

CHAPTER ONE

OVERVIEW OF THE TOURISM INDUSTRY

1.1 Introduction

The travel and tourism industry is the world's largest and most diverse industry. Many nations rely on this dynamic industry as a primary source for generating revenues, employment, private sector growth, and infrastructure development.

1.1.1 Definitions

The World Tourism Organization (WTO), the major intergovernmental body concerned with tourism, has led the way in establishing a set of definitions for general use. In 1991, the WTO and the Government of Canada organized an International Conference on Travel and Tourism Statistics in Ottawa, Canada which adopted a set of resolutions and recommendations relating to tourism concepts, definitions, and classifications. The following definitions are based on the WTO definitions and classifications and explain the various types of visitors

Tourism - The activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business, and other purposes.

Tourist - (overnight visitor) visitor staying at least one night in a collective or private accommodation in the place visited.

Same Day Visitor (Excursionists) - visitor who does not spend the night in a collective or private accommodation in the place visited.

Visitor - any person traveling to a place other than that of his/her usual environment for less than 12 consecutive months and whose main purpose of travel is not to work for pay in the place visited.

Traveler - any person on a trip between two or more locations

Unfortunately, there is still confusion over these very basic definitions. Even within the same country such as the United States, for example, different states may use different definitions for data gathering and statistical purposes.

1.1.2 Forms of Tourism

There are three forms of tourism at any level, in relation to a given area, e.g., domestic region, country, or group of countries:

- **Domestic tourism**, involving residents of the given area traveling (as visitors) only within that area;
- **Inbound tourism**, involving non-residents traveling as visitors in the given area;

- **Outbound tourism**, involving residents traveling as visitors in an area other than the given area.

If a country is the area of reference, the terms “domestic,” “inbound” and “outbound” tourism can be combined in various ways to derive the following categories of tourism:

- **Internal tourism**, which comprises domestic and inbound tourism;
- **National tourism**, which comprises domestic tourism and outbound tourism;
- **International tourism**, which consists of inbound tourism and outbound tourism.

1.2. Meaning, Concept and Historical Background of Travel Business

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

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

Today’s travel distribution system can trace its origins to the 1840s when Thomas Cook, an Englishman, organized what could be called the ancestor of today’s tours. An ambitious entrepreneur and innovator, Cook also introduced several types of tours including the first pleasure tour to North America in 1866 and the first around-the-world tour in 1872. In the nineteenth century, tours were almost exclusively for the upper classes, but Cook tried to reduce the cost of traveling by chartering entire ships and booking blocks of rooms in hotels. In 1874,

Cook was also the first to introduce circular notes to be used by travelers. These were accepted by foreign banks and hotels and relieved travelers from carrying large amounts of cash. They were a simple version of the traveler's checks of today.

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

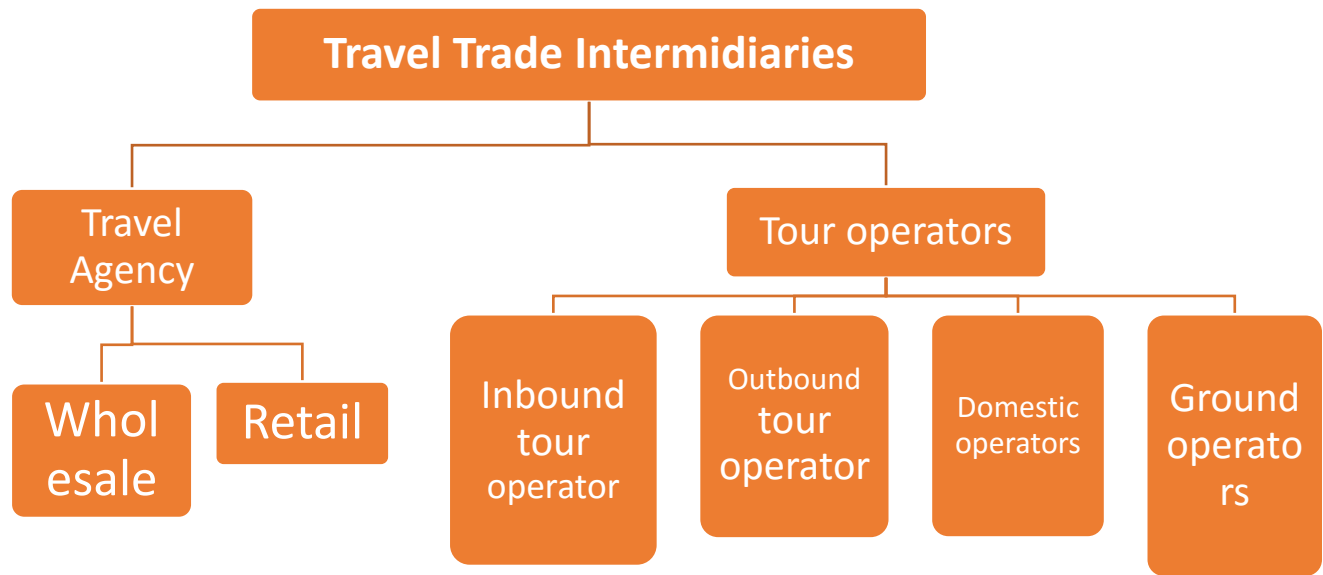
As international and leisure travel increased following World War II, the travel agency business expanded rapidly. Tours also dramatically increased in popularity with the introduction of jet aircraft in 1958. The advent of wide-bodied planes in the 1970s further reduced the price of air travel which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

1.3 Travel Intermediaries

A variety of service providers booking agents (CRS), Specialists (Tour brokers, Motivational house and Junket Reps), hotel representatives are classed as travel intermediaries, including travel agents, tour wholesalers, online, governmental tourist agencies, consortia etc. The role of an intermediary is to facilitate transactions between the consumer and travel service suppliers, in exchange for a commission or profit.

Travel, whether for business or pleasure, requires *arrangements*. The traveler usually faces a variety of choices regarding transportation and accommodations; and if the trip is for pleasure, there are a variety of choices regarding destinations, attractions, and activities. The traveler may gather information on prices, value, schedules, characteristics of the destination, and available activities directly, investing a considerable amount of time on the

Internet, or possibly money on long - distance telephone calls, to complete the trip arrangements. Alternatively, the traveler may use the services of a travel agency, obtaining all these arrangements for a fee. Travel intermediaries in travel and tourism business can be found, in broadly speaking, in to two forms- travel agency and tour operator.



1.4 Package Travel, Group Travel, and Independent Travelers (FIT)

- ✱ **Package travel (holiday, tour)** - refers to travel services sold as a package, where many services are bundled together for the convenience of travelers who don't wish to spend time making their own arrangements. Package travel may be sold both to group travelers and independent travelers.
- ✱ **Group travel**- refers to package holidays that have a set itinerary and an allocation of seats (e.g. in airplanes, cruises train) or spaces (in accommodations). Customers purchasing the package join the group.
- ✱ **Independent travelers (FIT and DIT)** - refer a traveller who organizes his or her own trips, without buying package holidays. These kinds of travelers usually prefer not to travel with a group, unless it is a self-formed group. They prefer to have flexibility in their travel arrangements and may have done some research and have specific interests which dictate what they want to do and see on a trip. Sometimes they prefer not make too many advance plans, but in other instances they may carefully plan a custom tour that fits their own interests, working with either a travel agent or tour operator (but often with the travel agent) before leaving home.
- ✱ Independent travelers may purchase package travel services, but they will choose their own dates or request a private departure rather than traveling with a group.

1.5 Selected Terms and Abbreviations used in the Travel Trade Business

The following terms are considerably indispensable for your career in the travel and tourism business. These abbreviations are commonly used and appeared on various service providers' reservation records and are universally known. These terms or abbreviations are **standard** and used by travel, tourism and hospitality industry in the internal as well as external communications, such as reservations, timetables and ticketing. These include the following.

A. Tourism organizations:

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

WTO: World Tourism Organization, Madrid, Spain

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

IATA: International Air Transport Association, Geneva, Switzerland

ATA: Africa Travel Association, New York, USA

ATTA: Africa Travel & Tourism Association, London, UK

ETC: Federal Ethiopian Tourism Commission

B. Reservation records:

FIT- Foreign Independent Tour: An international tour planned exclusively for a client by a travel agent. It is a form of unescorted trip itinerary abroad prepared by a travel agent for the independent traveller.

Itinerary: Description of a journey, showing dates and times, mode of transport, places visited and activities

DIT- Domestic Independent Tour: A custom-made tour of a part of Ethiopia planned exclusively for a client by a travel agent

MICE- Meetings, Incentives, Conference and Exhibitions

The arrangements of convention centers, hotels, sightseeing and so on for the participant of international business travelers can be done in the so called MICE.

RQ- Request

WL- Waiting List: A roster of those waiting to obtain spaces is called waiting list. A passenger wishing to join a flight, sailing or tour, which is fully booked sometimes also used by hotels when full. Those on this list may then be accommodated in case of *cancellations* or *no shows*.

OB- Overbooking: Reservation of more seats by a transport carrier or rooms by a hotel than there are available. Tourism service providers often overbook spaces in order to sell more seats of

rooms than are available. Airlines and Hotels are afraid of someone's cancel, so they sometimes make reservations beyond their capacities.

Pax- Number of Passengers

FD- Full Day

HD- Half day

MT- Meeting with guests (mainly at airport)

TRF- Transfer: Local transportation from one carrier terminal to another, from terminal to hotel, or from hotel to activity.

S/S- Sightseeing: Visiting a location or locations during the course of journey or as a point of the journey to look at objects (monuments, cultural performances, art, building, etc.)

HTL- Hotel

RCFM- Reconfirm

MealBB- Breakfast, LL- Lunch, DD- Dinner

FB- Full Board: Inclusive terms for hotel stays in which all meals are include (BB, LL and DD) and room during staying. It also referred to as American Plan (**AP**).

HB- Half Board: It also referred to as Demi-pension or Modified American Plan (**MAP**) hotel tariff which includes room, breakfast and one main meal per day.

EP- European Plan: Hotel tariff which includes room only and no meals

T/L- Tour Leader: A person employed by a tour organizer and escorting a group tour, who may also act as a guide. In North America, more commonly described as *tour conductor*, *director*, *leader*, or *manager*.

FOC- Free of Charge

CIQ- Customs, Immigration, Quarantine

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

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

C. Air reservation & ticketing:

Airline Code:

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

Airport Code:

Each Airport have own Airport Codes based on IATA's rule. For example, Adiss Ababa is ADD, Gondar is GDR.¹

OW- One Way (ADD/GDR)

RT- Round Trip (ADD/GDR/ADD)

CT- Circle Trip (ADD/BHD/GDR/LLI/AXU/ADD)

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

OJ- Open Joe(ADD/BHD//GDR/ADD)

Some tourist moves to another city without using airplanes.

CRS- Computer Reservation System

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

PNR- Passenger Name Record

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

Flight Segment

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

Status (Record)

HK, HL, PN, NN, KL, KK, RR and others

Status (Ticket)

OK, RQ, SA, NS²

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

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

CHAPTER TWO

INTERNATIONAL TRAVEL FORMALITIES

The system of travel formality was established internationally after the First World War. Passengers who are travelling overseas need to have valid travel documents. Everyone always needs a passport, often a visa, and less frequently a vaccination certificate to meet health regulations.

Passport

Passport is a necessary official document when the individual travels foreign countries and it is issued only for the person who has the nationality of the country ordinary. It proves the nationality and personality of the holder and it is an inevitable thing to receive the protection and convenience of the country consul. It is the license for the possession person leaves or enters his/her country also.

The custom that issues the passport is derived from the right of nations. The right is that every nation can reserve the privilege that passes the territory for foreigners. Originally, Passport was the official license that admitted to pass the territory for foreigners. However, it became a custom that the travelers who try to enter abroad acquire the certificate of the nationality from their government for the convenience on procedure and host countries have come to approve this certificate as Passport.

Visa

The visa is the proof that the government of the host country authorities approved the passport officially. In other words, the government authorities of the host country examine the passport and admit the efficacy. And Visa is the certificate that is suited in the law to visit the country for the Visa possession person.

There are many kinds of Visa by the usage in a present such as. The kind of the visa is not international common and each government can decide independently. The main types of visa are: tourist, transit, immigrant, diplomatic, entry visa, business visa, employment visa, school attendance visa, spouse visa and so on.

If you are a travel agent applying on behalf of your client, allow plenty of time because at peak a holiday time there is often a backlog. If your client is applying, advise them of the possible delay. Not all visas have to be stamped in passports. In some instances the information is stored electronically. Biometric data can be used, including a fingerprint code or a scan of the iris of the eye.

This is not as futuristic as it sounds. Hand biometrics is used at many US airports, and various other airports are conducting trials with iris and retina biometrics. Where relevant, make sure your client knows the cost of obtaining a passport and visa as this can considerably increase the cost of the holiday.

Foreign Currency Cash

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

Many travel agencies have their own foreign exchange department. It makes a lucrative contribution to the revenue of an agency, and is very convenient for the client. When dealing with foreign currency it is important to know the difference between the buying and the selling rate of exchange. Think of it this way. Any retailer will buy something at a certain price and sell it at a higher price in order to make a profit. It is exactly the same for buying and selling foreign currency.

It is important to keep in mind when dealing with foreign currency that many countries impose export and import restrictions. Also, exchange rates fluctuate, so be sure that the correct rate is being used for the business transaction.

Travelers' Cheques

What are the benefits of taking travellers' cheques? They are the safest method of carrying money whilst travelling at home or overseas. Most of international tourists are carrying travelers' cheques other than cash. Travellers' cheques are the check of a trip exclusive use for private persons. Travelers' cheques are used like cash in the country such as US etc. However, Travelers' cheques, as currency, must be exchanged with financial institutions in most of countries.

The user need to make his/her signature in 1 place on the surface when he/she purchases travellers' cheques and same signature are necessary on other places on the occasion of use for him/her, furthermore. Namely, others are not able to use it because the same signatures are needed in 2 places for using travellers' cheques. The surpass point of travellers' cheques is that

it is able to be reissued on the occasion of robbery and missing comparing with cash. **Credit Card**

Credit cards offer credit to a preset limit depending on the card holder's income. There may or may not be an annual fee. The card holder can settle each monthly statement in full, or take credit to a preset limit at a monthly interest rate, subject to specified minimum monthly repayment.

