

Core units





01

Investigating travel and tourism

Learning outcomes

By the end of this unit you should:

- know the components of travel and tourism, and how they interrelate
- know the roles and responsibilities of travel and tourism organisations within the different sectors
- understand how recent developments have shaped the present-day travel and tourism industry
- understand the trends and factors affecting the development of travel and tourism.

The components of travel and tourism

Types of tourism

Before you start learning about the travel and tourism industry, it is vital to define the notion of tourism and introduce some basic terms that relate to your studies. According to the UK Tourism Society, tourism is:

“**The temporary, short-term movement of people to destinations outside the places where they normally live and work, and their activities during their stay at these destinations.**”

We can distinguish between domestic, incoming (inbound) and outgoing (outbound) tourism; these can be defined as follows:

- *domestic tourism* – travelling within their own country, e.g. a student from Leeds going to the Reading Festival
- *incoming tourism* – tourists from other countries coming to the UK, e.g. a couple from Madrid coming to spend a weekend in London

- *outgoing tourism* – UK residents travelling to other countries, e.g. a family from Bristol going on a skiing holiday to Austria.

Depending on the purpose of travel, we can talk about business trips, leisure trips or VFR (visiting friends and relatives).

The six travel and tourism components

The travel and tourism industry consists of six main components: *accommodation providers, transport providers, visitor attractions, tour operators, travel agents* as well as a wide range of *support services* (trade associations, ancillary services, tourism development bodies and many others).

This unit will look at each component as well as how they work together and how they depend on one another.

Accommodation providers

Among accommodation providers there are hotels (1–7 stars), hostels, motels, camping and caravan sites, bed & breakfasts, holiday parks and campus accommodation. Accommodation providers vary greatly in terms of the products and services they offer, the types of customer they attract, the prices they charge as well as location of their properties and their ownership.

While hotels, especially 4- and 5-star properties, may offer a wide range of services such as room service, concierge, a gym, as well as meeting and conference facilities, a small B&B will only provide a room, sometimes with a bathroom outside the room and one meal a day (i.e. breakfast).

Hotels are more likely to attract business visitors while caravan sites will cater for leisure visitors, such as families. A guesthouse or a farmhouse may be owned by an individual, while hotels, such as the Hilton or the Intercontinental, may be part of large international chains with properties worldwide. A



Fig 1.01 The Savoy hotel, London

youth hostel offers budget accommodation, while a hotel typically aims at the higher end of the market.

Caravan parks or campsites tend to be located outside city centres where space is not at a premium, while guesthouses and hotels often use city-centre locations and their proximity to the various amenities and transport links as a selling point.

ACTIVITY

Investigate and briefly describe accommodation providers in terms of ownership, products and services, prices and location.

Transport providers

Transport providers can be divided into road, rail, air and water transportation. Each has its own characteristics, advantages and disadvantages.

Air transportation, which mainly developed after the Second World War, can be divided into scheduled, charter and low-cost airlines.



Fig 1.02 A campsite

Scheduled airlines, such as British Airways or bmi, operate according to a fixed timetable and normally offer customers a wider selection of destinations (short-haul and long-haul). Services such as meals and allocated seats are included in the price of the ticket.

Low-cost airlines, such as Ryanair, easyJet and Jet2, are also a form of scheduled airline, as they operate to a set timetable, but they do not include as much in the price of their tickets – such as food or allocated seats – as their primary goal is to keep prices down. They also aim to save costs by having a very short turnaround period (spending little time at the airport in between flights), offering a reduced baggage allowance and operating from regional airports.

Charter flights, such as those offered by Thomsonfly and Monarch, tend to be sold mainly as part of a package holiday. Such airlines could either be owned by a tour operator (Thomsonfly is owned by Thomson, for example) or ‘chartered’ by a tour operator for the purpose of flying its holidaymakers to and from their holiday destinations, following itineraries set by the tour operators.

Road operators, such as coaches, offer a convenient and inexpensive way of travelling in the UK or to the continent. National Express and its continental division, Eurolines, offer a wide selection of routes linking major UK and European cities at affordable prices as long as you do not mind taking longer to get to your destination.

Road travel, however, is dominated by private cars as well as hired vehicles. The largest car-hire companies – Hertz, Avis, Alamo and National – offer a selection of different types of vehicles (e.g. small cars, convertibles) for various durations (one day or one week), often including insurance and charging an all-inclusive price.

Rail operators, such as Eurostar and Virgin Trains, provide a fast and comfortable way of travelling longer distances in the UK and in Europe. Many train companies have now upgraded their trains, providing services for business travellers in their first-class compartments.

Sea operators such as ferries (Brittany Ferries, Sea France) link a number of British ports, such as Dover, Portsmouth and Fishguard, with continental Europe, Ireland and the Channel Islands, and provide sea routes as an alternative to air transport. Ferries have undergone many changes in recent years, particularly following the opening of the Channel Tunnel as they then had to compete with another form of transport. There are also non-sea-going ferries – for example, across the River Tyne.

ACTIVITY

Investigate the products and services, routes and vessels of ferry operators.

Cruises tend to provide a holiday experience rather than being purely a form of transportation. Modern cruise ships now offer a wide range of services on board such as bars and restaurants, sports facilities, shops and entertainment. They provide complete holidays for a variety of customers.

ACTIVITY

Using the internet as well as other media such as newspapers, TV or radio, research recent developments in the transport sector. Be able to present two developments during a class discussion.

