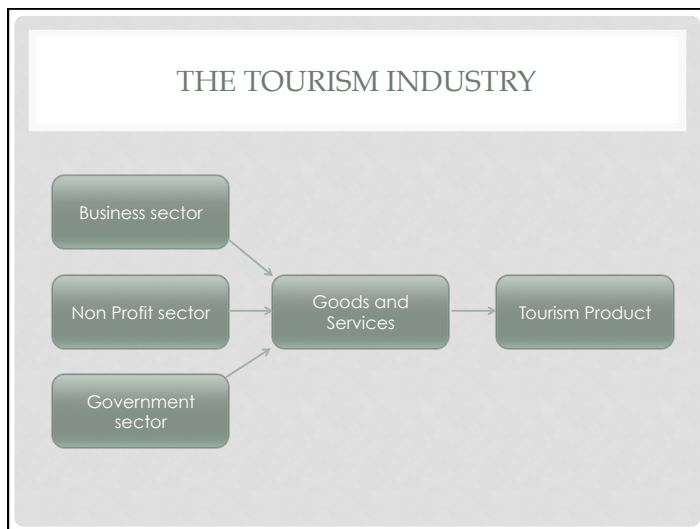


# CHAPTER 1

INTRODUCTION  
TO TOUR OPERATOR AND TRAVEL AGENCY

## OBJECTIVES

- Definitions of tour operator
- Tour operator VS travel agency
- Historical perspective of tour operators and travel agencies
- Types of tour operators and travel agencies



## TRAVEL AGENCY

An entity engaged in the business of extending to individuals or groups:

- Travel services and assistance to include documentation, ticketing, booking for transportation and/or accommodation; arrangements
- Handling and/or conduct of tours within our outside the Philippines

whether or not for a fee, commission or any form of monetary consideration (Tourism Code of 1980).

### TRAVEL AGENCY (CONT.)

A commercial enterprise where a traveler can secure information and expertise, get impartial counseling and make arrangements to travel by air, sea or land to any point in the world.

### TRADITIONAL LINKAGE



### TRADITIONAL LINKAGE



### TRADITIONALLY

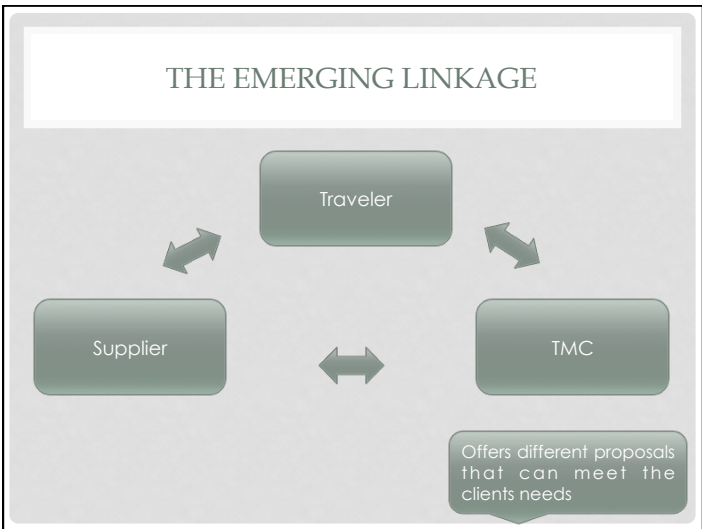
Travel agency acts as an agent for different suppliers that cater to the need of the travelers.

Travel agency reacts to the needs of the traveler while acting as an agent for the supplier.

The agency earns income in the form of rate-minus or net-plus.

WITH THE INTRODUCTION OF THE INTERNET, DO YOU THINK TRAVEL AGENTS WILL LOSE THEIR JOBS?

- ### TRAVEL MANAGEMENT COMPANY
- TMCs become vendors and principal selling travel services and solutions.
  - TMCs form a tripartite alliance where all partners (suppliers and consumers) are treated equally.
  - TMCs become partner to both suppliers and consumers.
  - TMCs evaluates the consumer's preferences and the suppliers' assets to determine the best travel arrangements.



### THE EMERGING LINKAGE

Client will choose from different proposals given. If acceptable the client and TMC will agree on professional fee.

TMC manages the client's needs while capitalizing on the available suppliers so as to have a win-win situation for all the 3 parties involved.

## FUNCTIONS OF TRAVEL MANAGEMENT COMPANIES



How to get there?

Where to stay?

What to do?

The travel consultant must be knowledgeable in order to provide the information needed by the client.