American Express Card, Dinners Club Card, Master Card, Visa Card and JBC Card are representative for Credit Cards. The price of the shopping in the foreign countries is settled with the bank account of the home country of the card holders in this system. Therefore, the card holders are released from the trouble of exchange and the risk they have cash.

However, the use of Credit Cards is limited because there are many countries where the diffusion of this card is not going. This card can be used at Ethiopia Airlines Office, Sheraton hotel, Hilton Hotel etc. in Addis Ababa. Furthermore, the Credit Card companies take the fee from both of the card users and sellers generally.

CIQ (Customs, Immigration, Quarantine) Documents Health Card

Some country's governments require Health Card for the international tourists to enter their counties, because they afraid that the international tourists bring to fatal diseases from foreign countries.

Some countries require travellers to present a certificate of vaccination for certain diseases. For example, some international tourists need "International Certificate of Vaccination or Revaccination against Yellow Fever" which is certificated by World Health Organization (WHO) to enter into Ethiopia.

Custom Declaration Card

You must receive customs examination when you enter all countries. The goods that becomes the object of taxation is various by a country.

You usually go on to a **green** sign counter when customs report are *not necessary* and a **red** sign counter when customs report is *necessary*. In most of countries, you are requested to hand this card to a custom office only when a custom report is necessary recently.

Entry Card

Some government requests the submission of an entry card to travelers when they enter some country. Thus, the government of host country can refuse the entry of persons who are unfavorable for them. Recently, the country that is omitting this system for the vicinity nations is increasing for the purpose of simplification of entry.

Travelers fill out the personal information such as name and trip purpose in an entry card. An immigration office does examination of the qualification of entry to these travelers comparing this information with passport.

The government of host country can know the nationality and trip purpose etc. of the tourists by this entry card. Every country's government is taking the statistics regarding foreigner travelers by this card.

Exit Card

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

Travel Insurance

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

What is included in a travel insurance policy?

- ✓ **Medical expenses:** In the event of sickness, medical expenses can be very high in most countries. The medical condition may mean spending months in an overseas hospital or being sent home by air ambulance.
- ✓ **Cancellation charges:** As the date of departure draws closer, so cancellation charges become greater. In the event of your client cancelling the travel arrangements for 'reasons beyond their control' the insurance company will pay those charges.
- ✓ **Personal baggage and personal money:** Considering the volume of traffic in the tourism industry, very little baggage is actually lost, stolen or damaged. Comedians like to joke 'I went to Florence but my baggage went to Sydney!' and if this really does happen to your client they will tell you it isn't very funny. Even small items can be expensive to replace and a change of clothing is definitely necessary.
- ✓ **Personal accident:** The risk of personal accident is greater when on holiday than when following one's usual routine. Young people skiing or mountain climbing, elderly people dancing the night away – we often tend to put a lot of energy into enjoying ourselves on holiday!

- ✓ **Personal liability:** This covers your client's liability in respect of accidental injury to third parties or accidental damage to their own property during the trip or holiday.
- ✓ **Medical emergency, repatriation and associated expenses.**
- ✓ **Missed departure** Due to public transport not running to timetable or vehicle policy holder being involved in an accident or breaking down.
- ✓ **Departure delay** Compensation if flight, international train or sea vessel is delayed at its departure point. Small payment is usually made for several hours' delay. £20 for every 12 hours' delay is a typical amount of compensation.
- ✓ **Hijack or mugging:** This is one section everyone hopes never to claim against.
- ✓ **Catastrophe cover** Catastrophe cover is for occurrences such as fire, flood, earthquake, avalanche or storm during the journey. If accommodation is not inhabitable as a result, extra accommodation and any transport costs involved will be provided for under catastrophe cover.
- ✓ **Avalanche closure:** At the ski resort.
- ✓ **Homecare** This will cover emergency repairs necessary to secure the home following a burglary/robbery, or damage caused by serious fire, storm, flood, explosion, subsidence, vandalism, fallen trees, impact by aircraft or vehicle at the policy holder's home when on their journey.
- ✓ **Legal advice and expenses cover.**
- ✓ **Scheduled airline failure.**
- ✓ **Weddings** There has been an increase in marriages taking place abroad and this section will cover gifts, fragile items and so on.

We can say that insurance offers peace of mind to the traveller . . . if the traveller is fully covered. The traveller may wish to have increased coverage – and therefore pay a higher premium – to include all hazardous sports which may be enjoyed during the holiday. All pre-existing medical conditions must be disclosed on taking out the policy.

Specialist insurance: Should your client have a pre-existing medical condition, does that mean that they will be unable to obtain travel insurance? No. Most insurance companies provide insurance at a higher premium, bearing in mind that the risk of a claim is greater.

International Driving License

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

country, you can receive an International Driving License on the basis of your license fundamentally.

ISIC (International Student's Identification Card)

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

GO25 (International Youth Traveler's Card)

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

CHAPTER THREE

TRAVEL AGENCY TYPES, ROLES AND FUNCTIONS

4.1 Introduction

We live in a world in which travel has become increasingly important and complex in its variety of modes of choices. Travelers must depend on travel agencies and others in the industry to guide them honestly and competently. It is estimated that worldwide almost 70% of all international travel and 45% of domestic travel are arranged by travel agents.

4.1.1 Travel agent

The modern travel agency first appeared in the second half of the 19th century. Thomas Cook, in addition to developing the package tour, established a chain of agencies in the last quarter of the 19th century in association to the Midland railway. The oldest travel agency in North America is Brownell Travel; established on July 4, 1887, Walter T. Brownell led ten travelers on a European tour, setting sail from New York on the SS Devonian.

Travel agent is a person or organization **selling travel services** (such as *transportation, accommodation* and *inclusive* tours) on *behalf* of *principals* (such as carriers, hotels and tour operators) for a commission.

- * A travel agent is a ***middleman***, acting on *behalf* of the client, making travel arrangements with suppliers (airlines, hotels, tour operators) and *receiving* a commission from the suppliers and/or a fee from the client.
- * The agency functions as a *broker (bringing buyer and seller together)* for the other suppliers, such as hotels, car rentals, ground operators, and tour companies.
- * Most travel agents also normally *provide ancillary services*, such as obtaining passports and visas, traveller's cheques (traveler's checks), currencies and travel insurance.

The European Commission has also defined travel agents as ***retailers*** to leisure and business travellers, selling flights (charter or scheduled), accommodation, car hire, foreign currency, travel insurance and other ***travel services***. They are generally paid a ***commission*** by the supplier of the service or, in the case of a package holiday, by the operator.

The travel agent acts as an intermediary, *conveniently linking* customers with the providers of travel products. Providers of travel products are often termed principals. Principals own *specific* travel elements such as hotels or airlines, as well as tour operators, which put together packages that combine several travel elements.

The travel agent, as *retailer*, can *access* products either from a *wholesaler* (the tour operator) or *direct* from the principal or manufacturer (such as a hotel or airline).

The important difference between the travel agent and a traditional retailer is that the travel agent never purchases services **ahead** of a request by a customer and therefore **never** holds stock. The retail travel agent, unlike most other retailers, does **not carry** an inventory or **stock** of travel products in his **premises**.

N:B:-The main thing to remember about travel agents is that they are not retailers in the traditional sense. They do not hold any stock and act as agents for their customers only by purchasing products on their behalf from principals or tour operators. Therefore, the contract of sale is not between the customer and travel agent but between the customer and principal.

4.2 Roles and Functions

The travel agent acts as the retailing arm of the travel industry, linking both the tour operators and the principals, or direct providers of travel-related products to the traveller or holiday-maker. Therefore, the role of travel retailers within the travel and tourism chain of distribution is to sell a variety of travel products to the general public.

Legally, the travel agent is a commissioned “agent” or an *authorized representative* who is *approved* to sell the *products* of a *company* in a certain geographic area. In terms of distribution, the travel agent maintains a delicate balance between serving the client and promoting the interests of the principal the agent represents.

- * *provide access for a principal* (hotel, transport companies, tour operators) to the market
- * *Provide professional advice about the travel and destination for the customer to buy travel services.*

A travel agent has to use knowledge and expertise in responsible ways to successfully plan and secure a safe and enjoyable trip. This may involve carrying out numerous detailed activities including but not limited to:

- Preparing individual itineraries,
- Informing about travel insurance, documents, and immunization requirements, as well as
- Giving descriptions of destinations, hotels, and local customs.

Hence, it is the responsibility of the travel agent to act on **behalf** of **prospective travelers** and **understand** their **desires** in order to satisfy them by arranging the necessary parts of the trip.

The main role of the travel agent is to seek suitable and available travel products on behalf of the customer. This means providing a convenient location for the purchase of various elements of travel such as transport, accommodation and several other ancillary services associated with holiday travel. They act as booking agents for holidays and travel and disseminate information and give advices on such services.

The roles can be summed up as follows:

- ✓ Providing **advice** to the potential tourist on the merits of alternative destinations. In order to give advice to potential customers, they must possess knowledge, expertise and up-to-date information about the destinations.
- ✓ **Making necessary arrangements** for a *chosen holiday* which may involve booking of accommodation, transport or other relevant services associated with the visitors' travel. To perform this, travel agents have close contact with service providers.

The **scope, range** and **functions** of travel agency operations/services would depend on its **size**. If the company is large in size, the range of activities will be more **comprehensive** and **all-rounded**. The field of experiences is quite large and is constantly growing with the fast changing travel needs of the people. Although vary based on their sizes, the functions of **all rounded** travel agencies are described as follows:

I. Provision of travel information

One of the primary functions of a retail travel agent from the point of view of the tourist is to provide necessary information about the travel. This information is provided at **convenient location** where the **intending** tourist may ask certain question and seek clarification about the proposed travel.

This is a **very specialized** job and the agent should be a specialist having excellent knowledge of various travel alternative plans. The agent should be in a position to give up-to-date and accurate information regarding various services and general information about the travel.

A **good** travel agent is something of a **personal counselor** who knows all the details about the travel and also the **needs** and **interests** of intending traveler. The person behind the travel counter should be able to communicate with the customer his language.

II. Preparation of itineraries

A tourist journey is characterized by an itinerary using various means of transport to link one locality with another. Preparation of different types of itineraries is another important function of travel agency.

The travel agent gives advice to potential travelers on the type of programs which they may choose for their holiday or business travel. The study and realization of the itineraries call for/demand perfect organization (technical and administrative) as also knowledge of the desires of the public for a holiday and the tendency to receive tourists by the receiving localities.

III. Ticketing

Selling tickets require thorough knowledge of *schedules* of various *modes* of transport. Each transport companies have hundreds of schedules and the agent should acquaint with all theses. The range and diversity of international airfares is very complex and varied.

There are several different types of fair combination, change in international and local air schedules and addition of new flights from time to time makes the agents' job in constant challenge. Up-to-date information about various schedules is very essential.

However, **CRS** has in recent years rather inspired the reservation system both for air and rail seats, and also a room in a hotel. This system comprises a computer network that can be used by travel agent to reserve an air or rail accommodation as also accommodation in a hotel. Through a wide network, confirmations of reservations are available in second/s.

V. Provision of foreign currencies and travelers' cheques

Provisions of foreign currencies to intending travelers are another specialized activity of travel agents.

Provision of foreign currencies requires detail knowledge of foreign currencies, their cross value, and above all, their complexities of exchange control regulations, which vary from country to country. Some of the travel agencies deal *exclusively* in the provision of foreign currencies, travelers' cheques, etc. this is an important facility to intending travelers as it saves them a lot of time and energy in avoiding visits to regular banking channels.

VI. Insurance

Insurance, both personal accidents risks and of baggage, is yet another important activity of the travel agency. Some of the larger travel agents maintain sizable shipping and forwarding departments, aimed at assisting traveler, to transport personal effects and baggage to any part of the world, with a minimum of convenience.

Irrespective of their sizes, however, travel agencies perform the following functions:

- ✓ **Handling** of and **giving advice** on the many details involved in modern day travel, e.g. travel and luggage insurance, language study materials, travellers' cheques, foreign currency exchange, documentary requirements (visas and passport) and health requirements (immunizations),
- ✓ **Possession** of **professional knowledge** and **experiences**, as for instance, schedule of air and train connections, rates of hotels, their quality, whether rooms has baths, etc. All of this is information on which the traveler, but for the travel agent, will spend days or weeks of endless phone calls, letters and personal visits,

- ✓ *Preparation* of *individual pre-planned itineraries*, sale of package tours, selling of tickets,
- ✓ Making *arrangements* for hotel, motels, resort accommodation, meals, car rentals, S/S, TRF of passengers and luggage between terminals and hotels, and special features such as music festivals and theatre tickets,
- ✓ Arrange of *reservation* for special interest activities such as conventions, conferences, and business, and business meetings and sports, events, etc.

Roles of travel agents-from all-rounded to niche product and market

The aforementioned roles and functions of travel agencies are all-rounded that provide *full range of services*. Such all-rounded agency that is attempting to provide a full range of services to the public would sell:

- air tickets,
- cruise and ferry tickets,
- rail and coach transport,
- car hire,
- hotel accommodation and
- package tours (which might include domestic travel), and

➤ **Additional services, such as**

- travel advice to potential customers
- travel insurance,
- traveller's cheques,
- foreign exchange,
- arrange travel documentation (such as arranging visas) for their clients, and
- Some will even deal with theatre tickets.

Such all-round agents are, however, rapidly disappearing in the face of *commercial pressures*.

Owing to the *small* amount of *revenue* achieved on the sale of air, coach and rail tickets, many agents are now forgoing sales of these types, although some still believe that it is better to offer a full range of services, even if some offer little or no profit, on the grounds that customers may return to buy other travel arrangements later.

An alternative to providing a full range of products is for the agency to *specialize* in a *niche product*, such as cruising. Agents may specialize not only in the selection of products they offer, but also in the *markets* they serve. The clearest distinction is between those that *focus* on *business* travel (serving the travel needs of the local, and in some cases national, business community) and those that *concentrate* on *leisure* travel.

The *technological advancements*, which can substitute agents' services, result in minimizing the amount of commission gained from principals. Since the customer can book services online

directly from the principals, some travel agents prefer to focus on particular products and markets so as to widen their profit margins.

4.3. Types of travel agencies/retailers

The type of travel agencies will be different in different countries. For example, there are three types of agencies in UK i.e. Multiples, Miniples and Independent agencies. While in USA, there are four types of travel agencies: mega, regional, consortium and independent agencies. American Express and the American Automobile Association (AAA) are examples of mega travel agencies. However, the traditional all-round travel agency selling a broad variety of products is now a rarity, while the sector is characterized by different types of *outlet*. Broadly speaking, there are two *main* types of travel agencies.

