (√) against the correct statement and (x) against the incorrect statement

1. In a highly competitive business like tourism pricing decisions are very easy ().
2. Amadeus and Galileo are remarkable examples of linkages with technology providers ().
3. Tourism and hospitality being importance components of travel trade are characterized by a common characteristic, i.e. man served by another man ().
4. Significance of quality management can be ignored in tour operation business ()

Check your answer with the one given at the end of the unit

9.4. Sectoral Amalgamation:

It is conventional wisdom that industry and commerce will boom at each end of any route, no matter, where it starts or finishes. Evidences of this were seen in the boom tours of early railway bonanza. The same applies to holiday charter business. At the sunny end of the developing charter routes, coaches, hotels, bar-be-ques, beach bars, and taxi firms and of course airports flourished, and the support industry was quickly born. In those early days mystified and even frighten people looked at tour operator when they were explaining mysteries, dangers and wonders of faraway places. It is probably the advent of all-inclusive tour, which necessitated the existence of linkages among different components of this sector. An all-inclusive tour is a package of transport and accommodation and some other services, which are sold as a single holiday at a single all-inclusive price. This price is obviously lower than could be achieved by conventional methods of booking transport and accommodation separately from hotels and other suppliers.

Traditionally only one destination was involved in a tour package. However things have been changing as per the tastes and needs of the consumer (tourists). Today, not just special but very special tours are packaged for different market segment under various types of tourism brands-from traditional culture tourism to the most

recent health tourism. Then there can be sub type also. For e.g. Health tourism can be for Yoga, for Ayurveda or a resort for meditation. The linkage thus goes on expanding and the interdependence increases this also makes quality management more difficult.

Even if you look at all the components which make up a conventional package tour and ask yourself to what degree, outside of choice, does a tour operator control the standards or quality that make up a package holiday, you will find that following factors in the line of conventional package tour designing are beyond your control:

- Time spent at airport and services client receives there.
- Time spent on air craft, and the operating standards and services
- The transfer to the hotel and back to airport
- Services at the hotel itself.
- The surrounding environs- bar, Café etc
- The weather, and
- the local conditions

Of course one can argue the finer points of tour operator's role in these services and obviously a wise tour operator will have some control on their quality. The difference or USP is largely due to the kind of linkages you have with other components. In today's time survival is no less competitive but those who are in winning positions know-how to harness their resources innovatively against the bottom line. Undoubtedly, such people have turned India into a year round destination, offering a variety of tastes for different segments.

Innovations, value additions, product differentiation, and positioning, branding pricing etc have further expanded the line of linkages in tourism. These linkages are no longer confined to packaging but are required for product development as well as selling etc. New concepts in business like customer care, quality management and concern for guest's aspirations have added to the managerial responsibilities in operating linkages.

9.5 Summary:

Different components of the tourism industry which encompass almost every segment of the economy need to be in close coordination with each other. This unit

therefore, has focused upon various intersect oral factors which prove to be complementary and competitive to each other. For example: if tour operator while executing their job do not harness a harmonious relationship or linkage with other segments, selling and delivery of a satisfying and cost effective package will be a difficult task. Therefore a good operation manager of tourism must try to develop a healthy relationship with other segments of the industry. This is all the more true when you talk of providing quality controlled services acknowledge that you alone cannot move in this sector, you need to carry along with the other players, in both horizontal and vertical directions. You must take on competition with healthy feelings and shall not try to overcome it through price-cutting but rather offer some value added services within the same price level, taking certain other elements into consideration.

9.6 ANSWER TO CHECK YOUR PROGRESS:

1. (x)
2. (√)
3. (√)
4. (x)

9.7 SUGGESTED READINGS:

1. Chand Mohinder, “Travel Agency Management – An Introductory Text”, Anmol Publications Pvt. Ltd., New Delhi, 2006.
2. Sinha P.C., “Tourism, Transport and Travel Management”, Anmol Publication Pvt. Ltd., New Delhi, 2006.
3. Seth P.N., “Successful Tourism Management”, Sterling Publications Pvt. Ltd., New Delhi.1997.

9.8 Review Questions:

1. What do you understand by linkages in tourism?
2. Describe various components of tourism?
3. Elucidate the significance of linkage in tourism.
4. What are the components of tourism?
5. Describe the sectoral amalgamations.
6. Define the uncontrollable costs in tourism.

UNIT - 10

TRAVEL INFORMATION AND COUNSELING

Structure:

10.0 Objectives

10.1 Introduction

10.2 Role of Communication in Tourism system

10.3 Mass Media techniques in Modern Times

10.4 Computer- an Effective Tool.

10.4.1 Computer in Use

10.4.2 Role of SITA

10.5 Sources of Information

10.6 Summary

10.0 Objectives:

After reading this unit, you will be able to:

- Discuss the role of travel information and counseling;
- Explain the role of communication in tourism system;
- Describe the mass media techniques in modern times; and
- Describe the various sources of information.

10.1 Introduction:

A good communication system, not only ensures the transmission of information and understanding among individuals and groups but unifies group behavior, which provides the basis for continuing group co-operation. The official functioning of any system depends on how well its communication channels operate. The antiquity of a place is of interest to a tourist. He should be told the correct year of a construction of a monument or a temple or the years or an era of a particular dynasty

or kingdom. He may not remember the dates, but he would like to know them anyway. Some tourists are particular about these things and even take down notes. The sights visited by a tourist lingers for a long time in his memory, as the human nature is to remember for long what is shown to him rather than what is taught to him.

Whatever the size of a travel agency, it has to provide necessary travel information to the tourists. This task is utterly difficult and very complicated. A travel agency must give up-to-date, accurate and timely information regarding destinations, modes of travel, accommodation, sight-seeing, shopping, immigration, passport, visa, custom clearance and procedure, health and security rules and about various permits required to travel in particular areas etc. Further we can say that travel agencies are image-builders of a country. Therefore, they should present an accurate picture of various tourist resources and potentials of a country to the tourists.

Rapid technological advances in different fields have revolutionized the system and the way to function in the modern world. Technological advances have made the functioning of these systems extremely easy not only to the advantage of business and the industry but for the actual consumer of goods and services. This is the second unit of this block. In this unit we will discuss the travel information and counseling, role of communication in tourism system, mass media techniques in tourism system, mass media techniques in modern times, use of computers, role of SITA and sources of information.

10.2 Role of Communication in Tourism System:

In the field of travel and tourism, communication plays a crucial role as it is through this, that a potential client/ customer gets information about the product or services which in the final analysis is a destination which he purposes to visit. Travel being a service industry the need for not only accurate but also rapid information about a destination becomes paramount for the satisfaction of the tourist. World renowned space scientist, Arthur C. Clarke addressing the first meeting of the inter-government council of the International Programme for the development of Communication held in Paris in the year 1981, said “In many ways and for many

purposes, printed matter, books, newspaper and wall papers will always be the cheapest form of communication. But now electronics have given us tools that can perform miracles impossible to the printed word and which of course can reach millions who are unable to read. The newest and the more powerful of these communication devices depend upon space technology, a fact that is not generally recognized.”

The various changes that have taken place since then have greatly benefited everyone. The electronics have performed such miracles in the last two decades, that today we find ourselves in the middle of new world, a world of information revolution. The new means of public telecommunication systems such as teletex, telecopy or video tax have given a very tough competition to earlier communication means such as newspaper, magazines etc. However, the new means of communication also offer great possibilities for improvement, rationalization and the expansion of the existing facilities for data collection and transmission. Today the mass media world over has immensely benefited from the new technology and information techniques.

10.3 Mass media techniques in modern times:

Understanding the modern mass media techniques as also the mass media means are necessary for a person working in a travel and tourism field as knowledge of these will help in keeping pace with fast changing scenario in the business of travel.

The modern mass media techniques can be grouped as under:

- Satellite television
- Cable television network
- Videotext
- Internet

All the four modern mass media techniques are widespread in the world and are considered to be crucial for business and industry. These mass media techniques however have some limitations as far as their use for a specific person or an individual is concerned. Because of their widespread coverage and their technical methods of transmission these cannot be directed for the use of a specific person. Besides, the receiver of information through these techniques cannot start a

dialogue or communicate with another person. The communication therefore is limited to one way.

For the direct transmission of information, there are different modern means, which have been developed and are quite widespread. These are as follows:

- Teletex
- Telecopy
- Telebox
- Videotex
- Telefax
- E-mail

Teletex: Teletex is an improvement over telex and has infact developed from it. The receiver for Teletex is an electronic typewriter, which can send electronically charged letters to owners of ordinary telex equipment. The transmission of message time is usually shorter than taken by telex. Besides, it is also possible to transmit more office typewriter symbols. A normal electronic typewriter can be used as a receiver for Teletex.

Telecopy: Telecopy provides the possibility of exchanging photocopies through a data network. Information in the form of an either written document or technical drawing is remote copied. This means that two facilities for copying are connected, one at the senders end and one at the receivers end. Transmission time is only a few minutes.

Videotex: Videotex occupies a special position among the new media. It plays a key role in the link between telecommunication and the computer science. Its advantages lie in the possibility it provide for linking computers, & also in its interactive dialogue capabilities. Using a Videotex, information and communication systems can be converted into interactive systems capable of communicating with one another. Infact, the Videotex is a multipurpose instrument with multiplicity of uses. It serves as:

- An instrument for data processing;
- An information medium;
- An organizational aid;
- A communication system and ;
- A marketing instrument

This relatively new service connects various forms of use of the above-mentioned facilities and at the same time offers some other possibilities. To operate the service, a television set with a decoder and telephone is necessary without which the services cannot operate. In Europe, nearly all households have Videotex facility and they are connected to households in larger area. Members of German BTX service as well as Members of France Telecom Service can now obtain all kinds of data bank, through their television sets. In many other countries in Europe USA etc. similar system are in use.

The use of Videotex (VTX) is prevalent today in many fields. In addition to its use in the field of business as it allows fast message transmission, fast and inexpensive data collection and up-to-date information which are crucial for advertising, the system is also used by specialized group of users for collecting orders in the field. It is also used in the field of tourism as a one-way system, for receiving bookings. Because of its low unit costs, it is used extensively mainly in connection with personal computers. It has been found that VTX is the most advantageous means of communication, taking into account its low cost and the wider range of its applicability.

Telebox: Telebox is an electronic post office box system. Each member of the system has his or her post office box in the computer, where other members can leave their message. The owner of each box can electrically contact the others.

Networking: All the above means discussed permit the exchange of information electronically through a data “network”. The exchange of information between the members with the assistance of electric transmission is very fast. The data is available in written form in printouts. “Network” is the system of transmission linking facilities for automatic data processing. In this way different computers are connected, permitting data exchange and processing over long distances. Telecommunication is possible only when there is such a network available.

Telephone is the simplest and the best-known network. In addition, there is also a separate clear data network for the exchange of data, which works digitally. In this way a high transmission speed is achieved and there is a very low ratio of errors during transmission. There are different types of networks, which can be used for telecommunication purpose either separately or combined. A telephone network

provides the text on the screen or any other network Communication with other members or computers in any place by anyone can be achieved by combining the telephone network with additional facility provided.

A large number of enterprises as well as individuals are extensively using the communication techniques discussed above. In the field of tourism, in addition to travel agents, tour operators, hoteliers' airlines, travel journalists, etc., use these techniques. Travel journalists who especially travel extensively use the following facilities:

1. Telecopy (sending previously prepared texts as originals)
2. Teletex (for collecting and sending texts)
3. Data banks (for collecting information)

The uses of telecommunication techniques offer basic facilities and advantages in the following areas of work:

- a. Collection of information.
- b. Processing of information, and
- c. Transmission of information.

Check Your Progress – I:

Fill in the blanks:

1. Videotex is the link between _____ and the computer science.
2. _____ is an electronic post office box system.
3. Telephone is the simplest and the best known _____
4. SITA is providing a valuable service to the _____

Check your answer with the one given at the end of the unit.

10.4 Computer- An Effective Tool:

In the field of tourism, the computer has made entry in a big way. A computer is a managerial tool capable of processing large volume of data rapidly. It can perform basic arithmetic functions (addition, subtraction, division and multiplication) and logical operations (sorting, ranking and assembling) in a fraction of a second. A computer dispenses results in a large variety of formats. These are capable of

repeating programmed instructions almost endlessly without an error, and maintaining a vast database of stored information for possible future use. Today a computer can be put to a variety of uses in the day-to-day activities.

Although the computers were in use in some way or other in various branches of tourism industry since the early Sixties, today these are considered as indispensable. These are extensively used in almost all branches of the travel industry. They are part and parcel of a travel agency and are playing a key role in making the task of providing travel services an easy affair. Computers lately are undertaking among other jobs, the planning of vacations for an individual and his family through home terminals. The principal users of computers in the travel industry are:

- (1) Airline Companies
- (2) Hotel Companies
- (3) Railways
- (4) Shipping & Cruise Lines
- (5) Travel Agents
- (6) Tour Operators

10.4.1 Computers in Use:

Today almost all the airlines use computers for their entire reservation work. The sudden growth about thirty-five years ago in the global travel put a big pressure on the handling of air traffic, especially the passenger traffic for the airlines, both international as well as domestic. Growth patterns in passenger traffic had begun to indicate that handling reservation manually could not be sustained long without effecting efficiency in the customer service. It was then that a need to computerize passenger reservation systems was felt by the major airlines of the world.

IBM took the initiative and developed a computerized reservation system known as Programmed Airlines Reservation System (PARS). This system was developed in the early 1960s. However, PARS was not developed exclusively for or with any one particular airline. The system was designed as an all-purpose software package that would fit the requirements of any domestic airline. It was designed around IBM's new hardware range system 360, which was subsequently to revolutionize the entire computer industry.

The first airline to use PARS was the United States based continental airlines in the year 1967. Most major WE airlines that used the system making PARS the most popular and successful software product of the time followed this. This was a major achievement for IBM. The system later expanded to meet the needs of several other airlines outside the United States of America resulting in the creation of International Programmed Airlines Reservation System (IPARS). Initially this system was joint venture between IBM and British Overseas Airways Corporation (BOAC) and aimed at adapting PARS to the needs of airlines that had mainly international operations.

Subsequently, many airlines adopted the system. The International package became almost as much of a standard as PARS. Although many airlines modified the system extensively, IPARS was at the base of most international airlines system. By the late 1960s, the system developed was known as CPARS (C for Compact). This system was followed by a system known as Univac Standard Airline System, USA. With the passing of the years more and more systems developed, incorporating more functions to enable the airlines to have more transactions and across all airline reservation systems. The differences between them are in areas not apparent to the passengers, such as the flexibility with which they can handle control of space of flights, particularly where multiple classes and multiple sectors are involved. The popularity of any system to a large extent depends on its coverage and on-line reservation network. The number of terminals, which a system has, is also an important consideration. The more the terminals a system has, the larger will be the on line reservation network. The number of reservation transactions carried out by a system in a given time is another important aspect. However, it became obvious that the system was too costly, for smaller international airlines developed their own IBM oriented reservation systems in the early 1970s to be considered by an airline before using a system. To sum up, the following main aspects are important to make a system perfect and universally acceptable:

- a) Number of reservation transactions to be handled.
- b) Data links with other airlines.
- c) Number of terminals.
- d) Information processing capacity.
- e) Data volume capacity.

In recent years a major advance has been made in the airline reservation system in Germany. A computer system capable of carrying out as many as 1,000 reservation transactions every second, involving data links with 28 airlines, a host of car hire agencies and hotels and about 20,000 travel agencies in Europe alone has been set up at Erding in the Southern part of Germany. The system, known as “Amadeus”, has been developed jointly at a cost of DM 350 million by four airlines—Air France, Iberia, SAS and Lufthansa. The information processing capacity of the mainframe IBM and Unisys computers installed at Erding, the world’s largest computer center, involves a data volume equivalent to a library of 3,50,000 books.

10.4.2 Role of SITA:

The role of SITA (Society International de Telecommunications Aeronautiques) in airlines automation has been very crucial. Automation is the key to achieving a higher level of productivity in any industry, especially in the airlines industry, and automation of airline functions will continue with more emphasis being put towards achieving short-term benefits.

SITA is responsible for providing Data Processing Services. In fact, it is the major supplier of information handling services for the airline industry. Its aims are to foster efficient telecommunications, data processing and transmission means for all categories of information required in the operation of air transport enterprises with the specific aim of promoting safe and regular air transport in all countries.

There has always been a continued high growth of demand for the services offered by SITA. It is processing services in the following areas:

Passenger Reservations.

- (1) Departure Control.
- (2) Meteorological Data.
- (3) Credit Authorization and Document Verification.
- (4) Baggage Tracing (BAG TRAC).
- (5) Share Cargo Service.
- (6) Shared Flight Operations database.
- (7) Flight Planning.

- (8) Baggage Handling and Management Service.
- (9) Common Customs Interface System.
- (10) Fuel Management.
- (11) Airline Schedules and Flight Availability database.
- (12) IATA Passenger Tariff Conference Support.

SITA is providing a valuable service to the airlines. Almost all the information required in the operation of air transport in the world is being provided to the airlines industry. The range of services offered by SITA is very extensive and new services are being added as and when these are required.

Computers in Hotels: Like in airlines, the computer technology has entered the hotel industry in a big way. A hotel's, most crucial internal resource is information and with the use of computers the information is available in a way that saves labour and ultimately increases the profits.

Although computers in the hotel industry started being used as far back as in the late 1960s, it was only in the 1970s that the technological advances in the computer technology made possible the right combination of compactness and versatility for different sizes of hotels. The lower cost encouraged many individual hotels to install the system. Today computers are installed in large scale acceptance in the industry has been its reliability. The computer system has been found to be very reliable in the dissemination of the right kind of information at the push of a button. Today, the hotel industry is a major market for the computer manufacturers and the software vendors. It has been increasingly realized that the hotel computer systems achieve better internal and external control and, through the use of analysis methods, provide the opportunity to improve the overall profitability of the unit. Like in the airlines, the computers offer substantial advantages for reservation systems in terms of speed and accuracy. The errors are almost negligible.

Application Areas: Hotel systems all over the world have traditionally been divided into the following two main areas:

- (1) Front Office Application Areas.
- (2) Back Office Application Areas.

Front Office Application Areas incorporate the following:

- (1) Reservations

- (2) Registration
- (3) Guest accounting
- (4) Night auditing
- (5) Communication operations (telephones, telex, fax).

Back Office Application Areas incorporate the following:

- (1) Financial management
- (2) Inventory control systems accounts
- (3) Profit/loss accounts
- (4) General ledger Credit card verification

10.5 Sources of Information:

As far as tourism information is concerned, the basic sources of information can be:

- Government Agencies
- Private Agencies
- Media

Government Agencies: In India, Government is the largest source of tourism related information. Through various agencies and at several levels, often overlapping, the government, both at the center and in the states generates information that is directly relevant to tourism industry in the country. We can have related information from the following agencies:

- a) Department of tourism
- b) ITDC
- c) State tourism departments
- d) Air-India , and
- e) Railways.

Private Agencies: Private agencies have over the years, acquired a greater role/share in tourism development and promotion in the country. These sectors are:

Travel Agents

- a) Tour Operators
- b) Hotel industry.

These sectors effectively provide information on places of tourist interest, access to the place board and lodge facility in the area, Historical attractions, Craft attractions, exotica, cuisines, shopping etc.