The initial exchange of information is important because it is during this time the travel consultant can accurately assess the needs and requirements of the client.



Processing travel arrangements means:

Placing reservations

Obtaining confirmation

Determine package cost and inform client

Issuing ticket, vouchers and other documents

Monitoring the travel.



## SOURCES OF REVENUES OF TMCS

- Negotiated handling fee (cost plus)
- Fixed commission (Rate minus) or Mark Up (Net plus)
- Service fees for other service/s
- Production incentives and rebates.



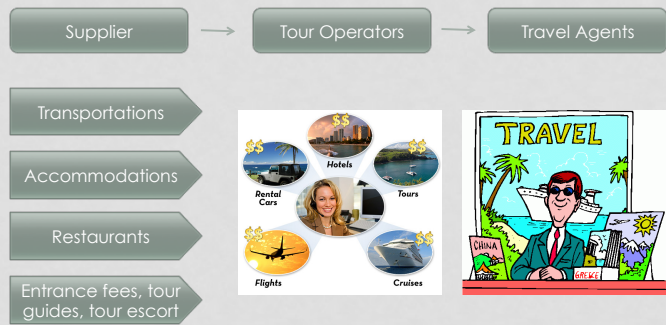
### CHARACTERISTICS OF TMCS

- Retailer
- Counselor to the end-user, agent/intermediary for the suppliers
- Derives revenues from fixed commission or professional fees
- Charges fees for ancillary services

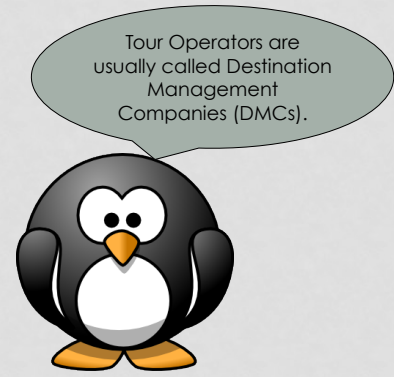
### TOUR OPERATORS

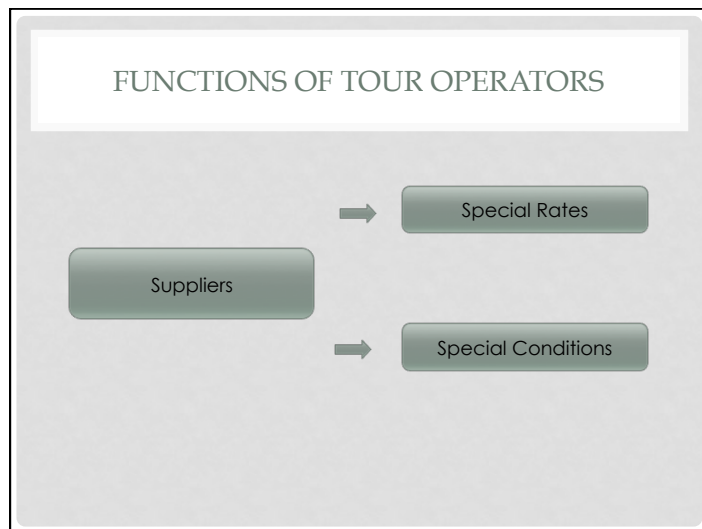
- Assemble accommodation, transportation, and other travel services into a package for resale through travel agents.
- Responsible for the operation of all facets of the tour.
- Many tour operators own and operate tourist transportation units and provide a tour escorts and guides.

### TOUR OPERATORS



### TOUR OPERATORS





### FUNCTIONS OF TOUR OPERATORS

Deliver the tour package

Overseeing the operation of the tour



### SOURCES OF REVENUES OF TOUR OPERATORS

- Variable mark up
- Sales of optional tours, excursions and extensions
- Shopping commissions



### CHARACTERISTICS OF TOUR OPERATORS

- Wholesalers
- Intermediary and integrator
- Income is variable
- Generates additional income from sales of optional tours, excursions and extensions.



### CONCLUSION

Travel Agency	<p>an enterprise regularly engaged in the business of <i>inbound and/or local tour operation</i></p> <p>such as making online reservations, arranging and booking for transportation and accommodation, handling and/or conducting tours for a fee, commission, or any form of remuneration.</p>
Tour Operator	<p>an enterprise regularly engaged in the business of providing services</p> <p>such as reservations/bookings, documentation of travel papers, sales and/or issuance of tickets and selling of outbound tours for a fee, commission, or any form of remuneration.</p>

## CONCLUSION

Travel Agency	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