
Tours and Vacation Packages

INTRODUCTION

Being able to suggest the perfect tour will help you become the professional whom clients rely on and return to with future travel needs. When you select the right Hawaiian tour package for a honeymoon couple or arrange a unique Asian adventure tour for a retired couple, you offer more than just airline tickets. You build an entire package that fills your clients' needs as completely as possible. In this way, you establish a loyal clientele that will come back to you for their future travel needs.

How Important Is Selling Tours and Vacation Packages?

Tours are not only important—they're crucial to any travel agency's profitability. According to a recent survey conducted by American Society of Travel Agents (ASTA), 81 percent of all tours and packages are sold by travel agents. With a number that high, travel agents are sure to have a variety of



needs and wants from their customers. As a travel agent, you need to be up on the latest trends in group tours and vacations packages, as well as have trips that are more unique from the rest of the tours out there.

Group tours and vacation packages have varied in type over the years. The shift in touring preferences is largely driven by the baby boomer population. The demands of this generation are changing, as baby boomers want travel that matches their specific needs and interests. They like the idea of adventure and they want to travel in smaller, more concentrated groups. They also want more free time, flexibility, and some independence while travelling (Figure 1).



FIGURE 1—Vacationers want more flexibility while on vacation.

What Are Tours and Vacation Packages?

Tours and vacation packages include everything from relaxing on a sun-drenched beach in the West Indies to trekking through the Himalayas. Tours most often refer to escorted tours, while vacation packages often refer to independent tours. Let's look at each of these in more detail.

Escorted Tours

An *escorted tour* can be defined as a trip taken by a group of people who travel together throughout most or all of the trip by following an organized and prearranged itinerary. Most tours include accommodations, most meals, sightseeing, and transportation. They also include the services of a *professional tour manager* or *escort* who accompanies the group, and perhaps other transportation such as cruises or trains.

Independent Tours

An *independent tour* is a vacation package designed for those traveling independently who don't want to be part of an organized group or itinerary. A package combines multiple travel elements in an all-inclusive price. The price is usually lower than if the elements were purchased separately. Volume purchasing makes this possible.

Any two or more of the following can be part of a vacation package:

- Air transportation
- Accommodations
- Meals
- Motorcoach
- Rail or private vehicle
- Entertainment
- Car rental
- Airport transfers
- Sightseeing
- Tickets to major attractions, theme parks, or theaters

Air transportation from and to the client's home city may or may not be included in a published tour or vacation package; you must check each tour brochure carefully for this information. If air transportation *is* included, it's called

an *air and land tour*. The tour company will use a specific airline or airlines, and will usually prepare the tickets and include them in the client's tour documents.

If air transportation is *not* included, it's called a *land-only package*. The travel agent books the air flights and will issue the airline tickets following standard procedures. In this case, the client can select the most appropriate airline, fare, and schedule.

By the Way

Transfers are a common feature included in a tour or vacation package. A transfer is local ground transportation that provides arrival and departure services at each destination in a tour. Transfers include

- Transportation from the airport, city air terminal, rail station, or pier to the hotel; or from the hotel to the airport, city air terminal, rail station, or pier
- Baggage handling service, called *portage*
- Tips

Who Operates Tour Packages?

Tours are put together, marketed, and operated by companies called *tour operators* and *tour wholesalers*. These two terms are often used interchangeably, but there are some essential differences between these two types of tour companies.

Tour Operators

Tour operators put together all of the components of a tour or vacation package. They market and then sell these packages to the general public, usually through travel agencies. Tours and packages are commissionable to travel agents, who, in turn, sell the product to their customers.

However, some tour operators also deal directly with the general public, thus bypassing the travel agency. Some large tour operators, such as American Express and Carlson, act as travel agencies since they deal directly with the public and provide other travel services.

Another characteristic of tour operators is that many operate specific ground services and other aspects of the tour at each destination. They may actually employ personnel such as drivers, escorts, and guides. Tour operators might also arrange tours that utilize tour guides at destinations such as national parks, wildlife reserves, and historic preservation sites (Figure 2). They also often own their own motorcoach touring vehicles and in some cases, hotels or other accommodations.



FIGURE 2—*This guide is showing a tour group through the Florida Everglades.*

There are thousands of tour operators. A few examples include American Express, Bennett Tours, Inc., Brendan Tours, Collette Tours, Cosmos, Educational Travel Services, Inc., EuroCruises, Inc., Globus, GoGo Worldwide Vacations, Insight International Tours, Maupintour, Pacific Delight Tours, Inc., Rail Europe, TNT Vacations, and Trafalgar Tours, Inc.