Media: As a source of information the print/other media generally serves the purpose of **addendum**. The main categories are as under:

- a) Newspapers, Magazines and advertisements
- b) Specialized Publications
- c) Non- Print Media (Radio & Television, audio- visuals)

These tools provide information in the form of write-up, articles, reports research papers audio-visual clippings etc. They provide information on history, geography and topography, craft traditions, accessibility and accommodation cuisine and catering etc. Specialized publications can provide information on: Travel & Tourism concepts, Tourism management, Culture tourism, wild life tourism, beach tourism, desert safaris, hill resorts, adventure tourism etc.

Check Your Progress – II:

Fill in the blanks:

1. _____ industry is a major market for the computer manufactures and the software vendors.
2. _____ is the largest source of tourism related information.
3. Teletex is an improvement over _____ and has infact developed from it.
4. IBM developed a computerized reservation system known as _____.

Check your answer with the one given at the end of the unit.

10.6 Summary:

Information plays an important role in the tourism industry. Government is the largest source of tourism information. We can get tourism information from various sources such as department of tourism, ITDC, State tourisms departments, railways, etc. These sources provide information on places of tourist interest, access to the places, board and lodge facility in the area.

In this unit we have discussed the role of communication in tourism system, mass media techniques, and role of computer, SITA and various sources of information.

10.7 Answer to Check Your Progress:

Check Your Progress – I:

1. telecommunication
2. Telebox
3. network
4. airlines

Check Your Progress – II:

1. Hotel
2. Government
3. telex
4. Programmed Airlines Reservation System (PARS)

10.8 Suggested Readings:

- Chand Mohinder, “Travel Agency Management – An Introductory Text”, Anmol Publications Pvt. Ltd., New Delhi, 2006.
- Sinha P.C., “Tourism, Transport and Travel Management”, Anmol Publication Pvt. Ltd., New Delhi, 2006.
- Seth P.N., “Successful Tourism Management”, Sterling Publications Pvt. Ltd., New Delhi.1997.

10.9 Review Questions:

1. Describe the role of communication in tourism system.
2. Define the mass media techniques in modern times.
3. Write short note on ‘Computer- an effective tool.’
4. Explain the various functions of SITA.
5. What are the various sources of tourism related information?

UNIT - 11

DOCUMENTATION AND TICKETING

Structure:**11.0 Objectives****11.1 Introduction****11.2 Ticket- An Overview****11.2.1 Explanation of the boxes in a Ticket****11.3 Ticketing- the Process****11.4 Summary**

11.0 Objectives:

After reading this unit, you will be able to:

- Explain the documentation and ticketing;
- Discuss the ticketing process; and
- Describe the domestic airline ticketing.

11.1 Introduction:

This is the third unit of this block which explains the most vital functions of a travel agency, namely Documentation & Ticketing. Infact a travel agent has to gather process and disseminate the authentic information to its clients and has to update the same periodically, as well. Further, the perspective clients have to be guided on different aspects of travel. Once the travel decision has taken place, one needs to fulfill so many formalities before undertaking the travel. These include passport, VISA, in addition to many other documents. A travel agent, with all his experience and expertise, help the travelers to get these documents and once this work is over the travel has to be ensured by purchasing the ticket for the customers. Travel agents usually have stocks of the tickets of various airlines and thus it becomes easier to arrange the same for the travelers. In this unit we will discuss the documentation and ticketing, special fares, ticketing process, back haul rules, domestic airline ticketing and so on.

11.2 Ticketing – an Overview:

Most domestic airlines have two types of tickets called (a) Single Sector and, (b) Double Sector. The first one is used for one-way or single journeys whereas the latter is used for return / onward or multiple sector journeys. Each ticket is numbered and should be issued in sequence. It is important that a ticket is written out neatly and legibly, with the sector, flight details, and timings clearly visible on all coupons. Each ticket has an auditor's coupon, (to be sent to the airline along with the statement) an agent's coupon (to be retained by the agents for their records) and 1 or 2 flight coupons as the case maybe. The ticket jacket or the last coupon is the passenger coupon for the passenger if he wishes to retain it after the journey for his / her record. All tickets must be validated on a validator, which shows the agency's name, location code and date. Columns pertaining to origin/destination, name of passenger, validity of the ticket, sector of travel, free baggage allowance, flight details (i.e., flight number, date and departure time) status, fare charged and agency code to be filled in the respective boxes.

11.2.1 Explanation of the boxes in a Ticket:

- **Origin: Place of commencement of journey.**
- **Destination: In one way tickets, it shows the passenger's destination. In return journeys, it will show final destination of passenger.**
- **Name of Passenger: The surname is written first and then initial or first name after a '/' followed by the title (Mr. / Mrs. etc.)**
- **From: Designates place of departure.**
- **To: Designate place of arrival.**
- **Fare Basis: In normal cases 'Y' for Economy class, 'J' for Executive class and other codes for special fares. E.g.: 'YE' denotes Excursion fare, 'GV' denotes Group Fare etc.**
- **Validity: Shows validity of the ticket.**
- **Ticket Designator: Shows type of journey / fare i.e., One Way (OW) or Return (RT) or Child (CHD) or Infant (INF).**
- **Allow: Shows free baggage allowance (which is 20 kg., but differs from airline to airline).**

- **Carrier: It shows the two letter code of the airline.**
- **Flight / Class: Shows flight number and class of travel.**
- **Date: Shows the date of travel.**
- **Time: Shows time of departure.**
- **Status: Shows the status of the reservations and whether it is confirmed (OK) or wait-listed (WL) or requested (RQ).**
- **Fare: Normally shows the basic fare.**
- **Equiv. Fare Paid: If fare is charged in US dollars (\$), then the fare in INR would come in this column and the US \$ fare would be written in the fare column.**
- **Other Charges: Shows taxes i.e., PSF and IATT charges.**
- **Total: Shows the total fare charged.**
- **Form of Payment: When agents are issuing tickets on behalf of the airlines, they have to write their location code or IATA numeric code (as per the rules of individual airlines). When staff of airlines is issuing tickets they have to write mode of payment i.e. by cash/cheque or credit card or an exchange order sent by an agent.**
- **Validation Area: There is a place on the right hand side of the ticket where the validation of the agency or airlines will appear with the name, code and date. The person issuing the ticket will sign there, after validation. After the ticket is checked, the first two coupons should be uplifted, leaving the flight coupon and the passengers coupon intact.**
- **The PNR (Passenger Name Record) is written either in the endorsement / Restriction column or any other place where it is visible.**
- **Fare Calculation Box: On the right hand side where the from / To Carrier and Fare calculation boxes are mentioned, the routing and the carrier should be mentioned. For return or onward journeys the fare calculation can be shown.**

11.3 Ticketing- The Process:

Reconfirmations:

Passengers booked in groups and individual passengers ticketed outside India are advised to reconfirm their onward or return reservations, when they break their journey for more than 72 hours, failure of which may result in cancellation of their reservation.

Cancellations:

When a passenger decides not to travel or cancel the journey, he should immediately inform the airline or the agent concerned. If the passenger is holding a reservation on time limit i.e., has not been issued a ticket, then there are no cancellation charges. Cancellation charges apply when a ticket has been issued. Each airline has their own cancellation rules. Most airlines have a flat rate of cancellation fees. Persons who do not show up for the flight are considered as NO SHOW passengers and are not entitled to any refund.

Cancellations can be done either telephonically or on computer (if an agent is using one and is authorized to do so by the airline). A record of the person who has taken the cancellation, the time and date has to be maintained and a cancellation slip with these details is to be filled up and attached to the ticket when it is sent to claim refund. If a passenger only wishes to change the date of travel, and informs the airline / agent up to 2 hours before departure, there is no cancellation fee. The ticket is revalidated as "OPEN" and the passenger can travel whenever he / she decide to, within the validity period of the ticket. Most of the airlines charge a flat rate of Rs.100/- which is charged as administrative fee, when a ticket is submitted for refund, irrespective of when a ticket is cancelled (i.e., up to 2 hours before departure).

Refunds:

As soon as a passenger informs you that he is not traveling on the date for which he is booked, you should immediately cancel the reservation with the respective airline. If the passenger intends to fly later, then the ticket can be re-validated as "OPEN" and given back to the passenger. But if the passenger does not want to travel at all or has utilized only part of his ticket, we have to submit the same to the respective airlines to claim refund. After we have cancelled the booking, a

cancellation slip with relevant details like time / date of cancellation and name of person who has accepted the cancellation is to be filled and attached to the ticket to be sent to the respective airline.

If the passenger has directly purchased the ticket from the airline counter, he will only get the refund from there. Otherwise the agent collects all tickets for the fortnight, makes a total statement of refunds and deducts the same from the payment to be made to airlines on account of sales.

Special Fares:

Most domestic airlines including Indian Airlines have special concessional fare like:

- Students Discount.
- Senior Citizen Discount.
- Cancer Patients.
- Blind Persons.
- Military Personnel.

Mixed Class Travel:

If a passenger travels partly in lower class and partly in upper class, then the fare will be charged according to the following combinations:

- Applicable lower class constructed fare.
- The difference between higher and lower class fare.
- Applicable higher class fare for the entire journey, which ever produces the lowest combination.

Back Haul Rule:

It is applicable to all one-way trips. The back haul rule is used if , in any fare component, travel is via a higher rated intermediate stopover point. In other words, when a passenger purchases two separate tickets for a complete one-way journey and does not want to obtain a fare for the return journey. As it is not at a lower rate, than the highest direct return journey fare from the point of origin is applicable to the total trip / journey. This rule is not applicable to north and central pacific regions. The main steps in the construction of fare are:

- Subtract the origin destination fare from the highest intermediate point (HIP)

- Add difference to the HIP.
- Compare the fares.
- Charge the highest fare.

Thus, Back Haul Fare = (Difference between the higher fare and the lower fare) + the higher fare.

Domestic Airline Ticketing:

By now it is clear that international airfare calculations are very complicated, complex and are governed by so many regulations and conditions. One needs complete up to date knowledge for the calculation of International airfares. On the other hand, domestic airfare calculations are quite simple and straightforward. In India, there are 6 private domestic airlines and 1 public sector airline. However, the maximum market share, i.e., 60% is occupied by the Indian Airlines, which operates on point-to-point fare basis. The company distributes free of cost a 'Fare Charge Sheet' which includes point to point air fare and its network / operation. The company in order to avoid currency problems quotes airfare in Rupees and in US Dollars. It helps the passengers who would like to combine the International travel with domestic travel. It also helps them to purchase domestic tickets overseas.

The Domestic Fare includes:

Base Fare + Inland Air Travel Tax + Passenger Service Fee.

All domestic air tickets are filled in 'Block CAPITAL LETTERS'. The following are the main columns in a domestic ticket:

- Name of Passenger
- Passenger itinerary
- Carrier Box
- Flight Number
- Time
- Status
- Fare
- Conjunction Tickets
- Issued in Exchange For

- Original Issue Column
- Not valid before
- Ticket Designator
- Endorsement
- Payment Column
- Baggage Allowances.
- Fortunately, we do have a wealth of information about the airline industry. Manuals explain step by step how to prepare and write an airline ticket. Today the travel industry and airline industry are consistently changing. The Tour companies / travel agencies have to keep themselves up-to-date with domestic as well as International regulations, conditions, fares, ticketing instructions, destinations, hotels, climate and other areas etc. to cope up with the volatile tourism business environment.
- Fortunately, we do have a wealth of information about the airline industry. Manuals explain step by step how to prepare and write an airline ticket.

Check Your Progress:

Fill in the blanks:

1. Most domestic airlines have two types of tickets called _____ and Double sector.
2. Persons who do not show up for the flight are considered as _____ passengers and are not entitled to any refund.
3. Back haul rule is applicable to all _____ trips.
4. The maximum market share i.e. 60% is occupied by the _____ which operates on point to point fare basis.
5. The domestic fare includes: Base fare + _____ + Passenger Service Fee.

Check your answer with the one given at the end of the unit.

11.4 Summary:

Today the travel industry and airline industry are consistently changing. The Tour companies / travel agencies have to keep themselves up-to-date with domestic as

well as International regulations, conditions, fares, ticketing instructions, destinations, hotels, climate and other areas etc. to cope up with the volatile tourism business environment.

In this unit we have discussed in detail documentation and ticketing, ticketing process i.e. reconfirmation, cancellation, refunds, special fares, mixed class travel, back haul and domestic airline ticketing.

11.5 Answer to Check Your Progress:

1. Single Sector
2. No show
3. one way
4. Indian Airlines
5. Inland Air Travel Tax

11.6 Suggested Readings:

- Chand Mohinder, “Travel Agency Management – An Introductory Text”, Anmol Publications Pvt. Ltd., New Delhi, 2006.
- Sinha P.C., “Tourism, Transport and Travel Management”, Anmol Publication Pvt. Ltd., New Delhi, 2006.
- Seth P.N., “Successful Tourism Management”, Sterling Publications Pvt. Ltd., New Delhi.1997.

11.7 Review Questions:

- Discuss in detail the ‘Ticketing Process’.
- Explain the documentation and ticketing.
- Describe the process of domestic airline ticketing.
- Write short note on ‘Back Haul Rule’
- List the Special Fares of domestic airlines including Indian Airlines.

UNIT-12**ITINERARY PREPARATION AND TOUR PACKAGING**

Structure:**12.0 Objectives****12.1 Introduction****12.2 Tour Package****12.2.1 Elements of Tour Package****12.2.2 Planning a Tour Package****12.2.3 Characteristics of Tour Packaging****12.3 Case of India's Tour package****12.4 Case of out bound Tour Package****12.4.1 Tour to Malaysia****12.5 Summary**

12.0 Objectives:

After reading this unit, you will be able to:

- Explain the elements of tour package;
- Discuss the process of itinerary preparation; and
- Describe the characteristics of tour packaging.

12.1 Introduction:

Planning of Sight seeing is one of the jobs of a travel agency. Sightseeing is a visit to a place of importance of local, national or international level. This can be a local city tour or in an area around the city. There are places of varied interest to different people and travel agent has to choose the location according to interest of the tourist. There is of course a general city sightseeing tour that every tourist likes.

Large majority of the tourists are interested in the antiquity of the country – its cultural, and historical background and the places connected with it. Others have professional interest in visiting the factories, laboratories, institutions and yet others may be interested in wildlife or flower or mountains. The travel agent prepares programme, giving full information on places to be visited according to the interest of the tourists.

A tourist wants to see the maximum. Normally, a half-day sightseeing tour should last from two and a half hours to three hours. In planning an itinerary, routing of the tour should be borne in mind. It should provide drive through, colorful and picturesque streets in areas, having buildings or sites of importance in the life of the local people. Cleanliness of the route should also be kept in mind. All tourists want to see the typical characteristics of a city or country and they are always interested in the local markets and bazaars where they can see the natives of the place in the pursuit of their daily life.

The antiquity of a place is of interest to a tourist. He should be told the correct year of a construction of a monument or a temple or the years or an era of a particular dynasty or kingdom. He may not remember the dates, but he would like to know them anyway. Some tourists are particular about these things and even take down notes. The sights visited by a tourist lingers for a long time in his memory, as the human nature is to remember for long what is shown to him rather than what is taught to him.

12.2 Tour Package:

The literary meaning of the word tour is a brief visit to or through a place and that of package is a set of proposals offered and/or accepted as a whole. Thus a tour (package) can be defined as the set of proposals offered for a brief visit to a place or a number of places. It means tour packages offer travelers various options in which the arrangement have already been made according to time, budget and needs of the traveler/clients. According to Betsy Fay, “ A tour (package) is a combination of travel elements sold under/or coordinated for a “group” or “individuals” by a tour planner and arranged with an itinerary of daily activities, some pre-paid, and planned for “specific dates”, sold at a price per person”

There are two basic categories of tours. The first type, concentrating on group experiences of travel, is termed as GROUP TOUR. These are planned with a specific daily itinerary and under the assumption that the participants will travel and vacation together.

The second type comprises of INDIVIDUAL TOURS. Facilitation and achievement of reduced rates of transportation, accommodation and other travel related services are major criteria in this category.

12.2.1 Elements of Tour Package:

The basic components and activities of a package are called elements. These can best be explained as the facilities or amenities required and the activities undertaken by the tourist once he or she is at the destination. The category of the elements includes:

- Transportation
- Accommodation/Lodging
- Food and Beverage
- Sightseeing and guide/ escort services
- Entertainment
- Shopping
- **Transportation** is the basic needs of the tourist once he or she is at a destination. An efficient transportation mode ensures enjoyable and satisfactory vacations. Major modes of transportation used within a destination are Motor coach, van or mini coach, air (Scheduled or charter) train, limousine or ship/cruise etc.
- **Accommodation/ Lodging:** Hotels, motels, resorts lodges tented colonies etc are generally used by the tourists for the lodging. The location and facilities offered by the accommodation owner, form the basis of choice of accommodation
- **Food and Beverage** the proverb “Way to anybody’s heart begins from stomach” holds true here also. The more hygienic and tastier the foods the better are the chances of success in this business. Buffets are generally accepted to tourists. Other favorable services are theme restaurants, food festivals & specialty restaurants.

- **Sightseeing and Guide/Escort Services:** Sightseeing is what a destination has to offer in terms of natural beauty and interests. Destination may have natural or man-made wonders. A sightseeing tour is generally complemented by the services of a professionally trained and bilingual guide or escort.
- **Entertainment:** Generally overlooked by most of the Indian tour operators, entertainment has to be strategically incorporated both during movement of the tourist (to enhance attractiveness of the tour) and in the evening sessions i.e. in post sightseeing period (for relaxation of tourists). The rich Indian culture and art provide ample opportunities to entertain tourists.
- **Shopping:** Shopping has now been recognized as an integral component of tour package. Especially because the tourist love to purchase souvenirs and presents for their relatives and friends. Also these souvenirs keep the memory afresh after vacations are over. The vast range of handicraft items in India can be the ideal shopping options.

Check Your Progress:

Fill in the blanks:

1. There are two basic categories of tours i.e. _____ and individual tour.
2. _____ is one of the basic needs of the tourist at the destination.
3. Hotels, motels, resorts, tented colonies etc. are generally used by the tourists for the _____
4. Shopping has now been recognized as an integral component of _____
5. 4 P's of marketing mix are: product, _____ and _____.
6. _____ is what a destination has to offer in terms of natural beauty and interests.

Check your answer with the one given at the end of the unit.

12.2.2 Planning a Tour Package:

Planning for any activity generally includes basic four steps: a searching look backwards, a wide look around, a deep look inside and a thoughtful look ahead.

The planner should know about his product's strengths and weaknesses and the potential opportunities and threats.

Ideally a tour planning should include the following steps:

- a) **Market Research:** To find out the trends, existing and future, to be able to find out the demands.
- b) **Destination Research:** It is carried out to have an in-depth knowledge of the supply factors, along with the degree/level to which these can be optimally used without adversely affecting the destinations environment and society.
- c) **Preparation of a Tentative Tour Plan:** Matching the demand and supply factor aiming at achievement of an acceptable and mutually beneficial package is the gist of this step
- d) **Negotiation with suppliers and administrating contracts:** In order to finalize the facilities and services which would be used by the clients, i.e.; tourists is the fourth step.
- e) **Promoting the tour package:** Promotion here means giving sufficient exposure of one's product to proper market segment through appropriate marketing mix in order to ensure a positive action from the market place towards the product. To achieve it we can use certain medium or a combination of various media, like print, audio, visual, audio-visual and, of course, internet (computers). "Word of mouth" carries a lot of weight to ascertain success in concept marketing and tour packaging is no exception. Infact personal testimonials are among the strongest ways to convince others about a product or service.
- f) **Decisions about distribution channels:** One has to provide the purchase (or sale) points for any product or services. A tour package planner can engage a person or an organization working as his sales/distribution agent in the tourist generating region or he can depend on the drop-in tourists. This is a very important decision, especially because of geographic separation between the client and the product, so one has to be utmost careful about selection and performance of the distribution channels.
- g) **Planning during tour executive phase:** In this phase the dreams come true. So, care has to be taken to realize whatever had been promised to the tourists. Within the budget and time available with the tourists, the tour practitioner

must provide a comfortable accommodation, hassle free transportation, an effective itinerary and, of course, an experience and qualified escort. One very important factor to keep in mind is closing the tour on a happy note, because in service industry the last impression is the lasting impression.