Visitor attractions

Visitor attractions can play a large part in a destination's success. They attract visitors and encourage them to stay at a destination longer, thus increasing visitor spending.

There are both natural and man-made attractions. Among natural attractions there are Areas of Outstanding Natural Beauty (AONBs), National Parks, beaches, lakes and beautiful landscapes.

Man-made attractions include purpose-built attractions such as theme parks (e.g. Alton Towers), museums such as the British Museum and heritage attractions such as Maritime Greenwich, galleries (e.g. Tate Britain), stately and historic homes, cathedrals, ornamental gardens, and castles. Such attractions are often owned and/or managed by organisations such as the National Trust or English Heritage.



Fig 1.03 Alton Towers theme park

There are also attractions based on events, which attract tourists to a destination or region. Examples include cultural events such as the Venice Film Festival or sporting events such as the London Marathon or the Olympics.

Attractions such as the National Gallery or the British Museum may offer free admission, while others charge an entrance fee (e.g. Madame Tussauds or Thorpe Park). Paid-for attractions tend to be privately owned while free attractions are usually publicly owned.

Tour operators

Tour operators combine into holidays the various products and services offered by travel and tourism



Fig 1.04 Tate Britain

ACTIVITY

Prepare a list of 20 UK attractions. Identify whether they are natural or built, privately or publicly owned, free or charging an entrance fee.

companies and sell them as packages to customers according to customer preference, need and budget. Tour operators contract accommodation and transport, negotiating lower prices due to the volume of business they can guarantee. Large tour operators also own hotels or airlines in order to have more control over their capacity and offer more competitively priced services to their customers.

There is a wide range of packages offered by tour operators according to their customers' needs and expectations. These could be summer or winter holidays, short-haul destinations (reached within five hours or less by plane from the UK) or long-haul destinations (reached in more than five hours by plane from the UK), suitable for different age groups (i.e. young adults – Club 18–30, over-50s – Saga) or offering different activities such as skiing, diving or hiking.



Fig 1.05 Waterskiing

Tour operators can be divided according to the destinations they offer. These could be: *domestic*, organising services for domestic tourists; *inbound*, organising services for tourists incoming to the UK; and *outbound*, organising services for UK residents travelling abroad.

Tour operators can be further divided into mass market and niche operators. Mass market operators, such as Thomson or Cosmos, offer holidays that appeal to a large number of customers. These could be a two-week package in Spain or a week in the Algarve during the summer months. The niche tour operators devise holidays that cater for customers' specific interests, such as Mediterranean cruises for lovers of ancient history with lectures as part of the cruise programme. The niche operator may also focus on a specific destination such as Essouira in Morocco as opposed to the more established Agadir, or offer a particular activity such as painting or wine-tasting in France.

Travel agents

Travel agents sell different travel and tourism services, such as holidays, accommodation only or train tickets. They also book flights, ferries or car hire, sell additional services such as travel insurance and



Fig 1.06 Sunbathing

ACTIVITY

Using the ABTA (The Travel Association, www.abta.com) and AITO (Association of Independent Tour Operators, www.aito.co.uk) websites – as well as other sources – find ten different tour operators. Find out whether they are domestic, inbound or outbound, mass market or niche.

foreign currency, and offer advice about destinations in terms of visas and health requirements.

Depending on the nature of their business, they may operate in the following outlets:

- retail shops
- business shops or ‘implants’
- call centres
- online (e-tailers).

Travel agents may operate as independent outlets if they are not a part of a chain. Such shops are normally run by their owners and often have a small number of employees who typically offer a high level of expertise. The majority of travel agents, however, belong to chains, whether multiples or ‘miniples’.

Multiple chains, such as Thomas Cook and Going Places, are well known and have branches nationwide, while miniples are usually found in one region of the country such as Yorkshire and Lancashire.

Retail travel agents tend to be located in the high street or in shopping centres, which guarantee them a high volume of passing traffic. They predominantly deal with leisure travellers, offering them the wide range of services discussed above.

Business travel agents deal with business travellers, offering them travel services and making travel arrangements for their trips. Their branches are often located on the premises of the companies they work with and these are called implants. For example, there is a small office of BTI (Business Travel International) UK on the premises of PricewaterhouseCoopers in central London.

Where travel agents handle a large number of calls, they sometimes use out-of-town call centres. Due to lower labour costs, many companies open call centres outside the UK – for example, in India. On the next page there is a case study of an innovative call centre idea implemented by Co-op Travel.

Because of these benefits, home-based virtual contact centres constitute one of the fastest-growing trends in the contact centre market.

“Industry experts estimate that by eliminating office costs and the associated administrative overheads, the home-based contact centre operates at around half the operating costs of a traditional site-based contact centre ...

Home-based agents enjoy a net benefit equivalent to a 15 per cent increase in salary – as a result of travel-to-work time being eliminated, greater flexibility and associated work–life balance benefits. ”

(Source: www.flexibility.co.uk, accessed May 2007)

Online agents have mostly developed during the last few years with companies such as Expedia, Lastminute.com, ebookers and Opodo. These companies take advantage of modern technologies and customers’ preference for booking holidays from the comfort of their own homes via the internet.



Case study

How to run a call centre in the UK

We've all heard about the 'offshoring' of call centres: outsourcing them overseas, especially to the Indian subcontinent – all made possible by new technologies. Even newer technologies, however, raise the possibility of 'homeshoring' – using home-based call centre agents in the UK as a cost-effective alternative.

