



How the Travel Industry Works for You: Learning the Industry Supply Chain

Jumpstart Webinar Educational Travel Community

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Tour Operators





Definition of Tour Operator.

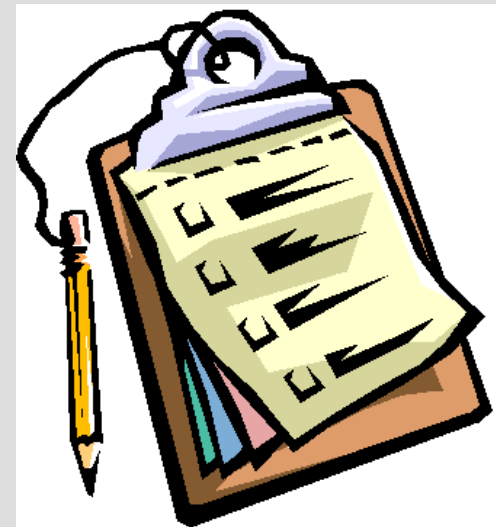
Functions of Tour Operators.

Advantages and disadvantages of using a Tour Operator.

Choosing a Tour Operator.

Sponsor Responsibilities.

Tour Agreements and Contracts.





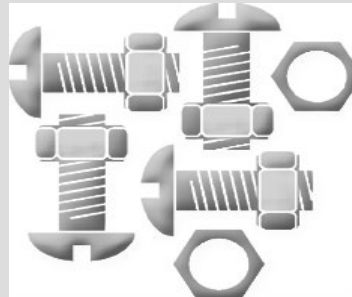
Definition of Tour Operator

A tour operator is generally a for-profit business that designs, develops, markets and operates trips. Tour operators sell through travel agents, corporations, non-profit institutions and/or directly to consumers.



Tour Operators interact with:

- **Sponsors.**
- **Operational Groups** – Ground operators, Local operators, DMCs, Internal operations personnel.
- **Passengers.**





Tour Operators and You

- **Tour operators develop and design itineraries with sponsor that:**
 - Are consistent with their mission.
 - Incorporate study leader input.
 - Provide services at quality and price levels desired by sponsors.
- **Tour operators assist Sponsor in marketing trips by:**
 - Creating and distributing brochures, postcards, e-mails and promotional material to sponsor's mailing list.
 - Providing material for web pages.
 - Attending promoted events
- **Tour operators work with the sponsor's office on administrative issues such as:**
 - Transferring deposits and reservation application.
 - Updating status of participant list.
 - Answering passenger concerns or discrepancies.
 - VIPs
- **Tour operators pay accruals and commissions.**



Tour Operators and Suppliers

Tour Operators:

- Sign charter agreements with ships, planes, trains, river boats, etc.
- Arrange hotel contracts for accommodations and meals.
- Arrange access and private visits to museums, special exhibitions, embassies, and other cultural events.
- Create, maintain, and update logistical Itinerary.
- Assume financial, marketing and operational risks such as:
 - Charter risk.
 - Promotional risk.
 - Running the trip.





Suppliers

How does a Tour Operator find its suppliers?

- Through experience.
- Through trial and error.
- Through referrals.



Tour Operators & Passengers

Tour Operators: (your model can vary)

- Handle reservations.
- Accept deposits and collect final payments.
- Answer questions before, during and after the tour.
- Develop and maintain traveler records including rooming preferences, medical information and dietary restrictions.
- Arrange air flights (sometimes) and transfers.
- Accompany passengers on tours as Tour Directors.



Advantages of using a Tour Operator

Tour Operators:

- Save sponsor staff time.
- Leverage existing experience and knowledge of destinations to develop unique value-added itineraries.
- Have long-standing relationships with providers and local guides.
- Protect the sponsor by including them in their insurance policies.
- Insulate the sponsor from liability if things go wrong.



Advantages of using a Tour Operator

Tour Operators:

- Arrange special access and facilitate cultural contacts.
- Provide ancillary services for traveler including:
 - Travel insurance.
 - Private transfers.
 - Extra hotel nights.
 - Air arrangements.
- Afford sponsor with a single point of contact when things go wrong.
- Allow sponsor to leverage Tour Operators buying power.
- Can provide valuable input on trip selection and design.
- Have experience and knowledge of what works and sells!





Disadvantages of using a Tour Operator

- May be more costly.
- May have terms and conditions disagreeable to the travelers.
- Tour Operators are not part of the sponsoring institution.
- May take sponsor's special access and sell to the general market.
- Have to coordinate and communicate with a third party.
- May go bankrupt or be unethical.



Choosing Correctly: Tour Operator traits to consider.

- **Financial stability** – Are they financially stable?
- **Insurance** - Do they have it? What kind of coverage?
- **Values** - Has management been associated with companies that have been unethical in the past?
- **Firm Size** – How big is the firm? How many trips do they typically operate a year?
- **Origin** – Are they incorporated in the US?
- **Reputation** – Do they have a good reputation and a track record of success?



