

Unit 13: Tour Operations

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| Unit code: | T/600/9498 |
| QCF Level 3: | BTEC National |
| Credit value: | 10 |
| Guided learning hours: | 60 |

● Aim and purpose

The aim of this unit is to develop learners' understanding of the dynamic and challenging world of tour operations and for them to appreciate the variety of tour operators' products and services. Learners will gain knowledge of how tour operators plan, sell and administer a package holiday programme and will also develop practical skills to plan and cost a package holiday.

● Unit introduction

Every year millions of people turn to tour operators to provide them with holidays to all corners of the world. In this unit learners will explore how tour operators link with different types of travel and tourism organisations to provide a wide range of holiday experiences. They will see that tour operators must respond to legislation and external influences, and also face many challenges in the constantly changing travel and tourism sector. Learners will investigate these challenges and the ways in which tour operators respond to them.

Tour operators are at the forefront of the travel and tourism sector, constantly seeking out new destinations and holiday experiences to satisfy the ever-demanding and ever-changing needs of today's holidaymakers. Different types of tour operators will be identified and learners will examine how they develop an extensive portfolio of products and services to meet differing customer needs.

Whatever their size, tour operators must work through the same processes when planning, developing, selling and operating their holiday programmes. These different functions will be examined and time scales identified. Learners will find that tour operators compete in a commercially sensitive environment and they will identify how commercial considerations inform many of the business practices.

Practical skills will be developed in the planning and costing of a tour operator's package holiday, allowing learners to appreciate some of the commercial decisions to be made in this competitive industry.

● Learning outcomes

On completion of this unit a learner should:

- 1 Understand the tour operations environment
- 2 Know the range of products and services offered by tour operators for different target markets
- 3 Know how tour operators plan, sell, administer and operate a package holiday programme
- 4 Be able to plan and cost a package holiday.

Unit content

1 Understand the tour operations environment

Links with other component industries: travel agents; transport providers; accommodation providers; providers of ancillary products and services eg insurance, car hire; horizontal and vertical integration

Links with trade and regulatory bodies: The Travel Association (ABTA); Federation of Tour Operators (FTO); Association of Independent Tour Operators (AITO); UKInbound; Civil Aviation Authority (CAA)

Legal framework: EU Package Travel Regulations; consumer protection eg Trades Description Act, Consumer Protection Act, Disability Discrimination Act; contract law; licensing eg Air Transport Operators Licence (ATOL)

External influences: environmental eg hurricanes, floods; political eg terrorism, strikes, taxes; economic eg currency fluctuations, price of oil; social eg UK demographics, exploitation in host country; technological eg internet, computerised reservation systems

Challenges: eg dynamic packaging, distribution channels, integration, budget airlines, maintaining market share, trend towards independent travel, responsible tourism

2 Know the range of products and services offered by tour operators for different target markets

Tour operator categories: outbound; inbound; domestic; specialist; mass market

Products and services: components of standard package; tailor made; range of destinations; accommodation choices; transport options; ancillary products and services

Target market: eg families, couples, solo travellers, specific age groups, special interests, people with specific needs

3 Know how tour operators plan, sell, administer and operate a package holiday programme

Planning: research; forecasting; product development; methods of contracting; costing the package; data input; timescales

Sell: brochure production; pricing strategies; distribution eg travel agents, internet, direct sell; promotions eg advertising, sales promotions, sponsorship; reservations; commission; late sales

Administer: confirmations; rooming lists; passenger manifests; errata; cancellations; amendments; travel itineraries; ticketing

Operations: consolidations; load factors; over-bookings; transport operations; duty office; UK and overseas resort liaison; health and safety; emergency situations; crisis management; quality control; customer service (pre-, during and post-holiday); excursion sales

Commercial considerations: maximising profitability; links to different planning, selling, administrative and operational functions

4 Be able to plan and cost a package holiday

Plan: destination; transport; accommodation; excursions (included, optional); activities; additional services

Cost a package holiday: using load factors; mark-up or profit margin; currency conversions; fixed costs; variable costs

Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

| Assessment and grading criteria | | |
|--|---|--|
| To achieve a pass grade the evidence must show that the learner is able to: | To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to: | To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to: |
| P1 explain the tour operations environment and the challenges it faces | M1 discuss the impact of challenges facing tour operators | D1 evaluate the effectiveness of tour operators in responding to challenges facing the sector |
| P2 describe the products and services provided by different categories of tour operator for different target markets | M2 analyse how a selected tour operator's portfolio of products and services meets the needs of its target market(s) | D2 recommend, with justification, how a selected tour operator could expand its range of products and services for its current target market or adapt its range of products and services to appeal to a new market. |
| P3 outline how tour operators plan, sell, administer and operate a package holiday programme, identifying commercial considerations | M3 explain ways of maximising profitability during the different stages of planning, selling, administering and operating a package holiday. | |
| P4 plan and cost a package holiday for inclusion in a tour operator's programme [CT 1, CT 2, CT 3, CT 4, CT 5, CT 6]. | | |

PLTS: This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

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| Key | IE – independent enquirers CT – creative thinkers | RL – reflective learners TW – team workers | SM – self-managers EP – effective participators |
|------------|--|---|--|

Essential guidance for tutors

Delivery

It is likely that learners will have already identified the role of tour operators when examining the structure of the UK travel and tourism sector in *Unit 1: Investigating the Travel and Tourism Sector*. A simple recap would be useful and this could be achieved by asking learners to produce their own definition of tour operators and a summary of their role within the sector, perhaps producing a diagram that highlights their position within the structure. Holiday brochures will help learners to identify how tour operators link with other component industries when providing and selling holiday packages. Links with trade and regulatory bodies and the legal framework could be researched in small groups, culminating in short, informal presentations.

Vertical and horizontal integration can be a difficult concept for some learners and they will benefit from being given simple definitions, followed by practical tasks using the internet and holiday brochures to research one of the large integrated organisations. Findings could be presented in the form of a diagram and could then be compared with one of the integration charts that are produced from time to time by the trade press.

Tutors will need to explain how the travel and tourism sector is constantly changing (which is why textbook models of integration are likely to be out of date). Learners will need to read the trade press regularly in order to keep abreast of changes of ownership and takeovers. Tutors could initiate a debate or discussion on the impact of integration to determine whether integration is a good or bad force within the sector, and about the challenges integration creates.

Research activities could be developed to examine external influences including environmental, political, economic, social and technological influences. Hurricanes, the credit crunch, unemployment and terrorist activities are just a few occurrences that can present significant challenges for tour operators. A noticeboard could be created in the classroom to display any topical events or issues.

Learners need to appreciate that there are hundreds of different tour operators, falling broadly into the categories of outbound, inbound, domestic, mass market and specialist. Learners, in pairs or small groups, could research to identify tour operators within each of the categories, and the range of products and services they offer. The internet is an excellent source of information, as are holiday brochures; however, tutors should discourage indiscriminate collection of holiday brochures. Learners will find that most tour operators have products and services that target different market segments and this will be reflected in some of the accommodation, travel, destination and ancillary services choices provided.

Learners need to understand that all tour operators, whether large or small, carry out the same functions when planning, selling, administering and operating the holiday package. Larger tour operators may have separate departments to carry out a particular function whereas a very small tour operator might have just one person responsible for a range of functions. A practical task could involve learners organising a college trip and relating the activities they carry out to the functions of tour operating. A visit to a large- or medium-sized tour operator would be very beneficial so that learners can see how tour operators work and how the different functions are carried out.

Additional tutor input on planning, selling, administration and operations will be required. Activities using case studies can reinforce understanding of aspects such as different methods of contracting, currency considerations and pricing strategies. It is essential that learners develop a sound understanding of all functional areas.

Discussions are to be encouraged to help learners appreciate commercial considerations, the difficulties tour operators have in making a profit and to identify ways in which profit can be maximised within the planning, selling, administrative and operational functions.

In preparation for assessment, learners will need to practise designing and planning a package. Working in groups to a specific brief, they could practise by planning a college trip. As part of the planning, they would need to consider transport options, type of accommodation and board basis, excursions and activities. Each group could present their proposals to the class and vote on the most interesting proposals.

Tutors should explain the terms 'load factor', 'mark up', 'profit margin', 'fixed costs' and 'variable costs' and then work through simple costing exercises to show how these terms are used.

