UNIT 1: TRAVEL & TOURISM INDUSTRY STRUCTURE

Defining Travel & Tourism:

One approach to understanding this complicated industry is to think of it in terms of the decisions that a traveler must make. That is, to approach the industry from the customer's point of view. The chart, **The Travel & Tourism Process**, outlines the basic eight steps a traveler takes from the first one, finding information on where to go, to making reservations, traveling to the destination, staying in a hotel or other accommodation, eating, taking part in activities at the chosen destination, and, after returning home, telling others about the experience. Copies of the charts you can use to analyze the Travel & Tourism industry are included at the end of this unit.

The important distinction to understand is that **business travelers travel because they must perform a business function. Leisure travelers travel because they want to.** That is, the motives behind their decisions start from

OUTCOMES:

- Students will be able to classify travelers according to whether they are business or leisure travelers (tourists)

- Students will have a framework to analyze the Travel & Tourism industry structure based on the eight basic decisions that travelers must make

- Students will be introduced to a variety of learning approaches, including individual research and team project work

GTTP

different premises. Ultimately, the travel experiences they choose will reflect those two basic motives: traveling to fulfil a business requirement or traveling to fulfil a personal goal.

A classic statement in marketing is that **"It is important to provide services that people want to buy as opposed to selling services that you have."**

The starting point for understanding the Travel & Tourism industry is knowing what people want to buy. In particular, the starting point is understanding what types of services different travelers want to buy. These services are provided by companies, so the first class sessions are about the services travelers want and the companies that provide those services.

Some texts and industry experts classify both business and leisure travelers as "tourists". In this material, though, we make a distinction between the two categories of travelers: business (also called "corporate") travelers and tourists or leisure travelers.

The distinction between business travelers and tourists is not precise. For example, someone who travels in order to get a needed medical operation is not exactly a leisure traveler and not a corporate traveler, but something different.

However, the basic distinction is a useful one because these two types of travelers have different requirements and different decisions to make.

These two basic customer types are served by a variety of companies. There are companies that serve only one type of customer — as well as companies that serve both. These two different customer categories have sub-categories according to different motivations and interests. As a result, there are companies that specialize in certain sub-categories of customer.

A Framework for Analyzing Travel & Tourism Services:

The services that are provided to these two types of customer can be broken down into services that support customer decision-making in each of the following, sequential steps that a traveler must take:

✧ Obtain information

✧ Select a destination

✧ Make reservations

✧ Use transport

✧ Use accommodations

✧ Eat food

✧ Participate in entertainment and/or activities

✧ Share the experience

FAST FACT:

There are two main competitors for the title of The World's First Tourist. The first is the Greek historian Herodotus, who lived between 484-425 B.C. His curiosity led him back and forth across the Eastern Mediterranean and the Middle East and as far north as the Ukraine. The second is Abu Abdullah Muhammad ibn Battuta (1304-1377), a Moroccan whose travels ranged from Spain to China, East Africa and Africa south of the Sahara, or what today would be about 44 countries.

GTTP

Think about the times you have traveled. What did you do at each of these stages? The thought process and the decisions you made are steps that every traveler must take.

These steps are basically sequential, though some can be done concurrently. Travelers eat, for example, while en route to a destination, while at their hotels, or while doing activities. But the point to understand is that these are eight different steps and each one involves decisions.

Look at the chart that shows what companies do. There are companies in this industry that satisfy customer needs in each of these steps. Some large companies have products and services in every step. And there are small, one- or two-person companies that occupy niches.

DECIDE WHETHER THE FOLLOWING PEOPLE ARE BUSINESS TRAVELERS OR TOURISTS:

- ⬦ Germans attending a 5-day conference in Rio de Janeiro.
- ⬦ A family from Moscow visiting friends in St. Petersburg for a weekend.
- ⬦ A Canadian student attending university in Madrid.
- ⬦ A group of school children on a day tour of the harbor at Capetown, South Africa.
- ⬦ An Irish girl going to visit her sister in Budapest.
- ⬦ A journalist posted to Moscow for six months.
- ⬦ A couple visiting a spa for the weekend.
- ⬦ A fashion buyer from New York visiting Paris for the spring collections.
- ⬦ A boy fishing at his local pier.

