

UNIT 2 - CONTENTS

- Travel Agency Vs. Tour Operation Company
- Functions of a Travel Agency, Tour Operation Company
- Setting up a full-fledged Travel Agency – Recognition from the Government – IATA Accreditation
- Sources of Income of Travel Agency/Tour Operator
- Diversification of Business – Travel Insurance, Forex, Cargo, International SIM cards – Documentation



TRAVEL AGENCY VS. TOUR OPERATION COMPANY

TRAVEL AGENT VS. TOUR OPERATOR

TRAVEL AGENTS	TOUR OPERATOR
Retailers	Wholesalers. Deals with travel agents (retailers)
Acts as consultants or advisers to the traveller.	Acts as middlemen between the suppliers and the vendors.
Revenues are fixed and pre determined by suppliers	Have variable but limited revenues income and profit margins
Charges fees for documentation and ancillary services	Sells optional products and services and makes use of deposits

Difference between Tour Operators & Travel Agents

- The tour operator is a wholesaler who is responsible for manufacturing a tour package.
- The tour operator deals directly with tourists and foreign travel agents or principal agents.
- The itinerary is prepared by an experienced executive and possibility to any amendments of tour program lies with the tour operator.

Difference between Tour Operators & Travel Agents

- Retail travel agents are those who work for the tour wholesalers to sell the packages to earn commission.
- Travel agent mostly functions as an intermediary between tour operators and tourists to market tour packages.
- Tour operator sells varied services in the tour package and appoints a travel agency to handle ground services such as
 - Sightseeing, tours, airport arrival & departures, transfers, check-in, check-out, transportation, shopping, entertainment, shopping, entertainment, guide & escort services.
- Confirmation of various ground services is made by the travel agency to the tour operator.

Difference between Tour Operators & Travel Agents

- The travel agency depends on the tour operator for business and provides services at the destinations as per the contract
- Local problems faced by the tourists are solved by the travel agent under the guidance of the tour operator.
- Travel agents are the associate members of IATO to keep
 - contemporary track of the business and
 - to widen business relationship with the other members.

MAJOR BRANDS

TOUR OPERATORS

Thomas Cook

SOTC

Cox & Kings

FCM / Travel Tours

American Express

TUI

Akbar / Riya / Alhind

TRAVEL AGENCIES (All Local Brands)

Emperor Traveline

Express Holidays

Lotus Travels

Travego

Bajaj Travels etc.,



FUNCTIONS OF A TRAVEL AGENCY, TOUR OPERATION COMPANY



INTRODUCTION

- Retailer/Wholesaler

- Role of Tour Operator
 - Act as Agents
 - Promoters
 - Destination Image Builders

- Derives income from
 - Commission
 - Service charges

WHAT IT TAKES TO BECOME A TA/TO?

To become a modern day TA is quite challenging

A thorough knowledge of the product – ‘The World’

- Fast facts
- Sightseeing attractions
- Knowledge about hotels
- Food & Beverage options
- Do's & Don'ts

Good communicational skills

Negotiation skills

Convincing ability

Extremely creative

FUNCTIONS OF A TRAVEL AGENCY & TOUR OPERATOR

- Provide information & expertise
- Recommend destinations, products & services
- Provide assistance in securing travel & related documents
- Reservation of tickets – Road, Rail, Air & Cruise
- Sale of hotel rooms & services
- Provide Ground services – cars, coaches, caravans, entertainment entries, guides & interpreters



CONT'D...

- Design & sale of Tour Packages
- Itinerary Planning
- Deal with Foreign Exchange
- Provide Travel Insurance
- MICE Operations – Meetings, Incentives, Conferences, Events/Exhibitions
- Assist in case of amendments/cancellations/refunds
- Miscellaneous Services
- Corporate Social Responsibility (CSR)
- Destination Promotion



**SETTING UP A FULL-FLEDGED TRAVEL AGENCY -
RECOGNITION FROM THE GOVERNMENT - IATA
ACCREDITATION**

POINTS TO BE CONSIDERED

- ✓ Selection of Location
- ✓ Office set-up (Interior)
- ✓ Registration of Office
- ✓ Licenses and Permits
- ✓ Furniture and Fixtures
- ✓ Machinery (Computers, Printers, Copier, Scanners, Telephone)
- ✓ High Speed Internet and LAN Connection
- ✓ Files and Folders and other stationery (Business cards, Letterheads)
- ✓ Tour Brochures / Flyers
- ✓ Affiliations, Recognitions & Memberships (MOT, IATA, IATO Etc.)

CONTD...

- ✓ Marketing and Promotions
- ✓ Tie-ups and contracts signing
- ✓ Supplier Networking
- ✓ Customer Relationship Management tools

BUSINESS PROCEDURE

- Generating enquiries
- Submission of quotation/presentation
- Bidding process
- Signing of MOU
- Execute services
- Post tour accounting process
- Feedback



**SOURCES OF INCOME OF
TRAVEL AGENCY/TOUR OPERATOR**

SOURCES OF INCOME

Primary Source - Commission (TAC)

Air/Rail/Cruise/Bus Tickets

- Travel Agent's Commission (TAC)
- Mark Up
- Performance Linked Bonus (PLB)
- FOC
- Ad Ticket
- Amendments
- Cancellation

Visa

- Service Charges
- Discount in Group Visas





CONT'D...

Hotel Booking

- Discount on Rack Rate
- Commission on Rack Rate
- Mark Up
- FOC

Sightseeing Entry Tickets

- Commission
- FOC

Package Tours

- Mark Up
- Commission while selling Tour Operator's package



CONT'D...

MICE Packages

On Tour Commission

- Sale of Optional Tours
- Deviation
- Missed / Unutilized services

Miscellaneous Income

- Travel Insurance
- Land transportation
- Guides & Interpreters
- Selling Forex
- International Sim Cards



DIVERSIFICATION OF BUSINESS

DIVERSIFICATION OF TA/TO BUSINESS

- In order to reduce the chances of failure and to maximise profits, business diversification becomes mandatory these days,
- Similar to broadening the Product line in Manufacturing sector

Diversification of TA/TO Business can be done in many ways including,

- Cross selling and Up selling of Travel and related products
 - International Sim Cards/Calling Cards, Travel Insurance Policies, Travel Tags, etc.,
- Setting up a Travel Accessories Store in the premises
 - Travel Bags, Pouches, Neck Pillows, Card Readers, Adaptors, etc.,
- Sale of Optional Tours
 - Add-on packages, additional sightseeing entry tickets, experiences etc.,



THANK YOU!

HAVE QUESTIONS?

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