- h) Post tour activities:** The post-tour phase, in fact, reveals the success of the tour. Here we should go for comparative analysis of the perceived goals and the actual achievement. We can assess the financial gains, the tourist satisfaction level, and, hence, the effectiveness of the tour packages. Feedback from the tourist could be advantageous and, therefore, a desirable activity. Product redesigning and modification ensures a successful future and satisfied clients.

12.2.3 Characteristics of Tour Packaging:

There are unique aspects of tour packaging which, over the years have separated the tour industry from other forms of travel. These characteristics are being discussed from buyers and suppliers point of view here.

- a) From buyer's (tourist's) point of view:** The tour packaging has the following characteristics:
- **Known costs:** A professionally planned vacation offers tremendous advantage to the customers: he or she knows the cost up front. This is because tour package's cost, and of course price, is known before commencement of tour and, in fact, it is prepaid, may be partially.
 - **Bargain Prices:** Tour packages are usually characterized by low costs because the components are purchased in bulk from suppliers. The cumulative costs a lesser than the total cost if the component is purchased separately. The beneficiaries are the tourists who have to lesser because a part of the discounts is passed to them, too.
 - **Guaranteed arrangements and entrances:** Tour packages guarantee hassle-free vacations because all the arrangements are done in advance is the tour operator. Entrance to special events and areas, too, is ensured.
 - **Tried and tested sightseeing:** The experience and expertise of tour

operator`s help to decide about and include only the attractions and places which match the tourist`s motivations (and wants). This on one hand saves time and on the other hand increases value for money.

- **Time saving:** A lot of time is saved first because of pre-arranged facilities and services and secondly a well-planned package is characterized by lesser back – tracking (i.e. repeating the same route again and again).
- **Safety and security:** Tour packages offer a safer option due to number of like-minded co-traveler`s and experienced escorts. This provides psychological security for people who may otherwise not be comfortable visiting foreign lands (Mayo and Jarvis, 1981)

b) From supplier`s point of view: Tour packaging has following unique attributes :

- Increased attractiveness of the product because of complementary nature of various components. This increases the salability of the package.
- Joint marketing /sales efforts by different partners/service providers increase the value and hence demand of the product.
- Cost economy is achieved due to voluminous sales and bulk purchase.
- Due to their “all inclusive” nature and “value for money” like characteristics tour packages are helpful in better destination and product recognition which guarantees steady growth to the service and facility providers.

The success of any idea, product or service is decided by the appropriate marketing mix. Let us find out that the desirable characteristics the elements of the marketing mix (4p`s) should possess to ensure a well acceptable tour package to both the tourists and the destinations community:

(1) Product: Product should be:

- Responsibly designed and not overdeveloped than the carrying capacity of resources.
- Equi-beneficial to both hosts and guests
- Based on a long term master plan with efficacious provisions for future expansions and modifications.

(2) Price: Price should be:

- Competitive, in order to withstand pressure from other similar service providers,
- Adequately profitable

- Variable according to seasons.

(3) Place/distribution channels: Following are the desirable characteristics in distribution channels:

- Should possess close proximity to the market
- Should be equipped with latest information and necessary gadgets
- Should be manned with professionals

(4) Promotion: Promotional ventures should be

- Eco and society conscious
- Target oriented
- A result of joint efforts of public, private and governmental sectors.

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 detailed study of market. Practically, a travel agency prepares two types of itineraries (a) General itinerary (b) Special – tourist – interest itinerary i.e., Delhi-Agra-Jaipur-Delhi, Pilgrimage tourists, mountain tourists, Buddhist tourists etc. Preparation of different types of itinerary is a very important, function of travel agencies / tour operators. A prospective travel agent also gives advice to intending tourists in various types of tour programme, which they may choose for their leisure or commercial travel.

12.3 Case of India's Tour Package:

Enchanting Southern India:

Sunny South India Tour (14 Nights/15 Days) Chennai - Kanchipuram – Mahabalipuram - Pondicherry – Tanjore - Trichy - Madurai - Thekkady – Cochin – Alleppey -Kumarakom – Kollam – Kovalam – Trivandrum Southern Spice Tours (15 Days / 14 Nights) Mumbai - Cochin - Periyar - Madurai – Tanjore - Mahabalipuram – Pondicherry - Chennai - Bangalore - Mysore - Hassan - Bangalore

Discover India Tour:

Discover Oriental East India (15 nights / 16 days) Kolkata – Gangtok – Lachung – Pemayangtse – Darjeeling – Pandua – Murishidabad – Vishnupur – Kolkata - Raichuk – Sunderbans – Kolkata

Discover Karnataka – The Nawabs Of India (15 days / 14 nights)Hyderabad – Gulbarga – Bijapur – Badami – Hampi – Chitradurga – Chikmagalur – Malpe – Coorg – Nagarhole – Mysore – Bangalore

Discover Kerala – God’s Own Country (15 nights / 16 days) Mumbai

Mangalore – Bekal – Wayanad – Calicut – Cochin – Thekkady – Kumarakom – Houseboat – Quillon – Varkala - Kovalam (Trivandrum)

Mysteries of Himalayas:

Ladakh With Tsomoriri Lake (10 Days / 9 Nights)Delhi – Leh – Chumathang – Tsomoriri - Korzok - Puga – Tsokar – Tanglangla – Khardongla pass – Leh – Delhi

Ladakh With Pangong Lake (9 Days/ 8 Nights)Delhi – Leh - Alchi – Uletokpo – Lamayuru – Khardongla - Pangong Lake – Leh - Delhi

Kashmir & Ladhak Package (10 Days / 9 Nights)Delhi –Srinagar – Gulmarg – Sonmarg – Kargil – Leh - Khardongla pass – Leh – Delhi

Ladakh with Himachal (12 Days / 11 Nights)Delhi – Leh – Khardongle Pass – Pangong Lake – Sarchu – Jispa – Manali – Shimla – Delhi

Best of Kashmir (9 Days / 8 Nights) Delhi – Srinagar – Sonmarg – Gulmarg – Pahalgam

Amarnath Cave with Pahalgam (10 Days / 9 Nights) Delhi – Srinagar – Pahalgam – Chandanwari – Sheshnagh trek – Baltal – Srinagar - Delhi

Buddha Tours:

Call of Buddha (10 Nights / 11 Days)Hyderabad – Nagarjuna Sagar – Amaravati – Guntur – Ghantasala – Vijaywada – Vizag – Bavikonda – Thotlakonda – Vizag – Hyderabad

Path of Nirvana (15 Days / 14 Nights)Delhi – Lucknow – Sravasti – Lumbini – Kapilavastu – Kushinagar – Varanasi – Sarnath – Bodh Gaya – Rajgir –Ratnagiri/ Lalitgiri Caves – Bhubaneshwar (Dhauli Caves) – Delhi

On Buddha’s Footsteps (11 Nights / 12 Days)Kathmandu – Lumbini – Kapilavastu – Kushinagar – Varanasi - Sarnath – Bodh Gaya – Rajgir - Patna - Delhi

The Great Indian Rail Journey:

Palace on Wheels (08 Nights / 09 Days)Delhi - Jaipur - Jaisalmer - Jodhpur - Sawai Madhopur (Ranthambhor) - Chittorgarh - Udaipur - Agra - Bharatpur - Delhi

Great Indian Rail Journey (08 Nights/09 Days) Delhi - Shimla - Agra - Darjeeling - Delhi

Steam rail tour of India () Shimla - Kalka - Darjeeling - Ooty - Mettupalayam - Neral - Matheran - Ghum - Kurseong - Siliguri -

Deccan Odyssey (7 Nights / 8 Days) Arrive Mumbai - Ratnagiri - Nagari - Sawantwadi - Karmali - Madgaon - Pune - Aurangabad (Ajanta & Ellora caves) - Nasik - Mumbai

12.4 Case of Outbound Tour Package:

Tour to Indonesia:

Indonesia the world's biggest archipelago with 18,110 islands and with 200 million people is the fourth most populous country. Tour to Indonesia would be a unique experience as this land has got everything for the tourist. Beaches in Indonesia present ample diving opportunities. Bunaken at the northern tip of Sulawesi claims to have seven times more coral than Hawaii. Beaches of Indonesia are also popular for surfing. The well-known regions are Indian Ocean side of Indonesia. The important tourist destinations in Indonesia are Bali, Flores, Irian Jaya, Jakarta, Java, Kalimantan, Lombok, Sulawesi, Sumba, Sumatra, Timor, and Yogyakarta. All these destinations have their own unique attractions and culture thereby attracting tourists' from all over the world. The culture of Indonesia is intertwined with religion, traditions of early migrants and later the eastern and western influence and the geography and climate of the region thus making Indonesia altogether a unique place in the map of the world. The adventure tours in Indonesia includes sports like diving, fishing, mountain climbing, sailing, surfing, trekking, wildlife safari, which make the tourist enchanted. Indonesia contains for the adventure tourist the great volcanoes, which are full of challenge and excitement. In the Indonesia tour tourist can also take part in trekking the volcanoes, as the archipelago is dotted with volcanoes, which are both active and dormant. The temples in Indonesia dates back to the early A.D centuries when Indonesia began come in contact with South Asia. The temples include both the Hindu and the Buddhist temples. The culture in Indonesia regarding food is that each area has its own traditional food. Sundanese in West Java like to eat fresh vegetables and sambal, Javanese like to eat sweet and Padang in West Sumatra people prefers spicy food. The other attractions are the museums in Indonesia, which would take

the tourist back into time and help understand better the present day Indonesia.

Tour to Indonesia

- Tourist Destinations in Indonesia National Parks in Indonesia
- Adventure Tours in Indonesia Hotels in Indonesia
- Culture of Indonesia Volcanoes in Indonesia
- Temples in Indonesia Museums in Indonesia
- Beaches in Indonesia Shopping in Indonesia
- Indonesia Travel Tips

12.4.1 Tour to Malaysia:

Malaysia Tour offers you the chance of getting the experience of true spirit of Asia. Located at the confluence of Indian Ocean and the South China Sea, Malaysia is a land of adventures, beaches and of cosmopolitan nature. World Travel 4 Indians provide all information regarding Tour to Malaysia. Tourist attractions, festivals, adventures, cuisines and many more about Malaysia-a land of fascinating wonders. 22.7 million Peoples populate Malaysia with an area of 329,758 sq. km. Capital is Kuala Lumpur while the official religion is Islam. Malaysia has tropical climate with warm weather round the year. Malaysia neighboring countries are Cambodia and Vietnam in the south and Singapore and Indonesia in North. More than one thousand islands are part of Malaysia country. Malaysia Tour offers a combination of colorful festivals, unique arts and crafts, architecture, food and various dance forms. Tourist Destinations of Malaysia consist of cities, beaches, buildings and shopping malls. Abundant flora and fauna of Malaysia make it a perfect destination to visit. From the capital city of Kuala Lumpur to the natural beauty of Terengganu and from the beaches of Langkawi to the royal town of Perak, Malaysia has everything that is required for a perfect destination. Not only this Malaysia Tour has other tourist attractions also like the Mulu Caves Natural Park -one of the longest cave networks of world, Kinabalu National Park -one of highest mountains of South East Asia. In spite of these Malaysia also has numerous museums. National Museum is among one of them. Malaysia's Festivals are the other attractions of Malaysia Tour. There are festivals round the year in Malaysia. Some of the major festivals are Hari Raya Puasa, Thaipusam, Chinese New Year, Wesak

Day and many more. Even Indian festivals such as Diwali and Christmas are also celebrated with equal enthusiasm. Cuisine of Malaysia is popular because of its variety and flavors. Here you will find everything from Malay food to Portuguese food. If your flavor is spicy then Malaysia has Malay and Chinese cuisine for you but if you want to taste spicy flavor with variety than Indian cuisine is best as Malaysia has lots of Indian restaurants also. A blend of Malay and Chinese known as Nyonya food is also a great treat of Malaysia. Beside these, Portuguese foods and some western cuisine are also available in Malaysia. If you are a shopping lover than Malaysia is the perfect destination to visit as it is known as the Shopper's Paradise. Kuala Lumpur the capital city of Malaysia also has number of popular shopping centers like Jalan Bukit Bintang . While other important shopping centers are Jalan Tuanku Abdul Rahman, Jalan Ampang, Petaling Street and many more. Malaysia is mainly famous for clothes, computers, electronic goods, footwear and fashion accessories. Malaysia Adventure Tour is full of excitement and fun. Rock Climbing, Trekking, Adventure Racing-running, biking, mystery challenges and Traditional Sports-Wau-Kite flying, Sepak Takraw and Main Gasing are included in the adventure tour package of Malaysia. From the cosmopolitan shopping malls and big buildings to the exotic beauty of beaches and islands, Malaysia tour is full of sightseeing destinations. Tour to Malaysia

Tourist Attractions in Malaysia Malaysia Beach Tours

- Malaysia Lake Tours Adventure Tours to Malaysia
- Wildlife Reserves in Malaysia Hotels in Malaysia
- Culture of Malaysia Shopping in Malaysia
- Festivals of Malaysia Malaysian Culinary Tour
- Malaysia Cruises

12.5 Summary:

Tourist itinerary is a composition of various elements and designed after detailed study of market. It is used to identify the origin, destination and all the stopping points in a traveler (s) tours.

In this unit we have discussed the process of itinerary preparation, elements of tour package, planning a tour package and characteristics of tour package.

12.6 Answer to Check Your Progress:

1. Group tour
2. Transportation
3. Lodging or accommodation
4. Tour package
5. Product, price, place and promotion
6. Sightseeing

12.7 Suggested Readings:

- Chand Mohinder, “Travel Agency Management – An Introductory Text”, Anmol Publications Pvt. Ltd., New Delhi, 2006.
- Sinha P.C., “Tourism, Transport and Travel Management”, Anmol Publication Pvt. Ltd., New Delhi, 2006.
- Seth P.N., “Successful Tourism Management”, Sterling Publications Pvt. Ltd., New Delhi.1997.

12.8 Review Questions:

- Explain the various characteristics of tour packaging.
- Describe the basic elements of tour package.
- Write short note on the role of distribution channel.
- Various type of tour itineraries.
- What are two basic categories of tour?

UNIT - 13

SETTING UP OF TRAVEL AGENCY AND TOUR OPERATION BUSINESS

Structure:

13.0 Objectives

13.1 Introduction

13.2 Travel Agency Business – Meaning and Definition

13.3 Tour Operation Business – Meaning and Definition

13.4 Setting Up of Travel Agency and Tour Operation Business- Procedure

13.4.1 Guidelines for Recognition or Approval of a Travel Agency

13.4.2 Guidelines for Recognition or Approval of a Tour Operator

13.5 Summary

13.0 Objectives:

After reading this unit, you will be able to:

- Explain the concept of travel agency and tour operation business;
- Describe the procedure laid down by the ministry of tourism, Govt. of India for approval of travel agency and tour operation business; and
- Discuss the various types of tour operators.

13.1 Introduction:

In the previous blocks you have learnt about the meaning, concept and functions of travel agency and tour operation business. It is clear that a travel agency works as retailer as well as whole seller. In fact, due to the structure of tourism industry a travel agency or tour operator performs multiple functions. It has to deal with various sectors or sub-sectors of tourism and hospitality industry, therefore for smooth functioning it must be recognized or approved by the Ministry of Tourism, Govt. of India and IATA. In this unit an attempt has been made to appraise you

about the setting up of a travel agency and tour operation business and their recognition from Ministry of Tourism Govt. of India.

13.2 Travel Agency Business – Meaning and Definition:

Travel agency is responsible for organizing travel. In fact it is a travel consultant and organizer for tourist. At the same time it provides a link to the suppliers of services with the tourists/travellers. Hence it is concluded that a travel agency is like a retail store, the uniqueness being that it acts on behalf of both, the suppliers as well as the clients. For example, a tourist visits a Travel Agency to meet his travel demands. The Travel Agency makes reservation for accommodation, air tickets, arranges for his pick from the airport and so on. Now at the surface it appears that it is only the tourist who is being catered to or looked after by the travel agency. On the other hand, a travel agency has also served the airline by booking the seat or the hotel by booking the room. In all these services the Travel Agency has provided business to the suppliers of services while serving the tourist at the same time. This demonstrates the importance of the Travel Agency whose role is growing more and more in the modern world. Not every traveller has the energy or time to organize all travel arrangements. The suppliers too don't have the reach to every prospective customer. Hence, the travel agency plays a vital role between the tourists and the traveler suppliers. In fact, it is the link between tourists and the suppliers. The figure 1.1 illustrates the role of travel agency.

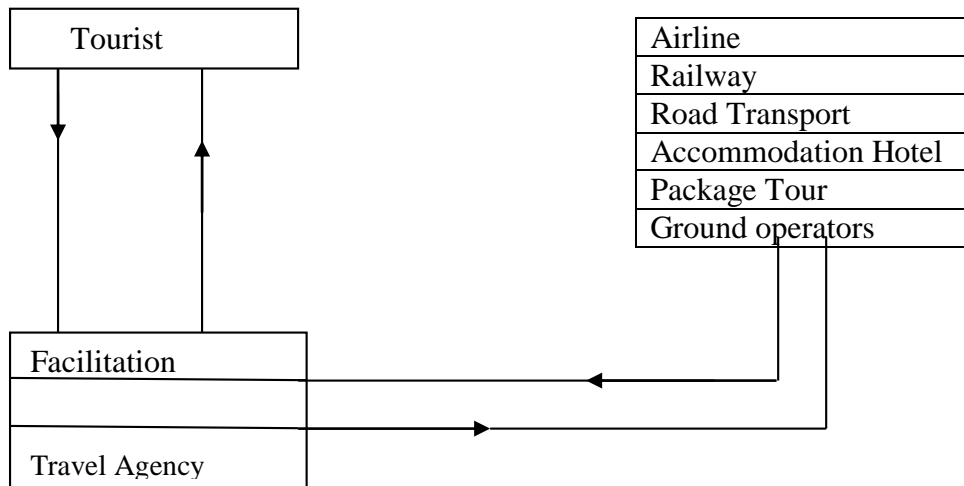


Figure: 13.1 linkage of Travel Agency between tourists and travel suppliers.

Before we go further to explain the various functions and operations involved there in let us look at some of the basic qualities the personnel working in a travel agency should have. One should be:

- Courteous and helpful,
- Able to look at minute details,
- Ready to work under pressure,
- Prepared to work for solving problems
- Proficient in languages etc.
- Sound knowledge of geography – particularly map reading and seasonality,
- Fair knowledge of customs and practices in different countries or at the destinations one is dealing with,
- Information about health, visa, permit and foreign exchange rules, knowledge of arithmetic as fares are to be calculated or worked out,
- Should know typing or working on computers, and
- Have proficiency in communicating skills.