The generally accepted characteristics of both a business traveler and of a tourist are:

· Movement away from place of residence; he or she is away from home

· The time period away is limited, and the traveler intends to return home

What is different is their motivation and their basic reason for travel – business or leisure.

To understand this industry, you will need to do some research. The next section of this **Resources Guide** tells how to find information, primarily on the Internet. You can also find information by visiting local companies and organizations, such as a government tourist office, an information booth at a train or bus station, a travel agent, an airline ticket office, etc. But the most up-to-date information is now on the Internet.

GTTP

FAST FACT:

Almost 10 percent of working people in Scotland depend on tourism to make a living.

Finding Information:

This section will help you see the obstacles travelers face when trying to obtain information about a destination. It will also show some of the information-gathering tools you can use.

A good way to see some of obstacles travelers face is to first look at your own community. Find out what information sources are available to a traveler who has never been to your town.

Quantity of Information (1):
Internet Search Engines

Many travelers have access to the Internet, either at home or work, or at an Internet café. Try the following: using an Internet search tool such as www.google.com, insert the name of your town (and include the name of your country) and see how many references you find.
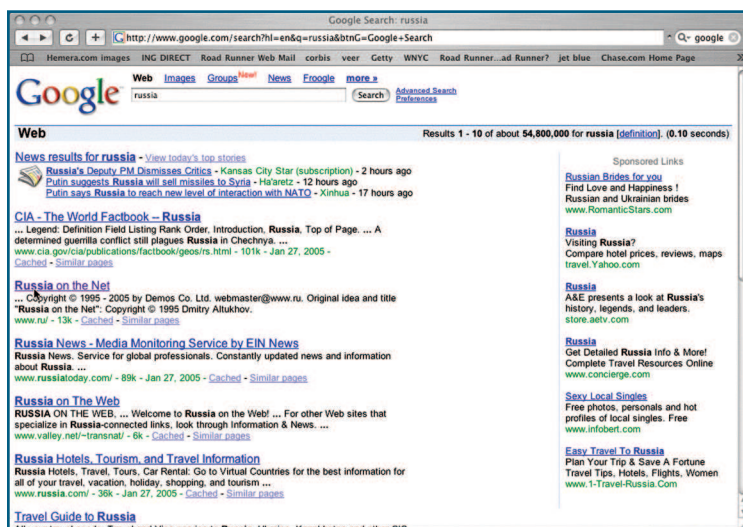
FAST FACT:

China is expected to almost quadruple the size of its Travel & Tourism industry to US$400.9 billion between 2008 and 2018, according to the World Travel & Tourism Council.

FAST FACT:

Thailand is leading Asia as a medical tourism destination. Medical tourism in Thailand is booming; pushing other nations down the list. The number of medical tourists that come in Thailand has been steadily increasing since the early 2000's. This has resulted in the country taking its place on the top of the global medical tourism market. The major reasons that have enabled Thailand to dominate this growing market are: the low cost of medical treatment, the quality treatment provided by hospitals and private clinics, and the highly developed tourism industry. There are approximately 400 hospitals in Thailand offering advanced healthcare services.

Then expand the search and insert the name of your town, country and a topic, such as "restaurants" or "hotels" or "museums" or "recreation" or "banks" or "photo processors."

Not surprisingly, big cities in big countries like St.Petersburg or Moscow in Russia have many entries. Smaller communities, for example Vladivostok, have fewer; much smaller

FAST FACT:

Respect the power of the Internet: 48 percent of nearly 5,000 visitors to Ireland surveyed reported using the Internet to plan their trip once they decided on visiting Ireland.

FAST FACT:

An Internet search in 2004 revealed 1,090,000 references on Google for Moscow; 772,000 for St. Petersburg; 1,910 for Vladivostok; just 2 for Suja. In 2006, there were 72,100,000 references for Moscow and 80,400 for Suja. In 2011 there were 154,000,000 references for Moscow and 1,410,000 for Suja.