1. Business travel retailers/agents

Business travel retailers are specialist agencies that meet the particular needs of business clients locally, nationally and internationally. They specialize in arranging accommodation and transport specifically for the business traveler. Some large companies have their own travel agencies at their headquarters to organize the travel needs for the company.

Business travel is very different and requires different skills. Reservations have to be made quickly, and confirmed to the client promptly. The business traveler will often have many meetings in various parts of the world to arrange.

Unlike the holiday traveler who needs a *convenient location* to make travel arrangements, the business traveller will make the reservation by computer or telephone (i.e. holidaymakers will need to go to a location that is conveniently situated and take time discussing the travel arrangements).

2. Leisure travel retailers/agents

This category can be subdivided into:

- I. *Holiday's hops*, typically owned by a tour operator, which concentrate on selling package holidays.
- II. *Specialist retailers*, focusing on particular types of products or markets.

A further characteristic of the sector is the distinction between:

- * *Independent travel retailers*:- small privately owned businesses with no or only a few outlets, and
- * *Multiples*: - travel agency *chains* with multiple outlets, often under the ownership of the major tour operators.

Several tour operators sought to take control of the retailing *element* of their business so they established large *networks* of outlets called **multiples**. These **multiples** could achieve *business advantages* (over the independents) through their:

- ✓ Centralized marketing activities,
- ✓ Negotiating higher commission rates based on sales across the group,
- ✓ Reduced costs through mass development and purchasing of key resources (such as computer systems), and
- ✓ Offering package holiday with discount prices.

As a consequence, independent travel agents have realized that, in order to compete, they need to collaborate with other travel agencies. Hence, *independent* travel retailers frequently *combine* into *alliances*, such as *consortia* or *franchise* groups, in order to compete with the multiples.

4.4. Travel Agencies' Commission

Commission is payment by a supplier to an intermediary as a reward for services, usually determined as a *percentage* of the value of the transaction. The percentage, however, varies between products and services and to some extent also between countries and operators.

An agency's income is derived almost entirely from commission, unless they also sell products such as travel guides or basic travel accessories. The revenues received by a travel agency are from commissions paid by vendors. When an agency sells an airline ticket, it receives a commission from the airline. Likewise, hotels, wholesalers and car rental companies pay commissions for bookings made by a travel agency. The commission is *deducted* from- not added to – the purchase *price* or *fare*.

Nevertheless, a commission payment from the principal has been reducing, particularly from airline tickets. At present, some airlines eliminate commissions to travel agents.

To offset the loss of commissions, agents developed *new* sources of income. The most readily available source is *service fees*. The vast majority of travel agencies (94.3 percent) now charge service fees because of the airlines' move to zero base commissions. Today, over 94 percent of the travel agencies charge fees compared with 64 percent in 1998. In addition to charging fees, agents have *shifted* to emphasis on *special* market and/or product.

CHAPTER FOUR

TYPES, ROLE AND FUNCTIONS OF TOUR OPERATING COMPANY

5.1 What is Tour?

A 'tour' represents an attempt by the traveler to discover something about a place s/he visits. S/he may desire the following:

- | | |
|--|--------------------------------|
| ✓ to see himself/herself something he has heard about, | ✓ health advantages, |
| ✓ to learn about business opportunities, | ✓ educational benefits, |
| ✓ job possibilities, | ✓ environmental assets, |
| | ✓ recreational properties, etc |

5.2 Tour operation

The tour operators play an important role in the marketing and selling of a tourist product. They purchase separate elements of transport, accommodation and other services and package these for subsequent sale to travel agents or to customers. They are also called as *wholesalers*. Even though these two terms describe similar types of intermediaries, a distinction should be made in order to avoid confusion.

First, in basic terms a wholesaler is defined as one who purchases goods and services in large quantities on his own account and resells it in smaller quantities as required. He does not alter the product but sells the same product without altering it. In travel trade, these operators perform the first two jobs as of the wholesaler but they do not change the products sold by packaging them. They buy number of individual items of tourist services and package them into a single product.

Second, in contrast to a wholesaler who designs and offers a *large number of tours*, the tour operator can offer only a *limited* number of tours on a yearly basis. The tour operator can be thought of as a tour wholesaler with a smaller scale of operations.

While the wholesaler will typically include transportation *to and from* a destination, the tour operator offers his/her services only *at* the destination itself. The tour operator's defined business is to make the *land arrangements*, which encompasses hotel transfers, accommodations, sightseeing, prepaid admissions, and other special arrangements *at* the destination.

Similarity: Much like the wholesaler, the tour operators are free to *design* and *offer* their own packages which can be geared to all travelers.

5.3. Types of tour operators

Tour operators may be classified in to different categories based on the *nature* of their *work* i.e. the *market* area being *handled* and *specialized* by each one. It may categorize as follows:

1. Outbound Tour Operators

Tour operators who **promote tours** to **foreign destinations**, may be business tours or leisure tours, are known as outbound tour operators. For instance, Pagumen, ‘Qeranio’ tour promotes offers and sells pilgrimage tours to Israel for Ethiopian pilgrims.

Out bound tour operators may design and operate their own trips, working with partners in the destination, or they may choose trips already designed by overseas inbound operators and simply market these to their own clients. Outbound operators generally have an in depth knowledge of what their customers are looking for and what their travel requirements are, and are thus able to design travel products that meet those needs.

2. Inbound Tour Operators

Technically, the operators who **receive** guests, clients/tourists and *handle arrangements* in the *host* country are called inbound tour operators. They provide **local services** for tourists at destinations, such as hotel transfers, car hire (rental) and sightseeing.

For example, if a group of American tourists is coming to Ethiopia through Greenland Tours and the company makes **arrangements** and **handles** the group in Ethiopia, then Greenland Tours is an inbound tour operator.

Customers in countries far away generally do not have in depth knowledge of a destination or the service providers in that destination, may not speak the language, and may not feel comfortable making their own arrangements. Inbound tour operators serve these customers by taking the guess work out of planning a holiday, and may offer experiences that would otherwise be inaccessible to independent travelers making their own arrangements.

Inbound operators **operate their** own tours, although the services of many *local companies* may be packaged and **resold** as part of this tour. Inbound operator usually **specialize** in one **country** or **region**

3. Domestic Tour Operators

- ✓ Domestic tour operators are those who assemble, combine tour components in to inclusive tours and sell it to the domestic travelers.

- ✓ In general, these tour operators provide travel services within the tourists' native or home country.
- ✓ The domestic tour operators operate within the boundary of home country and offer package tours to travelers.

4. Ground Operators/ Destination management companies:

Ground operators are providers of travel products and services in their own countries or regions.

- ✓ These are commonly known as handling agencies and their main function is to organize tour arrangements for incoming tourists on behalf of overseas operators.
- ✓ Sometimes inbound tour operators also are referred to as ground operators, but the term is usually applied to companies that do not actively market their services directly to overseas customers.
- ✓ These operations focus on providing travel services like accommodations, local guides and equipment rental on the ground, and activities like horseback riding, boat trips or guided diving tours etc that form part of a larger experience or packaged tour.

Why ground operators? Ground operators are necessary because overseas operators have the following *limitations*.

- ✓ No close contact with suppliers
- ✓ Language problems
- ✓ Government regulations
- ✓ Company can't establish its own branch

5.3 The Role and Functions of Tour Operating Company

5.3.1 Offering Package Tour

As a starting point, it is essential to understand what tour operations actually are. The best way to do this is to think in terms of what tour operators' produce – that is, the *package holiday* or *inclusive tour*.

A package holiday is simply defined as the *pre-arranged* combination of two or more components of a holiday, such as transport, accommodation and other services (for example, local sightseeing tours). Package holidays are, therefore, *assembled* tour operators that buy

products from producers (principals), combine them into a single product (the holiday) and sell them on to the customer.

Technically, a package tour is a total tourism product as it generally includes transport from the origin place to the destination, accommodation at an en-route place or at the destination and other recreational or travel services. Tour operators purchase these components, combine them in to a package and sell them at *all-inclusive prices* to clients.

5.3.1.1 Components of a package tour

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

A standard package tour has two basic components, namely:

1. **Travel/transportation** -road, rail, water and air (to/from destination)
2. **Ground arrangements**- accommodation, sightseeing, events, trade fairs, entertainment, etc.

It also may produce other ancillary services such as:

- ✓ Transfers – between air/sea ports and hotel and vice versa at destination
 - Guide and escort services
- ✓ Car rental – for business and leisure purposes,
- ✓ Insurance – and others

So as to design/create a package tour, a tour operator usually obtains volume discounts from airlines, hotels and car rental companies. A volume discount is a price reduction for the sale of a large number of units, such as airline seats or rooms in a hotel.

5.3.1.2 Significance of package tours

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

- a. Time savers,
- b. Less cost/price,
- c. Convenient (one-stop shopping), reliable (tested and proven through experiences) d. Earn foreign currency,
- e. Better quality of products,

- f. Professional services,
- g. Wide opportunities to select among the alternative tours, and
- h. Provide bulk business to organizers.

5.3.2 Bulk Buying of Components for discount

I. Air

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

Depending on airline, flight and season, up to 30% of the seats may be available for sale by tour operators. A large tour operator might charter³ its own flights or guarantee to purchase a large block of seats on selected flights operated by an airline.

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

II. Land

Low-cost **hotel** space and **car rentals** are obtained in the same manner as discount air space. Many hotels, especially resorts in popular leisure destinations, keep predefined/delimit number of rooms, called a '*Room Quota*', which can be sold by tour operators. A room quota is a preset/fixed number of rooms that must be sold during a specified period, such as six months or a year.

In some cases, a tour operator may negotiate with a **specific** hotel to obtain a discount rate.

If a **special** rate is negotiated, the tour operator may be required to *meet a room quota* in order to receive the same rate in the **future**. Some tour operators guarantee to purchase a large room block at selected properties/assets in order to obtain a discount rate. If a room block is guaranteed, the tour operator is obligated to pay for any **unsold** rooms.

Illustration- function of tour operator

Suppose a tour operator receives a 30% *discount* airfare offered by ET and 50% discount on normal room rates in Quara hotel. Assume the normal round trip (ADD/GDQ/ADD) airfare is

4,000 ETB and the normal room rate for three nights is 3,000 ETB. Based on the value of discounts, the operator could pay the airline 2,800 ETB for passenger ticket and 1,500 ETB for accommodation. The tour operator's total cost for this package is, therefore, 4,300 ETB. Assume the tour package is offered to the public at retail price of **6000** ETB. If the operator pays the travel agency a 15% commission, the wholesaler will earn a profit of **800** ($600(4,300+900)$) and the agency will earn a commission of 900 ETB. However, if the client had arranged his travel by himself; he would have paid **7000 ETB**.

CHAPTER-FIVE

DESIGNING AND HANDLING PACKAGE AND TAILOR-MADE TOURS

One of the major functions of a tour operator is *organizing tours* (both package and tailor made Tours).

5.1. Types of Package Tour

A. Independent package tour

Independent package tours are designed for clients who desire to travel *independently*. Most such tours consist of *airfare*, hotel *accommodations*, and either airport *transfers or a car rental*. In some cases, airfare may not be included, or may be offered separately. An independent tour provides travelers with considerable freedom in planning their activities.

The total package cost may vary depending on the type of tour, the selection of hotel, the departure date, and optional activities. An independent tour provides travelers with the cost benefits of a package vacation with a maximum amount of free time.

B. Hosted package tour

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

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

When the travelers arrive at their other destinations, Amsterdam and Paris, a different host greets them at each airport.

C. Escorted package tour

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

D. Tailor-Made Tours/Custom Tour

A tailor-made tour is an independent tour designed to meet the needs of an individual client.

At one time, tailor-made tours were called FIT, for "foreign independent travel," or DIT, for "domestic independent travel." In recent years, the term FIT has become so widespread that almost any type of tailor-made tour is referred to as an FIT.

In a typical FIT, every detail of the traveler's itinerary from departure to return may be planned in advance. Sight-seeing tours, sports programs, theater tickets, or other activities may be included in the tour. Package tours are often used as building blocks in creating an FIT.

Wealthy and affluent travel as and when they like and travel individually, they take tailor made tour. These types of tourists get their tours tailored by their travel agents. They know where they want to go and how many days they want to spend at each place and what category of hotel and transportation they want.

5.2. Important Stages in designing package Tours

Essentially, to design/ formulate a travel product, the tour manager has to take the biggest responsibility, initiatives, imagination and innovation coupled with a lot of business activities which range from finding new exotic destinations and planning, organizing or promoting such tours. The following are the main stages in tour design and selection process.

1. Research and planning

The destination research

The decision to develop and formulate a new package is a *multi-stage* process that involves various steps. When a tour planner/ manager sees that a large number of old clients (through questionnaire or other means) are interested in taking a trip to particular destinations, naturally, those destinations become the nucleus of a new tour concept.

Some important consideration during destination research might include- make an in depth comparison of alternative destinations, decide on capacity of each tour, duration and departure dates,

Market research

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

Once we know the basic ***components*** of package tours, ***distribution channels***, market ***conditions***, ***constraints*** in the tourism market, we can develop the ***marketing strategy***. Market research is conducted by private tour companies to penetrate the market.

2. Negotiations

It is another important management decision area in tour designing and planning. Once the decision has been made regarding the ***destinations***, ***date***, ***duration*** of trip and ***number*** of ***clients*** to be carried during the trip, the tour management starts negotiations with the principal(s) for a normal contract.

Negotiation means talk between the travel companies and the principal(s) for the ***terms***, ***conditions*** and ***prices*** of the components of a tour package. When both parties are satisfied, it leads to a formal or informal contract between them. The tour company negotiates with the following tour vendors and suppliers-***Airlines***, ***Accommodations*** and ***Ancillary service organizations***- it is necessary to make contracts with ancillary service organizations to ***determine the exact price*** of a package tour. It includes surface and water transportations, overseas representatives, etc.

3. Handling agency

The appointment of a handling agency not only ensures excellent travel services to the tourists, but also makes the operation smooth and profitable. It is a matter of great significance as the ***success*** of travel business largely depends upon ***how*** the clients are ***actually taken care of during the tour***. Thus, the tour operator should consider the experience of the handling agency in business, area of operation, reputation, credibility, professional staff and competitive price in appointing it.

4. Itinerary preparation

By itinerary, one means the designing of a program which one wants to sell and it includes destinations, stopping points, number of days and the travel services that are to be included in the program. Whether it is a lean season or an off season, escorted or not escorted, consumer oriented or readymade tour program, the itinerary is prepared to identify the origin, destinations, stopping points, accommodations, sightseeing and other travel services on the travelers' trip.