- **Specialization** – Do they focus exclusively the non-profit market?
- **Diversity** – Are their programs varied or are all their eggs in one basket (i.e. one ship or one destination)?
- **Style and Tone** – What type of tours do they have experience operating?
 - Themes** **Destinations** **Mode of transportation** **Size**
- **Audience** – Have they worked with non-profits like yours?
- **Cost** – What is their typical program rates and accruals.



Sponsor Responsibilities and Costs:

- **Financial** – There is generally no direct financial cost to obtain the services of a tour operator.
- **Time** - Although tour operators save sponsor time, sponsors must have infrastructure and staff to support a travel program.
- **Intellectual leadership** – Provide faculty lecturers and curators and cover some costs of their travel.
- **Mailing list and Marketing** – Maintain an up-to-date mailing list of e-mails and addresses, and assist in endorsing and marketing trips to alumni and members.
- **Special access** – Assist in arranging private events and special visits using the sponsor's resources.



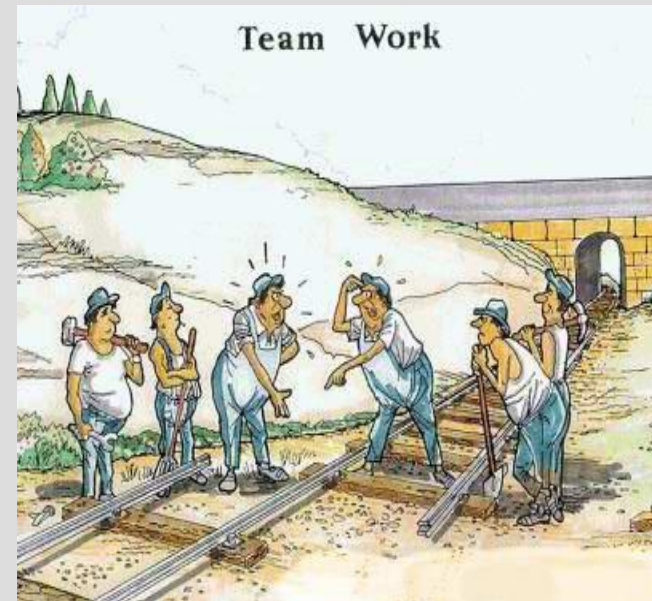
Tour Operator Agreements

Specific details are covered in the “Nuts and Bolts” Webinar

Scope:

- **Define Parties**
- **Define Duration**
 - One trip
 - Annual
 - Long-term
- **Define Responsibilities of Both Parties**
 - Marketing
 - Operations
 - Legal

Written by one party or both





Incoming Tour Operators

*Your partners in implementing a
successful program*



What is the role of the Inbound (or Receptive) Tour Operator and where does it fit in the partnership?

- To work with the US-based Tour Operator
- To assist with land elements of a tour on the ground
- To assist with itinerary planning and budgeting advice
- To provide “up-to-date” advice on local conditions



Sounds good...What can they do for me?

- Inside access to exclusive or special venues, local experts and dignitaries
- Share expertise based on experience
- Ideal areas to visit based on program theme
- Ideal hotels, transportation and other services
- Cost-saving alternatives
- Realistic travel times
- Pre-departure assistance
- Local events, festivals, public holidays and closures



Why shouldn't I go directly to the Inbound Tour Operator?

- Promotional material
- Easier communication channels
- Invoicing and accounting
- Pre-departure materials
- Flight arrangements
- Insurance and liability issues - IN YOUR OWN COUNTRY
- Long-term strategy for your institution

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Opening doors to open minds.



Inbound Operators are an important resource available to you and your program.

Their unique skills and relationships can be an important part of developing, marketing and operating your trips.

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Destinations

Your partners in a great travel program



Destinations:

Your friends in exciting places

- Government appointed agencies
- Experts on the country and region
- Sales, marketing and travel planning experts



Enthusiastic ETC Supporters

- 28 countries represented
- Botswana, Ireland, Dubai, Egypt, Hong Kong, India, Israel, Jordan, Macau, Ecuador, Mexico, Namibia, Canada, Papua New Guinea, Philippines, Peru, Rhode Island, Saxony, Greece, Malaysia, Flanders-Brussels, and others.
- Representing states, regions, and cities



Why get to know destination representatives?

- We are your expert hosts
- We have the insider's perspective
- We want to help you become an expert
- We want to make your program a success



We collaborate with all stakeholders

- Travel Planners
- Tour Operators
- Suppliers
- Marketing Partners
- Other Destinations



We support your travel program

- News, events and trends
- FAM trips
- Introductions
- Tested itineraries and qualified suppliers



We offer key resources

- Customized, money-can't-buy experiences
- Creative ideas and problem solving
- Marketing co-op funding

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When to contact destinations

At any point in the planning cycle – but
sooner is better than later

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Discover our destinations!

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Thank you!