

Unit 40: Tour Operations Management

Unit code: T/601/1753

QCF level: 4

Credit value: 15

● Aim

This unit enables learners to gain understanding of the tour operators industry, the stages involved in creating holidays, brochures and methods of distribution used to sell holidays, and strategic decision making.

● Unit abstract

Learners will investigate the tour operators industry of the travel and tourism sector, including the different types of operator, their products and services, the scale of the industry and how it has been affected by trends and developments. Management issues will be covered by examining strategic and tactical decision making in order to develop learners' decision-making skills.

Learners will explore the stages involved in creating a holiday and develop skills associated with determining a selling price for a holiday from given information.

The role of the brochure will be reviewed against the introduction of new methods of promoting holidays. Learners will also review distribution methods used by tour operators to sell holidays, including the traditional use of travel agencies and the emergence of methods such as the internet and television.

● Learning outcomes

On successful completion of this unit a learner will:

- 1 Understand the tour operators industry within the travel and tourism sector
- 2 Understand stages involved in creating holidays
- 3 Be able to review brochures and methods of distribution used to sell holidays
- 4 Understand strategic and tactical decision making for tour operators.

Unit content

1 Understand the tour operators industry within the travel and tourism sector

Tour operators: as defined by EU Package Travel Directive; different types of tour operators including outbound operators, domestic operators, incoming operators, specialist operators, direct sell operators

Industry: identification of major tour operators including their origins, ownership, market segments, competition, identification of specific operators within each category; scale eg number of passengers carried, market share, turnover; products and services to meet different markets; vertical and horizontal integration in leading operators; impact of integration; European and global links; trends to include changing trends in holidays (eg mass market tourism to customisation, product range, all-inclusive holidays), expansion of the cruise market; environmental awareness of tour operators, responsible tourism; effect of economy and other external factors eg discounting, emergence of e-commerce, budget airlines; role of trade bodies including The Travel Association (ABTA), Association of Independent Tour Operators (AITO), Federation of Tour Operators (FTO), UKinbound, the UK Civil Aviation Authority (CAA)

2 Understand stages involved in creating holidays

Stages: steps eg market research; planning and scheduling; forecasting; contracting eg allocation, commitment, ad hoc, time series charters, split charters, ad hoc chartering, scheduled services, using air brokers; costing the holiday (fixed and variable costs, direct and indirect costs, load factors, mark-up, profit margins, seasonal flexing, competitive pricing, skimming, special offers, discounting strategies, currency exchange eg forward buying of currency, interest earning, cash flow); timescales

3 Be able to review brochures and methods of distribution used to sell holidays

Brochures: recognition of the planning issues including deciding the format (content, structure, style, paper quality, size), based on product, target market and budget, determining print specifications, print run, multiple editions; timescales and stages of production including creative brief, copywriting, proofing, colour proof, printing; brochure launch; recognition of legal implications; other formats eg CD, video, internet, intranet, television; examination of distribution channels eg direct mail, specialist carriers, haulier, consolidated delivery companies, travel agencies, intensive/selective distribution systems; racking agreements

Methods of distribution: methods eg direct sell, agencies, call centres, internet, teletext, telephone

4 Understand strategic and tactical decision making for tour operators

Strategic: examination of strategic decisions eg volume, pricing strategies, surcharge policy, positioning and image/branding, choice of product in relation to customer portfolio, distribution decisions; investment funded by capitalisation eg cruise ships and aircraft

Tactical: responses eg triggered by competition, price wars, external factors; decisions eg fluid pricing, yield management, maximising occupancy of contracted beds, utilisation of coach and aircraft seats, consolidations; tactical marketing eg discounting, late sales

Learning outcomes and assessment criteria

Learning outcomes On successful completion of this unit a learner will:	Assessment criteria for pass The learner can:
LO1 Understand the tour operators industry within the travel and tourism sector	1.1 analyse the effects of current and recent trends and developments on the tour operators industry
LO2 Understand stages involved in creating holidays	2.1 assess the stages and timescales involved in developing holidays 2.2 evaluate the suitability of different methods of contracting for different components of the holiday and different types of tour operator 2.3 calculate the selling price of a holiday from given information
LO3 Be able to review brochures and methods of distribution used to sell holidays	3.1 evaluate the planning decisions taken for the design of a selected brochure 3.2 assess the suitability of alternatives to a traditional brochure for different types of tour operator 3.3 evaluate the suitability of different methods of distribution used to sell a holiday for different types of tour operator
LO4 Understand strategic and tactical decision making for tour operators	4.1 evaluate the strategic decisions made by different types of tour operator 4.2 compare the tactical decisions that could be taken by a selected tour operator in different situations

Guidance

Links

This unit can be linked successfully with:

- *Unit 8: Marketing in Hospitality*
- *Unit 37: The Travel and Tourism Sector.*

This unit maps to the following Management NVQ units:

- B1: Develop and implement operational plans for your area of responsibility
- B2: Map the environment in which your organisation operates
- F4: Develop and review a framework for marketing.

Essential requirements

The assignments must encourage learners to research extensively and independently, to appreciate how the industry has developed, the size, scale and complexities of tour operators today, and to examine the implications of current trends and decision making for the industry.

It is essential that a visit to at least one tour operator is organised, supported by a variety of guest speakers, to enable learners to gather sector-specific information which cannot be found elsewhere.

Given the diversity of the tour operators' industry, it is important that learners are given first-hand experience of different types of tour operator to support learning. This can be achieved by using specialist guest speakers and through visits to tour operators to support independent research and delivery.

Employer engagement and vocational contexts

The unit requires a visit to at least one tour operator.

The unit requires a series of presentations from visiting speakers in the industry, from whom specific information can be gained.

Visits to tour operators and talks by tour operating personnel would help to support knowledge and understanding for others units within the qualification. Aspects of core subjects such as marketing and finance would be included automatically on a well-structured visit to a tour operator, while specialist subjects including overseas resort management could be covered in some depth with selected operators. An integrative approach to visits and industry guest speakers should be explored to ensure maximum benefit is derived from such activities.