

Unit 2: The Business of Travel and Tourism

Unit code:	D/600/9480
QCF Level 3:	BTEC National
Credit value:	10
Guided learning hours:	60

● Aim and purpose

This unit will enable learners to gain knowledge and understanding about travel and tourism as a business and appreciate that travel and tourism organisations operate and have a role to play in a business environment. They will learn about how travel and tourism organisations gain competitive advantage to meet their aims and be successful, and will demonstrate business skills in presenting a business case for a feasible business enterprise.

● Unit introduction

Anyone joining a travel and tourism organisation (or thinking of starting up their own) should know where it fits within the travel and tourism business environment, understand its key characteristics and how the organisation gains a competitive advantage over others.

Look at the financial pages of any newspaper and you will see that external confidence in an organisation is largely determined by its financial performance. It is important to learn about the organisational and financial characteristics of a business and that these are determined by the way it is owned and controlled. This unit is about exploring real organisations. Learners will investigate organisations from different component industries, looking at their organisational and financial characteristics and how they gain competitive advantage over others.

The unit culminates in learners producing a business case for a travel and tourism business enterprise. The focus is on producing a case for a business enterprise that has been well researched, includes a clear cash flow forecast, is financially feasible and will meet the set objectives. This will allow them to apply their knowledge and skills of business structures, how to gain competitive advantage, how to operate within financial constraints and meet objectives.

● Learning outcomes

On completion of this unit a learner should:

- 1 Know the different types of organisations operating in the travel and tourism business environment
- 2 Know the characteristics of different types of travel and tourism organisations
- 3 Understand how travel and tourism organisations gain competitive advantage to achieve business aims
- 4 Be able to produce a business case for a travel and tourism enterprise within financial constraints.

Unit content

1 Know the different types of organisations operating in the travel and tourism business environment

Travel and tourism business environment: public sector; private sector; geographical eg local, regional, national, international, global; importance to international and UK economy eg GDP, employment

Types of organisations: public sector (government controlled, local government controlled, membership); private sector (public limited company, private limited company, partnership, limited liability partnership, sole proprietor, franchise); inbound; outbound; domestic tourism

2 Know the characteristics of different types of travel and tourism organisations

Characteristic – organisational: business structure eg companies, partnerships, government, members; business organisation eg vertically integrated, horizontally integrated, autonomous; control eg proprietor, board of directors, trustees; documentation for business set-up eg certificate of incorporation, memorandum of association, articles of association; liability eg to shareholders, to partners, to members, to taxpayers

Characteristics – financial: distribution of profits eg dividends to shareholders, retained profits/surplus; sources of finance eg bank, friends and family, shareholders, grants, public funding; to supply products and services eg to make a profit, at cost, to meet a demand, for customers, for other businesses, for government agencies; financial accountability eg to the HM Revenue and Customs, to Companies House; contribution to global and UK economy eg GDP, employment

3 Understand how travel and tourism organisations gain competitive advantage to achieve business aims

Aims: financial eg to increase revenue, to make a profit; image eg environmentally friendly, involved in responsible tourism; products eg improve quality, to meet a demand

Gaining competitive advantage: methods and opportunities eg providing added value, providing new and innovative products and services, embedding Total Quality Management, providing excellent customer service, training and developing staff, targeted advertising and promotion, innovative pricing policies, locational advantage, modern sales techniques, through integration, through consortium membership

4 Be able to produce a business case for a travel and tourism enterprise within financial constraints

Business case: objectives eg to make a profit, to raise funds, to cover costs; timescales; financial eg funding, costs, revenue; marketing eg strategy, mock-ups; actions required

Financial constraints: fixed sum available eg donation, loan, inheritance, public or private funding

Enterprise: eg business venture, charity/fundraising event, profit-making project

Cash flow forecast: cash inflows, eg sales, start-up capital; cash outflows eg payments, raw materials, loan repayments, overheads, purchase of fixed assets; net cash flow

Feasibility: the business case is researched and realistic and will achieve set objectives eg make a profit within given timescales, raise income and cover costs, meet a recognised demand, target appropriate markets, take account of competition, gain competitive advantage, raise money for charity

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 describe the travel and tourism business environment, providing examples of organisations	M1 compare the organisational and financial characteristics of two organisations with different business structures, and the methods and opportunities they have used to gain competitive advantage	D1 evaluate the links between an organisation's characteristics and its success in gaining competitive advantage and achieving its aims
P2 describe the organisational and financial characteristics of different types of travel and tourism organisations		
P3 review the methods and opportunities used by travel and tourism organisations to gain competitive advantage and achieve business aims, providing examples		
P4 produce a business case for a travel and tourism enterprise within financial constraints [EP 2, EP 3].	M2 present a business case, explaining its feasibility in order to meet the objectives.	D2 present a professional business case, responding confidently to questions and justifying its feasibility.