5. Costing and pricing a package tour

Assembling the cost of a package tour and setting price for it is another important function of a tour operating company. While setting the tour price, the tour operator will take in to consideration factors such as: the costs of flight, HTL, handling agents', transfer, marketing, administrative, etc.

6. Marketing of tour package

Once the tour package is ready, the tour operation management has to make careful decision regarding promotion of the particular package tour. The basic objective of management is to make a package tour widely known and make it more and more attractive. To achieve these objectives, the management must consider the budget available, promotional mix, potential market, easiest and most effective media, etc.

7. Tour handling or actual operation

It generally includes administrative work and pax or passenger handling like maintaining reservations, handling deposits, sending advice to ground operators, arranging travel formalities, tour escorting, local representation, etc.

5.3. DESIGNING AND HANDLING TOURS

5.3.1. Designing Package Tours

Some of the factors to be considered in designing and selection of package tours are:

- | | |
|-------------------|---|
| ✓ Purpose of trip | ✓ Accommodation desired |
| ✓ Length of stay | ✓ Destination |
| ✓ Clint budget | ✓ Features, options &activities desired |

1. *Destination-*

The package tour for popular destinations has the competition with the other companies. So, these profits rate are restrained low. However, we can get many clients. In this case,

arrangement activities are more important than others. There is little competition with other companies as for the package tour for rare destinations. So, these profits rate are possible high. However, there are few numbers of clients. In this case, *sales activities* are more important than others.

Generally, large scale tour operators show tendency to deal with popular destinations and small scale tour operators do with rare destinations.

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

2. Purpose of trip

Each tourist has the different purpose individually. Recently, it is increasing the demand to the trip for various *experiences* and *studying* other than the leisure and business purpose.

For example, some tourists want to help farmers in farm villages and others want to visit orphanages to support children.

When tour operators design package tours, the *development of new merchandise* becomes possible by considering the trip purpose of such clients.

3. Length of stay

When Tour operators design package tours, they must consider carefully about the setting in the *trip periods*. It is important not only to research the market but also to *do it*, because it is easier to sell trip merchandises in a short term in the market. However, there is low profit from the trip merchandises in a short term.

On the other hand, although there is good profit from the trip merchandise in long time, it is not easy to design the trip merchandise fitted with demands, because *desires* of the clients are *various*. In a recent trend, clients order some Optional Tours based on independent Package Tour. Then, tour operators are correspondence to the various desires of their clients.

4. Client budget

The budget of client affects the length of stay, type of accommodation and range of activities included in the tour price. The least expensive tours include the fewest number of features (e.g. minimum room rate at any economy or limited-service hotel).

5. Accommodation desired

Some travelers prefer only basic, economy class lodging and plan to spend more money available on meals and activities. Others are willing to pay a higher price to obtain a superior level of luxury. The type of accommodation desired by the visitors also determine the cost and price of the package tour.

6. Features, options and activities

The activities available at a destination can have a strong influence on client satisfaction.

Some visitors may prefer to explore a destination independently; others may interest in Organized S/S tours, sporting events and others.

5.3.2. Handling Package Tours

✓ Arrangement

1. **Stocking Seats: Airplanes**-Tour operators must get a ***preset quantity*** of seats on selected flights for package tours. Therefore, they have to ***negotiate*** with airlines about the ***number*** and the ***price*** of seats.

Usually, this negotiation is carried out ***once*** in a half year. By the way, tour operators must sell many seats in basic season to secure in seats in the peak season.

2. **Stocking Rooms: Hotels**-It is the same as the above, generally speaking. However, as for a negotiation, there are many once cases in a year.

3. **Land Arrangement**-Tour operators make a reservation of the ***restaurants***, secure the ***vehicle*** and assign the ***guide*** in according to the ***designed*** arrangements previously. The land arrangements are carried out on occurrence basis usually. In the case of the trip that tour operators of *origin* countries arrange, they request arrangements to tour operators of *host* countries.

✓ Sales (Sales through Agents / Direct Sales)

A. Preparation of Tour brochure

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

- | | |
|--|---|
| ✓ To inform the clients about the products | ✓ To persuade them to purchase products |
|--|---|

A brochure should contain the following information:

- | | |
|--|--|
| ✓ Name of the travel company | ✓ Name of the overseas representatives |
| ✓ Means of transport | ✓ Duration of each tour (days/nights) |
| ✓ Details about destinations | ✓ Booking and cancellation conditions |
| ✓ Itinerary | ✓ Travel documents required |
| ✓ Accommodations-types, locations, meals | ✓ Details of price |
| ✓ Details of other services-insurance, currency, entertainment | |

B. Distribution of Tour brochure to Travel Agency

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

C. Advertisement for Public

- ✓ Correspondence to Travel Agent and Clients

1. **Information Offers:** Details of the tour, Local information etc.
2. **Preparation and delivery of Travel Documents-** Confirming Passport, Visa, Travel Insurance, Air Tickets, Travel Voucher, Final Schedule, CIQ Document, Name Tag etc.
3. **Reconfirmation-** The reconfirmation to each relation organizations is necessary previously before clients' departures.

5.3.3. Designing Tailor-made Tours

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

combine the benefits of a tour with maximum flexibility. Studies indicate that clients who purchase FITs had a higher satisfaction rate than clients who purchased package tours.

5.3.4 Handling Tailor-made Tours

✓ Consulting

1. **Destination**-Travel agents need the *concrete (definite, clear and real)* destination of their clients. If their clients don't have the concrete destination, they have to *recommend* some destination after getting more information.
2. **Period**-Travel agents have to know the client's travel period, because there are many kinds of air tickets based on the period such as 10 fix, 30 fix, 2M open, 1Y open and so on. The *price* and *booking priorities* of air-tickets are decided by the period. And if time-consuming is not enough for the client's distinction or the period, travel agents encourage changing the destination or the period to their clients.
3. **Budget**-Travel agents have to *grasp* the client's *budget* for their travel. If their budget is fix and is *not enough* for the client's distinction or the period, travel agents *encourage* changing the *destination* or the *period* to their clients.
4. **Trip Purpose**-When any of the above 3 points do not fill the demand of the clients, the travel agents *propose* other *destinations* to their clients after the *period* and *budget* is *considered*. It is important for travel agents to *grasp* the *trip purpose* the client in this case.
5. **Selection of the Airlines**-The *price* of air ticket differs by the airlines in competition lines. However, all the clients do not necessarily purchase the cheapest air ticket. For example, there are clients who like the service that the airlines offer or other clients who want to use the particular airlines because they are the member of FFP of the airline.
6. **Selections of Accommodations**-**There are** many types of accommodations such as hotels, Inns, camps and so on. Every clients want comfortable for accommodations, but the *concept* of comfortable differs by clients. Some clients want to stay deluxe hotels which have 5 stars to enjoy their hotel life, but other clients want to stay economical hotels to serve their money.

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

7. **Airport Transfer**-A city area is far from an airport usually. There are public transfer systems or taxi services which access to a city area from an airport. However some clients *cannot* use them by themselves. For example, they are clients who have no experience to go abroad. In this case, *agents propose* them to *arrange* the airport transportation services in an *advance* to secure the relief and safety of clients.
8. **Activities in Host Country**-Most of the FIT travelers aren't satisfied with the contents of package tours, because the contents are excessive and also be shortage. Travel agents *need discover* the *desires* of their clients with the interview and *construct the contents* which they are satisfied with.
9. **Estimation**-Of course, travel agents need *estimate* the *tour fee for a client*; because a tailor-made tour is *ordinal* merchandise for each client.

✓ **Arrangement**

1. **Airline Reservations**-Agents *check* the *seat status* of the flight about the *date*, the *time* and the *airlines* company that *clients request* with CRS. When the seats are available, they reserve it. When the seats are not available, they make records on a waiting list. At the same time, they *prepare* some *alternate plans* and *propose* these to *clients*. In the case that the change of the charge results in, they notify it to clients without fail.
2. **Hotel Reservations**-Agents make a reservation of hotels *according* to the *requested date* from clients. Although there are some hotels of which agents can know *unused* room situation on online such as CRS, they must *inquire* that to hotels usually. It is general that hotel arrangements of *foreign* countries are *reserved through tour operators* in foreign countries, because they have good contracts with hotels. So, Hotel reservations are *on request basically*. Agents tell the result to clients as soon as they accept *replies* from tour operators. They *prepare* some *alternate plans* when the reservation was not confirmed.
3. **Land Arrangements**-Agents make a reservation of the airport *transfer* and the *activity* in the location for clients after the detailed meeting with clients. It is general that these are *reserved through tour operators in foreign* countries. These are *on request basically*. Agents tell the result to clients as soon as they accept replies from tour operators.

✓ **Correspondence to Clients**

This is the same with package tours.

5.4. DEVELOPMENT OF TRAVEL CIRCUIT

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

- ✓ *Identification of attractions,*
- ✓ *Identification of main services and*
- ✓ *Coordinating attractions and services.*

5.4.1. Identification of major Attractions

- ✓ Attractions of a particular area are the *features* and *related activities* of that area which *draws* the tourist to visit the area.
- ✓ Attractions *relate closely* to the travel *motivations* because the tourist must want to visit and experience the attractions.
- ✓ The *success* of particular attractions may change through *time* as travel motivation and fashion changes.
- ✓ Tourism can be more successful in an area *if more than one type of attraction* exists or can be developed.

An attraction is a thing which acts as a *pull* factor:

- | | |
|---|--------------------------------|
| ✓ The basis for developing tourism | ✓ Draws visitor |
| ✓ Form the most essential part of the tourism product | ✓ Satisfies recreational needs |

5.4.1.1 Types of Tourist Attractions

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

I. Natural Attractions: attractions related to natural environment viz.

- | | |
|---|--|
| -Climate | -Floras and faunas |
| -Beaches and shoreline | -Parks and Reserves (officially protected) |
| -Landscape beauty, unusual characters and unique features | |

II. Manmade: attractions related to culture, entertainment and special manmade features.

- | | |
|------------------------------------|-----------------------|
| • Cultural patterns and life style | • Entertainment |
| • Festivals and events | • Shopping |
| • Sports activities and events. | • Dinning and Cuisine |
| | • museums |

- Archaeological and historic sites and monuments

5.4.2 Identification of main services

1. Accommodation:

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

2. Other facilities and services:

- ✓ Eating and drinking establishments
- ✓ Shopping and personal services
- ✓ Banks-Money exchange and banking
- ✓ Medical facility and services-health institutions
- ✓ Public safety and security
- ✓ Postal services

3. Transportation and other infrastructures: air transportations, road and rail way networks.

4. Other infrastructure:

- ✓ Water supply for tourist attractions
- ✓ Electric power
- ✓ Telecommunication
- ✓ terminal

5.4.3. Coordination of attractions and services

After clearly *identifying* the *attractions* and *services* which are *available* at the destination then, it is easy to *develop travel circuits*.

It is a matter of *coordinating* the attractions and services. But *due attention* should be given that the tourist attractions are *worth visiting* and the services *available meet the expectations* of *tourists*.

5.5. PLANNING A TOUR ITINERARY

Itinerary: description of a journey, showing dates and times, mode of transport, places visited and activities. It is a day to day plan of a journey that includes all the activities and destinations that the tourist will engage in or visit during his or her journey. It is a list of the origin, destination and stopping points on a traveler's trip. Each portion of an itinerary is called a segment. The first city or *airport* in a segment is called the *board point* or *departure point*; and the second city or airport is called the *off point* or *arrival point*. Together the points make up a *city pair*. A segment that represents air transportation is referred to as an air segment; and a segment that represents land transportation is referred to as a surface segment. A non-stop flight

is does not make any stops between the origin and destination. A direct flight does not require the pax to change planes, but may make one or more stops. Two or more flights between the origin and destination are called connecting flight. A point in connection where a change of aircraft occurs is called a connecting point. A point that is not a connecting point is called stopover point. An itinerary that involves only points in a particular country is called domestic itinerary. If any point in an itinerary is outside that country, the itinerary is called an international itinerary

Example:

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

Therefore: The pax's itinerary consists of the following segments.

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

- ✓ London is a connecting point; New York is a stopover point.
- ✓ The initial segment from Addis to London is called the outbound segment.
- ✓ The last segment from New York to Addis is a return/inbound segment

Basic requirements in itinerary planning

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

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

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

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

2. Official Airline Guides: OAG is an international edition that covers all other flights, including flights between the US and Europe, Africa, South America, Asia as well as flights between points in foreign countries. It has been noticed that most of the tour companies prepare multiple itineraries for the same tour. In reality, a tour company needs to develop/prepare separate and distinctive itineraries for the tourists, tour managers, tour escorts, vendors and

tourist guides. However, different itineraries are based upon an individual expansion of the tourist itinerary.

Essentially two dominant itineraries are used

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

Tips for preparing an itinerary

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

- Always have an interesting and attractive heading for your itinerary
- Show the date and time clearly and break up it into paragraphs with new dates
- Provide as much information about the attractions and activities as possible
- Always use the 24 hour clock, i.e. 01:00hr to 24:00hr
- Allow sufficient time for each activity.
- Place each activity in logical order. Remember you need to save your client *traveling time* and *cost*
- Try to finish each day with a special activity, if possible
- Never make promises in your description that you may not be able to keep, (e.g. don't say, "**You will enjoy a glorious sunny day at the beach**", it could pour with rain on that day).
- Write clearly and to the point. The client must want to travel immediately to their preferred destination when they read your itinerary. It must however leave the client wanting to travel in order to discover the destination for themselves.
- Give them just enough information to wet their appetite.
- Never use the word **etc** in an itinerary
- You must be clear about accommodation, transport, attractions, and activities that the tourist is paying for.

Factors considered in itinerary *design*

A. Itinerary-mix-planning- The quality of itineraries is based on itinerary-mix-planning.

Generally, the tour planner takes in to consideration the various ingredients while preparing an itinerary such as: *right type of transportation, right type of accommodation, right type of destinations; right amount of sightseeing; maximum entertainment in the right amount; Customers' interest, professional tour conductors and a correct marketing approach; reasonable free time, quality of meals; documents required and so forth*

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

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

Time differences and elapsed flying time

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

-12:00 hours 12:00 noon's (mid-day)	-23:59 hours one minute to midnight
-13:00 hours 1:00 pm	-00:01 hours one minute past midnight
-14:00 hours 2:00 pm	-01:00 hours 1:00 am (early hours of the morning)
-15:00 hours 3:00 pm and so on	-02:00 hours 2:00 am
-24:00 hours midnight	-03:00 hours 3:00 am

Using the 24-hour clock eliminates mistakes or uncertainty about whether the time is **am or pm**. For instance, by '8 o'clock' do we mean 8 o'clock in the morning or 8 o'clock in the evening? By using 08:00 hours or 20:00 hours the time is perfectly clear.