While these virtual call centres (also called contact centres) cannot compete on labour costs, the reduction in property costs and telephony costs, plus the advantage of having first-language English speakers is now making this a competitive option.

Having 630 ABTA-certified home-based operatives makes the Co-op Travel Group's Future Travel subsidiary the largest virtual contact centre in the UK. And it is convinced of the benefits. According to Peter Healey, technical director of Future Travel:

“We've reduced staff churn by offering flexible home working to, for example, new mothers returning to work part-time, or older people looking to reduce their hours but not yet ready to retire. In the travel industry, an effective home working centre means that you keep valuable knowledge and experience within the company. Being able to add or reduce lines to fit peak booking times, such as evenings and weekends, means that we can plan capacity.”

Support services

Tourism development and promotion

Tourism development and promotion are mainly carried out by organisations in the public sector, as they tend to be responsible for the support and promotion of the private sector. Organisations such as local, regional or national tourist boards are normally involved in such activities.

ACTIVITY

Investigate and describe the roles and responsibilities of VisitBritain.



Trade associations

Trade associations, such as AITO (Association of Independent Tour Operators), ABTA (The Travel Association) and GBTA (Guild of Travel Management Companies) are organisations whose members are privately owned travel and tourism organisations that pay membership fees towards the running costs of the association. Trade associations, in exchange, look after their members' interests and represent their opinions. They also provide a set of rules for their members, often through a code of practice.

Ancillary services

These are services that are offered in addition to the main travel and tourism products as companies strive to deliver the best service to customers. These could include travel insurance, airport parking and money

exchange. These enhance the customer's experience and often allow agents to increase their commission.

How the components interrelate

The chain of distribution in Figure 1.07 describes how travel and tourism products and services reach customers. As the travel and tourism industry does not manufacture goods but offers services, at the top of the chain of distribution there are accommodation and transport providers and attractions. The services offered by them are often packaged by tour operators, the wholesalers, and sold through travel agents, the retailers, to customers.

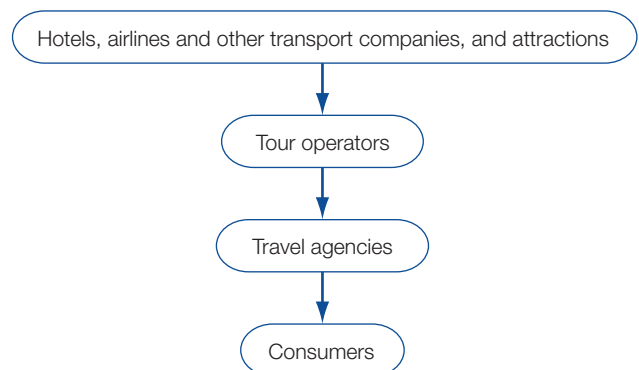


Fig 1.07 Traditional chain of distribution in travel and tourism

However, this is not the only way of distributing travel and tourism products and services; both accommodation and transport providers sell directly to customers, who can book their services by telephone or using their websites.

Customers can also use travel agents, who will book transportation or accommodation directly with airlines or hotels without involving a tour operator. Many tour operators have also taken advantage of the opportunity presented by the internet and started distributing their holidays directly, excluding travel agents completely.

Recent years have seen many other changes to the structure of the travel and tourism industry. A number of organisations in travel and tourism have merged, formed partnerships or taken over other organisations. Intercontinental Hotels took over other holiday chains – for example, Holiday Inn and Crowne Plaza. This is an example of horizontal integration, which means that integration happened at the same level in the chain of distribution.

Organisations also merge with others on different levels in the chain of distribution – for example, a tour operator can take over an airline or a chain of travel agencies. This is called vertical integration. An example of vertical integration is Thomson (a tour operator) which bought Britannia Airways and re-branded it as Thomsonfly.

ACTIVITY

Find current examples of recent mergers, partnership and integration.

Companies join together in order to gain greater market share and offer a wider range of products to their customers, as well as find other ways of distribution so they can make their operations more economical. More economic operation gives them the opportunity to offer customers lower prices and thus compete successfully in the very competitive travel and tourism market.

There are also other forms of working together. For example, airlines form alliances, which is a form of partnership. This does not involve buying one another. Instead they liaise in order to offer a wider network of routes and destinations. Travel agents, often independents, join networks such as Advantage in order to increase their buying power, negotiate better commission levels and thus compete with the multiples.

ACTIVITY

Investigate alliances among airlines such as Star Alliance and One World. How do they work? What are the benefits for customers?

Assessing the outcome

A small number of travel and tourism companies are recruiting for junior positions. The positions are available at a hotel, a tour operator and an online agent, a visitor attraction and a local Tourist Information Centre (TIC). As part of the selection process representatives of those companies wish to assess your understanding of the travel and tourism industry, your research skills and most importantly your current knowledge of all the components as well as how they work together. Prepare a report that covers the above issues.

- Describe (giving examples, including domestic, inbound and outbound tourism) the components of the travel and tourism industry (P1).
- Describe the ways that components of travel and tourism interrelate (P2).

The roles and responsibilities of organisations within the different sectors

The majority of organisations in the travel and tourism industry belong to the private, for-profit sector. This also means that the majority of organisations are funded privately, either through the sale of goods and services or bank loans required to start or develop the company. In the case of large companies, such as British Airways or the Virgin Group, the funds could also come through the sale of shares. The shares may go up or down in value depending on how the company performs. We call such companies *public companies* as the public can buy their shares, not because they are a part of the public sector.

