

**21**

337en21A

# FUNCTIONS OF TRAVEL AGENCIES AND TOUR OPERATIONS

Travel agents and tour operators play a major role in boosting tourism growth across the globe. They are today accepted as crucial component of travel and tourism industry. They contribute to revenue generation through travel trade operations by bringing together clients and suppliers. According to an estimate, they account for 70% of domestic and 90% of international tourists traffic globally.

In this chapter we will discuss the major functions of travel agencies and tour operators such as marketing and publicity, booking of tickets, itinerary preparation, designing of tour packages, processing of travel documents, travel insurance, travel research, conducting tours etc.



## OBJECTIVES

After studying this lesson, you will be able to:

- explain the importance of Marketing and Publicity;
- explain the functioning of the following, Reservation of Tickets, Reservation of Hotel Rooms, Reservation of Ground Services, Selling Cruise Package;
- conduct research, training and development of marketing of tourism;
- analyse the relevance of Corporate Social Responsibility;
- design Package Tours;
- conduct FIT, GIT and FAM Tours;

## MODULE – 6A

Travel and Tour Operation  
Business



Notes

### Functions of Travel Agencies and Tour Operations

- to provide Travel Information;
- coordinate with Public and Private Tour Organisations and
- appreciate the role of Disaster Preparedness

### 21.1 MARKETING AND PUBLICITY

Marketing and publicity of tourism products in general and tour packages and other services in specific is one of the major functions of travel agencies and tour operators. They involve in promoting and marketing all types of travel services such as tour packages, hotel services, air services, car rental services, travel insurance etc. They use both print and electronic-media for marketing and publicity of their products.

It is important to note that they play a vital role in marketing and publicity of destinations, attractions and other components of destinations. While playing hard in marketing their products, they also play the role of ambassadors of destination image and brand building. Marketing and publicity can bring rather unknown destinations on the tourist map. Now-a-days popular tourist spots are getting overcrowded. So, people are moving to unexplored areas. This trend can provide employment opportunities to the people in rural and remote areas. Travel agencies and tour operators should be truthful in marketing and publicity.

### 21.2 RESERVATION OF TICKETS

Travel agencies and tour operators sell a variety of products but reservation of tickets is still one of their sources of revenue. Reservation of airlines tickets, railway tickets, shiplines and bus tickets can be done either at agency counters or through reservation agencies available online these days. Due to stiff competition amongst airlines and low cost carriers in India and globally to an extent airlines are working on zero margin commission for travel agencies. In the recent years slowly the scenario is changing and online travel agencies are selling tickets online. Global Distribution Systems have changed the way ticketing used to be.



#### ACTIVITY 21.1

Have you ever tried booking a ticket online? Try this as part of your activity. Visit IRCTC website, create a log in id and use the given password and reserve a ticket to any station. Do not worry, you can always cancel the booked ticket if you don't want to travel.

### 21.2.1 Reservation of Hotel Rooms

Earlier Computer Reservation System (CRS) and now Global Distribution Systems have enhanced the way reservation of hotel rooms is done. Hotels are able to provide all the necessary information in advance such as category of hotel, type of rooms, facilities and services, meal plans, tariff and seasonal offers. Clients can search, compare, choose and book a room of their choice. One can also make online payments through internet banking or debit/credit cards etc. Specifications of rooms and facilities provided online should be the same as they actually exist. Guests should not feel cheated.



Notes



**Do you know**

#### **The First Indian owned Travel Company**

Pallonji Katgara & Jamshedji Dastoor established Jeena and company (a shipping and export company) with a startup finance of US\$ 75, a small capital in 1900. It then diversified into the travel field with Jeena Tours and Travels in 1920 and became the first Indian - owned travel company. In 1961, Jeena Tours and Travels was integrated with Travel Corporation (India) Pvt Ltd which grew to become India's largest travel company under the dynamic leadership of the Katgaras.

In 1951 Travel Agents Association of India (TAAI) was established setting the tone for organised travel business in India. Prior to TAAI, travel business in India was in the hands of Jeena & Company, Lee and Muirhead India Pvt. Ltd. and N. Jamnadas and Co. Ltd. Out of which Jeena ventured into outbound tours as well.

It was only in 1967 that a separate Ministry of Tourism and Civil Aviation was created under a cabinet minister. After that in India for the first time an integrated marketing plan was developed for this trade which has now become an Industry.

### 21.2.2 Reservation of Ground Services

Ground handlers at destinations provide a variety of ground services to tourists like cars, coaches, caravans, entertainment entries, guides, interpreters etc. In most cases reservation of these services may be done as part of a package tour but at times, individuals can also avail the facility reservation of these ground services these days as per their requirement either at the counters of service providers or online these days.