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.

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

Essential guidance for tutors

Delivery

Learners should be encouraged to produce a glossary of key business terminology encountered throughout the unit to aid with learning. Tutors should use discretion when establishing the order of delivery for this unit as learners may have already been introduced to the basics of this unit in previous work. To identify prior learning, tutors could produce a quiz where learners are asked questions, in teams, regarding the key areas of the unit.

Tutors should note that there is an opportunity for learners to link this unit to other units while producing the business plan for the enterprise, eg *Unit 5: Marketing Travel and Tourism Products and Services*, and *Unit 17: Events, Conferences and Exhibitions*.

To stimulate discussion, learners could initially look at the travel and tourism business environment within their local area by identifying the different types of travel and tourism organisations. For example, a high street travel agent may be local and owned by one person, or a partnership, or a regional limited company, or a national PLC. Learners can identify if organisations are involved with domestic, outbound and/or inbound tourism. A discussion about the importance of travel and tourism to the UK economy could be facilitated and learners should be provided with statistics or directed to find relevant data and statistics in order to appreciate the importance not only to the UK economy but worldwide.

Learners could be introduced to the organisational and financial characteristics of different types of organisations by using stimulus material such as extracts from newspapers, video clips from television programmes about companies or selected material from the relevant company websites. Having completed initial stimulus activities, learners could then work independently to select and then describe the organisational and financial characteristics of two different types of travel and tourism organisations. It is important that the focus of learners' investigations is on the organisational and financial aspects of the organisations as detailed in the content (ie the business structure, business organisation, control, business set up, liability, distribution of profits, sources of finance, the overall aim of the supply of products and services, financial accountability and contribution to global and UK economies). In Unit 1 learners have to investigate travel and tourism organisations and describe their role in relation to key aims, products and services, responsibilities to others, eg stakeholders, and contribution to global and UK economies. As there is some overlap it is beneficial for these units to be integrated for learning outcomes 1 and 2 from each unit.

To help learners to understand how organisations gain competitive advantage to meet their aims, learners could be introduced to the types of aims and objectives of different organisations. This could be through tutor input, scrutiny of textbooks or presentations from one or more guest speakers. Learners could discuss measures they would propose to meet the aims, perhaps working in small groups to share ideas, and then present their findings orally or in a display. Learners could then carry out research into the activities of travel and tourism organisations through visits, work experience, scrutiny of publications such as *TTG* or *Travel Weekly* or through company websites and, where available, company annual reports.

Learning outcome 4 is practical and provides learners the opportunity to be creative, innovative and enterprising. As a starting point learners could discuss how to go about organising a day trip for a group. This could be another group of students from their college or an outside group, eg a primary school or over 60s club. It should not be a trip for their own group as this will not cover the prescribed content. Learners will need to understand that they must set objectives, undertake research, produce a plan of action and a forecast of how much it will cost and when items will have to be paid, eg the entrance fees, transport, meals and accommodation. Learners will need to know if they have funds available, eg from the college/school, work out how much to charge the participants and when they should collect the money in order to pay the costs. At this stage learners should be introduced to simple cash flow forecasts and, ideally, practise producing them for the trip, to include cash inflows and cash outflows and net cash flow. Learners should be able to appreciate the need to produce a cash flow forecast in order to ensure that there is sufficient cash available to pay expenditure at relevant times throughout the period of the project. Learners will also need to consider the advertising and promotion and their target market with learners creating mock ups of their ideas for advertising and promotion. Through this activity learners should recognise the requirements of planning for a project and this will lead towards developing their knowledge and skills in order to put together a business case for a travel and tourism enterprise. Following this exercise, there should be lots of classroom discussions around setting up a small business enterprise. For the purposes of assessment, the enterprise can be a small business venture such as a visitor attraction, escorted walking holidays or guest house, or a large-scale project such as organising a three-day tourism exhibition in the local town hall or a charity event.

It would be beneficial for learners to examine real business plans and practise completing templates of business plans often provided by banks and business start-up organisations in business start-up packs to help them to build their own business case. It is beneficial to organise a business start-up specialist speaker and provide learners with the opportunity to ask questions and progress their ideas. Once they have decided on their business enterprise, subsequent classroom discussions should focus on whether the business case is feasible in terms of achieving set objectives including whether or not it will make a profit, hitting the target market, gaining competitive advantage.