The main objective of businesses, and therefore the reason why companies trade, is to make a profit and

stay in business. This may be achieved in many ways – for example, by ensuring good customer service so customers come back and make recommendations to their friends and family. By doing this, companies ensure sales without spending much on promotion, thus maintaining higher profits. A lot of tour operators ask customers to complete questionnaires at the end of their holidays or feedback cards at the end of their stay at a hotel to establish what met customer expectations and what could be improved.

These objectives can also be achieved by offering competitive prices. Profits may not be high but sales are likely to increase. A number of travel companies closely watch the flight or holiday prices offered by their competitors in order to ensure they can still attract customers.

Another way of ensuring profits is by tightly controlling business expenses – for example, operating from cheaper premises or recruiting staff from abroad. Thomson recently moved its headquarters from Camden, London, to Luton, while a number of hospitality companies now recruit in the new European accession states offering salaries lower than those offered to staff hired in the UK.

Private-sector companies also need to maximise sales. This can be done through promotion and advertising, which can be quite expensive, or through a selection of discounts and carefully set prices as well as through developing customer loyalty. This is also achieved through bringing new products onto the market, ensuring customer interest in your offer.

Companies also aim to increase market share. This is necessary to reduce the impact of competition and increase market control. As discussed earlier, this can also be achieved through horizontal integration.

Organisations are expected to provide service to customers and to other organisations. This is particularly true in the non-for-profit sector where tourist boards offer services to organisations in the for-profit sector by promoting them. They also offer information about their services to clients. An example of this could be a TIC (Tourist Information Centre), which may have a selection of leaflets on B&Bs available in the area. These are given to customers interested in finding information about places to stay for the night.

Organisations in travel and tourism are expected to operate in compliance with various regulations. These could be industry regulations imposed on their members by trade associations such as ABTA. ABTA

members need to follow the Code of Conduct that requires, for example, travel agents to respond to a complaint within 28 days.

The CAA (Civil Aviation Authority), the organisation responsible for regulating airports and airlines, ensures that all of them meet safety requirements. It also ensures that all operators offering package holidays that include air travel have the Air Travel Organisers Licence (ATOL). This means that if the company goes bankrupt, customers will recover their deposits and their booking may be re-protected (another tour operator will handle the customer's reservation) using the bond money.

Regulations and legislation do not have to be industry-specific. All companies have to comply with the DDA (Disability Discrimination Act) and Data Protection Act. Their promotional activities, whether in the form of adverts or brochures, have to adhere to Advertising Standards Agency (ASA) guidelines, which expect all promotional materials to be legal, decent, honest and truthful. Failure to do so may result in fines and/or the promotional material having to be withdrawn.

In addition, all organisations (for-profit and not-for-profit sector) have to comply with employment law and issue employees with contracts, offer them paid holiday, maternity leave and other contractual arrangements.

The for-profit sector includes organisations such as airlines, rail operators, coach companies, hotels, holiday centres, theme parks, tour operators, travel agents, car-hire companies and many others. The not-for-profit sector includes the majority of public organisations, regulatory bodies and conservation groups. Their main role is to support and promote the for-profit sector for the benefit of all stakeholders – for example, employees, customers, other organisations and the government. Their funding comes mainly from the government through the Department for Culture, Media and Sport (DCMS) in the form of grants. Their funding may also come from donations, National Lottery grants or membership fees. This means they are not involved in selling and competing for customers although they may subsidise their income by the sale of souvenirs or postcards, renting out their premises, charging for training, etc., or reinvesting the proceeds of commercial operations such as shops.

The main tasks of not-for-profit organisations are:

- introducing common standards
- supporting the travel and tourism industry
- preparing statistics
- promoting destination to potential visitors.

ACTIVITY

Identify the roles and responsibilities of six selected travel and tourism organisations. Identify their sources of funding.

Assessing the outcome

The interview panel from the previous assignment now wants you to demonstrate your knowledge of the roles and responsibilities of travel and tourism organisations from different sectors.

- Describe the roles and responsibilities of travel and tourism organisations from the profit and not-for-profit sectors (P3).

**EDEXCEL
CHANGE**

Recent developments in travel and tourism

Although people have always travelled, however easy or difficult it was, it is only in the past 50 years that the travel and tourism industry has really developed.

In the past, people had different reasons to travel; for example, a lot of trips were taken for VFR purposes (visiting friends and relatives) or to trade, while leisure travel now dominates the market, offering a wide variety of transport, accommodation and holidays.

Many factors influenced the development of tourism after the Second World War (1939–45). The main ones are related to money, time and technology.

First, the annual 'two-week' holiday (with pay) was established. This meant that for the first time people could take two weeks off a year and still be paid for the time they were on holiday. Naturally, this encouraged many more people to travel.



Fig 1.08 UK tourists on a British beach in the 1940s

Increasing numbers of people were also buying cars, which allowed them to take holidays in the UK or on the continent. Because of this increased mobility, a lot more people were also taking short breaks.

Faster and bigger passenger aircraft were developed, which enabled more and more people to travel to destinations previously out of their reach. In the past, they would have to travel there by sea, which took a long time and was therefore expensive.

As Britain was rebuilt after the war, British consumers had more disposable income, which they spent on travel, and on foreign travel in particular. This, in combination with the development of aircraft, led to the creation of package holidays.