13.3 Tour Operation Business – Meaning and Definition:

You must have seen advertisements in the newspapers or magazines regarding three day or one week tour that mentions the total price of the tour along with the itinerary. For example, one week in Kerala Rs. 2000 (Rs. 350 worth healthcare coupons free or ten days in Goa inclusive meals. etc. These are the offers of

package tours which are available to individuals as well as groups. But have you ever paid attention to this that who packages such tours and why? Or how they are marketed? Well many individuals work out their own details of travel and pleasure. But this is a time consuming process. There are many who don't want to bother themselves regarding planning and organising their journeys, stay etc. Rather they want this to done by someone else. It is the tour operator who packages all attractions of a destination into one composite product and retails it through the travel agents or directly to the tourists. He creates the demand, travel, market and image of the destination. Thus, it is precisely this demand that led to the origin of package tours. Today, many tourists buy these package tours as per their interests, priorities and budget at a price that is pre-determined. The complete holiday package tour includes travels (air/surface) accommodation, escort/guide and so on. The person who puts together all these aspects into a package is known as the Tour Operator.

In other words we can say that Tour Operator is a person who provides information, plans and coordinates travel with various agencies to create a package or service. At the same time he also ensures smooth operation of the tour He can thus, also be called a Tour/Travel consultant or Tour Coordinator. The tour Operator may or may not necessarily have any product of his own but act as an intermediary to tailor a package to meet the needs of a traveller. In fact, a tour operator plays an important role in organizing explorations, research expeditions and holidays. We must remember here that tour operations originated ever since people wanted to explore new areas, go on pilgrimages or trade expeditions, individually or in groups. The above fact indicate that a tour operation involves:

- 1) Information of the area of operation i.e. in-depth knowledge of the places of interest, the accommodation, transport facilities and other logistics required for planning a tour.
- 2) Planning of a tour in the most efficient manner.
- 3) Coordination with allied industries or services such as hotel reservations, airline, rail or road transport reservations, local assistance, guides, etc.
- 4) Operations of tour mean a close monitoring of the tour i.e. all that is packaged together is working in smooth coordination. In case of break in the circuit **an**

alternate is to be organised with least inconvenience to the client. This is another vital segment in the planning and operation of a tour.

Over the years, due to the rapid changes in the global tourism marketplace, tour operators are playing pivotal role in the tourism market and catering the requirements of all types of tourists. Thus, in order to meet the tourism market requirements tour operators are classified into the following categories:

- **Individual/independent** tour operator,
- **In-house Tour Operators** like an airlines doing the functions of tour operator also,
- **Incentive tour operators** who deal only with the sponsors and not with individual clients.
- **Outbound** who operates tours to other countries is called an Out Bound Tour Operator.
- **Domestic** who handles tours of people of mine country for travel within the country is called a **Domestic Tour Operator**.
- **Inbound Tour Operators:** The Wholesaler who markets the tour consolidates the members of the group through many retailers. Finally the group thus formed is given by the wholesaler as a package to Inbound Operator of that country or that region. The coordination of hotels, transport and other allied services is then undertaken by the Inbound Operator. In fact, Inbound Tour Operators further pass on the services of the group to some body in the city of visit known as the **Excursion agent**. He coordinates with hotel reservations, organizes transport, guides tourists and generally meets the needs of the tourists in that city.

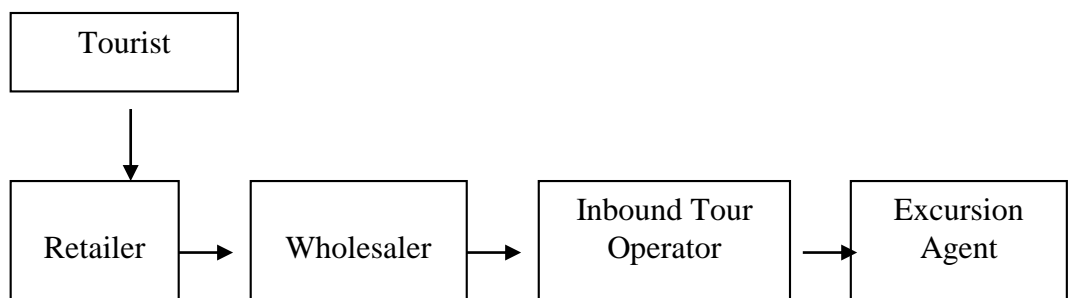
It is not necessary that these have to be separate or one does not operate the other types. But it is seen that since the markets and the style of operations in each one are distinctly different than the other the operators prefer to stay in their own specialized field.

The following illustration clarifies the concept and functioning of tour operators:
A group of 10 members in UK wants to visit India but does not know how to go about. The group leader walks in the Travel Agency (Retailer) which he normally uses or thinks that it can help him. He meets the Travel Consular who talks to him and finds out his interest, the tune he could spend for travel, the tour he could

afford, the luxury he is looking for and the season of travel. The Travel Consular then shows him the brochures of the various types of tours which he could recommend with the cities or areas of interest, type of facilities, etc. Such tours have a schedule date of departure and a set programme. He then books the name of his group on one such group... The wholesaler collects people from all over the country and forms a group. The detail of whole with names, itinerary and flight details etc. is sent to an Inbound Tour Operator who has organized reservations for hotel, transport and other services all over the country. This Inbound Tour Operator then gives message to Excursion Agents in each city of visit about the groups strength, arrival and departure details and request for services to be arranged in that city. Normally the following information required by the tour operator:

- 1) Receiving the group at the airport and taking them to the hotel and vice versa.
- 2) Provide appropriate transport for the group to travel in the area.
- 3) Provide Guide for sightseeing tours.
- 4) Provide tickets for entrance fee at places of visit.
- 5) Any special services for the group.
- 6) Reconfirm hotel reservations.
- 7) Reconfirm onward flight/train/bus reservation confirmation.

And so the group moves from one excursion agent to another while the Inbound Tour Operator is closely monitoring the movement being the chief coordinator. This way an Inbound Tour Operator is able to provide pickup service and transport and excursions at each city in India even though he does not have an office in more than one city.



At the same time there are different categories of Package Tours:

1) Escorted Tours:

This is an organized and planned tour in which a tour escort serves the group or individual by **accompanying throughout the tour.**

2) Unescorted Tours:

Though organized and planned: there is no escort accompanying the tour. Instead the group or individual is taken care of at every destination by Tour Host/Excursion Agent whose services have been taken for that particular destination.

From the above discussion, it is clear that before setting up of travel agency or tour operator business one must be aware about the functioning, activities and the product\ service of these organizations. Moreover, before entering into travel business one must finds the answer of various questions:

- size of the organization,
- scale of business,
- product line,
- market,
- competitions,
- legal requirements,
- professional staff,
- name of travel agency
- Location of the travel agency or tour operator
- Financial requirements and so forth.

Check Your Progress – I:

Answer the following questions.

1. What is a travel agency?

2. What are the duties of a tour operator?

Check your answer with the one given at the end of the unit.

13.4 Procedures for the Recognition or Approval of a Travel Agency and Tour Operator:

Thus, the above steps are crucial for planning to set up a travel agency and tour operator. Beside this one more crucial step is the approval obtained from the Ministry of tourism, Govt. of India. This approval helps the travel agency or tour operator to avail various financial and non-financial incentives from the govt. The procedure for recognition of travel agency and tour operator from govt. of India follows as:

13.4.1. Guidelines for Recognition or Approval of a Travel Agency:

1. The aims and objectives of the scheme for recognition shall be to promote travel and tourism in India. This is a voluntary scheme open to all bonafide travel agencies.
2. **Definition:** A travel agency is one which makes arrangements of tickets for travel by air, rail and ship; passports; visas, etc. It may also arrange accommodation, tours, entertainment and other tourism related services.
3. All applications for recognition as a travel agent shall be addressed to the Director General of Tourism, Transport Bhawan, 1 Parliament Street, New Delhi — 110001.
4. The following conditions must be fulfilled by the travel agency for grant of recognition by the Ministry of Tourism:

- i.** The application for grant of recognition should be in the prescribed form and submitted in duplicate.
 - ii.** The travel agency should have a minimum paid-up capital (or capital employed) of Rs. 5.00 lakh duly supported by the Audited Balance Sheet/chartered accountant's certificate.
 - iii.** The travel agency should be approved by International Air Transport Association (IATA) or should be a General Sales Agent (GSA) of IATA member airlines.
 - iv.** The minimum office space should be 250 sq ft. Besides, the office should be located in a neat and clean surrounding and equipped with telephone, fax, computer reservation system, etc. The office may be located preferably on a ground floor or first floor, if situated in a residential area with sufficient space for reception and easy access to toilet facilities.
 - v.** The travel agency should be under the charge of a full time member who is adequately trained, experienced in matters regarding ticketing, itineraries, transport, accommodation facilities, currency, customs regulations and travel and tourism related services. Besides this, greater emphasis may be given to effective communication skills and knowledge of foreign languages other than English. There should be a minimum of four qualified staff members out of which at least two should have a Diploma/Degree in Travel and Tourism from a recognised university, IITTM or institutions approved by AICTE. The academic qualifications may be relaxed in case of exceptionally experienced personnel in case of airlines, shipping, transport, PR agencies, hotels and other corporate bodies and for those who have worked for three years with IATA/UFTAA agencies.
 - vi.** The travel agency should have been in operation for a period of one year after IATA approval at the time of filing the application.
 - vii.** The travel agency should be an income-tax-assessee and should have filed Income Tax Return for the current assessment year.
- 5.** Recognition as travel agency will be granted for three years and renewed thereafter for five years on an application made by travel agency along with fee.

6. The travel agency is required to pay a non-refundable fee of Rs 2,000 while applying for the recognition. The fee will be payable to the Pay & Accounts Officer, Ministry of Tourism, in the form of a Bank Draft. Fee for recognition of each branch office will be Rs 1,000. Fee for renewal will be Rs 1,000 and Rs 500 for Head and each Branch Office respectively.
7. Recognition will be granted to the Head Office of the travel agency. Branch Offices will be approved along with the Head Office or subsequently provided the particulars of the branch offices are submitted to the Ministry of Tourism and accepted by it.
8. The decision of the Government in the matter of recognition shall be final. However, the Government may in their discretion refuse to recognise any firm or withdraw/withhold at any time the recognition already granted with the approval of the competent authority. Before such a decision is taken, necessary Show Cause Notice would invariably be issued and the reply considered on merit. This will be done as a last resort. Circumstances under which withdrawal is resorted to would also be brought out.
9. The travel agency granted recognition shall be entitled to such incentives and concessions as may be granted by the Government from time to time and it shall abide by the terms and conditions of recognition as prescribed from time to time.
10. The travel agency should employ only regional guides trained and licensed by the Ministry of Tourism, Government of India and state level guides approved by State Governments.

Application Form for Recognition or Approval of Travel Agency:

1. Name and address of Head Office & Branch Offices.
2. Nature of the firm and the year when it was registered or commenced business, with documentary proof.
3. Names of directors/partners, etc. The details of their interests, if any, in other business may also be indicated.
4. Give particulars of staff employed, their qualifications, experience, salary and length of service with the firm.

5. Give details of office premises like space in sq ft location whether commercial or residential area, floor of the building, reception area and accessibility to toilets.
6. Name of Bankers (Please attach a reference from your bankers).
7. Name of Auditors. A balance sheet and profit & Loss statement pertaining to the travel business, as prescribed under Company Law, must be submitted by each applicant. These audited statements should be in respect of your establishment for the last completed financial year or for the calendar year immediately preceding the date of submission of your application. Also, furnish details of your turnover in the following Performa:

Particulars of the Travel Agency concerned:

- (a) Paid-up capital (or capital employed)
- (b) Loans
 - i. Secured
 - ii. Unsecured
- (c) Reserves
- (d) Current liabilities and provision
- (e) Total (a to d):
- (f) Fixed assets (excluding intangible assets)
- (g) Investments
- (h) Current assets
- (i) Intangible assets
- (j) Total (f to i):

Notes:

- (i) Reserves should include balance of profit & loss account and exclude taxation reserve.
 - (ii) Current liabilities and provisions should include taxation reserve.
 - (iii) Current assets should include debts, loans, advances, cash and bank balance.
 - (iv) Intangible assets should include goodwill preliminary expenses, tenancy and business rights, deferred revenue expenditure, accumulated loss, etc.
8. Copy of the acknowledgement certificate in respect of income tax return for the current assessment year should be enclosed.

9. Whether any other activities are undertaken by the firm besides travel related activities.
10. Please indicate the air/shipping/railway ticketing agencies held by the firm.
11. Please indicate membership of International Travel Organization, if any.
12. Letter of approval of IATA and Certificate of accreditation for current year should be enclosed. GSAs of IATA airlines should enclose documentary proof in this regard.
13. Please enclose a Demand Draft of Rs 2,000 for Head Office and Rs 1,000 for each Branch Office as fee for recognition and Rs. 1,000 and Rs.500 for Head Office and each Branch Office respectively if the application is for renewal of recognition. (Please mention the DD No., date and amount.)

Signature of Proprietor/Partner/Managing Director

Rubber Stamp:

Place:

Date:

13.4.2 Guidelines for Recognition as an Approved Tour Operator:

1. The aims and objectives of the scheme for recognition shall be to promote tourism in India. This is a voluntary scheme open to all bonafide tour operators.
2. Definitions: A tour operator is one which makes arrangements for transport, accommodation, sightseeing, entertainment and other tourism related services for tourists.
3. All applications for recognition as a tour operator shall be addressed to the Director General of Tourism, Transport Bhawan, 1 Parliament Street, New Delhi - 110001.
4. The following conditions must be fulfilled by the tour operator for grant of recognition by the Ministry of Tourism:
 - (i) The application for grant of recognition should be in the prescribed form and submitted in duplicate.
 - (ii) The tour operator should have a minimum paid up capital (or capital employed) of Rs. 2.00 lakh duly supported by the latest audited Balance Sheet/Chartered accountant's certificate.

(iii) The turnover in terms of foreign exchange or Indian rupees by the firm from tour operation only should be a minimum of Rs 10.00 lakh duly supported by Chartered Accountant's certificate.

(iv) The tour operator should have an office under the charge of a full time member of the staff, who is adequately trained/experienced in matters regarding transport, accommodation, currency, customs 'regulations and, general information about travel and tourism related services. However, greater emphasis may be given to effective communication skills and knowledge of foreign language other than English. There should be a minimum of four qualified staff members out of which atleast two should have a Diploma/Degree in travel and tourism from a recognised university, IITM or an institution approved by AICTE.

The academic qualifications may be relaxed in case of exceptionally experienced personnel in airlines, shipping, transport PR agencies hotels and other corporate bodies and for those who have two years' experience with the Ministry of Tourism approved tour operators.

(v) The tour operator should have been in operation for a minimum period of two years before the date of application.

(vi) The minimum office space should be of 250 sq ft. Besides, the office should be located in neat and clean surroundings and equipped with telephone, fax, computer reservation system, etc. The office should be located preferably on a ground floor or first floor, if situated in residential area with sufficient space for reception and easy access to toilets.

(vii) The tour operator should be an income tax assessee and should have filed Income Tax Return for the current assessment year.

5. The recognition as an approved tour operator shall be granted for three years and renewed thereafter every five years on an application made by the tour operators along with the fee. .

6. The tour operator is required to pay a non-refundable fee of Rs 2000 while applying for the recognition. The fee will be made payable to the Pay & Accounts Officer, Ministry of Tourism in the form of a Bank Draft. The fee for recognition of each branch office will be Rs 1000 Fee for renewal will be Rs. 1000 and Rs. 500 for the Head and Branch Offices respectively.

7. Recognition will be granted to the Head Office of the tour operator. Branch Offices will be approved along with the Head Office or subsequently, provided the particulars of the Branch Offices are submitted to the Ministry of Tourism and accepted by it.
8. The decision of the Government of India in the matter of recognition shall be final. However, the Government of India may in their discretion refuse to recognise any firm or withdraw/withhold at any time, recognition already granted with the approval of the competent authority. Before such a decision is taken, necessary Show Cause Notice would invariably be issued and the reply considered on merit. This will be done after careful consideration and generally as a last resort. Circumstances under which withdrawal is resorted to would also be brought out.
9. The tour operator granted recognition shall be entitled to such incentives and concessions as may be granted by the Government from time to time and shall abide by the terms and conditions of recognition as prescribed from time to time by the Ministry of Tourism, Government of India.
10. The tour operator should employ only regional guides, trained and licensed by the Ministry of Tourism, Government of India, and state level guides approved by State Governments.

Application Form for Recognition or Approval of a Tour Operator

1. Name and address of Head Office and Branch Offices.
2. Nature of the firm and the year when it was registered or commenced business, with documentary proof.
3. Names of directors/partners, etc. The details of their interests, if any, in other business may also be indicated.
4. Give particulars of the staff employed, their qualifications, experience, salary and length of service with the firm.
5. Give details of premises, viz., space in sq ft location (whether in commercial or residential area), floor of building, reception area and accessibility to toilets.
6. Name of Bankers (please attach a reference from your Bankers.)
7. Name of Auditors. A Balance Sheet, profit and loss statement pertaining to tour operation business, as prescribed under Company Law, must be

submitted by each applicant. These audited statements should be in respect of your establishment for the last completed financial year or for the calendar year immediately preceding the date of submission of your application. Also furnish details of your turnover in the following statement:

Particulars of the Tour Operator Concerned:

- a) Paid up capital (capital employed)
 - b) Loans
 - i. Secured
 - ii. Unsecured
 - c) Reserves
 - d) Current liabilities and provisions
 - e) Total (a to d)
 - f) Fixed assets (excluding intangible assets)
 - g) Investments
 - h) Current Assets
 - i) Intangible Assets
 - j) Total (f to i)
8. Copy of acknowledgement in respect of Income tax return for the current assessment year should be enclosed.
9. Whether any activities are undertaken by the firm besides tour operation.
10. Membership of International Travel Organisations.
11. (a) Give details of volume of tourist traffic handled up to the date of application showing foreign and domestic tourist traffic separately. (Please submit a certificate from a chartered accountant. This certificate should show the receipts from tour operation only during the financial year or the calendar year immediately preceding the date of submission of your application).
- (b) **Clientele:** Special tourist groups handled, if any, their size, frequency, etc.
- (c) Steps taken to promote domestic tourist traffic and details of the groups handled, if any.
- (d) Special programmes if any, arranged for foreign tourists.

- 12. Number of conferences handled, if any, and the total number of passengers for such conferences with details of locations, etc.
- 13. Number of incentive tours handled.
- 14. Please enclose a Demand Draft of Rs. 2000 for Head Office and Rs 1000 for each Branch Office as fee for recognition and Rs 1000 and Rs 500 for Head Office and each Branch Office respectively if the application is for renewal of recognition. (Please mention the DD No., date and amount).

Signature of Proprietor/Partner/Managing Director

Rubber Stamp of the Firm\ Company

Place:

Date:

Check Your Progress – II:

Answer the following questions.

- 1. Give the steps for establishing a travel agency.**

- 2. How a tour operator is approved by the Ministry of Tourism?**

Check your answer with the one given at the end of the unit.

13.5 Summary:

In this unit we attempted to give you an idea about the setting up of travel agency and tour operation business as an entrepreneur. There are ample opportunities for those who are planning to enter this vital sector of the tourism industry. Even many of you have huge opportunities right in your own location if your area is a tourist destination. In this unit you must understand about the procedure for the approval of travel agency and tour operator from the Ministry of tourism, Govt. of India.

13.6 Answers to Check Your Progress:

Check Your Progress - I

- 1) See Sec. 13.2
- 2) See Sec. 13.3

Check Your Progress - II

- 1) See Sub-Sec. 13.4.1
- 2) See sub- Sec. 13.4.2

13.7 Suggested Readings:

- Chand Mohinder (2006) Travel Agency Management-An Introductory Text, 2nd.(Ed.), Anmol Publications Pvt. Ltd., New Delhi.
- Hollway (1999) The Business of Tourism, Pitman.
- Ministry of Tourism, Govt. of India, Annual Report 2005, 2006.
- Negi J.M., (2001) Travel Agency and Tour Operator - Concepts and Principles, Kanishka Publications, New Delhi.