Time differences

The world is divided **into 24 time zones**, each of 15° longitude, with the Greenwich Meridian being points zero (GMT). The time used in each country, whether it is the time of the corresponding time zone or modified, is an hour fixed by law. Time is known as **legal time, standard time or local time**. You can study the international time calculator from your **OAG**.

Examples

Today, the OAG brand is recognized as the most accurate, single source of airline information. Its suite of multi-media products and services all originate from its comprehensive proprietary databases. OAG is best known for its airline schedules database which holds future and historical flight details for over 1,000 airlines and more than 4,000 airports. This aggregated data feeds the world's global distribution systems and travel portals, and drives the internal systems of many airlines, air traffic control systems, aircraft manufacturers, airport planners and government agencies around the world.

Travel planners rely on OAG to deliver all scheduled flight options for efficient itinerary planning, choices and changes.

A. Imagine it is now 15:00 hours (3.00 pm) in Tokyo on 22 December. What time is it in Copenhagen?

Denmark's standard time is GMT + 1, and Japan's is GMT + 9. It is therefore 8 hours earlier in Denmark than in Japan. Subtract 8 hours from 15:00 hours to arrive at 07:00 hrs in Denmark on 22 December.

B. It is 08:00 hours in Athens on 12 October. What is the time in Barbados?

Check the international time calculator: Greece + 2, Barbados – 4. Add 4 and 2 together to make it 6 hours earlier in Barbados than in Greece. Then deduct the 6 hours from 08:00 hours to reach the answer – it is 02:00 hours (2.00 am, early hours in the morning) in Barbados.

Some large countries, such as the USA, Brazil, Australia and the Russian Federation, do not have the same standard time throughout the country.

How long does the journey actually take?

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

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

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

Example: **Depart** Rome 1415 hours **Arrive** Port au Prince 1915 hours (Haiti)

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

Rome – Italy = GMT + 2

Port au Prince – Haiti = GMT – 4

Step Three: Convert local times in to GMT

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

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

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

From 1215 hours to 2315 hours = **11 hours**

Procedures for effective itinerary design and development

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

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

Itinerary format

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

When air segments are interrupted by surface travel, such as rail or ship travel it is called ANRK

Sample Itinerary-1

DET 001-Historic route by Surface			
Overview	Itinerary	R	M K
Tour code-001	Day 1: Arrive Addis Ababa. O/N Sheraton Hotel	Meal Plan ↓	
Category-Historic	Day 2: Drive Addis to Debre Markos. Visit Debre Libanos Monastery & Blue Nile Gorge. O/N FM Hotel		
Transport-Land	Day 3: Drive to Bahir Dar & Sightseeing tour. Visit Open-air Market and panoramic view of the city. O/N D/Anbessa Hotel		
Duration-14 Nights, 15 Days	Day 4: Bahir Dar. Visit Blue Nile Fall & Monasteries of Lake Tana O/N D/Anbessa Hotel		
Contact us for more information	Day 5: Drive Bahir Dar to Gondar. Visit Castle compound, Bath of Fasildes, Debre Berhan Silassie church and Quskuam monastery. O/N Goha Hotel	FB ↓	
	Day 6: Drive Gondar to Axum. Visit the magnificent mountain scenery. O/N Goha Hotel		
	Day 7: Axum. Visit archeological sites & Church .O/N Goha Hotel		

	<p><i>Day 8: Drive Axum-Adigrat. Visit Yeha Temple & Debre Damo Monasteries. O/N XYZ Hotel</i></p> <p><i>Day 9: Drive to Mekele. Visit rock-hewn churches. O/N ABC Hotel</i></p> <p><i>Day10: Drive to Lalibela. Visit spectacular Mountains scenery. O/N Yeha Hotel</i></p> <p><i>Day 11: Lalibela. Visit rock-hewn churches. O/N Yeha Hotel</i></p> <p><i>Day 12: Excursion from Lalibela to Asheton Mariam or Yemrehane Kirstos. Visit rock-hewn churches. O/N YehaHotel</i></p> <p><i>Day 13: Drive to Addis.O/N Sheraton Hotel</i></p> <p><i>Day 14: Enjoy your free time. O/N Sheraton Hotel</i></p> <p><i>Day 15: At 09:00- Check-out from Sheraton Htl and TRF to Bole int'l airport.</i></p>	
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Day 1: Late evening arrival at Dubai international airport. Bilingual guides after meet and greet escort guests through immigration and baggage reclaim out to luxury air -conditioned coaches. Welcome banner arranged outside the airport.

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

The guests receive a personalised welcome envelope with the itinerary in their native language and English, a general information sheet about the country which have information like dos and don'ts, public holidays, working hours of government and private offices, places for currency exchange, etc.

Day 2: Buffet brunch at hotel poolside.

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

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

Day 3: Following breakfast at the hotel, guests will be escorted to the hotel car park to board helicopters for transfer to the majestic high dunes of Liwa for sand skiing. Transfer to hotel for lunch. After noon at leisure. A coach driver and guide available for guests who wish to go for shopping. Guests collected by coach and escorted to a luxury restaurant specializing in traditional Arabic cuisine, followed by a night on the town – at a disco or maybe an Arabian night-club.

Day 4: Breakfast at poolside. Transferred at 0845hrs to the creek for an exciting fishing trip in the gulf in an Arabian Dhow. Guests will be provided with traditional Arabic hand lines.

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

Afternoon: shopping trip, the first stop is Karama, famous for its bargains. Then to Al Fahidi Street where the best buys are electronics, videotapes and watches.

Day 5: Guest will be taken to the Dubai camel racetrack for a camel race if scheduled.

Following the race, breakfast will be served in a tent behind the track. Guests then split into two groups. Group 1 will leave for the hotel's private beach club to avail themselves of the beach facilities, while group 2 will leave for their desert driving course and return to hotel at 1800hrs, while

Group 1 spends the afternoon on the beach.

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

Day 6: Morning departure for the Hatta Fort Hotel, at the foot of the Hajar mountains which form the backbone of the emirates. The journey is spectacular. The sand dunes become taller and turn a beautiful amber – red colour until they merge with the mountains. Among the facilities of the award – winning mountain – lodge – style hotel are archery and clay pigeon shooting, where a “sharpshooter's challenge” has been arranged.

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

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

After dinner, the sound of hooves is heard. The lights swing and three camels come into view.

The middle camel carries only a rolled up Persian carpet. The riders of the two others present the carpet to a member of the group as a token of appreciation from the sheikhs. Ceremoniously, the

Bedouins present a traditional dagger of “khanjar” to cut the string binding the carpet. The carpet unravels across the sand to reveal a beautiful belly dancer. A perfect end to the evening. Departure back to hotel at approximately 2200hours.

Day 7: Breakfast at the hotel. Baggage transferred to airport for check – in formalities.

Guests transferred to the airport for return flight, giving ample time for last minute shopping at the famous Dubai Duty Free Shopping Complex

5.6. COSTING TOUR PRODUCTS

Introduction

‘Cost’ in simple word means the sum total of all expenses. Normally, it is measured in terms of a monetary sacrifice involved.

Tour cost means the total cost incurred or attributed to a tour product service or tour cost is the sum total of costs incurred to create or formulate a tour package. Since a tour company does not manufacture a complete tourism product itself, hence, it is a process of assembling or purchasing the various elements of tourism products in bulk from the real owner. Therefore, the cost of package tours is determined according to the client requirement or company strategy.

The methods to be used for the ascertainment of cost of a package to be sold are different from one Tour Company to another. This is because the components, which are the part of package tour, are different from organization to organization. Generally, a package tour includes two components-travel and ground services. Thus, the cost components of a package tour are:

- Research and development cost (first time)
- Sightseeing and activity costs
- Travel cost-air, road, rail and sea
- Marketing costs
- Accommodation costs
- Administrative costs
- Transfer costs
- Miscellaneous costs
- Food and beverage costs

The sum total of cost components of a package tour is known as the *cost of package sold*.

5.6.1 Components of Tour Cost

1. Research and development cost-It is also known as personal and research cost and is often underestimated by tour companies. It includes the cost of tour planner, manager and staff of the company who are involved in tour planning. It also includes the cost of “FAM Tours” and any other costs incurred to develop a new or old package tour.

2. Travel cost-This cost includes the cost of air travel or travel through other modes from the original point to the destination point, and the destinations to be covered during the tour. In other words, it is the total cost of travel ranging from departure to arrival at the original point. This cost is to be calculated on the basis of air ticket costs and the contract with transport operators.

3. Accommodation costs-Accommodation cost means the price paid to acquire room in a hotel or resort.

It depends on the negotiation between the hotel management and the tour manager/planner and other elements of the hotel product like food, beverage and amenities, etc.

4. Transfer costs-Transfer cost is incurred for transferring the client from the airport to the hotel and vice-versa. The cost is according to the contract with transport operators or if the travel company has its own transport buses, the cost will be charged on mileage or duration basis. The costs will also be different depending on the type of car the tourist wants to use.

5. Sightseeing and activity costs-This cost constitutes a major part of total cost and it is a high cost area which makes the clients satisfactory or unsatisfactory. The tour planner must select the activities sightseeing or excursions that could be offered to clients. This cost is calculated by taking the cost per person for all activities and adding them up. The destination vendors usually offer these activities less expensively to a group. This can and should be negotiated with ground operators.

6. Administrative costs-It is an indirect cost incurred by a tour company in formulating the policy and strategy for directing the organization and controlling the operations.

Administrative expenses/costs are thus incurred in the general and financial management of a travel business such as office expenses, salary to staff, insurances, audits, financial or legal expenses and so forth. These expenses are of fixed nature, so these should be treated as period costs instead of product costs. Usually, it occupies 15 to 20% of the cost of sale.

7. Marketing costs-Marketing cost includes advertising expenses, market research, reservation of hotels, air and railway tickets, commission to travel agents and ground operators and distribution expenses.

8. Miscellaneous costs-The miscellaneous costs vary from organization to organization. These costs include portage at airports, tips at airports, literature and other materials and gifts given to a tour member. It will more for a new tour company than an old one.

The tour cost can be classified in to two main groups: fixed and variable costs.

5.6.2 Factors affecting the tour cost

Determination of accurate tour cost is the main task of the tour planner/ tour costing planner. The total should be designed in such a way that it must generate an adequate profit for survival. Before costing a tour, the tour costing manager considers the following factors, which have a profound impact on company's profitability position:

- ✓ Seasonality, Exchange rate movements, Increase in other costs-e.g. gas price fluctuations

To start costing and pricing of a tour package:

- ✓ Identify the tour components
- ✓ Segregate total cost in to fixed and variable costs
- ✓ Identify the cost of each tour component
- ✓ Find out costs per pax
- ✓ Multiply the total cost by budgeted percentage of profit

5.6.3 Economics and Cost Components of Tours

5.7.3.1 Outbound Tourism

1. Package Tour sales through Travel Agency

The profit of tour operators is 15-25% (approximately) of the selling price from the package tour usually. However about 10% in these are paid as the **commission** to travel agencies. So, the final profit is about 5-15% (approximately). Also, there is the **cancellation** charge income in the case that the clients cancel the package tour with their circumstances after applications.

The cancellation charge is based on the **cancellation policy** and decided by the **time** when clients cancel it. The income from here is very many usually because the cancellation charge reaches 10-100% of the selling price.

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

Next, we consider the costs. Tour operators need

- ✓ Commission of the package tour for travel agencies,
- ✓ Payment of the block seats fee to the airlines,
- ✓ Payment of the block rooms fee to the hotels,

- ✓ Foreign currency transfer of the land arrangement cost,
- ✓ Payment of the sponsorship insurance cost to an/the insurance company,
- ✓ The preparation cost of tour brochures,
- ✓ The advertisement outlay of package tours,
- ✓ Business activity expense to travel agencies,
- ✓ The Refund for clients (complain, cancellation etc)
- ✓ A fixed cost such as the rent,
- ✓ Communication fee and consumer goods in the office etc.

2. *Package Tour sales to Clients directly*

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

Regarding the costs, they don't need the commissions and the sales activities for travel agencies.

Profit:

- Sales of package tour
- Commission from travel insurance
- Cancellation charge

Costs:

- | | |
|------------------------------------|----------------------------------|
| • Purchase of Airlines Block Seats | • Refund |
| • Producing Give Away | • Insurance for Tour Sponsorship |
| • Purchase of Hotel Block Rooms | • Fixed Cost |
| • Advertisement | • Producing Tour Broacher |
| • Land Arrangement Fee | • Others |

Travel agency

Regarding to selling of package tours, the ***profit*** of travel agencies is the

- ✓ ***Commissions*** from ***package tour sales***.
- ✓ They can accept ***Cancellation*** charge shared with tour operators.
- ✓ They get commission from ***insurance*** companies when they sale Travel Insurances for their clients.

Regarding the *costs*, there are a fixed cost and others

However, when travel agent arranges tours for **FIT**, the *Profit* generate from:

- ✓ Air Tickets sales,
- ✓ Sales of Hotel Rooms,
- ✓ Cancellation Charge.
- ✓ Land arrangement,
- ✓ Travel Insurance and

Regarding the *costs*, travel agencies need:

- Payment of purchasing Airlines Tickets,
- Payment of Hotel Voucher,
- Sales Activity to Companies, Schools etc.,
- The Refund for clients (complain, cancellation etc
- A fixed cost such as the rent,
- Foreign currency transfer of the land arrangement cost,
- Producing FIT Tour Tariff, (tariffs of various FIT components)
- The preparation cost of Give-away such as tour vouchers, name tags
- The *advertisement* for clientele such as direct mail,
- Communication fee and consumer goods in the office etc.

5.6.3.2 Inbound tourism

Land Arrangement receiving from abroad company:

Income from Foreign Companies' & Souvenir Shops' Payment

This case is the model of tour operators in a host country, especially in capital city.

The *profit* is the *fee* from *land arrangements* including hotel arrangements mainly. Furthermore, the *commission* from *airlines* is added to the profit when *domestic flights arrangement* is included.