ACTIVITY

Interview some of your older relatives or family friends and find out where they travelled and why.

Legislation

The government saw the potential for tourism to generate income for the British economy. The Development of Tourism Act 1969 confirmed the



Fig 1.09 UK tourists on package holidays in Spain in the 1970s

public sector's involvement in tourism and the role it was going to play – one of encouraging the provision and improvement of tourist amenities as well as encouraging people to visit Britain and people living in Britain to take their holidays there. This was to be done by appointed bodies: the English, Scottish and Welsh Tourist Boards as well as the British Tourist Authority.

Further legislation, such as the Transport Acts 1980 and 1985, contributed to the development of tourism through deregulation and privatisation.

Further pieces of legislation, this time imposed by the European Parliament, further influenced the development of tourism. The Package Travel Regulations of 1992 subjected all tour operators to stricter financial controls and imposed responsibility on them for their customers. These regulations required all operators offering air packages to allocate a sum of money (a bond), calculated on the basis of their turnover, to be placed in the bank in case of financial difficulties. The bond could then be drawn on to refund customers' deposits, pay suppliers or even return passengers otherwise stranded abroad safely home.

More recently, legislation such as the Disability Discrimination Act 2004 has had a great impact on travel and tourism organisations, particularly accommodation and transport providers and attractions, in terms of the necessity to increase accessibility for disabled customers.

Following the introduction of Air Passenger Duty in 1997, the government decided to increase it again from February 2007. We are still waiting to assess the true impact of this increase on all air travel.

“ The hidden costs of flying will rise significantly from February as UK airport departure taxes double. Chancellor Gordon Brown's pre-budget statement announced that economy class passengers will pay £10 on all domestic and European short-haul flights, long haulers will pay £40 and business and first class travellers will have to pay £40 for short-haul and £80 for long-haul flights.

Whether the doubling of airport tax will actually get people to switch to trains – or to not travel at all – is uncertain. Reactions were fairly predictable: environmentalists said it was nowhere near enough, but the angry aviation industry said it was being treated like a cash cow. 'Air passenger duty provides the Treasury with extra funds for general public expenditure without any benefit to the environment whatsoever,' said a British Airways spokesman – ignoring the fact that aviation's contribution to climate change is soaring and is expected to get far worse. ”

(Source: John Vidal, The Guardian, Saturday, 9 December 2006, copyright Guardian News & Media Ltd 2006)

ACTIVITY

Select three pieces of recent legislation relating to travel and tourism and analyse their impact on the industry.

Product development

In order to ensure a certain level of sales, repeat business and competitiveness, companies in travel and tourism have to develop their product to meet the ever-changing expectations of their customers.

One of the fastest-changing sectors is the airline industry. The most significant change recently has been the boom in low-cost airlines. These offer inexpensive flights to many European cities. The principle behind this is explained in the earlier part of

this unit. This increased competition on European routes not only in terms of price but also quality of service, as scheduled airlines responded by attempting to offer better value for money.



Case study

Is low price the only way forward on short-haul routes?

In 1998, British Airways launched a comprehensive range of new services and benefits for 'World Traveller' passengers. New features included seats with adjustable headrests and footrests, and more knee room; and personal video screens for every passenger.

Changes were also introduced on long-haul routes and in cabins, which normally generate the majority of airline revenue on flights – business class and first class.

(Source: www.bamuseum.com, accessed May 2007)



Case study

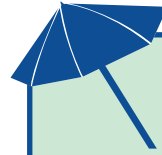
How to travel in comfort with BA

In August 2000, new Club World 'flying beds' were available on the Hong Kong route. The seats had been well received by customers on the Heathrow–New York JFK route, with significant rises in customer satisfaction ratings for cabin crew, catering, sleep, privacy, comfort and space.

(Source: www.bamuseum.com, accessed May 2007)

The airline industry was not the only one implementing change: a new fast train called Eurostar, linking London with Paris and Brussels, was introduced in 1994, using the undersea tunnel built between Britain and mainland Europe, providing a fast transport route for both foot and car passengers.

Since the introduction of the first two-week holidays to Spain, tour operators have also brought various innovations to the market. Apart from the changes already discussed earlier in this unit, customers can now book an all-inclusive package that



Case study

What is World Traveller Plus?

In January 2000 British Airways announced the introduction of a new cabin class, World Traveller Plus. The cabin would offer more space and facilities than World Traveller for a premium on top of the full World Traveller fare.

Apart from the extra leg room, passengers were also offered:

- double hand-baggage allowance (two pieces, 12kg total)
- separate cabin with a maximum of five rows; a personal in-seat entertainment system; laptop power point and individual phone.

World Traveller Plus opened for sale for travel from 29 October, 2000, for services between London Heathrow and New York JFK, Hong Kong and San Francisco.

(Source: www.bamuseum.com, accessed May 2007)

includes transportation, accommodation, all food and drink, activities and entertainment.

As people started taking more holidays, but shorter in duration, more and more operators started offering city breaks.

Destination development

Apart from the well-established short-haul destinations, such as Spain and Greece, gradually long-haul destinations were brought onto the market. Florida, with its theme parks, national parks and warm climate throughout the year became very popular with families. Destinations such as Goa and Thailand offered an opportunity for beach holidays in long-haul locations. Inexpensive accommodation, food and drink at these destinations also contributed to their popularity.