When learners have understood the process for costing a package, exercises should be designed to put this into practice. Tutors may need to devise additional exercises before learners become confident in working with these calculations.

Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way of planning the delivery and assessment of this unit.

| Topic and suggested assignments/activities and/assessment |
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| Introduction and overview of the unit |
| Quiz – So what do you know about tour operating? |
| Introduction to Assignment 1 |
| Review of brochures and websites to identify key links with other component industries |
| Research using brochures and websites to identify vertical and horizontal integration |
| Discussion on pros and cons of integration |
| Small group research activity into trade and regulatory bodies |
| Presentations |
| Review of legal actions against tour operators – group activity |
| Discussion |
| Identification of key laws – paired research |
| Review of trade press and articles, eg Travelmole, to identify external influences facing tour operators |
| Sharing findings, agreeing key impacts of external influences |
| Case studies on challenges facing tour operators |
| Discussion on responses to challenges |
| Additional independent research into challenges and responses |
| Assignment 1: Tour Operations Today (P1, M1, D1) |
| Producing an article for review of the tour operations environment, the impact of challenges and responses to them |
| Feedback on assessment. |
| Introduction to Assignment 2 |
| Class activity to match different target markets to different tour operators |
| Identification of products and services to meet needs of different target markets |
| Paired work to research different domestic tour operators, products and services |
| Short presentation to class |

Topic and suggested assignments/activities and/assessment

Pen portraits based on finding suitable inbound tour operators

Reviewing their products and services

Small group activity to produce display on products and services of a mass market tour operator

Identifying different types of specialist tour operators

Individual research into products and services of selected specialist tour operator using brochures, website

Assignment 2: Tour Operator Profiles (P2, M2, D2)

Preparing and making presentation on the products and services of different tour operators

Analysing how these meet the needs of the target market

Recommending new or adapted products and services

Feedback on assessment

Introduction to Assignment 2, functional areas and assessment

Visit to a tour operator or guest speaker to see/hear about different functional areas

Input and discussion on functional areas

Producing a flow chart in class, with timescales

How to cost a package holiday – worked example, explanation of terminology and methodology

Practise costing activities

Assignment 3: Tour Operations in Action (P3, P4, M3)

Producing a handbook on different functional areas for new staff

Planning and costing a package holiday

Written explanation of how to maximise profitability

Feedback on assessment and unit review

Assessment

The assessment criteria can be grouped together to enable learners to expand on one criterion in order to gain higher grades where appropriate. The links are as follows: P1, M1 and D1; P2, M2 and D2; P3, P4 and M3. Where possible learners should be encouraged and given the opportunity to achieve the relevant higher grades at the same time as they attempt the appropriate pass criteria.

Centres should design their assessment strategies to meet a range of individual needs and the local work environment. Assessment should encourage the learners to apply knowledge gained from this unit and reflect on understanding gained from other units

P1 – M1 – D1

For P1, learners will explain how tour operators work with other component industries of the travel and tourism sector. Links with travel agents, providers of transport, accommodation and ancillary products and services will be explained, together with the relationship tour operators have with trade and regulatory bodies. Horizontal and vertical integration has had a significant impact on the tour operations environment and learners should demonstrate, with relevant examples, their understanding of these terms. Tour operators must work within a legal framework and the relevance of key regulations, laws and licensing should be described. Learners should demonstrate their awareness of the way in which environmental, political, economic, social and technological factors can influence the sector and highlight current challenges for the tour operations environment, for example budget airlines and the internet.

There is a natural progression from P1 to M1, where learners should discuss the impact of challenges facing the tour operators. A minimum of four challenges should be examined and analysed to achieve M1. Relevant examples showing how they impact on tour operators should be given to support the discussion. The discussion can be in a written format or presented verbally to a tutor with opportunities for questioning.

Evaluation of the success, or otherwise, of tour operators' responses to challenges will provide evidence for D1. At least two challenges should be addressed for D1. This must be supported by recent examples and might include evidence of how tour operators have responded to the credit crunch or how specific tour operators are responding to challenges created by the internet or budget airlines. Learners must make some judgement on their effectiveness

It is likely that evidence for P1, M1 and D1 will be in the form of a written report or an article on tour operations today.