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
Introduction to the unit
Identification of the business travel environment through classroom discussion and researching travel trade newspapers
Classroom activity to identify the travel and tourism business environment through investigating different travel and tourism organisations in the local area
Identifying and defining different types of travel and tourism organisations through class discussion, video clips and the travel press
Preparation for assessment
Assignment 1: The Travel and Tourism Business Environment (P1)
Feedback on assessment
Class input on organisational and financial characteristics of organisations
Research into different types of organisations in preparation for assessment
Class input for competitive advantage: discussion and investigation
Visits to organisations and/or visiting speakers to focus on methods and opportunities for gaining competitive advantage
Preparation for assessment
Assignment 2: Being Successful in Business (P2, P3)
Feedback on assessment
Preparation for assessment
Assignment 2: Being Successful in Business (M1, D1)
Feedback on assessment
Class input on business enterprise and producing a business case – discussion
Visiting speaker from a bank or business start-up advisor
Discussion and working in small groups to establish ideas for a business enterprise
Research and investigation into producing a business case
Preparation for assessment
Assignment 3: The Business Case (P4, M2, D2)
Feedback on assessment and unit review

Assessment

A variety of assessment methods could be used, including presentations, practical activities and displays, as well as the more formal written assignment approach. It is recommended that more than one method is used to cater for the different learning styles within a group.

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

Group activities may lend themselves to certain themes or assessments but it is essential that all learners keep a portfolio of their own work and have evidence of individually covering all the criteria for which they are credited.

P1 – P2 – P3 – M1 – D1

For P1, learners should describe the travel and tourism business environment by providing a short description of each item of range as follows: public sector; private sector; geographical, eg local, regional, national, international, global; importance to international and UK economy, eg GDP, employment. For each type of organisation listed in the content, including those in the brackets, learners should provide an example together with a brief description. An example would be: North West Travel is a small local coach operator situated in Blackburn; they operate day trips and coach tours to most parts of the UK. They are in the private sector and are set up as a private limited company. They are involved in domestic tourism.

For P2, learners should describe the organisational and financial characteristics of two different types of travel and tourism organisations with different structures. For example, they could select a medium national private limited company involved in outbound tourism and a local partnership involved in domestic tourism. All items of range must be included in the description. If the two organisations selected do not offer the opportunity to cover all the items of range, these items can be covered through other organisations.

For P3, learners should review the methods and opportunities used to gain competitive advantage and achieve aims by different types of travel and tourism organisations and provide examples to cover all types of aims, ie financial, image, products. Learners can use the same organisations as for P2 or other organisations in the sector to ensure full coverage of range. The examples provided must be sufficiently detailed to demonstrate that the learner understands how the method or opportunity has achieved the aim. For example, provide details about how an independent travel agent has used advertising to promote its image as being an agent that can put together a customised holiday because they have more expertise than the multiple agent – 'book with the experts for tailor made holidays designed to suit your needs'.

M1 progresses from P2 and P3 and learners should compare the financial and organisational characteristics of two travel and tourism organisations that have different business structures, eg companies, partnerships, government controlled, memberships. Learners should then compare the methods and opportunities they have used to gain competitive advantage to achieve aims. The two organisations selected for P2 and P3 can be used and it is expected that all items of range as listed for P2 and P3 will be covered in the comparison.

For D1, learners must demonstrate that they are able to evaluate links between the organisational and financial characteristics of an organisation and how this has helped the organisation to be successful in gaining competitive advantage to achieve their aims. For example, a small independent travel agent has become part of a consortium in order to compete with those agencies owned by large international integrated PLCs. As part of a consortium they can offer better commission levels and better deals to customers and so increase revenue. A large international tour operator, a PLC, aims to present an image of being a responsible tour operator with an awareness of the need to be environmentally friendly. The tour operator, because it is a PLC, has the capacity to launch a focused advertising and promotional campaign to raise its image and specifically train and develop its staff to promote the image. Learners should provide examples to cover all three types of aim, ie financial, image and products. Learners can use the organisations covered in P2 and P3

or other organisations in order to fully cover the range. The evaluation must be in depth and demonstrate a thorough understanding of the characteristics and the methods and opportunities utilised to be successful in today's travel and tourism business environment.