Recently, Eastern European destinations, such as Prague and Croatia, have been added to the variety of popular destinations in Europe, while Cuba seems to be a long-haul hit.

Destinations themselves have started preparing better to receive their visitors: tougher health and safety measures have been introduced, following the EU Package Travel Directive, making operators



Fig 1.10 Thailand, a popular long-haul destination

responsible for their suppliers. Some destinations also addressed the issue of crime, thus improving their chances of attracting regular business. In many established destinations, such as Spain, there have been improvements in infrastructure, facilities and attractions on offer, making the holidaymaker's stay easier, more enjoyable and providing more opportunities for increased spending.

ACTIVITY

ABTA identifies some destinations with potential for growth. Read through this section of ABTA's report on its website using the link below and find out which destinations these are. What could contribute to their growth in popularity?

(Source: www.abtamembers.org/press/kit/trends.htm, accessed May 2007)

Technological developments

Various booking systems were created in order to accelerate communication between organisations in travel and tourism and improve the distribution of their services:

- ViewData (used by travel agents and tour operators)



Fig 1.11 Croatia, a popular new destination

- CRs (computer reservation systems – used by airlines)
- Global Distribution Systems (e.g. Galileo, Worldspan, Sabre and Amadeus – used by travel agents, tour operators, airlines, car-hire companies and ferry operators).

Other technological advances are linked to the internet. Companies such as airlines, hotels and tour operators offer online booking facilities on secure websites.

In order to allow customers to 'experience' the products and services offered by the travel and tourism industry, 'virtual tours' were devised. These are used by hotels so potential customers can view rooms, common areas and other facilities available on the premises.

Visitor attractions such as the Globe Theatre in London or Chessington World of Adventures also use such tools to allow customers to have a more tangible experience of the services on offer, prior to booking, encouraging them to make a reservation.

Further developments can be observed in the airline industry: e.g. e-ticketing, paperless tickets, self-check-in at airports and online check-in. These help

reduce operational costs such as postal bills as tickets no longer need to be posted or replaced if lost in the post. This also reduces the number of check-in staff required as check-in is done remotely or by passengers themselves.

Apart from wide-bodied jets such as the 747 introduced by Boeing in 1969, with its cruising speed of 600 miles per hour and a non-stop range of 7200 miles, larger planes are now being developed. The Airbus A380, with its cruising speed of 500 miles per hour and its 8000 mile range, has already been ordered by a number of airlines, which may either use it to carry more passengers, or to carry passengers in more comfort.

In 1968, some ferry companies introduced hovercrafts, which offer a faster sea connection with France thus competing with airlines, and now, more recently, the Channel Tunnel.

Lifestyle changes

The growth of tourism can also be attributed to lifestyle changes. Higher levels of urbanisation and education encourage us to travel more and further in pursuit of different cultures; having learnt more, we would now like to see it for ourselves. Increased levels of mobility resulting from car ownership as well as the increasing availability of airports, seaports and railway connections help us get around more easily.

Overall we also have more leisure time than our grandparents did. Having various household appliances performing most of our chores and enjoying longer paid holidays gives us more choice as to how we want to spend our leisure time.

Britain is now an ageing society with an increasing number of older people who have more spare time and are willing to spend it travelling. There is now a growing number of companies offering travel and tourism services to mature travellers, e.g. Saga Holidays accepts bookings from customers who are 50 or older, and Page & Moy provides tours to people 45+.

With the increase in the number of single and divorced people, holidays for singles seem to be on the increase, with companies such as Solos Holidays or justyou.co.uk leading the way.

Consumer demand

Overall customer demand for tourism seems to be growing, with increasing numbers of customers being

more travelled, having higher expectations, being aware of their rights and not afraid to complain if necessary.

The number of incoming trips has increased too. According to the Office of National Statistics, in 2005 overseas residents made a record 30 million visits to the UK, 2.2 million more than in 2004. While they were here, they spent a record £14.2 billion, an increase of £1.2 billion on 2004.

The number of outgoing trips has also increased. UK residents made a record 66.4 million visits abroad, an increase of 4 per cent on the previous year. UK residents also spent a record amount abroad: £32.2 billion – an increase of 6 per cent on 2004.

This shows that the number of trips taken by UK residents is greater than the number of tourists received in the UK in 2005. Moreover, the amount of money spent by UK residents on their outbound holidays is also greater than the amount of money earned from our incoming visitors. This difference, otherwise called the balance of payments, is negative and adds up to £18 billion. The balance of payments is the relationship between tourism import (outbound trips) and tourism export (incoming trips); it has been negative in Britain for a number of years and seems to be increasing every year.

According to www.tourismtrade.org.uk (accessed May 2007), spending by domestic tourists (i.e. spending by UK tourists within the UK) has now reached the figure of £11.5 billion, with visitors taking a total of 59.3 million trips annually.

Tourism is considered to be one of the largest industries in the UK, approximately 3.5 per cent of the UK economy, and was worth approximately £74.2 billion in 2003.

The number of jobs in travel and tourism also seems to be on the increase, to match customer demand for travel and tourism products and services. According to *Labour Market Trends*, September 2004:

- there are an estimated 1.4 million jobs in tourism in the UK, some 5 per cent of all people in employment in the UK
- approximately 130,400 of these jobs are in self-employment.

Particular growth has been registered in the hospitality and accommodation industries with even greater growth predicted before 2012 when London will be hosting the Olympic Games.