Even in countries where tourism is a major component of the national economy, there is wide variation in the quantity of information available. Using www.google.com again, see the difference between searching for the name "Montego Bay" or "Negril," both important tourist destinations in Jamaica, and searching for the name "Black River" or "Mandeville." Black River and Mandeville welcome travelers and would like to see more of them — but there is much less information on these two towns than there is on Montego Bay.

Destinations that are primarily interested in travelers from within their nation can rely on information sources in their own language. But if a

FAST FACT:

An Internet search in 2011 using Google had 12,000,000 results for Montego Bay, but 230,000 for Mandeville.

destination wants to attract foreign travelers, then providing information in foreign languages becomes important. For example, see how much information about Brazil destinations is available in your native language. Tourism is important in Brazil, but there is so much intra-country tourism that many Brazilian cities don't provide information in any language other than their native Portuguese.

communities like Suja, have less. But even small towns are getting more and more references on the Internet. So the huge quantity of available information can be an obstacle. (Quality of information as an obstacle will be addressed later.)

Mount Kilimanjaro; Image Courtesy SRTM Team NASA/JPL/NIMA

GTTP

Quantity of Information (2):
Other Internet sources

The Internet is home to many web sites which contain sources of information about travel destinations provided by government departments; news media; travel industry organizations; Travel & Tourism companies; guide book publishers; universities, and other organizations. Links to a wide selection of these web sites can be found by going to www.gttp.org and then clicking on "resources."

Quantity of Information (3):
Sources of Information in Your Community

While the Internet may not provide much information about many smaller communities, those communities may offer visitors information when they arrive. Sometimes the information is provided by volunteers at, for example, a desk at an airport or train station, sometimes in the offices of the city government, or at a public library or business.

When you are researching sources of tourist information about your community, make a list of those local sources, and create a list of the useful information provided, and also note what information is missing.

Quality of Information:
Information about Your Community

Quantity of information is sometimes less of a problem than quality of information. If your community is a

FAST FACT:

Respect the power of the Internet: A soccer fan in Grimsby, England, managed to make his town much better known when he posted his eloquent complaint about Grimsby's team on a local website. His post received 100,000 hits, and was picked up by sporting sites in America, Australia and South Africa.

destination for travelers, then it is likely that some information is available about the community, accommodations, eating and other topics of interest to travelers. The best way to judge the quality of that information is to use your own knowledge of the community. Start by collecting the brochures that some tourist information centers provide, then check hotels, restaurants, and others providers of tourist services for their brochures.

Collecting the information should not be difficult. Make sure you are neatly dressed, walk in and ask. The worst that can happen is someone says "no." If necessary, carry a note from your teacher explaining that you are working on an educational project. After you have collected the information,

review it for accuracy. For example: Are the pictures reasonably current? Are hours of opening accurate? Are prices quoted current prices?

Review the information you have collected, then analyze it for what is not available. For example: when travelers arrive at their destination's airport or train station, they often prefer to take a taxicab to their hotel. They also often like to know how much the fare will be. Some cities have established fixed prices for some journeys, for example, from an airport to the center of town. How does a traveler find out about taxi prices? Are there restaurants, hotels and recreational activities that do not publish information about themselves that you think visitors would find useful?

You can use the information to create a written profile of your community which is as long as you want, with or without images, using any media, including electronic. Then shorten the profile to one sheet of paper, front and back. This will force you to include only the most important information. If the quality of your information is good, think about creating a website or selling copies to visitors, using advertisements to pay the costs involved.

Courtesy LUFTHANSA

Hotel Ratings:

In essence, hotel ratings are attempts to remove uncertainty for travelers who want to visit a destination that they are not familiar with.

For example, if a traveler is not familiar with the hotel in the town he or she is going to, an establishment with a name like Grand Hotel Luxe could be anything from a hotel last modernized 50 years ago to a charming palace. The whole theory behind ratings is to allow travelers to make informed decisions and to have their expectations met. They are also used by hotels to market their rooms and facilities.