P2 – M2 – D2

P2 aims to show the diversity and scope of tour operators' products and services. Different categories should be described with relevant examples. Learners should then select one tour operator from each of the categories (four in total), identify their target market(s) and provide a review of the products and services they offer.

For M2, learners must analyse how the range of products and services for one selected tour operator meets the needs of their target market(s). They must demonstrate a sound understanding of what those needs are and how they are met by the current range of products and services. Learners should select their tour operator carefully to facilitate the achievement of both M2 and D2.

For D2, learners must review the product range and make recommendations for how it could be expanded to widen its appeal to the tour operator's existing target market or adapted to widen its appeal to a new target market. Recommendations must be supported by a clear rationale and justification. Examples might be to add new destinations that would appeal to the current target market and complement existing destinations or to branch out to take advantage of recent trends and attract new target groups, for example extreme sports. Assessment could be in the form of an exhibition and learners should be encouraged to choose different operators to avoid repetition. In this way the wide range and diversity of tour operators will become apparent. Detailed observation records will be needed to support evidence presented in this way.

P3 – P4 – M3

To achieve P3, learners must describe the functions of tour operating, with examples of how they are carried out, covering the full range prescribed for planning, selling, administration and operations. Timescales and commercial considerations should be evident within the descriptions. Evidence could relate to a visit to a tour operator or could describe the functions for a hypothetical tour operator.

P4 is a practical assessment in which learners must plan a package holiday, then calculate a selling price using load factors, mark-up or profit margin, currency conversions and fixed and variable costs. Tutors could ask learners to plan and cost a specific type of package, for example a trip aimed at school or college learners, giving them a choice of accommodation, transport and other components, together with some prices for each component. Learners could then plan their package within these parameters, make decisions about mark-up and load factor and calculate a selling price. Evidence will be in the form of a description of the planned package, identification of all components, an accurate cost breakdown and a rationale for the decisions made on load factor and mark-up.

For M3, learners must explain, with specific examples, ways in which profitability could be maximised. Aspects such as methods of contracting, consolidations, currency exchange, cancellation charge and commission must now be explained to show how they could contribute to its profitability.

Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Edexcel assignments to meet local needs and resources.

| Criteria covered | Assignment title | Scenario | Assessment method |
|------------------|---|---|---|
| P1, M1, D1 | Assignment 1: Tour Operations Today | Working for a tour operator. Producing an article for review of the tour operations environment, the impact of challenges and responses to them | An article entitled Tour Operations Today and its challenges |
| P2, M2, D2 | Assignment 2: Tour Operator Profiles | Working for the Product development department of a tour operator. Carrying out a review of the products and services of different tour operators Analysing how these meet the needs of the target market Recommending new or adapted products and services | Presentation on the products and services of tour operators |
| P3, P4, M3 | Assignment 3: Tour Operations in Action | Working for a tour operator. Producing a handbook on different functional areas for new staff. Planning and costing a package holiday Explanation of how to maximise profitability | Handbook on the functional areas of tour operations and how to plan and cost a package holiday and maximise profits |

Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC travel and tourism sector suite. This unit has particular links with:

| Level 2 | Level 3 |
|--|---|
| The UK Travel and Tourism Sector | Investigating the Travel and Tourism Sector |
| UK Tourism Destinations | The UK as a Destination |
| European Holiday Destinations | Marketing Travel and Tourism Products and Services |
| Worldwide Holiday Destinations | Preparing for Employment in Travel and Tourism |
| Holiday Planning | European Destinations |
| Preparing for Employment in Travel and Tourism | Long-haul Travel Destinations |
| | Retail Travel Operations |
| | Specialist Tourism |
| | Working as a Holiday Representative |
| | Work Experience in the Travel and Tourism Sector |
| | Researching Current Issues in Travel and Tourism (L4) |

Essential resources

Access to the internet and a wide range of tour operators' brochures are essential for delivery of this unit.

Employer engagement and vocational contexts

A visit to, or a talk by, a tour operator could help learners to appreciate the functional areas of tour operations.

This unit links to the following NOS in Travel and Tourism:

- TT22 Contribute to supporting and developing colleagues
- TT37 Deal with travel and tourism problems and emergencies
- TT38 Contribute to maintaining the quality of travel and tourism operations
- TT39 Research and develop tour itineraries.