13.8 Review Questions:

1. Explain the procedure for approval of a travel agency lay down by the Ministry of Tourism, Govt. of India.
2. Discuss the procedure to establish a travel agency.

3. Discuss the procedure for approval of tour operator by the Ministry of Tourism, Govt. of India.
4. Discuss the how you would establish a travel agency after passing this course in the hill area.

UNIT -14

ROLE AND FUNCTIONS OF TOURISM ORGANISATIONS

Structure:

14.0 Objectives

14.1 Introduction

14.2 Government Involvement in Tourism Development and Promotion

14.3 Department of Tourism, Ministry of Tourism (Govt. of India)

14.3.1 Organisation of Department of Tourism

14.3.2 Functions, Activities and Role of Department of Tourism

14.4 Other Inter-Related Government Organisations in Promotion of Travel Trade

14.5 Indian Tourism Development Corporation (ITDC)

14.5.1 State Tourism Development Corporations

14.6 Summary

14.0 Objectives:

After reading this unit, you will be able to:

- Explain the role and involvement of Govt. in travel promotion and development;
- Describe the functions, activities and role of department of tourism, ministry of tourism, Govt. of India; and
- Discuss the functions, activities and role of other inter-related govt. organisations in promotion of travel.

14.1 Introduction:

In the previous unit we have explained the travel motivations etc. This unit emphasizes on the functional perspectives role, functions and activities of government tourism organizations in promotion and development of travel trade in India. Moreover, the students will be able to evaluate the role and contribution of government organizations in promotion of tourism in the country.

14.2 Government Involvement in Tourism Development and Promotion:

Today, tourism has been recognised as an important weapon instrument in the economic and social development of a nation. It has the capacity to contribute towards employment, rural development, and balance of payment, earnings, national integration and international understanding. Thus, for social, economic, financial and political reasons governments take a direct interest in the development of tourism within their respective states. Government involves itself in tourism planning, regulation, development, promotion, and marketing of tourist products. It plays an active as well as a positive role in the promotion and development of tourism. The main reasons of Government's involvement in tourism are:

- Foreign Exchange Earnings and their significance for the balance of payments;
- Employment generation;
- Building the image of the country as a tourist destination;
- Provision of sound tourism infrastructure;
- Economic survival growth;
- Political structure;
- Private sector investors may be reluctant to invest in speculative tourism ventures;
- Planning, policy-making and control;
- Protects tourism resource and environment; and
- Tourism industry requires careful coordination in the development and marketing of tourism

Practically all nations in the world, irrespective of its size, pattern and structure, have tourism development and promotion organisations, which are controlled and financed by the centre or state or both governments. In India, every state and union territory have their own independent tourism departments, and several of them even have tourism development corporations sometimes we even find regional tourism development corporations. These tourism corporations are in public sector and operate at the state, central or regional level such as the India Tourism Development Corporation (ITDC), Tourism Finance Corporation of India Ltd.,

(TFCI), Himachal Pradesh Tourism Development Corporation, Haryana Tourism Corporation, Punjab Tourism Development Corporation etc. The tourism corporation in collaboration with the department of tourism, functions as a promoter, developer, facilitator and planner. These corporations market their respective state as tourist destinations and even provide timely and accurate information to inbound tour operators. Tourism Corporations have information offices in the major cities and offer package tours in collaboration with Air India Airlines, India Railways travel agencies and tour companies.

Check Your Progress – I:

Answer the following questions.

- 1. What are the main reasons for Government's involvement in tourism?**

- 2. Give the name of five tourism development state owned corporations.**

Check your answer with the one given at the end of the unit.

14.3 Department of Tourism, Ministry of Tourism (Govt. of India):

The Department of Tourism, Govt. of India is responsible for the development and promotion of tourism in those areas where private sector is reluctant. In fact, the basic tasks of the Ministry of Tourism are to undertake promotional activities and to develop tourism infrastructure.

14.3.1 Organization of Department of Tourism:

An organizational chart of the department is given at Fig.1. The major objectives of the department of tourism are as follows:

1. Promotion and publicity at home and abroad with the object of promoting travel to and within India;
2. Compilation, collection and dissemination of tourist information in India and abroad and attending to enquiries from international tourists, travel agents, airlines, steamship companies, tour operators and hotels;
3. Facilitation work, such as simplification of frontier formalities in respect of international tourists;
4. Cooperation with international travel and tourist organisations at government and non-government levels;
5. Development of tourist facilities and infrastructure at places of tourist interest to international and domestic tourists;
6. Regulation of activities of the various segments of the travel trade, such as hotels, travel agents, tour operators, wildlife outfitters, guides, tourist car operators and shopkeepers catering to tourists' needs;
7. Compilation of statistics, conducting and commissioning market research and surveys.

14.3.2 Functions, Activities and Role of Department of Tourism:

The functions, activities and role of Department of tourism involve the dissemination of tourist information, development of tourist facilities, and regulation of the activities of various segments, such as hotels, travel agents, transport operators, wildlife outfitters, guides, etc. Other important functions are to project India's image abroad through publicity media such as advertising in print,

TV/video, production of tourist publicity literature including posters, and maps, films, studio-visuals, putting up of cultural presentations, participation in trade fairs and exhibitions and the like.

The highlights of promotional activities undertaken overseas are:

1. Extensive electronic campaigns are launched in the major tourist generating markets of USA, UK, Europe, West Asia, Japan, Australia and South-East Asia. These are backed by print media campaigns aimed at product marketing.
2. Support is extended to wholesaler and tour operators overseas for launching new India programmes in the major markets.
3. Agreements are signed with international airlines for special India promotions to be launched abroad.
4. The Ministry also launches a massive campaign in the United states in cooperation with TWA (Trans-World Airlines) Gateway Holidays
5. An “Affordable India” campaign has been launched in Europe to generate off-peak seasonal traffic
6. Incredible India campaign.

The department of tourism has taken the following important activities for infrastructure building:

1. Wildlife Tourism
2. Yatri Niwas
3. Social Tourism
4. Adventure and Sports Tourism
5. Mountain Resorts and Winter Sports
6. Transport at Selected Centres
7. Floodlighting/SEL Shows
8. Infrastructure Development at Tourist Centre
9. Cultural Tourism, Beach Tourism
10. Development of Andaman and Lakshadweep
11. Golf Courses
12. Tourism Planning at Selected Buddhist Sites
13. Setting up of Taj National Park

Besides promotional activities, the Ministry of Tourism is also involved in the task of developing tourist infrastructure by providing budget accommodation, wayside facilities, and development of specified tourist centres. The government has given high priority to development of human resources for hotel-catering industry on the one hand and tourism and travel industry on the other as an important aspect of infrastructure building.

The Department of Tourism is responsible for the promotion of India as a tourist destination and development of tourism infrastructure facilities in the country. It also performs regulatory functions in the field of tourism.

The functions and activities of the department include:

- **Promotional:**

It carries out extensive publicity and promotion campaigns through its tourist offices located in the major tourist generating markets of the world viz., USA, Canada, UK, Western Europe, Australia, South East Asia, Japan and West Asia.

- **Development:**

Various schemes under successive plans have been formulated and implemented for domestic and cultural tourism, development of supplementary accommodation, promotion of wildlife tourism, sports tourism, social tourism, mountains and beach resorts, promotion of fairs and festivals, in aid and subsidies for hostels, grant of loans for tourist transport operators, leisure tourism and development of travel circuits. It also assists the State governments, State Tourism Development Corporations and other agencies for the implementations of various schemes under Five- Year Plans.

- **Regulatory:**

It exercises the functions of laying down norms and conditions for the operation of hotels, travel agencies, tour operators and tourist transport operators and maintains approved lists of these agencies. The conference division handles international training, bilateral relations international cooperation and international conferences. The department was represented in the Tourism Promotional Seminars in Spain, France, Saudi Arabia, UAE, Oman, Qatar, Germany, Austria and Denmark. Conferences.

In the international conference field, the Nodal Ministry's clearance and clearance of Home and External Affairs Mini are arranged for various conferences.

- **India Convention Promotion Bureau:**

In the last decade, an important component has emerged to the tourism scenario, i.e., convention and conference traffic. The benefits of holding of conventions in the country are manifold, besides earning valuable foreign exchange. By holding the conference they give the national members of that particular conference an exposure to international views and news regarding their particular area of specialization. In India, the conference traffic has increased steadily during the last few years. In order to promote conference traffic to India, the travel trade has set up India Convention Promotion Bureau (ICPB). The membership of ICPB comprises the Department of Tourism, national air carriers, hoteliers, travel agencies, tour operators, international congress sectors, state tourism development corporations, airport authorities and other segments connected with travel trade. ICPB has got the approval of International Congress and Convention Association which will help in obtaining more conferences and conventions to India.

- **International Bilateral Relations:**

The department had negotiations with various, foreign countries under the Cultural Exchange Programmes. This Division has also handled tourism cooperation with the member-countries of SAARC and the implemental of greater cooperation in tourism between the member-countries by means of fiscal and physical incentives.

- **Japanese Assistance to Buddhist Heritage Sites:**

Sites associated with the life of Lord Buddha are situated in areas of Bihar and UP which were once rich in resource and development. These areas are now some of the most backward and undeveloped areas in India. With a view to developing Buddhist pilgrims the central and state governments would undertake landscaping of the area, strengthen the road, rail and communication systems, build wayside amenities and hotels to suit both the pilgrim traffic and also the upmarket traffic from Japan, Thailand, etc.

- **Indo-German Cooperation:**

Germany is one of the largest markets of tourists to India. Additionally the per-capita expenditure on German tourists on overseas travel is the highest in the world.

It has been recognised of late that there is considerable scope for promoting in-bound tourism from Germany to India.

- **Regional Offices:**

- **Within India:**

- The tourist offices in India and abroad disseminate information on places of tourist interest and available tourism facilities and amenities in India. These offices maintain liaison with the state governments, state tourism corporations and also help the Ministry of Tourism, Govt. of India in exercising control over different segments of the travel trade to ensure that services to tourists are maintained at the national, international level and are available at reasonable rates.

- **Overseas:**

- A highly competitive market situation continues to prevail amongst the countries of the world who wish to attract affluent tourists from the developed world. Given the prevailing scenario the existence of the overseas tourist offices has acquired considerable importance. These offices are the Ministry's outposts in the traffic generating markets of the world and their prime function is to create an awareness of India as an important/attractive tourist destination. Tourist offices in India and abroad handle tourist enquiries, disseminate tourist information, undertake promotion by means of advertising and publicity, maintain liaison with travel trade and press. The main function of tourism offices abroad is to counter the adverse coverage by foreign media in respect of various events taking place in India. With the objective of achieving optimum impact the government and Air-India under the Operation Schemes are engaged in joint promotional efforts in Europe, UK, America, East Asia, West Asia and Australia through tourist offices located in various parts of the world.

- **Vigilance**

- The Vigilance Cell is headed by Chief Vigilance Officer of the rank of Joint secretary/Deputy C.V.O of the rank of Deputy Secretary and Confidential Assistant. With this set up, every possible effort is being made to look into the complaints and get them processed/ investigated promptly.

- **Tourist Publicity Literature**

- Under its production programme, it has brought out a range of publicity material including shell folders on adventure, wildlife, South India, Agra and Rajasthan,

tourist map of India and city maps of Delhi, Bombay and Agra and trekking maps of Himalayas. It also produced a general India brochure and those on various states and tourist destination in India.

- **Promotion of Domestic Tourism:**

It launches major campaign on “Tourism Environment / Awareness”. These campaigns are being released in all leading magazines across the country in Hindi, English and other Indian languages. The themes of the campaigns are “We can and we will keep India beautiful”. Besides, the department also launches advertising campaigns to promote lesser known hill resorts called “Holiday Campaign”; to promote Orissa and a campaign to promote Andaman and Nicobar and Lakshadweep Islands.

- **Tourism Planning**

Attaching greater importance to tourism; the Approach Paper approved by the National Development Council in July 1984 included the following recommendation: “There is vast potential for development of tourism in the country. Tourism should be accorded the status of an industry. Private sector investment will have to be encouraged in developing tourism and public sector investment should be focused only on development of support infrastructure.”

The states of Uttarakhand, Himachal Pradesh, Uttar Pradesh, Haryana, Meghalaya, Andhra Pradesh, Kerala, Arunachal Pradesh, Tamil Nadu, Bihar, Tripura, Manipur, Assam, Karnataka and Union Territories of Andaman and Nicobar and Lakshadweep have declared tourism as Industry while Orissa, Rajasthan and West Bengal have declared Hotels as Industry.

The main thrust in the plans is to vigorously promote domestic tourism and move towards diversification of overseas tourism to India. Department of tourism instead of merely focusing on cultural tourism interest, has also laid greater emphasis on leisure and holiday tourism, winter and water skiing, adventure sports, responsible and ecotourism etc.

- **Promotion of Wildlife Tourism:**

To promote wildlife tourism, facilities are provided in the form of forest lodges and transport within the sanctuaries / national parks: forest lodges at Enjal (Gujarat), Manas (Assam), Dhangari (UP) and Parambikulam (Kerala) is in progress.

- **Wayside Facilities:**

Recognizing the importance of a well-programmed network of wayside amenities to keep pace with the fast developing' highway tourism within the country, the construction of wayside facilities on the roads leading to or connecting important tourist centres are taken up for implementation.

- **Tourist Arrivals/Earnings and Surveys:**

The Market Research Division Deptt. of Tourism, Govt. of India is responsible for collection, tabulation and dissemination of information on various aspects of tourism in India. The statistics being collected regularly include data of international and domestic tourist arrivals, occupancy statistics of approved hotels, number of tourists visiting selected monuments, etc. Various surveys/studies are undertaken from time to time to assess the availability and adequacy of infrastructural facilities, demand characteristics reactions of tourists, etc.

Domestic Tourism Statistics:

The government introduced regular reporting 'system of foreign tourist arrivals and departures. A similar system is being developed on domestic tourist movements with the assistance of states/union territories. In addition, adhoc surveys are being taken up from 'time to time or gathering objective information on various aspects of international 'and domestic tourism in the country. With the increase in income levels and the 'emergency of a powerful urban middle class, the potential of domestic tourism has grown substantially during the last two decades. This has been further accelerated with increased awareness about domestic tourism. However, there are no precise estimates of total domestic tourist traffic in the country State governments have been therefore, persuaded to set up small statistical' cells for the collection of domestic tourism statistics through accommodation establishments and furnish them to the central government on a monthly basis.

Check Your Progress – II:

Answer the following questions.

- 1. What are the main aims and objectives of Ministry of Tourism, Govt. of India?**

- 2. What are the main functions of Department of tourism Govt. of India?**

Check your answer with the one given at the end of the unit.

14.4 Other Inter-Related Govt. Organisations in Tourism:

14.4.1 India Tourism Development Corporation (ITDC):

India Tourism Development Corporation has been the prime mover in the progressive development and expansion of tourism infrastructure in the country. It was established on October.1966 as a commercial organisation in the public sector. ITDC has been playing a crucial and strategic role in ensuring proper dispersal of socio-economic benefits of tourism, promoting national integration and international understanding, helping removal of regional imbalances, generating employment opportunities, augmenting foreign exchange earnings and also acting as a catalyst in the development of tourism in the country.

The ITDC Board consists of Directors including the Chairman-cum-Managing Director. The organisational set up at the Corporate level comprises number of functional Divisions each headed either by a Senior Vice—President or Vice—President. The organisation chart of the corporation is given below in Figure 2.

There are four regional offices at New Delhi, Mumbai, Chennai and Kolkata. The following are the main Subsidiary Companies of ITDC:

- Assam Ashok Hotel Corpn. Ltd.
- Ranchi Ashok Bihar Hotel Corpn. Ltd
- Utkal Ashok Hotel Corpn. Ltd.
- Madhya Pradesh Ashok Hotel Corpn. Ltd.
- Pondicherry Ashok Hotel Corpn. Ltd.
- Donyi Polo Ashok Hotel Corpn. Ltd.

Each of the above subsidiary companies has initially undertaken construction of joint venture hotel project in the respective State. ITDC in collaboration with Shri Mata Vaishno Devi Shrine Board has set up a Fast Food Restaurant at Jaikaaran Ashok at Shri Mata Vaishno Devi Shrome. The Corporation has signed Promoters' Agreements for setting up a Resort Hotel Project at Pahalgam in collaboration with Jammu and Kashmir State Tourism Development Corporation Ltd., and a joint venture hotel project at Chandigarh in collaboration with Punjab Tourism Development Corporation Ltd.

Role of ITDC in Tourism and Travel Trade:

There is no doubt, that the ITDC is at the forefront of Indian Tourism which possesses an elaborate infrastructure of hotels, beach resorts, travel agency, car rental services, duty free shops, consultancy services and convention and conference facilities across the length and the breadth of the country. During the recent years, the Corporation has entered into joint venture agreements with several state governments to set up mid-market or budget hotels. It has also offered tour packages in collaboration with Air India, Indian Airlines, State Tourism Corporations and Indian Railways, as 'enjoy India' for domestic tourists and 'discover India,' 'Pilgrims Tours' and 'Buddhist Package' etc.

The role of, ITDC can be better understood in the following points:

- Helps, in the development and promotion of Infrastructure
 - Promotes India as a tourist destination at global.

- Helps in the promotion of domestic tourism in collaboration with railways
- Provides training facilities.
- Provides consultancy services
- Promotes inbound tourist traffic

14.4.2 State Tourism Development Corporations:

Recognizing the immense tourist potential in the states, the state governments has established department of tourism and state tourism corporations to promote and develop tourism in the state. The states are playing an pivotal role by investing in tourism related activities from their own financial resources in the big way. Each state has followed the Central Government in setting a tourism department, and tourism corporations. The state tourism corporations are working under the Ministry of Tourism on the pattern of ITDC. The main state tourism development corporations are Delhi Tourism and Transport Development Corporation Ltd., Haryana Tourism Corporation Ltd., Punjab Tourism Development Corporation Ltd., Himachal Pradesh Tourism Development Corporation Ltd., Goa Tourism Development Corporation Ltd., Karnataka Tourism Development Corporation, Chandigarh Industrial and Tourism Development Corporation and Tourism Corporation of Gujarat Ltd. It is not possible to study all these state tourism corporations. Keeping in view this fact, an attempt has been made to discuss a few of them in terms of their significance and problems faced by various state tourism corporations.

The state tourism corporations basically operate the commercial activities while the department of tourism or the state directorates of tourism are responsible for destination development, promotion, financing tourism, publicizing and marketing the state as a tourist destination. Thus, all States Tourism Corporations and Regional Corporations have almost similar functions and objectives in the country. Let's discuss the functioning and working of a few state tourism corporations.