## MODULE – 6A

Travel and Tour Operation  
Business



Notes

### Functions of Travel Agencies and Tour Operations

#### 21.2.4 Selling Cruise Package

Cruises operate on the water hence sometimes have the disadvantage of direct sales but so long as intermediaries are available it hardly matters where you operate from. Travel agencies and tour operators are actively selling cruise packages to prospective clients. Most of these agencies are promoting and marketing cruise packages with a variety of offers and freebies to attract tourists.

#### Functions of Travel Agencies and Tour Operators

- |   |                            |  |
|---|----------------------------|--|
| 1 | Marketing and Publicity    | Package tours<br>Destinations, attractions and other Services  |
| 2 | Reservation of Tickets     | Airlines<br>Railways<br>Buses<br>Passenger ships<br>Events   |
| 3 | Accommodation Reservation  | Hotels<br>Resorts<br>Motels<br>Homestays etc.  |
| 4 | Reservation of Ground      | Cars<br>Services Coaches<br>Caravans<br>Entertainment entries<br>Guides, interpreters                                  |
| 5 | Itinerary Preparation      | Planning and preparing various types of itineraries and checking feasibility   |
| 6 | Tour Packaging and Costing | Dealing with vendors,<br>Market research<br>Costing and pricing<br>Designing of package tours<br>Promotion and selling |

7	Travel Information and Documents Processing	Handling enquiries Counselling Travel and destination information Passport VISA Customs Currency Health and security checks permits Immigration etc.
8	Research, Training and Development	Market study Customer behaviour Training man power Upgrading skills New product development
9	Travel Insurance	Personal Baggage Travel break-up Accidents etc.
10	Event management	Meetings Incentive travel conferences, conventions, exhibitions, seminars symposiums etc.
11	CSR	Corporate Social Responsibility towards stakeholders, clients, community and quality ethics



**ACTIVITY 21.2**

Visit a nearby travel agency/ tour operator and find out the formalities for travelling to a foreign country. Ask them to show the copies of the travel documents and collect copies and note the details.



**Notes**

## MODULE – 6A

Travel and Tour Operation  
Business



Notes



### INTEXT QUESTIONS 21.1

1. What type of methods are being used for marketing and publicity of tourism products?
2. Which technology has enhanced the speed of reserving tickets?
3. What are the modes of online payment?
4. Expand CRS.
5. Name the first Indian owned travel company.

### 21.3 PREPARATION AND PROCESSING OF TRAVEL DOCUMENTATIONS

There are listed documents required while going on a tour, especially on a foreign trip. Travel documents such as passport, VISA (It is an endorsement on a passport indicating that the holder is allowed to enter, leave, or stay for a specified period of time in a country), health certificates, vaccination, insurance, foreign currency etc. It takes time to get the VISA clearance from the concerned embassies. All such functions are handled by travel agencies and tour operators to help their clients a hassle free travel. Travel documents are very essential. If they are not in proper order, tourists may find themselves in big trouble, particularly on foreign trips. They may not be allowed to enter the country if documents are not in proper order.

#### 21.3.1 Budgeting and Allocation

Financial management of any organisation or firm is quite an important function. Budgeting for different activities and overall smooth functioning is crucial part of management. They do a proper annual budgeting and specific a programme budgeting prior to allocation. Then funds, man power and other resources are allocated on the lines of budgeting. Without proper budgeting and sufficient allocation of resources, it is hard to imagine the sustenance of any organisation.

#### 21.3.2 The Research and Development

Large travel firms usually have their own research and development departments. A lot of R & D activities are undertaken by them such as market research studies, itinerary feasibility, designing new package tours, new product development, customer preference studies, branding strategies, costing of products and so on. Though it may not be possible for smaller firms to do research, they too are involved in a limited research and development at the local level. R & D helps in the sustainability of firms, enhances market expansion and better service to the tourists.

### 21.3.3 Corporate Social Responsibility

Till recently CSR was seen as the social obligation of firms towards the society and communities they are working with but in the present market economics it has become an alternative way of positioning as well. Travel agencies and tour operators are also participating in social issues, community development, public awareness as part of their corporate social responsibility. Destination sustainability is only possible with the social responsibility of all the stakeholders of the industry. Hence the role of these travel firms through CSR stands vital to travel industry. Travel agencies and tour operators should ensure that their activities should not adversely affect the lives of the people and community. Corporate Social Responsibility is a new catching phrase these days, it implies that business organisation should make some direct positive contribution to the society. They can provide training and development facilities to generate pool of skilled work force, help in providing basic amenities in local govt. schools, empowerment of women etc.