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

Regarding the *costs*, operators need

- Purchase of Domestic Airlines Tickets,
- Purchase of Hotel Rooms,

- Car Rental Fee,
- Payment for Guide,
- Insurance for Tour (e.g. Contract with Abyssinian Air Service)
- Sales Activity to Tour Operators and Travel Agencies in Foreign Countries (Foreign country business trip).
- Refund for Tour Operators and Travel Agencies in Foreign Countries
(Mainly complain: The income decrease is taken even from the refund usually because The settlement is done after tour completion.
- Communication fee (fax, mail, telephone, etc) and consumer goods in the office etc.
- Payment for Restaurant,
- A fixed cost such as the rent

5.7. PRICING TOUR PRODUCTS

5.7.1 Introduction to pricing strategies for tourism businesses

Setting pricing for tourism businesses is a strong mix of marketing strategy and financial analysis. Is there a formula for developing pricing for tourism businesses?

Not really – tourism products are very rarely identical, often because of *location*, but also because of the *people* and the *components* that make up the experience you provide a traveler. It can be incredibly diverse and pricing strategies can evolve as a tourism business develops its brand and market share. Even star ratings for accommodation only give a general guide for travelers on what the pricing will be – there are not set criteria.

So the purpose of this article is not about helping you with a formula to devise your pricing, but more of an outline of the things you should consider, components of your pricing strategy, different pricing types and ways to stimulate demand.

It is through pricing that the tour operator recovers the costs of the ingredients of the marketing mix plus the cost of creating the product and of course the profit for the operator.

Elements of pricing: the factors taken for cost oriented operation are: *flight cost, hotel cost, handling agents' fee, transfer cost, gratuities and portage etc. fees, commissions to travel agents, marketing costs, administrative cost, research and planning costs and profit.*

Factors affecting future tour pricing

- Exchange rate fluctuations
- Inflation rate in destination country
- Increase in fuel or other costs

Context for Price Development

- Pricing is an art. It requires creative judgment & understanding of buyers' motives
- Pricing is not a onetime decision but must be constantly reviewed
- Must be consistent with overall strategy, objectives and marketing strategy
- Must decide whether you are competing on price or non price variables
- Non price competition must rely on differentiation

Things to consider when setting your pricing strategy:

- ✓ **How unique is your business?** The more unique your tourism product, the more *flexibility* you have to decide your pricing.
- ✓ What **value added** services do you provide inclusive of the experience?
- ✓ **What market** do you want to attract and what *positioning* in the market do you want to establish?
- ✓ **What are your operating costs** (fixed and variable)? Using your costs, get your accountant to help you calculate your *break-even* point and therefore what your minimum pricing should be for profit goals (Estimates of revenue, occupancy rates, etc will be needed). For most tourism businesses, setting prices will be more market based – that is, **what do competitors with** similar products and services **charge** within your market? Be careful, however, you must be aware of your own *financial position* (debt levels, cash flow, etc) before you can decide whether you should compete in this way. *Ideally, being competitive is not price driven, its product driven.*

Where to start

Knowledge of your *break-even* point is an important place to start, but on launch of a new tourism business it may be that pricing is set lower than your longer term pricing expectations in order to *attract* volume, *credibility* and *establish your brand*. Then as you become more established with a regular booking base you can consider increasing prices.

5.7.2 Pricing Approaches

The price that company charges will be somewhere between one that is too low to produce a profit and one that is too high to produce any demand. Product *costs* set a floor for the price; consumers' *perceptions* of the product's value set the ceiling. The company must consider *competitor's* prices, and other *external* and *internal* factors to find the best price between these two extremes.

Companies set the prices by selecting a general pricing approach that includes one or more of these sets of factors.

- **Cost- Based Pricing:**
- **Break-even Analysis and Target profit pricing**
- **Value-Based Pricing**
- **Competition-Based pricing:**

3.7.3 Pricing Strategies

A. New product pricing Strategies

Pricing strategies usually change as a product passes through its life cycle.

Several options exist for pricing new product.

- *Prestige pricing*
- *Market Skimming Pricing:*
- *Market penetration pricing:*

B. Existing-product pricing Strategies

- *Product bundle pricing*
- *Last-Minute Pricing*
- *Price Adjustment Strategies*
 - ✓ *Volume Discount*
 - ✓ *Discount based on time of purchase*
 - ✓ *Discriminatory Pricing*
- *Psychological Pricing*
- *Promotional Pricing*

☞ For more information, refer at your tourism marketing material

Sample pricing

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

***** *Sample Itinerary* *****

1st day: ADD

- MT and TRF to HTL
- HD ADD S/S (National Museum, Holy Trinity Cathedral)
- ☞ Meal: BB: -----, LL: -----, DD: City Restaurant

2nd day: ADD/GDQ

- TRF to APT for SD/OUT ----- ET138 ADD/GDQ
- MT and TRF to HTL
- FD GDQ S/S (Royal Enclosure, Fasiladas' Bath, Debre Berhan Selassie

Church)

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

3rd day: GDQ/ADD

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

➤ MT and TRF to HTL

☞ Meal: BB: HTL, LL: ----- DD: HTL

4th day: ADD

➤ TRF to APT for SD/OUT

☞ Meal: BB: HTL, LL: -----, DD: ----- **HTL: ADD/Hilton, GDQ/Goha**

✓ **Guide: Hosted**

✓ **Transportation: Private**

Let's try to estimate “Net Price” from the above ‘Sample Itinerary’. These prices are just for this exercise and will differ from the actual.

❖ **Car Rental Fee**

- ✓ Sedan (1-2 Pax) \$30.00/day
- ✓ Van (3-7 Pax) \$50.00/day
- ✓ Mid bus (8-19 Pax) \$100.00/day
- ✓ Big bus (20 Pax up) \$150.00/day

❖ **Guide Fee**

- ✓ FD \$20.00/day
- ✓ HD \$10.00/day
- ✓ TRF only \$5.00/day

❖ **Admission/entrance Fee**

- ✓ National Museum \$2/pax
- ✓ Holy Trinity Cathedral \$4/pax
- ✓ Royal Enclosure and Fasiladas’ Bath \$8/pax
- ✓ Debre Birhan Silassie Church \$3/pax

❖ **Hotel**

- ✓ Hilton (Contracted, BB and Tax ICLD) \$80.00/room for DBL,

\$60/room for SGL

✓ Goha (Contracted, BB and Tax ICLD) \$60.00/room for DBL,

\$50/room for SGL

❖ **Restaurant**

✓ BB include in Hotel Fee

✓ LL \$6.00/time and pax

✓ DD \$8.00/time and pax

❖ **Domestic Air Ticket**

✓ ADD/GDQ (RT) \$100.00/pax

For 2 pax/preparing for two person

<u>Items</u>	<u>Contents</u>	<u>Price in \$</u>	<u>Times</u>	<u>Numbers</u>	<u>Sub-total in \$</u>
Car	sedan	30	6	1	180
Guide	FD	20	1	1	20
	HD	10	1	1	10
	TRF	5	4	1	20
Admission	NM	2	1	2	4
	HTC	4	1	2	8
	GC	8	1	2	16
	DBSC	3	1	2	6
Hotel	Hilton DBL	80	2	1	160
	Goha DBL	60	1	1	60
Restaurant	LL	6	1	2	12
	DD	8	3	2	48
Domestic air	ADD/GDQ (RT) 100		1	2	200

Total/Group -----744

Total/pax -----2----- 372

Sedan: 1st day ADD 1 time, 2nd day ADD 1 time and GDQ 1 time, 3rd day

GDQ 1 time and ADD 1 time, 4th day ADD 1time; 1 Car

Guide: 1st day ADD HD 1 time, 2nd day ADD TRF 1 time and GDQ FD 1 time,

3rd day GDQ TRF 1 time, ADD TRF 1 time, 4th day ADD TRF 1 time; 1Guide

Admission Fee: each 1 time for 2 pax

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

Restaurant: LL 1 time for 2 pax, DD 3 times for 2pax

Domestic TKT: 1 time for 2 pax

The Gross price needs some profit added to this Net price. For example, the gross price is \$422/pax in the case that the profit is \$50.00/pax.

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

✓ Airport Transfer (OW)	\$17.50/pax
✓ HD S/S in ADD	\$26.00/pax
✓ FD S/S in GDQ including Lunch	\$42.00/pax
✓ Dinner Arrangement including transfer service	\$25.50/pax
✓ Dinner Arrangement inside Hotel	\$8.00/pax
✓ Hotel Arrangement (ADD/GDQ; per room)	\$80.00/\$60.00
✓ Domestic Air Ticket	\$100.00/pax

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

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

Similarly, when the charge of the half-day sightseeing in Addis Ababa is calculated, \$30.00(Sedan) plus \$10.00(Guide) plus \$6.00×2pax (Admission) equal \$52.00. Net price per pax is \$26.00.

The full day sightseeing in Gondar is \$42.00 per pax. (Car + guide+LL+ admission fee)

The car and the tour guide become necessary to arrange the meal in the city restaurant. So, \$30.00(Sedan) plus \$5.00(Guide) plus \$8.00×2pax (Dinner) equal \$51.00. Net price per pax is \$25.50.

Dinner Arrangement inside Hotel is \$8.00 per pax.

Hotel Arrangement is each \$80.00 and \$60.00 per room per night.

Furthermore, we add the profit to each Net price. Therefore, the Gross price becomes as follows.

The profit supposes as \$5.00 to each item.

✓ Airport Transfer (OW)	\$22.50/pax
✓ HD S/S in ADD	\$31.00/pax
✓ FD S/S in GDQ including Lunch	\$47.00/pax
✓ Dinner Arrangement outside Hotel	\$30.50/pax
✓ Dinner Arrangement inside Hotel	\$13.00/pax
✓ Hotel Arrangement (ADD/GDR; per room)	\$85.00/\$65.00

✓ Domestic Air Ticket \$105.00/pax

When 'Sample Itinerary' is calculated on the basis of the above **Gross price:**

Airport Transfer (OW): $\$22.50 \times 4 \text{ times} \times 2\text{pax} =$ \$180.00

HD S/S in ADD: $\$31.00 \times 1 \text{ times} \times 2\text{pax} =$ \$62.00

FD S/S in GDQ including Lunch: $\$47.00 \times 1 \text{ time} \times 2\text{pax} =$ \$94.00

Dinner Arrangement outside Hotel: $\$30.50 \times 1 \text{ time} \times 2\text{pax} =$ \$61.00

Dinner Arrangement inside Hotel: $\$13.00 \times 2 \text{ time} \times 2\text{pax} =$ \$52.00

Hotel Arrangement in Addis Ababa: $\$85.00 \times 2 \text{ times} \times 1 \text{ room} =$ \$170.00

Hotel Arrangement in Gondar: $\$65.00 \times 1 \text{ time} \times 1 \text{ room} =$ \$65.00

Domestic Air Ticket: $\$105.00 \times 1 \text{ time} \times 2\text{pax} =$ \$210.00

Total Gross price is \$894.00 and \$447.00 per pax.

CHAPTER SEVEN

ESTABLISHING CONTACTS AND NEGOTIATING WITH TOURIST SERVICE PROVIDERS

7.1 Negotiate the price

Making a contract

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

Negotiations are made with the principals to formal contracts:

- ✎ Negotiation with airlines :negotiate on conditions such as cancellation of chartered flight and its penalties, the price, the flight plan, date and frequency of operation, airport to be used, the times of arrival and departure, etc
- ✎ Negotiation with hotels: spell out the conditions for the release of unsold rooms with penalties, number and type of rooms, catering provisions, special facilities for special need/interest guests, language spoken by hotel staff, system of payment, safety and security provisions. The tour operator should also check the alternative accommodation of a comparable standard in the local neighbourhood, in the event of overbooking.
- ✎ Negotiation with ancillary services: such as locally based incoming operators, car hire companies. Local operator (DMC) should be reliable and honest. Terms could include: about sightseeing excursion, qualified guides, competency of staff, types of cars with their respective prices, etc

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

If the companies have no existing achievements at the time of business, they must be devoted to sell the merchandise of other Tour Operators. At first, it is important to obtain *trust*, to make some connections and to build the achievement from these activities.

Renewal of a contract and Improvement of the conditions

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

Airline companies and hotels examine each tour operator from the *sales quantity of the former period*. Then they decide the next conditions of a contract on the basis of the examination.

Mechanism and Structure of Negotiation

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

↳ *Number of the negotiation participants*

Negotiation between 2 groups: In this case, it is easy to grasp the negotiation partner and establish the strategy, so the negotiation is simple.

Negotiation between 3 or more groups: In this case, groups whose interest is the same benefit connect each other, so negotiation is complicated with the element of “Power Game”.

↳ *Position of the negotiation person*

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

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

↳ *Power distribution of the negotiator*

Symmetric negotiation: In this case, each negotiator has equal power.

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

Tactics of Negotiation

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

↳ ***Threat***

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

↳ ***Reputation establishment tactics***

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

↳ ***Good Cop/Bad Cop Tactics***

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

↳ ***Ratification tactics***

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

Contracting

There are three main types of contracts used in tour operating:

1. Commitment/guarantee – where the tour operator guarantees to pay for a certain number of bed spaces

2. Allocation and release back – where the tour operator agrees an allocation of a certain number of bed spaces with the hotel and agrees to give back any that it has not sold by a certain date.
3. Ad hoc – this is the most *flexible* arrangement, when a tour operator agrees a contract (discounted) rate with a hotelier and makes bookings as and when required.

Negotiations on contract terms usually start a year before the holidays are sold

7.2 Booking's confirmation

Confirm both the *amount* and *method* of payment. Always confirm and reconfirm what was said. It is all too easy, on either side, to hear “B” as “V”. To avoid this and other spelling errors, it is advisable to learn the international phonetic alphabets.

Confirmation of tour components

- ✓ Airport transfer-guide and car
- ✓ Restaurants-menu offered, quantity of food and position of good seat
- ✓ Hotel arrangement-check-in and check-out time so that rooms can be ready for tourists upon arrival, rooming list such as single, double and twin.
- ✓ Air reservation-departure not changed? Make double reconfirmation: the first is based on the airline rule, and the second is on the previous day of departure date.

7.3 Quotations' amendment

Quotation is about setting price for the tour product. So, quotation amendment is necessary. You have to adjust the price of the tour product based on your negotiations with the different suppliers such as accommodation establishments, car rental agencies and other suppliers.

7.4 Itinerary adjustment

Based on the negotiations and adjustments in price, make also adjustments in your itinerary. Your itineraries should always be updated.