At the same time, ratings are not universally needed.

As you do your research, keep in mind the kind of information you would like to have in order to create a profile of your community. The kinds of information you might collect includes the following:

HISTORY AND ECONOMY: people like to know something about the destination they are going to visit.

TRAVEL FACILITIES: (bus/train/boat/plane).

ACCOMMODATIONS available (hotels/guest houses, etc., expensive to modest). The section on "Hotel Ratings" included below gives you some information about ways in which hotels are profiled.

OPTIONS FOR EATING: (by type of food and price).

ACTIVITIES available for recreation (including cultural and sporting).

Some international hotel companies invest heavily in their reputations by making sure there is a consistent quality to the hotels they operate and that there are no surprises for the guest coming in.

Starwood, one of the largest global hotel and resorts companies, operates in North America, Europe, Africa, the Middle East, Asia Pacific and Latin America. It has nine distinct brands, each with its own style. If you stay at a Sheraton in one country, you will not be very surprised by the next Sheraton you stay in. Starwood also operates luxury hotels in its St. Regis Hotels & Resorts brand; each luxury property reflects its distinctive location, and each caters to connoisseurs who expect the best.

FAST FACT:

The oldest hotel in the world is the Hoshi Ryokan in Awazu, Japan, established in the year A.D. 717. It has 100 bedrooms.
Source: Guinness World Book of Records.

Making sure that customers associate their brands with certain qualities is a cornerstone of modern marketing techniques. Marketing professionals prefer to use the term " building a brand" instead of " building a reputation." If you say the names—or brands—like

Starwood, Marriott, Shangri-La, Kempinski, many travelers will know what to expect.

Some brands today have such strong reputations—and repeat customers— that many companies that operate hotels will build a hotel and then lease the name of a well-known hotel brand to put over the door. The reputation of the brand name brings in customers. Meanwhile the owner of the brand name protects the money value of its reputation by enforcing rules on how the hotel will be operated.

Hotel rating systems are most useful for smaller, independent operators of hotels that do not have reputations outside their immediate locality.

Source: www.hertz.com

Some rating systems use one to five "stars" to indicate the value for money offered by a hotel. One star will offer certain amenities but will not cost so much money. Five stars will offer many more amenities and cost more. That is the theory.

In practice there are many rating systems, and stars in one country may not mean the same in another, and some systems do not use stars at all.

Some rating systems rely on subjective criteria ("service is warm and welcoming and the ambience charming.") The problem of course is that one reviewer's "warm and welcoming" is another reviewer's "false and intrusive."

Some systems rely on facilities offered. One three star hotel could offer a hairdressing salon in luxurious surroundings. Another three star hotel could offer a hairdressing salon in a

FAST FACT:

At end of March 2011 India had 811 Million Mobile Phone subscribers.
Source:
India Business Blog, Trak.in

converted laundry room. Under some systems, each would get equal credit for having a hairdressing salon.

Some rating systems are offered to travelers by government agencies; some by private organizations; some by travel publications; some by volunteer groups; some organizations providing ratings are organized to make a profit, some not.

Within countries, rating systems can vary.

Until the summer of 2003, Russia had four rating systems and 30 organizations could award stars.

The United Kingdom, which includes England, Scotland, Wales and Northern Ireland, has an overall national rating system developed by three organizations: VisitBritain, the government's tourism marketing organization; the Automobile Association, and the Royal Automobile Club, both well-established non-governmental institutions. The program uses a one to five star system to grade hotels and a one to five diamond system for other types of accommodation. So far so good. But in addition to the national system,

FAST FACT:

The UK has the sixth largest tourist industry in the world and it is expected to increase in value by about 50 percent to US$144.3 billion between 2008 and 2018, according to the World Travel & Tourism Council.

there are official regional systems. VisitScotland, the Wales Tourist Board, Jersey Tourism, Guernsey Tourism, the Isle of Man and Northern Ireland all have their own rating programs.

Some systems rely on visits by people to rate accommodations.

Some do not.

