**Tour Operations Management**

To develop an understanding of how tour operators create and sell holidays and the strategic decisions involved in managing tour operations.

**Indicative Content**

**1. Understand the tour operators industry within the travel and tourism sector**

Tour operations industry

* Different types of tour operators: mass market, specialist interest, activity based, domestic operators, direct selling
* Industry statistics and structure – major operators, independent operators, numbers of passengers/customers, market share, products and services, structure of businesses, role of trade bodies
* Relevant legislation e.g. EU Package Travel Directive definition

Current and recent trends

* Changing market trends – package holidays, bespoke holidays, special interest sector etc.
* Dominance of market by a few operators
* Economic impact, liquidations
* Awareness and concern about environmental impacts
* Impacts of globalisation
* Fair trade issues
* Impact of internet and ecommerce
* Customers booking their own holidays/travel arrangements
* Growth of budget airlines
* Regulation and control

**2. Understand stages involved in creating holidays**

Stages and timescales

* Market research
* Costs and financing
* Seasonal issues
* Different types of holidays
* Planning and forecasting – timescales, finances, components
* Contracting
* Production of sales materials – webpages, brochures, etc.

Contracting

* Air/train transport – chartering, allocations, adhoc
* Accommodation – a ‘commitment’ contract, allocation, adhoc,
* Issues of currency and exchange rates

Components of the holiday

* Accommodation
* Transport
* Resort services
* Ancillary services

Types of tour operator

* Specialist
* Bespoke
* Mass market/packages

Selling price

* Costs – fixed and variable costs, direct and indirect costs, overheads
* Costing – full absorption, marginal costing, break-even
* Profit margin and mark-up
* Currency issues
* Seasonal pricing
* Looking at competitors
* Load factors

**3. Be able to review brochures and methods of distribution used to sell holidays**

Brochure design

* Format of traditional brochure – size, paper quality etc.
* Copy – target customers, photographs, text,
* Practicalities – design, printing, proofs, timescales, print runs
* Legalities – relating to information and pricing options presented

Alternatives

* Web pages
* Television
* CD/DVD formats

Suitability of alternatives to brochure

* Target market
* Products and services etc.
* Margins
* Timescales
* Costs
* Number of anticipated sales

Distribution

* Travel agencies
* Internet direct selling
* Internet agencies
* Mail direct selling
* Telephone selling

**4. Understand strategic and tactical decision making for tour operators**

Strategic decisions

* Product choices/target markets
* Volume and price decisions
* Pricing strategies and distribution
* Marketing and branding strategy
* Capital investment decisions
* Organisational structure and culture
* Emergency planning

Tactical decisions

* Response to competition e.g. competition pricing
* Maximising room/seat occupancy etc. e.g. using marginal costing
* Staffing decisions
* Marketing methods e.g. special offers, discounts
* Responses to liquidations of competitors
* Relationships with press