I. Himachal Pradesh Tourism Development Corporation (HPTDC):

Tourism is a major economic activity in the state of the creation of income and employment generation. The state government has realised that proper promotion and development of tourism may result into enormous economic development in the state. In this context in 1972, government established Tourism Development

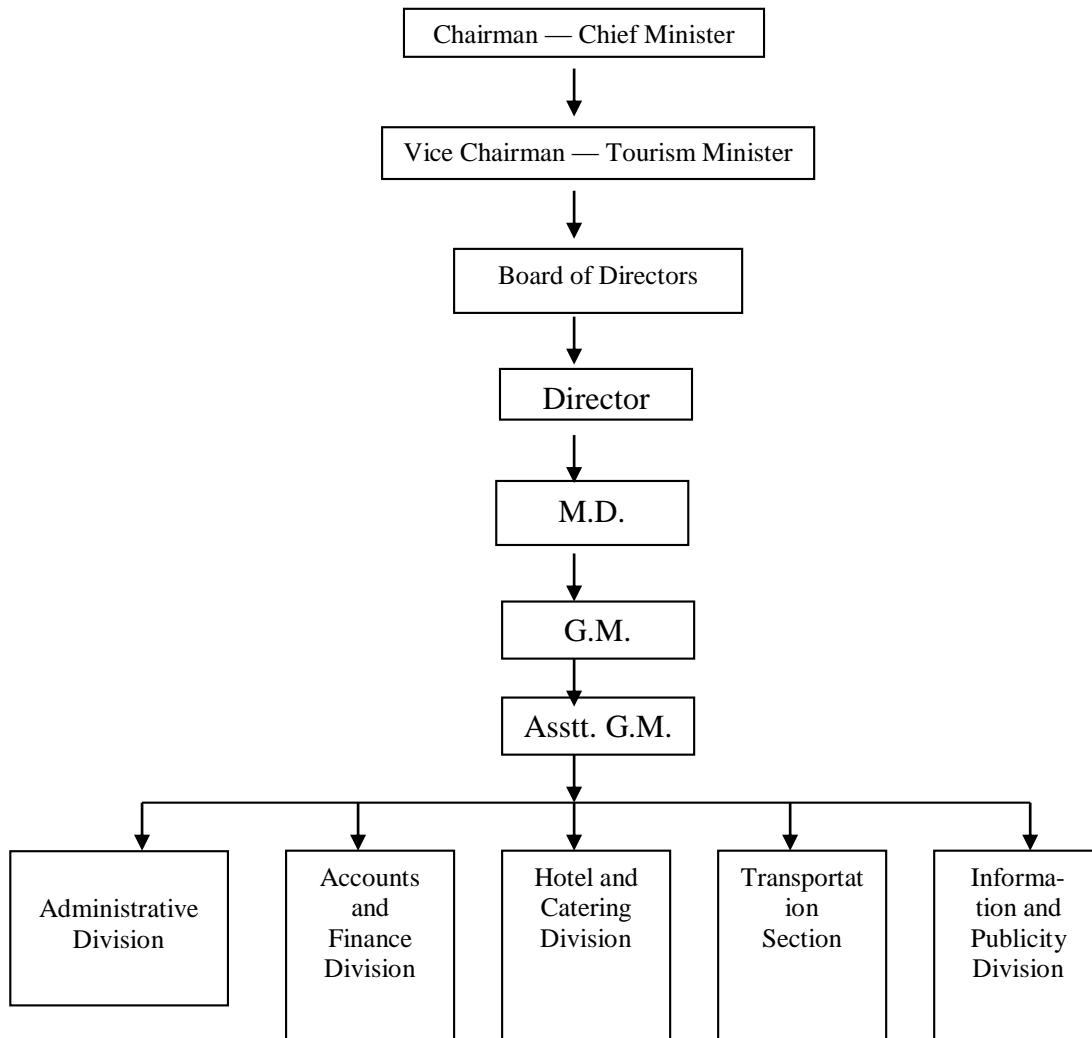
Corporation as a public limited company under the provisions of Companies Act, 1956 starting with Rs. 200 lac authorised capital HPTPC at present has Rs. 1500 lac authorised capital and paid up capital of Rs. 1329.86 with loans from the financial institutions worth Rs. 140.9 lacs.

Area of Operation:

- Accommodation—49 properties; these includes Hotels, Yatri Niwas, Hostels and Tourist Bungalows.
- Transportation —30 commercial vehicles, 28 buses and 4 toyata cars (imported).
- Travel Trade — offered various package tours independently and in collaboration with other state tourism corporations and ITDC.
- Information and publicity—have several information offices within the state and outside.

Organization Structure:

The organization structure of HPTDC shows administrative as well as functional activities of the company. It is designed in such a way as to provide everything for the smooth conduct of business operation and to achieve corporation's ends. The organization chart is given below:



Since the incorporation of the company (from 1972 to 1992) about a decade ago, the company has incurred heavy losses. However, in 1992, the company introduced innovative strategies and systematic approach to enhance its earnings, by increasing the productivity and efficiency. Due to this the net profits of the company increased from Rs. 37 lac to 97.614 lac between 1993 to 1999. It has increased by almost 2.5 times. Since 1993 HPTDC has been pacing slowly but steadily towards establishing its identity as the most important promoter of tourism industry in the state.

Role and activities of HPTDC:

- Helps to develop and promote tourism and tourism related activities in the state;
- Helps to construct tourist accommodations and catering Units;
- Acquire land for construction, development and maintaining wayside

amenities and picnic spots;

- Promote transport facilities;
- Introducing package tours; and
- Organisation of cultural events.

II. Goa Tourism Development Corporation Ltd:

Goa, India's pride, gifted by the nature for its scenic beauty, shady coconuts, virgin beaches, temples, churches, cashew and mangroves presents an ideal tourism profile. It was therefore, imperative that the development of basic infrastructure and other amenities received the top priority from the Government. The Goa Government set up a nodal agency known as the Goa Tourism Development Corporation Ltd., in 1982, to provide comfortable accommodation, transportation and other services to the tourists. The company was registered with Rs. one crore as authorized capital under the Companies Act, 1956.

The Goa Tourism Development Corporation Ltd has undertaken wide range of operations. It has more than 18 properties, 20 tourist coaches, 25 taxis and have made agreements with other transport operators and hotel owners to hire them whenever is required. The marketing and publicity division of the corporation is responsible in producing quality newsletters, organizing cultural programmes in India and abroad, and markets Goa as an ideal destination for all seasons. Since the establishment of GTDC, the tourist traffic is increasing at an alarming rate. The sound financial performance of the company speaks volumes about its all-round success.

The company also organizes package tours such as Saptakotashwar special, Goa beach special, traditional north/and south Goa etc. Its contribution towards State Exchequer is increasing every year. It has created a huge infrastructure including the provision of accommodation and transportation in the state.

Role and Activities:

- Develop Goa as a leisure destination,
- Provide comfortable accommodation and transportation facilities,
- Sell Goa as a cultural product,
- Generate foreign exchange and create employment opportunities, and
- Organize packages tours.

III. Delhi Tourism and Transport Development Corporation:

DTTDC was incorporated on the 12th of December 1975, as a government company in public sector. It is governed by the Delhi government under the Companies Act 1956. The company was financed by the Delhi government and financial Institutions in terms of equity and loans.

Contribution and role of DTTDC:

The main contribution and role of DTTDC in the promotion and development of travel trade is

- To promote and develop tourism,
- To create infrastructure,
- To generate employment opportunities,
- To achieve financial, economic and social gains, and
- To organize cultural programme.

DTTDC has engaged itself various types of tourism and tourism related activities to promote Delhi as a tourist destination. DTTDC offers various types of tours to both domestic as well as International tourists in collaboration with ITDC and private sector travel companies. Delhi is a base for the foreign travel companies. DTTDC represents them as a ground operator, welcomes the tourists at International and domestic air ports on their arrival, transfer them to hotels, organises full day tours in the city and other destinations within the country.

DTTDC is also arranges city tours for Senior citizens in the name of “Age Care India” and “Sandhya Old Age Home” in collaboration with NDMC. Thus, the corporation is engaged in a multiple variety of activities. The company offers all services under one roof.

IV. The Chandigarh Industrial and Tourism Development Corporation Ltd. (CITCO)

The Chandigarh Industrial and Tourism Development Corporation Ltd. (CITCO) Recognizing the rich and varied tourist potential resources in the Union Territory of Chandigarh, the Government established CITCO in 1974, to promote industry and tourism in the city.

The main role of the company is:

- To aid, counsel, assist, finance, protect and promote the interest of small industries in the Union Territory,
- To conduct feasibility studies,
- To promote and operate schemes in collaboration with Chandigarh Administration for the dispersal of small scale industries,
- To develop tourism in the Union Territory of Chandigarh by opening and maintaining hotels, restaurants, bars, canteens and traveller lodges etc.

Check Your Progress – III:

Answer to the following questions.

1. When ITDC was established?

2. What are the main aims and objective of state tourism development corporations?

3. When HPTDC was established?

Check your answer with the one given at the end of the unit.

14.5 Summary:

Today, tourism has recognized as a socio-economic instrument for development of an area. Therefore all nations irrespective of its size, pattern and structure, has tourism development and promotion organizations, which are controlled and financed by the centre or state or both governments. In India, every state and union territory have their own independent tourism departments, and several of them even have tourism development corporations sometimes we even find regional tourism development corporations. The tourism corporation in collaboration with the department of tourism functions as a promoter developer, facilitator and planner. These corporations, market states as tourist destinations, even provide timely and accurate information. In fact, the tourism department and state tourism corporations play significant role in promotion and development of tourism in the state.

In this unit we have learnt that department of tourism and state tourism corporations performs or act as regulator, planer, and promoter in the health promotion and development of tourism in the country.

14.6 Answers to Check Your Progress:

Check Your Progress - I

- 1) See Sec. 14.2
- 2) See Sec. 14.2

Check Your Progress – II

- 1) See Sec.14.3
- 2) See Sec. 14.3

Check Your Progress – III

- 1) See Sub-Sec. 14.4.1
- 2) See Sub-Sec. 14.4.2
- 3) See Para no. I under Sub-Sec. 14.4.2

14.4 Suggested Readings:

- Annual reports of State Tourism Development Corporations of India.
- Annual Report, Ministry of Tourism, Government of India.

- Chand Mohinder (2006), Travel Agency Management-an Introductory Text, 2nd. (Ed.), Anmol Publications Pvt. Ltd., New Delhi.
- Hollway, the Business of Tourism, Pitman, 1999.
- Negi J.M. (2001), Travel Agency and Tour Operator- Concepts and Principles, Kanishka Publications, New Delhi.
- Seth P.N., Successful Tourism Management, Sterling publications, New Delhi.

14.8 Review Questions:

1. What are the main tourism organizations which are directly related with the marketing tourism products?
2. Explain the role and contribution of ITDC in the promotion of travel agency and tour operation business in India.
3. “Ministry of Tourism, Govt. of India is known as a nodal tourism promotion organization in India.” Justify.
4. Compare the role and contribution of HPTDC and Goa tourism corporations in the growth and development of tourism in their respective states.
5. Illustrate the role and functions of department of tourism, Govt of India.

14.9 Glossary:

Tourism infrastructure- the underlying framework of facilities and systems that are required to support a tourism industry.

World Tourism Organisation- an international organisation that is concerned with the economic, social and cultural impact of tourism throughout the world.

UNIT -15

TRADE ASSOCIATION & ORGANISATION IN TRAVEL PROMOTION

Structure:

15.0 Objectives

15.1 Introduction

15.2 Travel Trade Association and Organisation-an over view

15.3 Various travel trade associations

15.3.1 IATA-role and contribution

15.3.2 World Tourism Organisation (WTO)

15.3.3 Universal Federation of Travel Agents Associations.

15.3.4 American Society of Travel Agents (ASTA)

15. 3.5 World Association of Travel Agencies (WATA)

15.3.6 Pacific Asia Travel Association (PATA)

15.3.7 Travel Agents Association of India (TAAI)

15.3.8 Indian Association of Tour Operators (IATO)

15.4 Summary

15.0 Objectives:

After reading this unit, you will be able to:

- Discuss the various travel trade associations and organizations;
- Explain the role and contribution of travel trade associations; and
- Describe comparative analysis of various travel trade associations.

15.1 Introduction:

Welcome to the study of trade associations and organisations that shape the tourism industry and steam line the tourism growth and development not only at national level but also at globally. In this unit you will understand the different perspective of tourism growth and development, in fact, this unit will elaborate the role and significance of WTO, IATA, PATA, WATA, TAAI, IATO and other tourism trade associations, which facilitate the growth of tourism globally.

15.2 Travel Trade Association and Organization - An Overview:

Today, tourism has been recognized a single largest industry in world trade. Perhaps, it is likely to become the largest global industry by the end of 2020. The industry is already accounting for more than 9 % of total world trade, 25% of the service sector and about 12% of the global employment. It has become a multi-facet industry that affects nearly all sectors of international and national economy. To develop and promote travel trade at global, there are several international, national and regional travel trade promotion organisations and associations such as WTO, PATA, ASTA, IATA, and ICAO. Apart from these promotional organisations, there are several travel trade organizations, which specifically deal with travel agency and tour operation business at regional, national and global level. Travel trade organisations provide a common platform to solve Travel Company's various problems such as HRD, finance, marketing, safeguard of interests, lay down code of ethics, and also helps the agency on a variety of travel issues. Moreover, travel trade associations are helpful to the travel agency and tour operation businesses for contribution towards the tourism industry.

15.3 Various Travel Trade Associations:

15.3.1 International Air Transport Association (IATA):

The International Air Transport Association was set up in 1945 by the airlines of several countries to regulate world's civil air transport. It is the successor to the International Air Transport Association founded at Hague in 1919. As a non-governmental organization, it drew its legal existence from a special Act of Canadian Parliament in December 1945. It closely resembles with the International Civil Aviation Organization in terms of its activities and organizational structure. The IATA is voluntary, non-exclusive, non-political democratic organisation and its membership is open to any operating airline, which has been licensed to provide scheduled air services by the government. IATA is purely a non-political, commercial regulatory organization and has powers to regulate every activity of its constituents.

Membership

IATA has two types of members:

- 1. Active Members, and**
- 2. Associate Members**

1. Active Members:

Active membership is further divided into two types (a) Trade associations and tariff co-ordination, and (b) Trade Associations only. Any airline which has been licensed to operate a scheduled air services by the appropriate authority to transport passengers, mail or cargo between the territories of two countries, is eligible to become an active member of the association. The active members have various rights, duties and authority. Presently, there are more than 250 airlines as active members from 200 countries.

2. Associate Members:

This membership is open to any other organization/enterprise who is operating transport, hotels, resorts, travel trade and indirectly involved in tourism related activities.

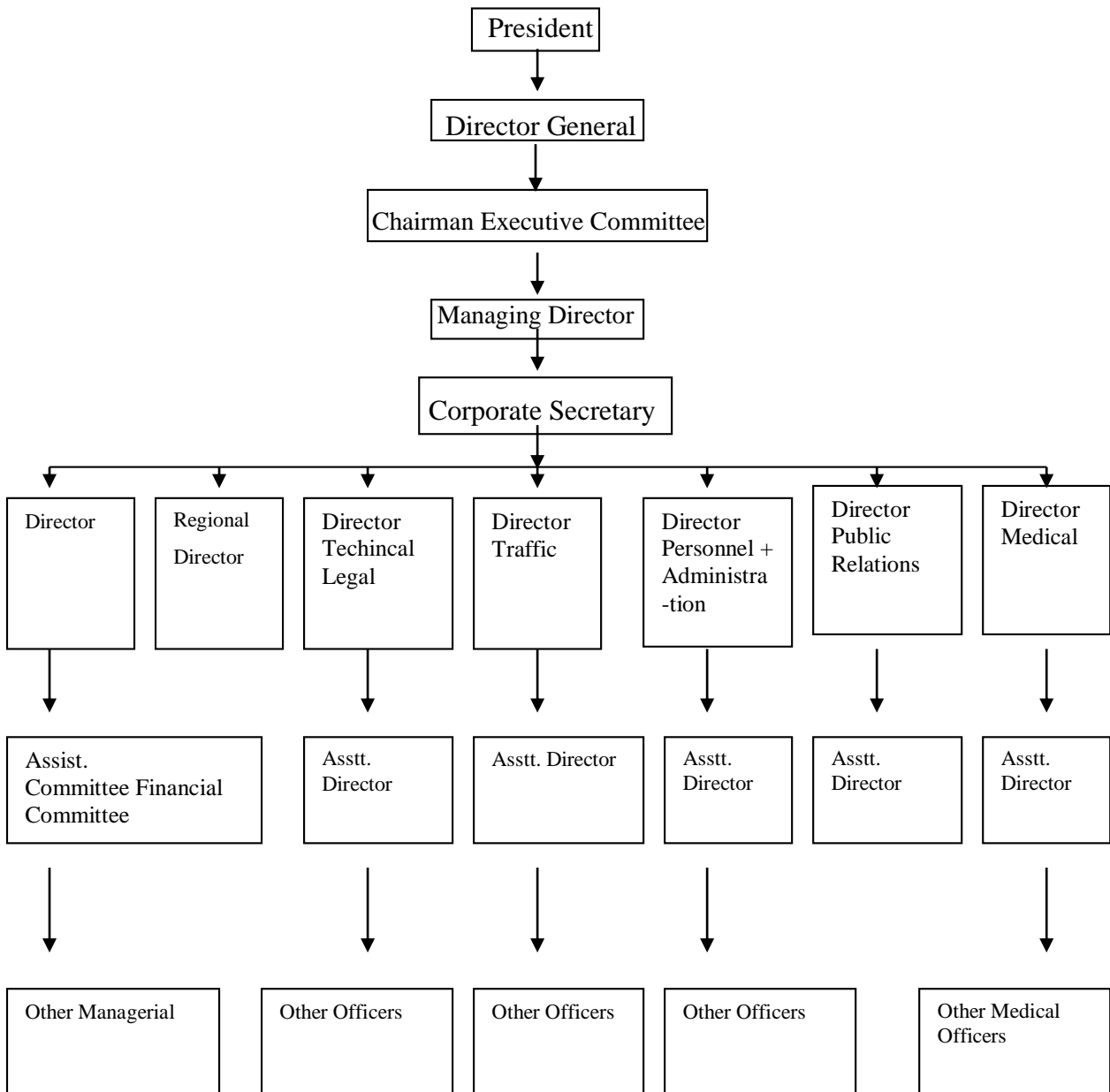
The application for the membership in the association is to be submitted in writing for the consideration and action of the executive committee and all such concerns can become active or associate members, only after approval by the executive committee. However, any enterprise whose application is rejected by the committee can appear in the next general meeting of the committee. IATA administration is carried out under a director general, corporate secretary, senior directors, regional directors and regional technical directors (see fig. 1 IATA organisation chart). The overall control and management of the association lies with the general meeting of all the members, which takes place annually. Basically, the meeting has two main responsibilities **(a)** Internal affairs of the association and **(b)** Functions — Finance, accounting, medical, traffic conference, legal, technical and other activities related with the industry. The internal affairs include — the appointment of the president and approval of the budget etc.

Role and Contribution:

- IATA provides a common platform to solve many travel trade problems.

- IATA helps the travel agencies and tour operators to establish their professionalism and integrity in the field of tourism.
- IATA helps to simplify the travelling process.
- IATA helps in the promotion and development of tourism.
- IATA helps the government to formulate civil aviation tourism policy.
- It lays down rules and conditions for the approval of travel trade organisations.
- Helpful to ensure the safe, regular and economical air transport for the benefit of people worldwide.
- Provide means for collaboration.
- Helpful to prevent economic waste caused by unreasonable competition.
- Encourage the art of aircraft design and operation for peaceful purposes.
- Promote and develop international tourism.