The Hotel and Travel Index, which used to be called the Official Hotel Guide, rates more than 41,000 hotels worldwide and is used by travel agents. The Index uses 10 categories to describe hotels, starting with "Superior DeLux" at the top and ending with "Moderate Tourist Class," which the Index warns "should only be used in a pinch if no others are available—clients should always be cautioned what to expect."

Here are two reviews for the same place:

"My husband and I stayed there last week. I only read the other reviews when I came back. I am glad I did or I would have cancelled my booking. The guesthouse is nice and quiet, with a lovely garden to relax in. We had a double ensuite room that was cheaper than our taxi trip from the airport which I found crazy."

"Disinterested surly staff, dirty swimming pool, no internet, if any of these excite you then please do stay here. The location is slightly dodgy being in close proximity to less desirable areas. This was the worst place we stayed on our two week holiday! And on arrival I even saw a rat!!!"

FAST FACT:

Respect the power of the Smart Phone: In February 2011 there were an estimated 17,000 applications available to deliver travel information to Smart Phones and tablet computers.

Many travelers now rely on ratings that are given by people who have visited the hotel. These rating are available on the Internet, using such as sites as www.tripadvisor.com. But are these ratings trustworthy?

Increasingly over the past few years, the Internet has become a place where people to register their views about places they have visited. In addition to travel-specific site, social media sites like Facebook are also a place where people discuss their travel experiences.

So the question is, are hotel rating systems worth relying on by travelers? Or have they been replaced by personal comments from travelers?

FAST FACT:

Tourism in China has greatly expanded over the last few decades since the beginning of reform and opening. According to the WTO, in 2020, China will become the largest tourist country and the fourth largest for overseas travel. In terms of total outbound travel spending, China is currently ranked fifth and is expected to be the fastest growing in the world from 2006 to 2015, jumping into the number two slot for total travel spending by 2015.

The answer is yes, rating systems are useful, but with a warning: travelers need to know the basis of the ratings they are seeing, or rely on the good reputation—or brand name—of the organization making the rating.

The German national rating system can be accessed on the Internet at http://www.germantouristhotels.com/hotel_ratings.htm

GTTP

TRAVEL & TOURISM

THERE ARE TWO BASIC KINDS OF TRAVELERS: BUSINESS OR CORPORATE TRAVELERS AND LEISURE TRAVELERS (TOURISTS).

Business travelers travel because they MUST.   Leisure travelers, or tourists, WANT to travel.

These two kinds of travelers may go to the same destination, but they have different requirements.
There are companies that specialize in business travel, also called corporate travel, companies that specialize in tourist travel, and some companies that provide services to both business and leisure travelers.

Chart 1: Summarizes the steps a traveler – business or leisure—must take in order to complete a trip;
Chart 2: Identifies the types of companies that are involved at each step and what their employees do;
Chart 3: Identifies government involvement in the industry.

1. STEPS IN THE TRAVEL & TOURISM PROCESS

Identify the Steps Involved in Traveling

WHAT ACTIVITY THE STEP INVOLVES:	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
	OBTAIN INFORMATION Find brochures, web sites, talk to travel agents, read newspaper articles, travel guides, internet reviews, check social media sites	**SELECT A DESTINATION** Decide where to go: country, region, city, rural area	**MAKE RESERVATIONS** Connect to the data networks of transportation companies and hotels to reserve a place and get a ticket, rental car, or hotel room	**USE TRANSPORT** Use a mode of travel to arrive at the chosen destination: plane, boat, bus, car	**USE ACCOMMODATIONS** Stay at a hotel, resort, inn, Bed & Breakfast, friend's or relative's home	**EAT FOOD** Eat at a restaurant or buy and prepare own food	**PARTICIPATE IN ENTERTAINMENT & ACTIVITIES** Attend a meeting or convention, participate in sports or adventure activity, visit a local attraction, historic site, museum, etc	**SHARE THE EXPERIENCE** Tell people what you did and how you feel about the experience

Courtesy Royal Caribbean International

Tree top boardwalk
Mapungubwe National Park:
www.parks-sa.co.za/parks/Photo_Library/.htm