Tour Wholesaler

A *tour wholesaler* contracts with local suppliers such as ground operators, transfer services, guide services, and sightseeing companies. The local suppliers actually operate the tour at each destination. The wholesaler leaves the operations to these individual service suppliers or to a coordinating company called a *ground operator* at each destination site. A tour wholesaler simply packages and sells these arrangements; it doesn't operate them like tour operators.

Tour wholesalers don't usually sell directly to the general public; they sell exclusively through travel agencies. A tour wholesaler serves as a middleman between the travel agency (who represents its clients) and the local service operators at the tour site.

Operators versus Wholesalers

The differences between a tour wholesaler and tour operator can become somewhat blurred and confusing. In the following two situations, we'll look at scenes where a tour operator and a tour wholesaler are used to plan two different tour packages.

Scene 1. Your clients, Mr. and Mrs. Howell, are interested in touring ruins in Greece as well as cruising through the islands (Figure 3). Since it's their first trip out of the country, they want the comfort and security of an escorted tour.

You've found a brochure in your office from a tour company called Aegean Holidays. Aegean Holidays has already put together and is operating a two-week tour package that departs every week to Athens. It includes accommodations, motorcoach transportation, a cruise to a Greek island, most meals, and the services of a tour escort. You contact the operator, Aegean Holidays, and book the tour. Since this is an air and land tour, the operator handles all aspects and will send the tour documents and airline tickets to you once it has received payment.

This booking is done through a *tour operator*.



FIGURE 3—A tour of Greece will feature the glistening sunwashed islands as well as visits to the ancient ruins. (Courtesy of the Greek National Tourist Office)

Scene 2. Your clients are interested in taking a unique tour through China. Their interests range from visiting beautiful temples, gazing at haunting landscapes through inland China, and taking a Yangtze River cruise (Figure 4). They can't find a published tour that suits them. They don't want to be part of a group but want you, their travel agent, to develop a specialized tour for them. This is called a *foreign independent tour* or *FIT* for short. You discuss their interests, what they want to see and do, and where they want to go; you plan a tentative itinerary with them.

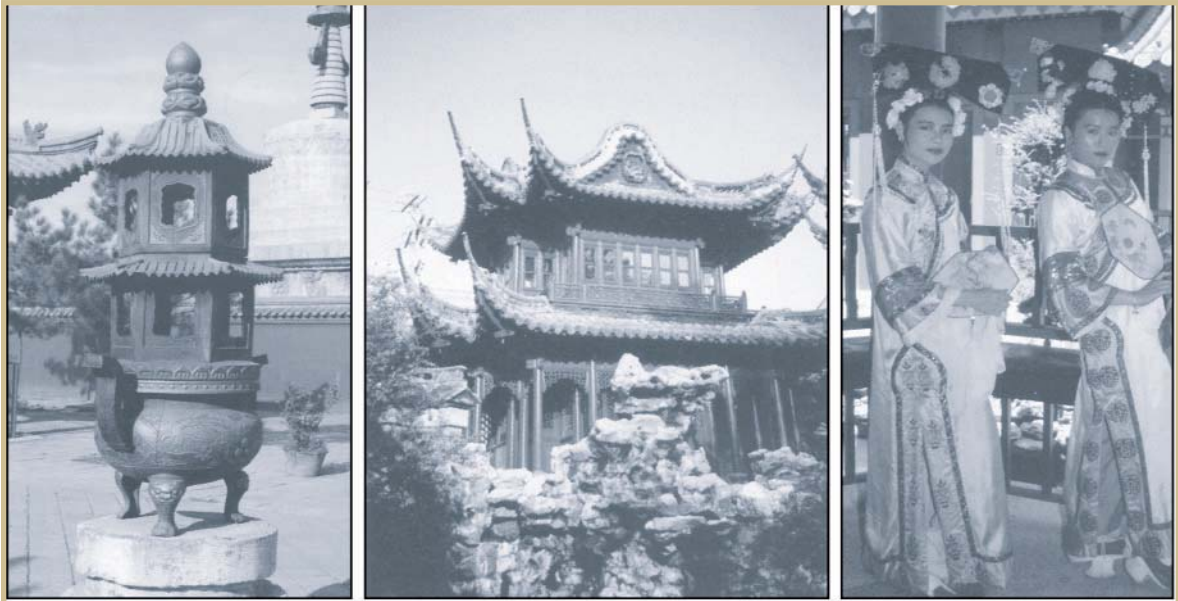


FIGURE 4—Asian tours expose clients to exquisite architecture, art, dance, music, clothing, and much more. (Courtesy of the China National Tourist Office)

You then call a tour company called Asian Holidays that specializes in tours to China. You provide Asian Holidays with the tentative itinerary and they contact the various hotels, sightseeing companies, and other ground operators through China. They put the whole trip together according to your clients' specifications. They price the trip with the agency's commission included. You then sell this trip to your clients.