Assessing the outcome

Having completed your previous tasks, the panel now wishes you to describe the recent developments that have formed the travel and tourism industry as we know it.

- Describe four recent developments (from the 1960s onwards) that have shaped the present-day travel and tourism industry (P4).

EDEXCEL
CHANGE

Trends and factors affecting the development of travel and tourism

It is now time to investigate the trends in the travel and tourism industry, attempting to predict where it may go during the next few years. Some of the developments discussed in the earlier part of this unit will provide the basis for this prediction – for example, the number of holidays taken by UK residents seems to be on the increase, with the majority of people taking more than one holiday a year.

Customers now have a wider range of booking methods of which they can take full advantage. According to an ABTA report:

“The number of respondents who said they were likely to book via the internet in the future had risen by 4 per cent compared with 2002. According to Mintel despite a slowing growth in internet penetration, the way in which the internet is being used and accessed is changing. Mintel reported that travel agents continued to be the most popular booking method for holidays abroad. However, this was changing and the proportion of holidaymakers using this method decreased by 12 percentage points to 49 per cent between 1999 and 2003. Travel agents were gradually losing market share to direct bookings through tour operators (up 3 percentage points) and the increase in independent bookings, particularly those made through the internet.”

(Source: www.abta.com, accessed May 2007)

Apart from the traditional methods such as booking via travel agent, Teletext, or tour operator either by

telephone or website, there is now the option of booking via mobile phone, at present restricted to flights only due to the complexity of other services.

The rise in independent travel looks set to continue due to the increasing use of the Internet. According to ABTA, the figures for internet use are:

- 52 per cent of the British population have access to the internet at home
- 44 per cent of adults have used the internet for information about travel and accommodation
- 53 per cent are likely to book a holiday on the internet over the next two years.

This trend also leads to an increased number of so-called ‘unpacked’ packages – independent arrangements where travellers often combine transport and accommodation for themselves, creating a holiday that meets their particular needs.

Case study

What kind of holiday do we want?

In spite of summer and winter sun holidays’, domination of the package holiday market, *a growing number of people are buying activity packages and adventure holidays ...*

Beaches for relaxation are the number one request for luxury seekers, whether that’s ‘barefoot’ or ‘glitz’, but often clients are looking for something more exciting for secondary breaks. Big sporting events have become popular, along with luxury skiing, diving, sailing, golf and spa breaks. Increasingly, ‘experiential’ holidays that are aspirational, exclusive and unknown are being sought. Round-the-world travel, going to Antarctica or finding gorillas in Uganda are not only expensive, but are literally quite difficult to do and deliberately do not appeal to everyone.

(Source: www.abta.com, accessed May 2007)

There has been steady growth in the use of regional airports. This is mainly due to the continuing expansion of low-cost airlines. It is estimated that the low-cost airline sector in Europe carried around 80 million passengers in 2004, of which over 60 million started or ended their journey at a UK airport.

ACTIVITY

London Luton Airport is one of the UK's fastest-growing airports, with passenger numbers of 7.5 million during the calendar year 2004, an increase of 400 per cent in ten years.

Read about the potential growth of Luton Airport on its website and identify reasons for its popularity and success.

(Source: www.london-luton.co.uk, accessed May 2007)

Factors influencing customer choice

Natural disasters such as hurricanes, tornadoes, earthquakes, droughts and floods as well as volcano eruptions are classified as natural disasters. To a certain extent, they influence customer choice of destinations as nobody wants to holiday in an area struck by a natural disaster, particularly if the essential infrastructure has been destroyed.

Although travel and tourism organisations cannot avoid natural disasters, they can strive to minimise their impacts. Tourists tend to avoid destinations such as the Caribbean during the hurricane season and the industry attempts to encourage travellers by lowering prices during that period.

Every now and then there is a health scare which dissuades travellers from visiting some destinations. Foot-and-mouth disease cost Britain a lot of inbound visitors, estimated at £8.8 billion according to www.lga.gov.uk (accessed May 2007). The outbreak of SARS affected tourism to and from Hong Kong and Canada where the virus spread. The latest example of an epidemic was avian flu, which frightened customers away from destinations such as Turkey.

Case study

Bird flu in Turkey?

Turkey was... tipped to be a front-runner in the short/medium-haul market this year, but reports about avian flu in the eastern parts of the country in January 2006 badly affected the early booking period, even though these outbreaks amongst poultry would have no effect on tourists.

(Source: www.abtamembers.org, accessed May 2007)

The most unexpected threat at present seems to be terrorism. Events in New York, Madrid and Bali acted as an obvious deterrent for a number of visitors to those destinations. Terrorist atrocities, and a destination's ability to recover from them may be seen as a real popularity test. Some destinations, in spite of attacks, still attract significant visitor numbers and tourist confidence seems unaffected.

Case study

Are we still scared to go to Egypt?

Bookings to Egypt have again been high, despite the terrorist attack in Sharm el Sheikh in July 2005. Growth has been driven by visits to this top diving destination, even though visits to the ancient sites in either Cairo or the Valley of the Kings are still popular. ...the exciting scuba diving and year-round sunshine of the Sinai desert present great value for money and excellent hotel accommodation is also securing growth.

(Source: www.abtamembers.org, accessed May 2007)

ACTIVITY

Read through reports in the press of other destinations affected by natural disasters, health warnings or terrorism. Assess the damage caused by them.