The Global Travel & Tourism Partnership

GTTP

TRAVEL & TOURISM

2. TYPES OF COMPANIES THAT SERVE TRAVELERS & WHAT THEIR EMPLOYEES DO

	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
COMPANY:	**OBTAIN INFORMATION** Advertising firms, travel magazines, travel agents, internet travel companies, and corporate and leisure travel companies	**SELECT A DESTINATION** Internet travel companies, corporate and leisure travel companies, travel agents	**MAKE RESERVATIONS** Travel agents, corporate travel account managers, reservation system operators	**USE TRANSPORT** Airlines, bus companies, train companies, cruise and ferry lines, car rental companies	**USE ACCOMMODATIONS** Global hotel companies, local hotels, Bed & Breakfasts, campgrounds	**EAT FOOD** Restaurants, fast food chains, local groceries, street vendors Courtesy of Royal Caribbean International	**PARTICIPATE IN ENTERTAINMENT & ACTIVITIES** Theme parks, museums, heritage sites, adventure tour companies, retail stores, convention centers	**SHARE THE EXPERIENCE** Internet and Social Media (Facebook, Twitter) Company-initiated surveys
EMPLOYEES:								
FRONT LINE:	Provide information at kiosks, travel agencies, on the phone	Help traveler make choices in person, or on the phone, develop itineraries	Answer customer questions, suggest routes and fares, plan itineraries	Take tickets at the gate or on the bus, train, or plane; serve meals	Greet customers, carry bags, provide room service, serve meals, answer guest questions	Serve meals, sell food	Lead tours, provide entertainment, sell products and services	Review what the customer said and respond
OPERATIONS:	Design web sites, write and publish brochures		Process ticket, hotel requests, provide information back to companies about travel costs and patterns	Maintain equipment, fly planes, drive trains, calculate traveler's bills, process baggage	Maintain rooms and buildings, process bills, order supplies	Buy and prepare food, maintain dining area and equipment, maintain records	Prepare bills, maintain records, service equipment	Use IT to capture comments and aid responses

Courtesy Aruba Tourism Authority
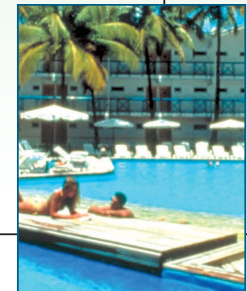
GTTP

TRAVEL & TOURISM

3. TYPICAL GOVERNMENT ACTIVITIES

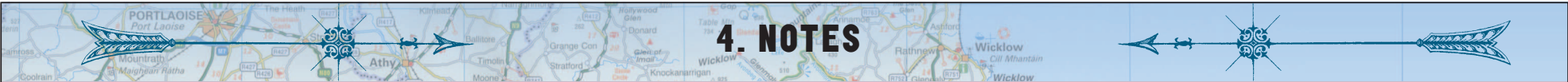|	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
GOVERNMENT:	**OBTAIN INFORMATION** Establish web sites with information, operate tourist information centers	**SELECT A DESTINATION** Use government policies to encourage development of destinations that will appeal to tourists	**MAKE RESERVATIONS** Regulate transportation modes, prices	**USE TRANSPORT** Regulate safety. Subsidize national air, rail and ferry companies	**USE ACCOMMODATIONS** Establish service standards. Regulate health and safety	**EAT FOOD** Regulate health and safety	**PARTICIPATE IN ENTERTAINMENT & ACTIVITIES** Regulate prices, health and safety	**SHARE THE EXPERIENCE** Respond to complaints about violations

Customs B

MARICOT BAY FERRY

Photograph © 2001 Jim Steinhart

©David Sanger Courtesy Martinique Promotional Authority

GTTP

TRAVEL & TOURISM

4. NOTES

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
OBTAIN INFORMATION	SELECT A DESTINATION	MAKE RESERVATIONS	USE TRANSPORT	USE ACCOMMODATIONS	EAT FOOD	PARTICIPATE IN ENTERTAINMENT & ACTIVITIES	SHARE THE EXPERIENCE