Notes

## 21.4 TRAINING AND DEVELOPMENT

Human resource is the backbone of any organisation and it plays a greater role when it comes to service industry. There is a need for skilled man power to handle visitors/clients. It is only possible with a pool of trained professionals. Hence it is listed as one of major functions of travel agencies and tour operators for organisational growth and quality enhancement. Employees are trained in industry suitability skills, handling guests, crisis management, soft skills, sales and marketing and updating of operational skills with change in technology. This will help developing the capabilities of its human resource specifically and business of the organisation in general.



### INTEXT QUESTIONS 21.2

1. List some of the travel documents.
2. What is VISA?
3. List some of the R & D activities done by travel companies.
4. What does CSR stand for?
5. What type of training is given to their employees by the travel companies?

## 21.5 DESIGNING PACKAGE TOUR

Preparing itinerary, designing package tours and costing are equally important functions of a travel agencies and tour operators. With the growing competition

## MODULE – 6A

Travel and Tour Operation  
Business



Notes

### Functions of Travel Agencies and Tour Operations

in the travel market differentiation, their products is crucial to their sustenance and revenue generation. Expert teams and experienced travel managers from the research and development cells are involved in drawing itineraries, conducting familiarisation trips, studying the feasibility of the itineraries. It is followed by package tour designing, costing and finally launching it in the market.

This is how travel agency plays a vital role in the entire process of developing and promoting tourism.



Do you know

#### IRCTC also Sells Water!

‘Railneer’ bottled water is a product of IRCTC and they have their own bottling units! Indian Railway Catering and Tourism Corporation Ltd. (IRCTC) is a Public Sector Enterprise under the Ministry of Railways. IRCTC was incorporated on 27th September, 1999 as an extended arm of the Indian Railways to upgrade, professionalise and manage the catering and hospitality services.

While discharging its mandate, the Company has made a significant mark in its passenger-services oriented business lines like setting up of Food Plazas on Railway premises, Rail Tour Packages and ‘Internet Ticketing’ bringing a great deal of professionalism into the operations. In addition to the above, IRCTC is managing on Board Catering Services in Rajdhani / Shatabdi / Duronto and Mail / Express Trains and Static Catering Units such as Refreshment Rooms, AVMs, Book Stalls, Milk Stalls, Ice Cream Stalls, Petha & Peda Stalls etc. across the Indian Railway Network.

### 21.6 CONDUCTING FIT, GIT AND FAM TOURS

If designing of package tours is crucial to expert teams, it is even more crucial for the operational teams to conduct Foreign Independent Travel/ Free Individual Traveler (FIT), Group Inclusive Tour (GIT) and Familiarisation Tours. Specialised, customised packages may be required at times to meet the demands of these groups and individuals. Clear cut terms and conditions should be laid out before sale of any such tours. Tour manages, travel associates, interpreters, arrangement of guides, processing of travel formalities are some of the issues to be taken care of. Travel agencies and tour operators also conduct FAM tours apart from FITs and GITs as part of feasibility of the itinerary/ package tours or as promotional methods in collaboration with destination promoters and other service providers.



### 21.6.1 Provision of Travel Information

Information is the basis of primary motivators for prospective clients. It is important to convert lookers into bookers and it is possible only by providing them with the right kind of information. Since information is vast, proper organization, search mechanisms are required. A variety of information is provided by agencies and operators such as destinations, attractions, rates and tariff, accommodation alternatives, travel modes, package tours, travel formalities and much more. Information is made available not only at the counters but also through print and electronic-media, customer care service centres etc.



Notes



### ACTIVITY 21.3

Make a phone call to a leading local travel agent/tour operator and enquire about their package tours and also seek a variety of information such as travel mode, accommodation, meal plan, attractions, activities and events at a destination.

## 21.7 COORDINATION WITH PUBLIC AND PRIVATE TOUR ORGANISATIONS

Public and private tourism organisations are an integral part of travel industry. Hence it is in the interest of the travel agencies and tour operators to coordinate with them for their own benefit. In India the Ministry of Tourism (MoT) is the supreme policy maker, Indian Association of Tour Operators (IATO), Travel Agents Association of India (TAAI) are major tourism organisations and Universal Federation of Travel Agents Association (UFTAA), Pacific Asia Travel Association (PATA), World Association of Travel Agencies (WATA), United Nations World Tourism Organisation (UNWTO), International Air Transport Association (IATA) and World Travel and Tourism Council (WTTC) are globally famous travel organisations. Coordination with these organisations can be of sharing data, memberships, policy suggestions, participation in travel marts etc.