Indicative reading for learners

Textbooks

Dale G – *BTEC Level 3 National Travel and Tourism Student Book 1* (Pearson 2010) ISBN 9781846907272

Dale G – *BTEC Level 3 National Travel and Tourism Student Book 2* (Pearson 2010) ISBN 9781846907289

Dale G, Kelly M, King C and Jefferies M – *BTEC Level 3 National Travel and Tourism Teaching Resource Pack* (Pearson 2010) ISBN 9781846907296

Holloway C – *The Business of Tourism* (Pearson, 2009) ISBN 9780273717102

James E, Thirlaway J and Woodhouse U – *BTEC National in Travel and Tourism* (Hodder Education, 2007) ISBN 9780340945735

Journals

Travel Trade Gazette

Websites

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|-----------------|--|
| AITO | www.aito.co.uk |
| ABTA | www.abta.com |
| Cosmos | www.Cosmos-Holidays.co.uk |
| Crystal | www.crystalski.co.uk |
| Eurocamp | www.eurocamp.co.uk |
| Exodus | www.exodus.co.uk |
| First Choice | www.firstchoice.co.uk |
| FTO | www.fto.co.uk |
| Kuoni | www.kuoni.com |
| Saga Holidays | www.saga.co.uk |
| Thomas Cook | www.thomascook.com |
| TUI/Thomson | www.thomson.co.uk |
| UKInbound | www.ukinbound.co.uk |
| Virgin Holidays | www.virginholidays.co.uk |

Delivery of personal, learning and thinking skills (PLTS)

The table below identifies the personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

| Skill | When learners are ... |
|--------------------------|--|
| Creative thinkers | planning and costing package holidays for inclusion in a tour operator's programme [CT 1, CT 2, CT 3, CT 4, CT 5, CT 6] |

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

| Skill | When learners are ... |
|----------------------|--|
| Team workers | working in small groups to plan and cost package holidays for inclusion in a tour operator's programme |
| Self-managers | managing the assessment of the unit |

● Functional Skills – Level 2

| Skill | When learners are ... |
|---|---|
| ICT – Use ICT systems | |
| Select, interact with and use ICT systems independently for a complex task to meet a variety of needs | exploring package holidays for inclusion in a tour operator's programme |
| Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used | planning the assessment of the unit |
| Manage information storage to enable efficient retrieval | exploring package holidays for inclusion in a tour operator's programme |
| Follow and understand the need for safety and security practices | ongoing |
| Troubleshoot | as required |
| ICT – Find and select information | |
| Select and use a variety of sources of information independently for a complex task | exploring package holidays for inclusion in a tour operator's programme |
| Access, search for, select and use ICT-based information and evaluate its fitness for purpose | exploring package holidays for inclusion in a tour operator's programme |
| ICT – Develop, present and communicate information | |
| Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> • text and tables • images • numbers • records. | presenting package holidays for inclusion in a tour operator's programme |
| Bring together information to suit content and purpose | presenting package holidays for inclusion in a tour operator's programme |
| Present information in ways that are fit for purpose and audience | presenting package holidays for inclusion in a tour operator's programme |
| Mathematics | |
| Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations | costing package holidays for inclusion in a tour operator's programme |
| Identify the situation or problem and the mathematical methods needed to tackle it | costing package holidays for inclusion in a tour operator's programme |
| Select and apply a range of skills to find solutions | costing package holidays for inclusion in a tour operator's programme |
| Use appropriate checking procedures and evaluate their effectiveness at each stage | checking the costing of package holidays for inclusion in a tour operator's programme |

| Skill | When learners are ... |
|--|---|
| Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations | costing package holidays for inclusion in a tour operator's programme |
| Draw conclusions and provide mathematical justifications | costing package holidays for inclusion in a tour operator's programme |
| English | |
| Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts | discussing package holidays for inclusion in a tour operator's programme |
| Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions | researching package holidays for inclusion in a tour operator's programme |
| Writing – write documents, including extended writing pieces, communicating information, ideas and opinions effectively and persuasively | presenting package holidays for inclusion in a tour operator's programme |