This booking is done through a *tour wholesaler*.

Reliability Factor

One of the most important concerns when selling tours is determining the dependability of the tour operator or wholesaler. As a professional travel counselor, it's your responsibility to only use those companies that are reliable, experienced, and stable. If the tour operator doesn't provide the services that were promised and for which your client paid, or if the tour operator goes out of business, both your agency and your client could suffer financial losses. Your agency will also lose a valuable client.

There are some basic standards that travel agents use to evaluate the reliability of tour companies. Membership in the *United States Tour Operators Association (USTOA)* has become a significant indicator of a tour operator's financial stability and professional reliability. Only those tour companies that fulfill the following requirements can become members of USTOA and maintain their membership status:

- Member businesses must have been successfully operated by the same ownership or management for at least three years.
- Members must handle a certain volume of bookings.
- Members must post an indemnity bond and carry at least one million dollars in worldwide liability insurance for the protection of its passengers.
- Potential members must present at least 18 references from within the travel industry and from a financial institution to attest to the tour operator's reputation and financial stability.

Web Search

Find out more about the United States Tour Operators Association (USTOA) by visiting their Web site at



<http://www.ustoa.com>

Another organization that travel agents use to evaluate the reliability of tour companies is the *National Tour Association (NTA)*, which includes more than 600 tour operators (primarily motorcoach tours). Members of NTA must post a \$1 million professional liability insurance policy and comply with the NTA Code of Ethics. Clients are protected up to \$250,000 should an NTA company file for bankruptcy.

The USTOA Membership seal (Figure 5) is always displayed prominently in the brochures and other marketing publications of member tour operators. Watch for it when booking tours.



FIGURE 5—USTOA Membership Seal
(Courtesy of USTOA)

USTOA is a professional association for tour operators who conduct business in the United States. Active members pledge adherence to a code of ethics and must carry a minimum of \$1 million of liability insurance with worldwide coverage, and put up \$1 million in security for participation in USTOA's customer protection plan. Under this plan, consumers are reimbursed for any tour deposits and payments lost as a result of a member's bankruptcy or insolvency.

In addition, in some travel agencies the manager decides which tour operators the agency will use. Always check with the manager of your company before booking a client through a tour operator or wholesaler that isn't normally used.

Other Companies that Operate Tours

Airlines. Many of the major airlines also have tour divisions. The airlines plan, arrange, and market tours and vacation packages to a variety of domestic or worldwide destinations located along their routes. Airline tours and packages are commissionable to travel agencies at the standard 10 percent or higher level. Examples of airline tour divisions include

By the Way

The Canadian version of the USTOA, the *Canadian Association of Tour Operators (CATO)*, is a trade organization that provides a forum for the Canadian tour industry. Unlike its American counterpart, CATO doesn't provide bonding for its members. It does, however, require them to adhere to high business standards, instilling confidence in their reliability.

America West Vacations, American Airlines Vacations, Delta Dream Vacations, Northwest World Vacations, TWA Getaway Vacations, United Vacations, and US Airways Vacations.

Travel agencies. Many large travel agencies also package and operate their own tours. They do this in a number of different ways. Some agencies create and develop tours for special-interest groups, such as a local ecology club tour visiting the cloud forests in Central American rain forests. This is an example of a *group inclusive tour*, or *GIT*. These types of tours are planned on a one-time basis.

Other travel agencies are structured more like tour companies since they create, develop, and market tours as tour operators do, and sell them to the general public. These types of tours are planned on a repeating, scheduled basis.

Before going on to the next section, take time now to complete *Self-Check 1*.



Self-Check 1

At the end of each section of *Tours and Vacation Packages*, you'll be asked to check your understanding of what you've just read by completing a "Self-Check." Writing the answers to these questions will help you review what you've learned so far. Please complete *Self-Check 1* now.

1. What's the major difference between a tour and a vacation package?

2. Identify at least four features of a typical tour.

(Continued)



Self-Check 1

3. Identify at least two features that can be included in a vacation package.

4. Name the land arrangement that's included in most tours and packages, which includes round-trip ground transportation between the arrival airport and hotel, plus baggage handling and tips.

5. Which one of the following companies never sells directly to the public but serves as a "middleman" between the travel agency and individual service operators at the destination?
 - a. Tour wholesaler
 - b. Airline tour department
 - c. Tour operator
 - d. Service company
6. Delta Dream Vacations, TWA Getaway Vacations, and Northwest World Vacations are _____.
 - a. tour operators
 - b. travel agency tour departments
 - c. wholesalers
 - d. airline tour divisions

(Continued)