### 21.7.1 Travel Insurance

Travel insurance ensures insurance security to travellers' personal as well as baggage losses. Large travel firms in the present industry environment are offering travel insurance to their clients. A client who insures his travel buys a policy from an insurance company through the travel company which is generally included in a package tour. A typical travel insurance may cover insurance for life, accidents, medical treatment, baggage loss, trip cancellation and similar losses. Travel Insurance provides security net to the travellers and compensate the loss of life, baggage, cancellation etc.

## MODULE – 6A

Travel and Tour Operation  
Business



Notes

### Functions of Travel Agencies and Tour Operations

#### 21.7.2 Currency exchange

All outbound and inbound tours require foreign currency. Clients may require foreign currency of the destination country and clients visiting from a foreign country may need to exchange foreign currency for the host country currency. Foreign exchange service is permitted by the Reserve Bank of India and Foreign Exchange Management Act (FEMA) to the registered travel agencies and tour operators. They charge a minimum commission as per RBI rules to provide this service.

#### 21.7.3 Organising conference/convention etc.

Event management is today a completely professional business. Organising seminar, conferences, conventions and exhibitions is also being undertaken by travel agencies and tour operators apart from their regular travel services though there are specialised event management companies for handling such events and programmes. It may be noted that many large travel firms are now offering exclusive Meetings, Incentive travel, Conventions/conferences and Exhibitions (MICE) packages which are handled by their MICE divisions.

### 21.8 DISASTER PREPAREDNESS

Due to the growing uncertainty about natural and manmade disasters such as cyclones, floods, earthquakes, tsunami, landslides, accidents, fires, stampedes, terror strikes and others, disaster preparedness is the most inevitable function of travel agency and tour operations. Safety and security of the visitors is prime responsibility of the operators and they should be prepared to handle all such disasters. A team of professional is these days, trained to handle such incidents and avoid any harm to their clients to a great extent. They also coordinate with the local disaster management teams to face such challenges.



#### INTEXT QUESTIONS 21.3

1. Expand FIT and GIT
2. Why are FAM tours conducted?
3. List some of the private and public tourism/travel organisations in India.
4. Expand UNWTO
5. What is the need for travel insurance?



### WHAT YOU HAVE LEARNT

- The various functions of travel agencies and tour operations such as travel information, documentation, packaging tours, itinerary preparation, research, training and development etc.
- Marketing and publicity of package tours, their other products, services, plus destinations and attractions is one of the major functions.
- Travel information is shared with clients, counseling is done and processing of travel documents such as passport, VISA, getting clearances, health certificates, currency, immigration, security permits etc is also done.
- Training of human resource, development of new products and market research of segments, customer behaviour and other issues are also important functions.
- Preparation of itineraries, designing of package tours, all customised, tailor made and specialised, costing and marketing products which are major core functions of the business.
- Supporting and promoting Corporate Social Responsibility.



### TERMINAL EXERCISE

1. List all major functions of a travel agency and a tour operator.
2. How are itinerary preparation, designing of packages tours and costing important for the tour related organisations?
3. What type of travel information is shared with the clients?
4. List out travel documents that travel companies involve in preparation and processing.
5. Why are research, training and development considered a serious function of travel companies?
6. Why should there be an increased focus on Corporate Social Responsibility?  
How can a travel agency fulfil its Social Responsibility?



### ANSWER TO INTEXT QUESTIONS

#### 21.1

1. Print and visual media such as brochures, leaflets, tele-ads, ads in newspapers, magazines, FAM tours, social media etc.



Notes

## MODULE – 6A

Travel and Tour Operation  
Business



Notes

### Functions of Travel Agencies and Tour Operations

2. Global Distribution System (GDS)
3. Internet banking, credit/debit cards, paypal etc.
4. Computer Reservation System
5. Jeena and company

#### 21.2

1. Passport, VISA, health certificates, vaccination, currency, insurance, permits etc.
2. Endorsement on a passport indicating that the holder is allowed to enter, leave, or stay for a specified period of time in a country
3. Market research studies, itinerary feasibility, designing new package tours, new product development, customer preference studies, branding strategies, costing of products  
Refer 21.3.1 section
4. Corporate Social Responsibility
5. Employees (human resource) are trained in industry suitability skills, handling guests, crisis management, soft skills, sales and marketing and updating of operational skills

#### 21.3

1. Foreign Independent Travel/ Free Individual Traveler (FIT), Group Inclusive Tour (GIT)
2. To know the feasibility of the itinerary/package tours or as promotional methods in collaboration with destination promoters
3. MoT, TAAI, IATO
4. United Nations World Tourism Organisation
5. To secure against loss of life, baggage, accidents and travel interruptions etc.