CHAPTER EIGHT

PROCESSING RESERVATIONS AND GUEST FILES

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

Origin Country

1. *Name and Title of a client*: Enter it with the turn of Family name, First name, Title without fail. In case that the spelling even one character is wrong, airlines

sometimes refuses the boarding of the passenger. Especially, the spelling mistake is fatal on the occasion of overbooking.

2. *Age of a client:* Airlines requires passenger's age for reservation of the domestic airline's ticket in some countries.
3. *Passport data of a client:* Passport Number, Date of issue and Date of expire. Name and birthday of the client are recorded in a passport exactly, so it is desirable to obtain the copy of a passport if it is possible.
4. *Address of a representative client in an origin country:* Home address & telephone number, Office address & telephone number, Mobile phone number and E-mail Address
5. *Local Contact of a client in a host country:* The local contact in the host country of a client must be recorded to have connection with a client in an emergency and report it to airlines.
6. *Tour Code:* The tour cord usually controls the reservation record and it is given to each record.
7. *The number of pax and details inside a client's group:* The reservation of an air ticket requires even the number of adult, child and infant for each.
8. *Departure date, Flight, Time* (e.g. 08 Dec LH591/2340)
9. *Arrival date, Flight, Time* (e.g. 15 Dec LH590/2140)

The contents of Air Reservation

- ✓ Request of the reservation: Request Date, Name of Contact Person
 - ✓ Reply from the airlines: Accept Date, Name of Contact Person
 - ✓ Reply to the client: Reply Date
 - ✓ Final confirmation from the client: Confirmation Date
 - ✓ Issue Ticket: Date of issue
 - ✓ Report of ticket number to airlines: Date of report, Ticket Number
10. *The contents of Hotel Reservation*
- ✓ Request of the reservation: Request Date, Name of Contact Person
 - ✓ Reply from the hotels: Accept Date, Name of Contact Person
 - ✓ Reply to the client: Reply Date
 - ✓ Final confirmation from the client: Confirmation Date
 - ✓ Final confirmation to the hotels: Confirmation Date

- ✓ Preparation of Hotel voucher: Preparation Date
- 11. *The contents of Land Arrangement*
 - ✓ Request of the reservation: Request Date, Name of Contact Person
 - ✓ Reply from the tour operator: Accept Date, Name of Contact Person
 - ✓ Reply to the client: Reply Date
 - ✓ Final confirmation from the client: Confirmation Date
 - ✓ Final confirmation to the tour operator: Confirmation Date
 - ✓ Preparation of Tour voucher: Preparation Date
- 12. *Progress checklist*
 - ✓ Preparation & Delivery of Confirmation Sheet/Contract document
 - ✓ Receipt of Deposit
 - ✓ Preparation & Delivery of Invoice
 - ✓ Receipt of Balance
 - ✓ Preparation of Final Itinerary (include Guidance of departure)
 - ✓ Issuing Air Ticket
 - ✓ Preparation of Hotel voucher or Tour voucher
 - ✓ Preparation of Insurance document
 - ✓ Set up Travel goods such as a name tag Delivery of G/A (Final Document)

Guest reservation in Host Country

1. *Name of the ordered Travel Agency*
2. *Name List for Domestic Air Tickets*
3. *Rooming List for Hotels:* When the foreign tourists check-in a hotel, they are requested the presentation of their passport from a hotel. However, in the case that tour operators are notifying their passport data to hotels in advance, most of hotels don't demand the presentation of their passport to them. Therefore, tour operators are desirable to obtain their passport data in advance for the convenience of them.
4. *Local Contact of a client in a host country:* Although this is clear when tour operators make a reservation of the hotels for clients, but when clients do by themselves, tour operators need to obtain this for the emergency in advance.

5. *Tour Code*: The tour code usually controls the reservation record. Tour code is given to each record. It is easy to distinguish records when each travel agency / tour operator is given each Tour Code. For example, NTS00001 is the first reservation from “Netherlands Travel Service”, IET00025 is the 25th reservation from “Indian & Ethiopian Travel”, and JTB00150 is the 150th reservation from “Japan Travel Burro”.
 6. *The number of pax and details inside a client’s group*
 7. *Arrival date, Flight, Time*
 8. *Departure date, Flight, Time*
 9. The contents of Air Reservation for domestic flights
 - ✓ Request of the reservation: Request Date, Name of Contact Person
 - ✓ Reply from the airlines: Accept Date, Name of Contact Person
 - ✓ Reply to the travel agency: Reply Date
 - ✓ Final confirmation from the travel agency: Confirmation Date
 - ✓ Issue Ticket: Date of issue
 - ✓ Report of ticket number to airlines: Date of report, Ticket Number
 10. The contents of Hotel Reservation
 - ✓ Request of the reservation: Request Date, Name of Contact Person
 - ✓ Reply from the hotels: Accept Date, Name of Contact Person
 - ✓ Reply to the travel agency: Reply Date
 - ✓ Final confirmation from the travel agency: Confirmation Date
 - ✓ Final confirmation to the hotels: Confirmation Date
 - ✓ Preparation of Hotel voucher: Preparation Date
- Guide submits Hotel voucher to the hotel in the tour of guide accompanying.
11. *The contents of Land Arrangement*
 12. *Car Rental or Car Assignment*
 13. *Restaurant Reservation & Budget per person*
 14. *Tickets Arrangements (Train, Theater etc.)*
 15. *Guide order or Guide Assignment*
 - ✓ Request of the reservation: Request Date, Name of Contact Person
 - ✓ Reply from the each: Accept Date, Name of Contact Person
 - ✓ Reply to the client: Reply Date

- ✓ Final confirmation from the travel agency: Confirmation Date
- ✓ Final confirmation to the each: Confirmation Date

16. Progress checklist

- ✓ Issuing Air Ticket
- ✓ Accepting other tickets
- ✓ Preparation of Hotel voucher
- ✓ Preparation of Meal voucher
- ✓ Preparation of Meeting Board
- ✓ Guide Assignment
- ✓ Give Away (Special Attention etc.)

CHAPTER NINE

IDENTIFYING, MONITORING AND ADJUSTING TOURS

9.1 Pre-tour, en-route and post departure customer services

A tour company, to success in tour packaging business, must adopt professional approach. It should provide timely, relevant, understandable and comparable information to the tourists to make the difference that their organization is offering unique packages.

Tour manager must set objectives in advance and then make sure they are effectively realized. For efficiency in advance preparation is essential. The work begins long before the meeting of tourists. Moreover, to make tour packages more attractive and effective, a prospective tour company needs to provide the following travel information.

i. *Pre-departure (pre-tour) necessities*

- | | |
|---|--|
| ✓ Confirming reservations | ✓ Passport |
| ✓ Evaluating/contact services providers | ✓ Visa |
| ✓ Info. about cities/ villages on the way and overnight stops | ✓ Foreign exchange |
| ✓ About region: handicraft, crops | ✓ Medicines |
| ✓ Other info. upon the special interests <i>ii. On arrival at airport</i> | ✓ Clothing |
| | ✓ Two photocopies of each travel documents |

- | | |
|--------------------|--------------------------|
| ✓ X-ray of baggage | ✓ Check travel documents |
| ✓ Check-in counter | ✓ Checking baggage |

iii. *Formalities on arrival at destination airport*

- ✓ Baggage claim ☐ ☐ Custom procedures: up-to ☐ ☐ Foreign exchange date info. duty free, other ☐ ☐ Immigration procedures regulations
- ✓ Welcome party by concerned tour company

iv. Information about accommodations/hotels

- ✓ Check-in and check-out procedures
- ✓ Its distance from the town and attractions
- ✓ Meals
- ✓ location
- ✓ Rooms
- ✓ Services/facilities offered
- ✓ Tips and other information

v. Formalities at destinations

- ☐ ☐ Customs, traditions and cultures
- ✓ Transportation
- ✓ Local guides ☐ ☐ Other entertainments
- ✓ Natural and manmade tourist attractions
- ✓ Environmental impact
- ✓ Entrance ticket

vi. Departure

- ✓ Ensure baggage and belongings
- ✓ En-cashing of foreign exchange
- ✓ Goodbye (farewell, client occasions, holidays parties for free of charge)
- vii. Post departure**
- ✓ Keep contact with customers- e.g. through e-mail and phone, send gifts during special occasions, etc.

9.2 Identify tour requirement

This is the final chapter, and of course your final preparation for you to start the actual tour and deliver it for the tourists. The requirements of a certain tour depend on its nature and the destination to which tourists are travelling to. For example, if you are taking tourists for trekking, you should have the necessary materials that help successfully accomplish the tour. If you are travelling to destinations where there are no accommodation establishments, it will be necessary for you to have tents for camping. Generally, the following are some of the requirements of a tour:

- ✓ Tour badges and name tags
- ✓ Bottled water
- ✓ Tents
- ✓ Sunscreen
- ✓ Cost sheet and note book for the guide
- ✓ Car and its spare parts-like extra tire and fuel
- ✓ Note on matters that need special attention in the destination
- ✓ Address book-Telephone numbers of police stations and hospitals/clinics in the destination
- ✓ Photo or video camera (optional)
- ✓ Tour manager

9.3 Assign staff

The next activity is to assign the necessary staff. This depends on the type of arrangement you made or the type of package tour. For example, for escorted package tour, you have to assign a qualified tour manager/escort who will lead tourists from starting point of the visit to the destination and back to the origin. If the tour is hosted, you have to assign a host at each destination who will assist tourists starting from transfer to hotel and advising tourists about the destination. In addition, the manager of the tour company or other people should be assigned to follow up the progress of the tour-asking whether the tour is successful and answering their calls to provide prompt responses.

9.4 Contact service providers

i. Liaise with operators and other industry colleagues

Gather as much information on your audience as is possible and appropriate including collecting passenger lists when relevant who will be involved in your tour (e.g. coach captains, retail store owners, tour operators, attraction staff and other guides).

ii. Reconfirmation calls- This refers to the calls to conform for services. Importance of confirmation calls and what we should do:

- ✍ True professionalism becomes evident in the area of reconfirmation calls to any service done by the guide.
- ✍ Forgetting reconfirmation call is deceiving oneself and inviting to trouble
- ✍ Arriving at a hotel without reconfirmation call may result in no record of the group.
- ✍ In general, reconfirmation is very crucial because the more you tell him/her the easier it will be to both the service supplier and to the service receiver.

Activities:

- ✍ Each service must be confirmed by telephone, not later than 48 hours before arrival

↳ When you make a call to hotels for confirmation before 48 hours of arrival time, you should:

- Have the voucher in front of you to check which services are refused and which are accepted.
- Ask the name of the person who manages tour booking
- Speak to him clearly and with authority to show leadership of your group
- Give your name, the company's name, the tour name or code

↳ Give detail of the actual needs of the tour written on the voucher (accommodation and meal request)

↳ Inform the booking manager about changes if any. This is because there appears cancellation of reservation by clients.

↳ Tell your estimated time of arrival and some special needs of clients e.g. vegetarians who do not eat meat.

9.5 Expense allocation

Identify all the necessary cost components for the tour to help you get the total cost. For your further understanding of tour costing and pricing, refer chapters six of your handout. There will be such costs as welcome party, fare well party, client occasions and holidays such as X-mas. There are other costs which the guide might have incurred at the destination. Give the guide cost sheets to record it correctly. Calculate the cost accurately!

Expense account report sheet:

It is a form in which expenses associated to any tour are recorded. There are two kinds of expense account report sheets:

↳ **Daily entry page:** - this is similar to incidental charges. We register expenses of telephone, fax, e-mail, etc. We register these expenses by forming categories.

Example: Laundry Services Communication Services

_____	_____
_____	_____
_____	_____

The amount spent on each item is entered. At last, all subtotals are tallied (sum up) and deducted from the total amount taken from the office.

↳ **An actual day by day** estimate expenses as outlined in the itinerary:

<u>Transport</u>		<u>Entrance</u>
Boat	\$750	\$85

\$100

9.6 Tour coordination *Wardrobe and packing:*

It is an important part of your pre-tour preparation. It means selecting material you use when you are on a tour. Factors to be considered included:

1. Type of tour- safari tour, rafting, bird watching
2. Climate
3. Restriction/ limitation by carriers- air transportation, surface transportations

To look fresh and well groomed all time, select clothing that is easy to care for keeps the shape and has light weight as much as possible.

Wardrobes are:

Cloths and other materials that fit to your tour and climate, considering color, weight and thicknesses for example, (shoes with comfort especially for taking rain coats and umbrella, toilet materials and medication materials, flight bags, etc).

Packing:

Experienced tour guides can pack:

- ✓ Surprising amount of clothes in luggage's and flight bags
- ✓ Utilizes every inch—packing socks inside shoes, rolling under wear, etc
- ✓ Use your flight bag for your toilet articles and for your night cloths and reading materials (to tell up to date information's)
- ✓ Every evening on tour, layout every preparation for the next days and then pack your suitcase so that in the morning you will pack only your flight bag.

9.7 Monitor and adjust Tour

The future is full of *uncertainty* and *risk*. There will be *delays* in flight that can shorten the time for visiting the attractions. You may *run out of time* to visit all the attractions in the destination. In such a case, you are *forced* to make *adjustments* in the itinerary: some of the less important sites should not be visited to allow tourists to accomplish the tour within the time given. Or, the car will have some problems and delay your tour. One of the passengers might get sick or lost his baggage. There will be overcrowding and you may have short time to spend in the destination area. Sometimes, you will be forced to extend the tour for some period of time.

CHAPTER TEN

AUTOMATION IN THE TRAVEL TRADE BUSINESS

10.1 The Evolution of Agency Automation

Until the 1950s, all airline reservations were made by telephone or at airports and airline offices. Fares were obtained from price books called tariffs. Manual calculating machines were used to calculate the total fare for an itinerary. In the 1960s, flight schedules and fares were stored on microfilm.

Computer technology was developed in World War II to aid in the war effort. The U.S. Army developed the first electronic computer, called ENIAC, in 1939. The name ENIAC was an acronym for Electronic Numeric Integrator, Analyzer, and Calculator. ENIAC was used to calculate artillery trajectories and prepare navigational charts for warships.

After the end of World War, industry began using computers; International Business Machines Company became the largest manufacturer of computers. The same technology, which enabled data to be printed out by a computer, was used to develop the Teletype machine.