Fig. 1: IATA Organization Structure Chart



- Negotiation
- Co-operate with international bodies
- Promotion status/Development progress
- Helps to Settle dispute
- Up to date informal
- Develop payment systems
- Research Studies
- Develop ethic

15.3.2 World Tourism Organisation (WTO):

The World Tourism organisation needs its beginnings as the International Congress of official Tourist Traffic Associations set up in 1925 in The Hague. In 1934 International Union of Official Tourist Propaganda organisation (IUOTPO) was created. However, it was renamed as the International Union of Official Travel Organisations (IUOTO) after World War II in Geneva. IUOTO was a technical, 'no Organisation, whose membership at its peak included 109 National Tourist (NTOs) and 88 associate members, among them private and public sector organizations.

Membership of WTO:

In 2005 its membership reached 141 countries, seven territories, and 360 affiliate members representing the private scoter educational institutions, tourism associations and local tourism bodies. The WTO has three categories of membership:

- Full members;
- Associate members;
- Affiliated members;

Role and Contribution:

Since the inception of WTO, it has been playing pivotal role in the field of travel and tourism. In fact, WTO is acting as an umbrella organisation, and plays a catalytic role in promoting technological transfers and international cooperation, stimulating and developing public private sector partnership, encouraging the implementation of the Global Code of ethics for tourism, maximises the possible economic-social, cultural impact of tourist and minimise its negative social, cultural, and environmental impact. To further strengthen its overall role in tourism, WTO was converted into a specialized agency of the United Nations.

Thus, WTO has been playing an increasingly important role to make tourism as a number one industry at Global, regional and national levels. WTO has taken various initiatives to promote and develop tourism in systematic and scientific way such as:

- Develop intercultural awareness and personal friendship
- Encourage investment in tourism

- Help in equalise Economic opportunities.
- Develop international understanding and peace
- Regional development
- Develop sustainable and Responsible Tourism
- Cooperate and coordinate with International agencies for tourism development
- Provide leadership, and quality education
- Destination development and management
- Promote Technology
- Develop statistical measurement
- Develop ethics and social Responsibilities

15.3.3 Universal Federation of Travel Agents Association (UFTAA):

In 1919, International Federation of Travel Agencies (IFTAA) was established in Brussels. However in 1966 IFTAA merged with the Universal Organisation of Travel Agents (UOTA) with the objective to ensure better coordination, co-operation among travel agents and to spread professionalism at globe. The new organisation established was known as the Universal Federation of Travel Agents Association (UFTAA).

The main objective of the association is the promotion, development and expansion of travel and tourism industry worldwide. Practically, it acts as the negotiating body between travel agents and international organisations. Presently, it has more than 30,000 travel agencies from 120 member countries: The membership is divided into various regions. The association is managed and operated by its members. Each national association sends delegates to attend the general assembly that appoints the board of directors. Presently, the board has 18 members elected for two years. The association is managed by the board of director assisted by secretary and management.

Contribution and Role:

- To ensure public recognition of members
- To protect interest form legislation and other forms of legal points of view
- Helpful to act as the negotiating body
- Improve professional status and business standing

- Provide update information.
- Promotion travel sector
- Promote destination
- UFTAA negotiates on behalf of travel agencies with international organisation like IATA, IHA, IUR and IRU
- Helps to standardize relations
- Develops vocational training courses
- Organises seminars, conferences for the development of technology
- Helps the members in transferring foreign currency payments to their suppliers.

15.3.4 American Society of Travel Agents (ASTA):

The American Society of Travel Agents (ASTA) is the leading and largest professional association of travel trade in the travel and tourism industry. It was established in 1931 as the American Steamship and Tourist Agents Association but in 1945 the association changed its name to 'The American Society of Travel Agents Inc.' ASTA's present name was adopted to foster programmes for the advancement of the travel industry, promote ethical practices and provide a public forum for travel agents. It has more than 25000 members which include 18000 active and the remaining are allied and associate members. Active members are travel agencies and tour operators whereas allied and associate members are airlines, hotels, railways, government tourist offices and government organisations. The main objective of ASTA is the promotion, advancement of the interests of members, safeguarding the travelling people against frauds, and other unethical practices.

ASTA's Role in Travel Trade:

The ASTA has 58 chapters including 28 in USA and Canada and remaining 30 chapters are in different countries. These are managed by the elected officers and executive committees. The president and chairman of the board are elected by the active members for two years. The day-to-day activities are administered by an executive vice-president assisted by the professional staff.

As a professional travel trade organization ASTA comprises different segments of the industry and is playing a pivotal role for the promotion and development of the world's fastest growing industry. The following points justify the above assertions:

- ASTA helps in professional and technical assistance.
- It offers a common forum for exchange of ideas.
- It conducts worldwide market research.
- It helps the governments to formulate tourism policy and strategies.
- ASTA protects the tourists from unethical travel trade practices.
- ASTA conducts research, study and publicity for the sound development of travel agencies.
- ASTA offers various training and management development programmes for senior executives of travel companies.
- ASTA co-operates with all organisations and individuals engaged in tourism activities, designed to enhance the professional standing of the travel industry.
- Help to educate and train members and to provide a common forum.
- Organise travel seminars, conferences and conventions.
- Provide means for collaboration and publish material relating to travel industry.

15.3.5 World Association of Travel Agencies (WATA):

After the World War I, many tourist organizations were established to streamline the growth and development of tourist activities. One of them is the World Association of Travel Agencies (WATA). It was established to protect the interest of travel agencies worldwide and to provide those means for collaboration with airlines, hotels, cruises, transport organizations and other travel vendors. It was incorporated in 1937 at Geneva.

Contribution and role in travel trade:

The following points are the evidence of the role and contribution of WATA:

- Promote common platform for sharing problems
- To provide travel information
- HR Development and provide legal counselling / service.

- To organize tourism seminars on at national, regional and international scales.
- To regulate and control travel trade organizations.
- To publish findings of tourism statistics, surveys, studies, market Research
- To preserve, protect and utilize cultural tourism resources and those unique to the country's heritage.
- To formulate ethics and other professional guidelines.
- Promotion of values and ethics.
- Formulate guideline to promote travel sector.
- Conduct worldwide marketing research.
- Encourage the development of profession and management approach in travel sector.
- Negotiate with other international organizations.
- Financial help and Technical support.
- Organise seminars/conference and provide update information.
- Help Govt. to formulate policies.
- International cooperation with IATA, IHIA and IUR.
- Educations and training for members.
- Projects for the benefit of members.

15.3.6 Travel Agents Association of India (TAAI):

The TAAI was incorporated on a modest scale and had only 10 travel agencies as its members at the time of its inception. The organization now has a membership of about 850 in more than 76 cities of India and 20 foreign countries. The TAAI Logo represents integrity, ethics, professionalism, service and financial soundness of the travel outfit. TAAI is a limited company with headquarters at Mumbai. The Travel Agents Association of India is the representative body of the travel industry of India, representing not only the interest of travel agencies but also of other segments of the tourism industry such as tour operators, hotels, airlines (International and domestic), transport companies, cruise companies, excursion agents and tourist guides who are its members. The Ministry of the Tourism, Government of India and State Tourism departments recognise the representative

character of TAAI and the company is consulted on each issue that has direct or indirect impact on tourism. In fact, the department of tourism, ITDC and State Tourism Corporations are its members. The company has a consultative status with the ministries of External Affairs, Civil Aviation, Finance, Transport, Railways and Home affairs.

TAAI has been in existence for over 48 years now. Its name as well as its credibility, both with the travellers and the government of India, is well established.

The major aims of the association are:

1. To protect the interest of Indian Travel Companies.
2. To organise training and development programmes for the members.
3. To provide means for collaboration.
4. To develop and promote tourism.
5. To provide timely, up to date and reliable information to the members.
6. To promote ethical practices.

TAAI Membership:

The company has two types of member:

- Active
- Associate

TAAI'S Role and Contribution:

The travel agency business these days has gone much beyond than mere ticketing and reservation. It covers a wide spectrum of activities including tour planning, tour designing, tour marketing, costing and pricing, travel insurance, foreign currency, travel guidance etc. Therefore, TAAI is in the, process of surveying and identifying the genuine professionals to ensure the quality of services and also to meet the cut-throat competition within the trade. The role of TAAI thus, cannot be underestimated to ensure fair trade practices, standardized services and tourism promotion etc. Today, TAAI considers itself as a strong marketing arm of airlines, travel companies, government and other organizations. The role of TAAI:

- Helps in promotion of inbound, outbound and domestic tourism
- TAAI offers a common forum
- TAAI provides professional help to the members
- It conducts market research
- TAAI develops Human Resources

- TAAI helps government to formulate tourism policy
- It provides upto date information about the industry
- TAAI from time to time undertakes advertising campaign
- It helps in maintaining continuous dialogue with other tourism organizations
- TAAI keeps the tourists away from unethical trade practices.

15.3.7 Pacific Asia Travel Association (PATA):

PATA is the largest travel promotional organisation in the world. It promotes travel and tourism to and within, the pacific region. It was incorporated to develop, promote and facilitate travel to areas within the Pacific Rim in 1951 as a non-profit, voluntary and non-political corporation. Generally, the membership of PATA is open to all professional organisations such as airlines, steamship lines, travel agencies, tour operators, hoteliers, governments, tourism professional organisations, advertising agencies and public relations agencies etc. PATA has four types of membership.

- Active Members
- Associate Members
- Allied Members and
- Affiliated Members.

Every year the members of PATA meet at an annual conference to discuss various issues and activities of the association. The members elect the Board of Directors for three and two year's terms. The control and management of the PATA is vested in the hands of active members.

PATA, in order to achieve its objectives has set up a well-defined network of regional and promotional chapters. The regional chapters are situated within the pacific area and provide information, organize training programmers for members, improve quality of plants and services, and take steps to increase regional tourism traffic. The PATA India chapter was set up in 1969. The promotional chapters are situated outside the pacific area and are responsible for the promotion of travel trade. Practically, the activities of these chapters are designed to increase the tourist traffic in the pacific region by organising regular meetings of the members, organising trade fairs, educational programmes, untapped natural resources and

seminars/conferences on various pacific destinations. Generally, PATA's main aim is the progressive development and promotion of tourism to its member countries. The contribution of PATA towards its members can be studied under the following points:

- PATA conducts research studies on tourism
- PATA organises marketing programmes
- Provides detailed and up-to-date information
- Organises events in the pacific region
- Helps in Economic development
- PATA helps in the improvement of tourist plants and service facilities
- PATA helps the member countries to introduce corrective measures to increase tourist traffic.

15.3.8 The Indian Association of Tour Operators (IATO):

Over the years, the functions of the travel companies have increased considerably. The travel agencies are no more acting as middle men between the vendors and tourists. They are specialized in one product line i.e. tour packaging. Today, they are the manufacturers of tourism product and are commonly known as 'tour operators'. The tour operator has his own price tag for earning profit and has deployed several tour promotional programmes. However, to encourage, assist and to protect the interests of tour operators, the Indian Association of Tour Operators (IATO) was formed in 1982. The association is the representative body of tour operators. The IATO promotes, develops and helps the members to maintain and set up high ethical standards in the industry. It has been playing a very significant role in the promotion and development of inbound tourism. The IATO has taken many steps which are necessary for promoting, assisting and encouraging the development of travel and tourism industry throughout the country and has also taken an initiative to secure the welfare of tourism business in all respects. The association has promoted an equal opportunity for all visitors to enjoy the travel facilities without the distinction of race, colour, creed or nationality.

Contribution and role in travel trade

The main role of IATO is:

- To promote national integration, international welfare and goodwill
- To take necessary steps for promotion, encouragements and development of tourism in the country
- To develop, promote and encourage friendly feelings among the tour operators and travel agents/agencies
- To protect the interest of the members
- To setup and maintain high ethical standards.
- To settle the disputes of the members.
- To communicate and negotiate with chambers of commerce, IATA, DoT, (Ministry of Tourism), and other organizations on behalf of members.
- To get affiliation with tourism organisations in other countries.
- To organize promotional tours with DoT, Airlines and International Tourism bodies.
- To institute awards for excellence in travel trade.
- Protect the members from the mal-practices
- Provides information.

Tourism and travel associations exist in almost every country of the world. These associations lay down the guidelines, objectives and aims to protect the interests of the members as well as tourists. The associations directly and indirectly promote tourism and build the image of the host country at globe. These associations help the department of tourism to formulate effective and extensive tourism policies and strategies.

Check Your Progress:

Answer the following questions.

- 1. What does WTO stand for?**

2. When PATA was established?

3. What are the main objectives of IATA?

4. When IATO was set up?

5. How we can become member of TAAI?

Check your answer with the one given at the end of the unit

15.4 Summary:

The travel agency and tour operators primarily supplies services in the market for tourism products. We have seen that they cannot work in isolation; they must be interlinked with other travel trade organisations to achieve the objectives. Moreover, they must be supported by the other organisations to meet the changing market demands. Thus, they must be supported by the trade associations to protect their interest, solve problems and market their product & services at global level. In this unit we have understood that there are various travel trade associations to regulate and help the travel agency and tour operation businesses in the health promotion and development.

15.5 Answer to Check Your Progress:

- 1) See Sub-sec. 15.3.2
- 2) See Sub-sec. 15.3.6
- 3) See Sub-sec. 15.3.1
- 4) See Sub-sec. 15.3.8
- 5) See Sub-sec. 15.3.7

15.6 Suggested Readings:

- Mohinder Chand, Travel Agency Management, Anmol Publications, New Delhi, 2006.
- IATA – Annual Report, 1996, 2004.
- PATA, Story Editors, Chuck Gee and Matt Lurie, 1992.
- Hotels and Resorts, Mumbai, Sept. 1999.
- TAAI News Letters, 1997, 2004.
- Travel Observer – Various Issues
- IATO Manual, 1998, 2004.
- The Travel Trends-Variou issues.
- WTO sites www.wto.org.com
- www.wto.html.com

- Seth P.N., Successful Tourism Management, Sterling Publications Private Ltd., New Delhi.1997.

15.7 Review Questions:

1. What are the main travel trade associations, which are directly, related with the marketing tourism products?
2. Explain the role and contribution of IATA in the promotion of travel agency and tour operation business in India.
3. “WTO is known as a nodal tourism promotion organisation in terms of developing various concepts of tourism and promotion of sustainable tourism.” Justify.
4. Compare the role and contribution of TAAI and IATO in the healthy growth and development of travel agency and tour operation business in India.
5. How Pacific Asia Travel Association (PATA) works through its chapters? Illustrate

15.6 Glossary:

Pacific Asia Travel Association (PATA) - It is the largest travel promotional organisation in the world. It promotes travel and tourism to and within, the pacific region.

World Tourism Organisation - An international organisation that is concerned with the economic, social and cultural impact of tourism throughout the world.

UNIT - 16**PRESENT BUSINESS TRENDS AND FUTURE PROSPECTS**

Structure:**16.0 Objectives****16.1 Introduction****16.2 Present Travel and Tourism Business Trends****16.2.1 India's Present Position- an Overview****16.2.2 Present travel business****16.3 Role and contribution of Travel Business****16.3.1 Future Prospects of Tourism and Travel Business- A General Profile****16.3.2 Factors effecting the growth of travel industry.****16.4 Summary**

16.0 Objectives:

After reading this unit, you will be able to:

- Describe the present travel business trends;
 - Discuss the determinants responsible for present status of tourism and travel business in the country; and
 - Explain the future prospects of travel business.
-

16.1 Introduction:

Demographic, socio-structural, socio-cultural developments, information technology, deregulations, globalization, liberalization and changing public attitudes have posed constant challenges to the Indian travel agency and tour operation business organisations. In fact, these have always led to changes in tourist demand and faced service providers in tourism with substantial need to adjust. These constant challenges have expanded and intensified considerably in the first few years of the new millennium. War and tourism, extreme weather, the ongoing internationalization of tourism and the ageing of society (increasingly

prominent in public awareness) have emphatically demonstrated the latent vulnerability of tourism as a boom industry. The survival of the tourism industry depends decisively on recognizing relevant present trends and allowing for them in good time. In this unit, the students will understand the present trends of tourism business and its future prospects.

16.2 Present Travel and Tourism Business Trends:

16.2.1 India's Present Position- an Overview:

India's travel and tourism market was valued at US\$162 billion in 2005, and is growing rapidly. India emerged as the fifth most preferred destination by the world's travelers in a survey conducted across 1316 countries. India also figures in the Annual Readers' Travel Awards 2005, which were announced by the prestigious magazine Conde Nast Travelers UK in its September 2005 edition. A 5,000 year history, culture, religion and alternative medicine fascinate both budget and luxury travelers alike. The Department of Tourism's resolve in promoting Indian tourism has strengthened as it recognizes its potential. Tourism in India is the third largest foreign exchange earner, accounting for 2.5% of GDP. It also makes a direct contribution to economy with significant linkages with agriculture, horticulture, handicrafts and construction. The outlay on tourism development rose to Rs.7, 860 million in 2005/2006, from Rs3, 500 million in 2003/2006, and continued to focus on the "Atithi Devo Bhavah" campaign, targeted at the inbound foreign tourists in the country. Translated literally this means "Guest is God".

Unfortunately, tourist arrivals and tourism earnings growth slowdown during the year 2005 i.e. growth in arrivals and incoming tourism earnings slowed down substantially in 2005, to 116% and 19%, respectively. The slowdown followed a particularly good performance in 2006, with global travel recovering from various health and natural disaster scares in the previous two years. Returning Indians constitute a significant proportion of incoming arrivals and as both the country and long haul travel became more expensive. They chose other holiday destinations instead of returning to their home country. The UK and the US lead arrivals into the country. Combined, they accounted for 33% of total arrivals in 2005. The Middle East, including Dubai, the UK and the US were the favourite destinations in terms of departures. Popular new destinations for Indians include Southeast

Asian countries such as Singapore, Thailand, Malaysia and Hong Kong. Cheaper airfares and competitive holiday packages have made these favoured vacation spots. On the other hand the number of outbound travellers from India grew by 15% and reached 6.2 million in 2005. This was almost twice the number of arrivals witnessed by the country. A booming economy, with GDP growth of more than 7%, rising disposable incomes, higher aspirations, and cheaper air travel to countries such as Malaysia, Thailand and Singapore and better products from the industry enticed Indian travellers. This has prompted a number of global tour operators to enter the Indian tourism market either directly or through strategic alliances.

According to the recent forecasts the Domestic tourism driving the industry with 390 million Indians on the move in 2005, it is little wonder that it is domestic travellers that sustain the travel and tourism business. Domestic business travel and visiting family/friends, as well as pilgrimages, contributed to the 13% growth in number of trips within the country that year.

16.2.2 Problems, ethical, regulatory problems faced by travel business

The present status of tourism and travel business in the country is due to the following facts such as:

- **Budget Airlines Introduced:**

India's transportation industry is the largest sector of the travel and tourism industry at Rs1, 103 billion in 2005. The sector outperformed the review period CAGR performance in 2005, with 15% sales value growth. Investment in international quality roads, the launch of low cost carriers as well as the expansion of the railways were responsible for driving growth.

Six new low cost carriers were launched in India in 2005, and there seemed to be room for more. Spice Jet Ltd was the outstanding success during the year. As competition heated up, prices came down, making the Indian consumer the winner in all respects. Promotional fares as low as Rs1 were launched, but this was limited to short periods, as fuel price hikes and taxes made it difficult for companies to sustain these fares. Tier II city routes that were earlier sidelined or ignored were taken note of and serviced. The airline sub-sector outperformed the growth of the transportation sector as a whole in 2005.

- **Budget Hotels:**

Travel accommodation in India accounts for only 12% of the travel and tourism industry in value terms. The skewed nature of hotel accommodation in India is evident from the fact that it constituted 5% of the accommodation market in terms of number of outlets, but accounted for 28% of sales value. The hotel sub-sector achieved growth of 18% in current value terms in 2005, which was driven by increasing demand, notably in business travel.