More travellers are now choosing their tour operators according to their commitment to environmental issues, therefore some tour operators have learnt to make this their selling point.

Case study

How committed is AITO?

At AITO we take our responsibilities to the environment, to local cultures and to sustainability very seriously. AITO members recognise that the destinations where they provide holidays are the life blood of the industry.

(Source: www.aito.co.uk, accessed May 2007)

ACTIVITY

Read more about AITO and find out what its contribution to responsible tourism is.



With the rise in popularity of low-cost airlines, particularly in Europe, fares have tumbled due to the increased competition and a revised approach to airline operations. Yet cheap travel may soon be a thing of the past due to the proposed 'green' taxes on airlines, which are considered one of the greatest polluters. Other forms of transport, particularly those considered to be 'greener and cleaner', such as rail, may start competing more with air travel.

Development of tourism

Tourism clearly continues to grow, in spite of periods of low demand and the temporary effects of terrorism and natural disasters. With the increase in globalisation, business travel, especially the conference and events market, is on the increase.

There are new generating markets such as Russia, India and China, which the UK is planning to attract.

Cruising continued to grow in 2005 and now makes up about 5 per cent of the travel industry. There has been a 13 per cent increase in cruise passengers choosing to sail from UK ports.



Case study

The future of cruising

It is estimated that 1.5 million British people will take a cruise by 2008. A steady stream of new ships will ensure that a keen cruiser will continue to have plenty of choice. Cruises can be traditional and formal – Cunard has announced that there will be a third *Queen* to join its fleet, *Queen Victoria*, or they can be activity-based and informal – such as *Ocean Village* – and there are many ranges in between. Meanwhile Royal Caribbean Cruise Lines has announced the building of a 5400 passenger megaship.

(Source: www.abtamembers.org, accessed May 2007)

Assessing the outcome

Having reached this stage of your interview, you are now asked to describe the key trends and factors that are likely to have an impact on the development of travel and tourism.

- Describe three key trends and three factors that are affecting or are likely to affect the development of travel and tourism (**P5**).

EDEXCEL
CHANGE

Improve your grade

If you are reading this part of the unit, you are clearly interested in achieving higher grades. To do so you need to be clear how to get there. This section of the unit endeavours to give you that understanding.

First, we encourage you to do all the activities provided in this unit. They provide a firm basis for your understanding of the travel and tourism industry and for your further research, which will lead you hopefully to a merit or distinction. Without basic knowledge, you cannot achieve higher grades.

You can start off by working on your pass criteria and gradually get to a merit or distinction. For example, criteria **P1**, **P2** and **M1** are linked together. While for **P1** and **P2** you will be describing (*saying how things are*), for **M1** you are expected to explain (*give reasons, answer the why and how questions*). If you are not sure what you are expected to do, check the Glossary at the back of the book to get a better idea.

Having completed all the activities, you will be able to describe different accommodation providers in terms of their products, services, prices and location. This will be sufficient for a pass grade, while heading for a merit you give reasons why accommodation providers work with tourist boards in this country to attract domestic customers. Another example could be why tour operators work with travel agents and how this relationship has recently been changing. This way you will satisfy the requirements of the merit criterion.

When you preparing evidence for **P3**, with some extra work you will also gain **M2** and possibly **D1**. Your task in this textbook requires you to research six selected organisations and identify their roles and funding. If you spend more time on this task and compare the roles and responsibilities of travel and tourism organisations from the profit and not-for-profit sectors, you will satisfy the merit criterion.

EDEXCEL
CHANGE

EDEXCEL
CHANGE

Make sure, however, that you select a variety of organisations so there are some similarities as well as differences. If you then wish to take it further, and attempt a distinction, you need to assess (*make value judgements*) how the roles and responsibilities of travel and tourism organisations from the profit and not-for-profit sectors affect their operations. For example, if not-for-profit companies receive money from the government, how does this affect their operation? Do they achieve their objectives, thus satisfying their stakeholders?

When working on **P4** you can also work on **P5**, as some recent developments will influence the immediate future of travel and tourism so you can use them to form predictions and trends. This part of your assignment requires a lot of research as you may not be familiar with various issues and may not understand their significance immediately. Ask your tutor for clarification but also be prepared to do some finding out yourself and do not give up easily. Remember, you are aiming for higher grades! Choose developments that interest you, as you will find it easier to learn about them. You do not need to cover them all: choose the ones you understand and are able to explain (*give reasons, answer why/how questions*).

EDEXCEL
CHANGE

For **D2**, you need to recommend (*make suggestions*) and justify (*give good reason*) how the travel and tourism industry could respond to key trends and factors affecting the future development of travel and

tourism. If you do not have many ideas of your own, speak to people who work for travel and tourism organisations as they deal with similar issues on a fairly regular basis. Don't be put off: try more than one contact, get in touch with the Tourism Society or your local tourist board. Eventually, they will give you some help and inspiration.

EDEXCEL
CHANGE

Top tips

- You must know the components of travel and tourism before you can begin to explain how they interrelate.
- You must know the sectors, roles and responsibilities of different organisations before you start to compare them or assess their impact.
- You must know about developments before you can explain their impact and recommend how to respond to them.
- You must know what evidence you need to produce (in what form, i.e. report, presentation) and on which topic (e.g. components of the travel and tourism industry).
- You must be clear as to what you are expected to do (e.g. describe, explain, assess) to achieve each criterion.
- You must research and use examples to support your statements.