By the 1960s, most of the major airlines had installed computer systems to store flight schedules and fares and handle reservations. However, the use of these systems was limited to the airlines' own reservation agents and ticket agents. Retail travel agencies continued to make reservations by telephone and, in most cases, wrote tickets by hand. In the early 1960s, Teletype machines, which could transmit and receive information over telephone lines, were introduced, enabling travel agencies to print tickets in their own offices. This type of arrangement was called tele-ticketing.

The first airline reservation systems were installed in travel agencies in the mid 1960s. These early systems were mostly experimental and contained flight information for only one airline. Until the 1970s, only the largest corporations and government agencies could afford their own computers in United States. Advances in technology developed by the U.S. space program enabled smaller computer equipment to be manufactured at a price that most businesses could afford.

In 1976, American Airlines, Trans World Airlines (TWA), and United Airlines each developed a computer reservation system (CRS) containing flight information and fares for several different carriers. Travel agents could obtain information from the CRS via a data terminal, called an agent's set, consisting of a display screen and a keyboard. As with a Teletype machine, the agent's set was hooked up to a CRS via a telephone line.

In 1982, Eastern Airline creates a reservation system called “System One”. The distinguishing feature of System One was its ability to link up with other computer reservation systems.

The companies operating computer reservation systems are called CRS vendors. A travel agency that contracts with a CRS vendor is called a subscriber. As reservation systems expanded rapidly throughout the travel industry, a new term -agency automation- became popular. The most prominent CRSs (now known as global distribution systems (GDSs) used within the airline distribution systems) are Amadeus, Sabre, Galileo and World span (the latter two merging in 2007), while regional systems also exist (such as Axess, based in Japan, and Abacus, which serves the Asia Pacific region).

10.2 Agency Automation

The term automation, as applied to computers, was first used in factories to describe the use of computers to control manufacturing processes. Agency automation refers to the use of computers by a travel agency. Agencies that use computers are called automated agencies.

Agency automation is of two basic types: sales automation and business automation. Sales automation refers to the use of computer reservation systems to handle sales and ticketing. A sales automation system, commonly referred to as a front-office system, is used to obtain travel information and prices, store client records, and write tickets. Business automation refers to the use of a computer to handle accounting and record keeping. Business automation systems are also called back-office systems.

10.3 Components of a CRS

A computer reservation system consists of a large computer, called a mainframe, capable of serving many different sites. Data such as flight availability, fares, and passenger records are maintained in the storage unit of the mainframe. Data terminals are used to communicate with the mainframe from a travel agency, an airport ticket counter, or another site. Each terminal consists of a keyboard and processor to input data to the mainframe and a video screen to display information.

A data terminal is commonly referred to as a CRT or cathode ray tube. A data terminal in a travel agency is called an agent's set.

Since 1985, personal computers (PCs) have been used increasingly as data terminals in travel agencies. In addition to being used with a CRS, a PC can also be used for record keeping, accounting, and other back-office functions.

Each agent's set is connected via a modem to the central processing unit (CPU) of the mainframe. A modem (short for modulator/demodulator) translates computer data into signals for

transmission over a telephone line. When an airline reservation is booked from an agent's set, the data is transmitted to the CPU and stored in the storage unit of the mainframe. Other information such as flight schedules and fares is also stored in the storage unit. This information can be retrieved and displayed by an agent's set. However, an agency can only retrieve its own reservations. Special permission must be obtained from the airline.

A ticket printer may also be connected to the mainframe via a modem, to receive data over a telephone line. Ticket printers can be used to print airline tickets, boarding passes, invoices, and itineraries. The ticketing information is obtained from the passenger record. The phrase driving the ticket means to transmit ticketing information from a passenger record to the ticket printer.

Devices such as data terminals, modems, and ticket printers connected to a computer are referred to as peripherals.

Contract of CRS

Each agency that uses a CRS pays an ongoing subscription fee to the CRS vendor. The agency must sign a contract agreeing to use the vendor's CRS for a stipulated period, called a term. The agency is obligated to pay the subscription fee during the term of the contract, regardless of how much or how often the CRS is used.

10.4 Primary Functions of a CRS

All the major computer reservation systems have the following features in common:

- | | |
|---------------------------------|-----------------------------------|
| 1. Fare displays | 6. Storage of client profiles |
| 2. Flight availability displays | 7. Queue functions |
| 3. Flight bookings | 8. Ticket and document production |
| 4. Storage of passenger records | 9. Auxiliary segments |
| 5. Advance seat assignments | 10. General information |

An understanding of computer reservation systems requires a basic familiarity with each function.

□□Fare Displays

A fare display is a list of fares between a specified board point and off point. Fares can be displayed for the current date or for a specified departure date. The subscriber can also display competitive fares for all carriers or only those offered by a specified carrier.

Using the fares stored in the CRS, a subscriber can auto price most air itineraries. To auto price an itinerary means to calculate the total base fare, tax, and total fare automatically. The CRS can auto price selected segments or an entire itinerary. It can also display the price for an entire party or just for selected passengers.

Depending on the CRS, fare displays are also called fare quotes or tariff displays. Besides fares, a CRS can also be used to display the restrictions, or fare rules, that govern various restricted fares.

☐ ☐ **Flight Availability Displays**

A flight availability display lists regularly scheduled flights between a specified board point and off point and shows the number of seats that can be sold in each class of service on each flight. Flight availability can be displayed for the current date or a specified departure date. Arrival time or class of service can also obtain availability.

The display gives the following information for each flight:

- ✓ Carrier code and flight number ☐ Seat quota
- ✓ Origin and destination airports
- ✓ On-time performance
- ✓ Departure time and arrival time
- ✓ Equipment code and meal service
- ✓ Stops

The seat quota is the maximum number of seats than can be sold in each class of service during one transaction. Each airline that participates in the CRS has a contract with the vendor. The seat quota for each flight depends on the airline's agreement with the CRS vendor.

The departure and arrival time are given in local time, based on 12-hour clock time.

☐ ☐ **Flight Bookings**

Airline reservations can be booked directly on the CRS. Booking a reservation is called selling space, or selling seats. On a desired flight, if a selected class of service is sold out, seats can often be waitlisted. A waitlisted reservation may eventually be confirmed, if other passengers with confirmed reservations later cancel their reservations.

Two types of flight bookings can be made on a CRS-direct and teletype. When a direct booking is made, the seats are sold directly on the airline's own reservation system. With a Teletype booking, a Teletype message is sent to notify the airline. When the message is received, the airline books the seats on its reservation system. The type of booking that is made depends on the airline's agreement with the CRS vendor and other factors.

☐ ☐ **Storage of Passenger Records**

Every reservation booked on a CRS is stored in a passenger name record (PNR). Besides the air itinerary, each PNR also contains the following contact information:

- ✓ Passenger name(s)

- ✓ Travel agency telephone number
- ✓ Passenger business telephone number
- ✓ Passenger home telephone number
- ✓ Ticketing arrangement
- ✓ The person who made the reservation

In addition, a PNR may contain the passenger's billing address, the form of payment, and special service requirements, such as wheelchair service or a specially prepared meal. Data items are stored in fields. For example, the passenger names are stored in the name field, and contact telephone numbers are stored in the phone field.

The ticketing arrangement is stored in the ticketing field. For instance, this field often contains the date on which the ticket will be issued. When a ticket has been issued, the ticketing date and, in some cases, the ticket number, may be stored in the ticketing field.

The person who made the reservation is entered in the received-from field. Every PNR must contain an itinerary and data in the name, phone, ticketing, and received-from fields.

The passenger data items entered by the agent are held in an electronic holding area, called an agent work area. When all the elements have been assembled, the agent enters a command to end the transaction. When the transaction is ended, the PNR is transmitted to the mainframe for permanent storage. The PNR remains in storage until the itinerary has been completed or until the passenger cancels the reservation. While the PNR is in storage, the record can be retrieved and displayed by the travel agency or the airline. When a PNR is displayed, changes can be made to the itinerary or to the passenger data fields.

☐ ☐ **Advance Seat Assignments**

A CRS can also be used to make advance seat assignments on various flights of participating carriers. An advance seat assignment is used to reserve specific seats on a flight for passengers who have confirmed reservations. On many flights, the CRS can assign seats automatically, based on the client's preference for sitting by a window or an aisle. If a flight has a smoking section, a seat can also be requested in either the smoking section or the non-smoking section. (Most carriers do not permit Smoking.)

On many flights, a seat map can be displayed so that a specific seat can be assigned. A seat map shows the seating arrangement on a specified flight and the location and status of each seat. The status indicates whether a seat is available for advance seat assignment. If a seat has already been reserved, or if it has been blocked out for sale by a wholesaler, it cannot be reserved. Some seats

are also held back by the airline for last-minute assignment at the boarding gate. Such seats are said to be under airport control.

□ □ **Storage of Client Profiles**

Depending on its contract with the CRS vendor, a travel agency may have special records, called client profiles, containing passenger data for its regular clients. The passenger data can be transferred to a PNR, as needed.

Client profiles provide an easy way to create PNRs, eliminating the need to type out data items that are used repeatedly for a regular client of the agency.

In addition, a master account record (MAR) contains frequently used agency data. Other terms may also be used for client profiles, depending on the system.

□ □ **Queue Functions**

Queue is a French word meaning “a waiting line.” In a CRS, a queue is an electronic holding area where records or messages may be stored temporarily for a special purpose. For example, PNRs that are affected by airline schedule changes might be stored in one queue, and PNRs that have been confirmed from a waitlist might be stored in another queue. Two types of queues are used: message queues and record queues. Only messages can be stored in a message queue, whereas only PNRs can be placed on a record queue. A PNR that is stored in a queue is said to be on queue.

Queues are an aid to handling the daily workload of an agency. For example, every business day, all PNRs scheduled for ticketing on that date appear automatically in a ticketing queue, and all PNRs with waitlist confirmations appear in the waitlist queue.

A queue count is a summary of the messages or records currently on queue. Most queues contain PNRs that require some sort of action. For example, PNRs in the waitlist queue require the agent to reconfirm the reservation with the passenger. If a schedule change has occurred, an alternative reservation may be required.

□ □ **Ticket and Document Production**

A CRS can be used to print tickets and other documents, such as boarding passes, invoices, and itineraries. An itinerary/invoice is a document that provides detailed flight information for each segment and a summary of all the charges. Special features enable the travel agent to print messages, called itinerary remarks or invoice remarks, on the itinerary/invoice. For example, an itinerary remark might be used to print directions to a hotel or to indicate a telephone number to summon a courtesy car.

If desired, a ticket can be printed without an itinerary/invoice, or, alternatively, an itinerary/invoice can be printed without a ticket. If a ticket was issued previously without a boarding pass, a boarding pass can be printed separately assuming the airline is one that permits boarding passes to be issued by the CRS.

☐ ☐ **Auxiliary Segments**

Besides airline space, a CRS can also be used to book hotel, rental car, cruise, tour, and other types of reservations. Such bookings are referred to as auxiliary segments.

☐ ☐ **General Information**

A CRS can also be used to display reference information, such as weather forecasts, in-flight services, foreign exchange rates, city descriptions, and so forth. The encode/decode function is used to determine codes for airlines, cities, airports, countries, and equipment.

Air Reservation and Ticketing Airline

Code:

Each Airlines have own Airline Codes based on IATA's rule. Two-letter airline designators assigned and published by the **ICAO**, for use in reservations, timetables and ticketing, as well as other inter- and intra-industry applications.

For example, Ethiopia Airline is **ET**, British Airways is **BA**, **KQ** for Kenya Airways, **YU** for Dominair, **QF** for Qantas Airways, etc.

Airport Code:

It is three-letter *location identifiers* **assigned** and **published** by the **ICAO** for use in timetables, ticketing and other communications.

Each Airport have own Airport Codes based on IATA's rule. For example, Addis Ababa is **ADD**, **ACA** for Acapulco (Mexico), **AMS** for Amsterdam (Netherlands), **AUH** for Abu Dhabi (UAE), **RIO** for Rio de Janeiro (Brazil), and **STO** for Stockholm (Sweden), etc.

Gondar is **GDQ**, Bahir Dar is **BJR**, **LLI** for Lalibela, **AXU** for Axum, etc.

OW One Way

Involving or allowing travel in only *one* direction. E.g ADD/GDQ

RT Round Trip (return ticket)

A journey from one place to another and back again (ADD/GDQ/ADD)

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

A trip including *more than* one destination and *return to origin*

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

OJ Open Joe (ADD/BJR//GDQ/ADD)

Some tourist moves to another city without using airplanes.

CRS Computer Reservation System

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

PNR Passenger Name Record

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

VIP Very Important Person

Reservation or guest who *warrants* special attention and handling.

Flight Segment

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

Ticket Status

OK Confirmed

RQ Request

NS No seat for infant

SA Stand by

Referring to a ticket sold *at a lower price shortly* before the departure of a flight when there are empty seats remaining on the aircraft.

Class of services available on flight

Supersonic (R), First (F), Business (C, J), Economy (Y, S.), etc. There are many Class Categories up to Airlines and Fare Bases.

Fare Base

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

- * Normal Fare: Basic Tour Fare
- * IT Fare: Inclusive Tour Fare (GIT, ITX)
- * PEX Fare: Special Excursion Fare
- * APEX Fare: Advance Purchase Excursion Fare
- * Child Fare: For 2-11 years old, 67% of Adult
- * Infant Fare: For 0-1 years old, 10% of Adult, NS
- * Youth Fare: For 12-26 years old
- * Student Fare: For student
- * Add-On Fare: Surcharge for an additional Flights

Seat Assignment

Window Seat, Aisle Seat

Air Report

Weekly Sales Report for Airlines

TL Time Limit

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

Local Contact Abbreviation is not unified.)

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

SSR, OSI

Request for Airlines from users

SSR: Special Service Requirement

OSI: Other Service Information

RMKS Remarks

Message for Airlines from users

FFP Frequently Flyer Program

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

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

MCT Minimum Connecting Time

Minimum time to **transit** at the airport for passengers

ROE Rate of Exchange

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

NUC Neural Unit of Construction

Numerical value used only for fare calculation

MPM Maximum Permitted Mileage

The longest mile with the **official** fare

TPM Ticketed Point Mileage

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

GI Global Indicator

There are some kinds of air fares for *one-way* in the Tariff, because the air fare differs by the rout. GI shows the routing ground.⁴

TC1: Tariff Conference 1

Western Hemisphere; America Continent etc.

TC2: Tariff Conference 2

Eastern Hemisphere; Europe, Middle East, Africa etc.

TC3: Tariff Conference 3

Asia Area other than TC2; Asia, Oceania etc.

Hand baggage and Excess

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

No-Show