The huge gap between demand and supply of hotel rooms drove up occupancy levels and average room rates (ARRs) to new highs during the review period. Hotels generally cater to foreign visitors, corporate business clients and high-end Indian travellers, as hotel accommodation is out of the reach of the average Indian. Indians are increasingly seeking world-class facilities, such as clean and comfortable accommodation, Internet connection, and perhaps even fitness facilities at local prices.

In response to changing consumer needs, leading luxury and business hotels player Indian Hotels Company Ltd shifted its focus to budget hotels and rolled out the first Indian hotel, its budget brand, in Bangalore in South India. Interglobe Enterprises signed a joint venture with Accor, in March 2005, to develop budget hotels in India under the brand name Ibis.

- **Shifts focus On-line travel in India:**

The travel retail sector constituted 17% of the travel and tourism industry in 2005, and was the second largest sector, valued at Rs2716 billion. With 25% growth in 2005, it was responsible for driving much of the value growth in the overall market. Sensing opportunities in this area, with Indian travellers becoming more Internet savvy, dropping costs of broadband and a general increase in access to information, on-line travel retail intermediary MakemyTrip.com shifted its focus from returning Indians primarily from the American market to Indians within the country.

- **Indian Railways Popularize the Internet:**

E-ticketing and e-travel in India took off as a result of efforts by Indian Railways in late 2001, accompanied by good deals offered by new generation budget airlines, which sell most of their stock through the Internet. An estimated 7,000 tickets with an average price of Rs1,500 each are sold each day on the Indian

Railways website. However, in terms of value sales, Internet rail transportation constitutes a lower proportion of the total than air transportation.

Consumers sought out Internet access through various means and made sure they did not get left out of the benefits – usually price discounts. On-line hotel reservations in India have also picked up, but constitute just 3% of the business. According to the Internet and Mobile Association of India, 16% of on-line shoppers spent in the Rs10,000 plus range, including spending on computers, hotel rooms, jewellery, airline tickets and home appliances. Company-owned sites, as well as specialised travel portals, drew in travellers in thousands. Travel agents also recognised the importance of the Internet as a means to distribute and market various deals, drawing in 7% of business from this medium. Much of it is still, however, not real-time.

Check Your Progress – I

Answer the following questions:

1. What is current inbound tourist arrival figure in India?

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2. Give the figure of India’s current tourist earnings.

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.....

Check your answer with the one given at the end of the unit

16.3 Role and contribution of Tourism Business:

16.3.1 Future Prospects of Tourism and Travel Business - A General Profile:

By 2020, the government of India expects travel and tourism to contribute Rs8,500 billion to GDP, almost four times the value in 2005. With successive governments committed to reform, a strong manufacturing sector and a private sector that already has a critical mass that is needed to drive growth, it is unlikely that the strong growth in GDP is likely to be reversed. The rising middle class is also becoming increasingly affluent, mobile, Internet savvy and more sophisticated in terms of what is demanded in terms of tourism products and services, and more importantly the price they are willing to pay for it. A boom is expected in travel accommodation, as more serviced apartments, budget hotels (2-star category) and highway motels are established.

Significant changes are expected in travel retail, with the arrival of more international players, such as Le Passage and Cox & Kings, particularly in outbound travel. British company Cox & Kings plans to relocate its corporate headquarters from London to Mumbai as a result of its being bought out by its Indian arm in late 2005. Global interest also includes the American millionaire Alfred Ford with plans to set up a Himalayan ski resort. Internet intermediaries are expected to expand significantly and grow the market without significantly adding to volume growth. Rural tourism and medical tourism for inbound tourists will also give rise to new products and services in this sector.

Until recently, not much emphasis had been given to the maintenance and development of the historical and heritage sites in India, which resulted in a large number of tourists staying away from these. However, the Indian government's increasing investment in the upgrading and modernisation of infrastructure will translate into better facilities, amenities and access to the leading tourist attractions and sites.

16.3.2 Factors effecting the growth of travel industry:

The following points highlight the future prospects of travel business both at global and India level:

• Internet will hold much promise:

According to International Data Corporation (IDC), India is expected to record the highest compound annual growth rate (CAGR) of 816%, among Asia-Pacific countries in e-commerce revenues between 2003 and 2008, exceeding the CAGR of 81% expected in China. It is estimated that travel will account for one third of this. Much of the growth is expected to be driven by intermediaries. By 2010, India is expected to have 100 million Internet users, with the majority of them aged 25-39. Transportation and accommodation transactions will grow as they seek out newer experiences and get more comfortable with the medium.

Across all the sectors, much higher growth is expected from the Internet in contrast to bricks-and-mortar business operations. 16% of travel retail business in 2010 is expected to be sourced through the Internet, as the nascent dynamic packaging sub-sector picks up due to the efforts of on-line retailers. While there is no direct danger of bird flu at the moment, it is definitely a potential threat as India sees a significant number of migratory birds from China, Tibet, Mongolia and Russia. It is said that, India's pharmaceutical industry is more than sufficiently equipped to provide supplies of medicine for the purpose. A significant proportion of India's poultry industry is of small scale and scattered, translating to a low level of threat.

• Demographics:

The tourist industry is more than almost any other industry linked to its social and natural contexts. One parameter for the longer term development of society is obvious – the current and foreseeable demographic shift. In the tourist system the socio-demographic shift – and specifically the advancing ageing of society - will result in far reaching changes, particularly on the demand side. At global level, the world population will continue to grow. This growth will be primarily in developing countries, so that per capita income will not increase despite global economic progress. By contrast, in the industrialised nations – and particularly in India – the demographic shift is taking a different form. Although the number of inhabitants will probably change only moderately in the next 10-20 years (it is more likely to fall than rise), a secular decline in the birth rate and simultaneous increase in life expectancy is leading to a clear change in the age structure.

- **Increase in Discretionary Income:**

Earlier retirement, falling pension contributions, rising life expectancy and the resulting prolongation the pension-drawing period during retirement are the causes of the already serious threat to the social security systems. The demographically caused decrease in the working population threatens to further erode the available contributions. If current conditions persist, future generations will pay higher contributions while working than current generations do. There is a similar problem with care insurance. These trends will probably be met by additional private pension plans which are very much in many countries. The shift in responsibility for old age would be one possible response to the demographic challenge. However, no matter which of the numerous proposed reforms is implemented, there are impacts on discretionary income in every case.

The increase in leisure which was apparent up to the 90s has increased, however the trends in working hours (longer working hours, greater proportion of multiple jobs) makes it more likely that leisure will decrease. There is growing disparity in the distribution of time and money. As a result, a clear structural change is emerging in the long term. These developments will have less effect on the volume of travel than its nature (frequency of travel, timing, destinations, combined business and private travel). The travel agents and tour operators will be able to offer personalized product and services which target increasingly specific customer needs and offer convenience and time savings. This creates positive prospects for organized travel, despite the many predictions of its demise. The stagnation or even decrease in the number of vacation days also offers an opportunity for domestic tourism. Domestic vacations have a particular growth potential in catering for additional vacation trips. As fewer days are available for additional vacation trips, people tend to pick closer destinations. Frequently the time and money available for annual vacation is consumed by the main foreign vacation to such an extent that closer destinations are the only possibility for second and third vacation trips.

- **Senior Citizen Tourism:**

Given the socio-demographic trend, senior citizens will grow as a tourist market segment in India. Taking a broader view and considering other markets of origin for Indian tourism (particularly in Europe), there is further longer term growth

potential in the shifting age structure. Identifiable potential in senior tourism would continue to gain importance if the growth in life expectancy outstrips the increase in lifetime working hours, so that the period for retirement is at least not decreased. Improvements in the state of health of older persons or greater technological and organizational convenience in travel may help activate the potential for tourism which can be expected from the demographics by 2020. One particular reason for believing that senior citizens will remain the principal source of growth for tourism in the foreseeable future is the fact that much of this market segment is still currently financially secure, so that there are substantial purchasing power resources available for tourism. After retirement, the time available also increases accordingly. Senior citizens appreciate travel as a way to keep physically and mentally fit and participate in social life. It is likely that senior citizens in particular will invest in future in maintaining their accustomed lifestyle. This could be associated with rising intensity of travel, which is presently still below average.

- **Reorientation in Tourism Product:**

The tomorrow's tourists will be more sophisticated and will demand quality tourism products and services. Thus, tourist product design and marketing must adapt to the fact that its customers are becoming more aware. Together with the expected increase in frequency of travel by the 160 - 60 age groups, this should have a positive effect on senior tourism. It should not, however, be forgotten that as society ages the number of people with health problems will also increase. The growing share of older people in the total population will be accompanied by an increase in the number of chronically ill old people. The result of the rising number of older people and rising health and nursing costs will mean that the younger senior citizens will increasingly be tied by the need to invest time (and money) in supporting their parents. Packages combining tourism and nursing care which takes into account the needs of relatives of the chronically ill or people with health problems are currently still rare in the tourist market.

There is also a trend towards a two-segment split in the senior market—tourists who want to enjoy new experiences and who spend a lot on tourism, and tourists who have a relatively small budget but who still want to travel. The tourist industry will accordingly have to develop target group specific packages for both groups, to a greater extent than it now does. The economy group in particular is a target group

whose size means that it cannot be neglected. In future, marketing must increasingly be tailored to match the needs and desires of older people. In order to address the very heterogeneous target group of senior citizens successfully, thorough knowledge of their much differentiated motivations and lifestyles is needed, and this still needs to be gathered.

It is generally true that estimating the future development of eco-tourism is subject to great opportunity for the tour operators. Thus, the motivations, attitudes and behaviour of future generations are still largely unknown territory, as is the assessment of their material situation.

- **All Season Tourist Destination:**

Various current tourism forecasts show that the India has great potential to offer to the tourists round the year tourism destinations as compared with other Asian nations. Thus India could succeed in gaining market shares in incoming tourism in the coming years as per WTTC forecasts. However, despite the predicted dynamic growth of spending in India by foreign tourists, this will have only minimal effect on the resulting direct value added from domestic demand by tourism. In fact, in Asian countries, India will benefit most from the high growth rates, and could accordingly expand its position in international tourism. In 2005 India had 2.92 million overnights from visitors from the ten European countries, with the majority of all vacation trips to Rajasthan, Kerala, Goa and Mumbai involving longer stays of at least 10 overnights.

Business travel to India is already very important in travel by the various countries. Attractive packages for trade fair participants could further promote the business travel segment, and at the same time strengthen India as a location for international trade fairs within Asia. This could also have a spill-over effect on incoming vacation travel.

- **Emergence of New Destinations:**

It can be assumed that there is considerable opportunity for increasing tourism to the India as a result of low price level. This gives a major competitive advantage over traditional vacation countries. Another reason for this growth is certainly that many travellers are still unfamiliar with the destinations. There is also great interest in travelling in these destinations. For this and other reasons (number of inhabitants, income levels, travel frequency, location), India is particularly

important as a market of origin for all the nations. Developing the new markets requires both travel operators and the destinations in the countries to step up their marketing efforts, and also requires domestic travel agents to reconfigure their offer.

The growth in services offered by budget airlines suggests that various cities directly accessible through various airlines. This could also have an impact on the domestic market, because in times of tight tourist budgets the destinations will have a considerable competitive advantage. Rural vacation tourism by contrast will develop slowly in many regions over the next few years, despite boosts to investment from promotional measures. The main reasons for this are inadequate tourist infrastructures and underdeveloped and aging transport infrastructures. Health related tourism has good prospects particularly in the Kerala and Himalayan states. Very low prices and the assumption of costs of medical treatment and rehabilitation in these states which is provided for under the Single Market will probably lead to substantial growth in demand and a lasting flow of patients from different countries.

• **Insecurity, Risks and other crises:**

Wars and violent conflicts, international terrorism, new diseases and epidemics and the increasing number natural disasters and extreme weather conditions have resulted in a current increase in attention to the need for security. It is reasonable to assume that new security risks and crises will take on a new scale, because of the growing shift in wars from the state level to, for example, ethnic and religious armed conflict, because epidemics can spread globally with extreme rapidity, and finally because extreme weather conditions seem to be becoming an increasingly frequent feature worldwide, with a growing scale of damage. Questions of security and tourist risks are accordingly becoming increasingly important for the future of travel. Today, a great need for security is apparent in all tourist target groups, where security covers a wide range: freedom from threats of war, terrorism, epidemics and natural disasters, reliable positive socioeconomic development, a desire for familiarity and order.

At the same time we see repeatedly that after a specific event (crisis) awareness of a threat quickly fades among those wanting to travel. Surveys show, for example, that earlier disasters and crises had little impact on the 2005 travel season. In 1995

only 1 % of respondents intend and to travel to a different destination than the one originally chosen, 1 % cancelled their trip due to the tsunami in south-east Asia, 3 % were undecided, but 95 % had not changed their vacation plans at all.

Tourism as a whole generally recovers relatively quickly after every crisis, and particularly nonrecurring events and natural disasters. Even so, the question basically remains how the tourist industry will respond in future if risks occur more frequently and have increasing impact.

- **Climate:**

Alongside storms, and floods are the most frequent causes of damage and injury from natural events. Between 1998 and 2003, around 800,000 people died in natural disasters worldwide. The International Disaster Database shows that this link cannot be dismissed. There is a rising trend in the storms, floods, earthquakes, volcanic eruptions, epidemics and plagues listed in this database.

Tourism is one of the industries particularly affected by climate change and natural disasters, specifically because these ultimately lead to a change at different levels in the pattern of "most favoured" and "least favoured" tourist areas. Discussions and measures in the tourist industry should not be limited to strategies for adjustment. In addition, preventive strategies are needed to reduce the scale and pace of environmental and climatic change. Tourism as one of the sources of the anthropogenic greenhouse effect should make a relevant contribution here, in its own interest.

- **Terrorism and Violence:**

Where there were formerly attacks or hijacking which affected individual tourists, we are now seeing terrorism directed against tourists and tourist destinations. Terrorists use the tourist system to attract global media attention through spectacular attacks on tourists or the tourist infrastructure. As a result, tourists avoid these destinations, which again impact the tourist industry. The greatest impact on tourist demand comes from terrorist attacks where tourists and locals are the direct target or victims of the attack.

Thus, the importance of secure travel to tourists is growing, from the decision to book (or not) through to customer expectations that travel operators and local tourist managers will assume responsibility for the tourist's safety, life and health. However, the importance of making the customer's vacation secure is still

underestimated. Experts agree that tourists' perception of risks and security significantly affects the image of a destination and overall satisfaction, although to a very different extent. A concrete and objectively understandable high level of security at every stage of travel and transparent communication contribute decisively to improving actual (objective) security and positively affecting the tourist's subjective impression of protection and security.

• **Epidemics and Health Risks:**

As a result of the growth of long distance travel to countries with different climatic and hygienic conditions, travellers are at risk from a very wide range of diseases. In many of the so-called developing countries which are also often tourist destinations, 50 % of the total mortality rate is due to infectious diseases. The greater people's mobility, for example as a result of tourist activities, the faster the consequences can spread. In the worst case, a local tourist crisis can spread a virus worldwide with great rapidity, as the global dissemination by travellers of SARS in early 2003 showed. The following aspects in particular should be drawn from the overall picture:

There is increasing inequality in income and living conditions, poor population groups and regions are disproportionately affected by diseases. Growing poverty and population growth and growth in diseases are mutually reinforcing.

• **Communication :**

The risk perception of all the actors in tourism has so far been dominated by terrorism and acts of violence, but in future the emergence of other risk trends will lead to a more comprehensive understanding of tourist security. As a result, risk communication will in future have to take on more diverse and new functions. The focus should be on the educational function in terms of risk prevention and awareness about informed risk management. This applies to both travel tips and warnings by public agencies through the media, consumer networks, travel guides, direct advice locally to travellers and tourists and information services of travel operators and travel insurance companies. However, such risk communication must be given higher priority in the face of marketing and local interests. So far, risk communication has been virtually unable to communicate positive aspects and information – presenting greater security as a gain for travellers, rather than a restriction. This is due particularly to the fact that so far it has not been possible to

evaluate many risks adequately and these are not an automatic element in corporate communication. It is likely, however, that risk communication could prove a unique feature in future which could improve or create market opportunities. A prerequisite for this is the existence of improved early warning systems and their systematic expansion and use.

- **Crisis Management:**

Despite initial serious efforts at strategic early intelligence on tourist risks, major travel operators have so far been primarily concerned with (reactive) crisis management. By contrast, virtually no attention is paid to structural causes for crises. Risk identification and management by the airlines is aimed primarily at measures to avert immediate danger and prevent terrorist attacks. Airlines have fundamentally revised their security concepts in part after the attacks of 11 September 2001. New security strategies concentrate on preventive measures, ranging from improved check-in to security measures on the aircraft. These measures are based either on initiatives by the airlines themselves or the implementation of national and international regulations. Similarly, the hotel and restaurant industry is responding to new risks mainly with improved security technology, choice of location and risk management. Most major hotels or hotel chains have appointed security officers and cooperate with security technology companies. International hotel chains are also advised by risk consultants and security firms.

- **Govt. Initiatives:**

The governments are also taking various steps by formulating tourism policy and try to respond at various levels to the risk trends. In certain organisations the stress has been laid on the regulations requires by all member countries to develop a system of quality assurance and national programmes for air security such as SAARC, G 8 and others.

- **Political Will:**

The growth of tourism India could be explored in dialogue between politics and science, for example if and how framework conditions could be created which increase travel to India. Scenarios and historical and empirical case studies could contribute to improved risk communication and the development of prevention

oriented early warning systems for risks and crises in tourism. Moreover, political will has a profound impact on the future of tourism industry in the country.

Check Your Progress – II:

Answer the following question.

- 1. Name any two factors responsible for the growth of tourism in India.**

Check your answer with the one given at the end of the unit.

16.16 Summary:

In this unit we attempted to give you an idea about the present status of travel business and its future prospects. The present status of tourism industry is directly associated with the efficient provisions of products and services. In fact, it is attributed to the integrated efforts made by the tourism organisations and various private associations. However, what we achieved today may not repeat tomorrow. As demographic, socio-structural & socio-cultural developments, information technology, deregulations, globalization, liberalization and changing public attitudes have posed constant challenges to the Indian travel agency and tour operation business organisations. To compete with the future challenges one must have sound resource base, management, Human resources and close linkage with the other related organisations.

16.5 Answer to Check Your Progress:

Check Your Progress – I

- 1) See sub-sec.16.2.1
- 2) See sub-sec 16.2.2

Check Your Progress - II

- 1) See sec. 16.3.2

16.6 Suggested Readings:

- Chand Mohinder (2006), Travel Agency Management - An Introductory Text, 2nd. (Ed.), Anmol Publications Pvt. Ltd., New Delhi.
- Chand Mohinder (2003), Tour Operation Industry in India; an Analysis of Operational Dimensions, in Tourism Development Journal, vol.1st, No.1.
- Ministry of Tourism, Govt. of India, Travel and Tourism in India Report, Sept. 2006.
- Summary of TAB working report No. 101, 2005, www.buerotab.com.
- WTTC report, 2004.
- WTO report, 2005

16.7 Review Questions:

1. Critically examine the present status of tourism industry in India.
2. Illustrate the future prospects of travel trade in India.
3. Explain the factors responsible for the future growth and development of tourism industry in India.
4. Discuss the role and contribution of travel agency and tour operation business in further growth of tourism business.

16.8 Glossary:

Destination – a place that has touristic appeal.

Budget hotel - a hotel that cater the demands of economy tourist class.