P4 – M2 – D2

To achieve P4, learners are required to produce a business case for a travel and tourism business enterprise within financial constraints. The enterprise should be a small business venture, eg a visitor attraction, escorted walking holidays or guest house, or it could be a large-scale project such as organising a three-day tourism exhibition in the local town hall or a charity event. The financial constraints can be set as part of the assignment by the tutor or left to the learners to state the finances available for the enterprise. Learners are not expected to run the project; they are expected to put together a business case to gain approval to run the project or small business venture and to present the business case to an accountant or financial advisor in order to judge its feasibility. Learners must set their objectives and undertake thorough research for all aspects of the enterprise. Full details must be included in the business case, together with a cash flow forecast, details of intended marketing materials and clear timescales for the setting up and operation of the enterprise. Learners must produce a business case that is feasible, ie researched and realistic and achieve set objectives, eg make a profit within given timescales, raise income and cover costs, meet a recognised demand, target appropriate markets, take account of competition, gain competitive advantage. The business case could be presented verbally with supporting evidence or in a written format. If presented verbally, it could be to a panel of business start-up experts, the panel being made up of external experts and tutors. Learners can achieve P4 even if the business case has room for improvement as long as the evidence includes objectives, timescales, financial and marketing details, a list of actions required, is within the specified financial constraints, has a cash flow forecast and is feasible.

To achieve M2, learners should explain the feasibility of the business case and justify how it will meet the objectives. Assessors can question learners to establish feasibility and check understanding in relation to timescales, financial feasibility and actions required in order to meet objectives. To achieve M2, the business case should be sound and the learners reasonably confident in their approach and their responses.

To achieve D2, learners should present a professional business case responding confidently to questions and justifying its feasibility. It is expected that the business case will have been thoroughly researched, presented in a professional format (written) or within a professional presentation (oral) and with supporting materials to clarify and expand on the details within the business case. Learners will respond confidently and knowledgeably to questions and be able to justify why their business case is feasible in terms of it being well researched, realistic and that it will meet its objectives. To achieve D1, there should be no areas of weakness. It is expected that the learner will present their business case to a panel including their tutor and where possible an external member.

Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the 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	Assignment 1: The Travel and Tourism Business Environment	Working for a travel and tourism organisation and giving a talk to local six form college students	Presentation and information sheets/posters
P2, P3 M1, D1	Assignment 2: Being Successful in Business	Working for a travel and tourism organisation and giving a talk to local six form college students	Research producing information packs on organisations Presentation with opportunities for Q and A.
P4 M2, D2	Assignment 3: The Business Case	Setting up own business enterprise	Producing a business case in written or verbal format Presenting the business case to a panel of business start-up experts

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
Exploring Marketing in Travel and Tourism	Investigating the Travel and Tourism Sector
Developing Employability Skills for Travel and Tourism	Marketing Travel and Tourism Products and Services
Organising a Study Visit	Events, Conferences and Exhibitions

Essential resources

For this unit learners need access to the internet and access to published material such as the travel trade press, newspapers and textbooks.

Employer engagement and vocational contexts

Learners should explore their local area and visit a variety of different organisations in order to understand the travel and tourism business environment. Group visits to travel and tourism organisations or visiting speakers from travel and tourism organisations would be beneficial to assist investigations into organisational and financial characteristics and how organisations gain competitive advantage and achieve their aims. For learning outcome 4, learners should be encouraged to talk to local business people who have set up travel and tourism enterprises in their local area. Links with business start-up organisations and banks would also be of benefit.

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) ISBN9781846907289

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, Seventh Edition* (FT Prentice Hall, 2006) ISBN 0273701614

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

Journals

Travel Trade Gazette

Travel Weekly

Websites

See Unit 1 for suggested websites for travel and tourism organisations.

Useful websites for learning outcome 4:

www.businesslink.gov.uk

www.smallbusiness.co.uk

www.startups.co.uk

Delivery of personal, learning and thinking skills (PLTS)

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

Skill	When learners are ...
Effective participators	producing a business case for a travel and tourism enterprise within financial constraints [EP 2, EP 3]

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 ...
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	researching the travel and tourism business environment and examples of organisations
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	planning the assignments
Manage information storage to enable efficient retrieval	researching the travel and tourism business environment and examples of organisations
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	researching the travel and tourism business environment and examples of organisations
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	researching the travel and tourism business environment and examples of organisations
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. 	recording the travel and tourism business environment and examples of organisations
Bring together information to suit content and purpose	recording the travel and tourism business environment and examples of organisations
Present information in ways that are fit for purpose and audience	recording the travel and tourism business environment and examples of organisations
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	sharing information about the travel and tourism business environment and examples of organisations
Mathematics	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	producing a business case for a travel and tourism enterprise within financial constraints
Identify the situation or problem and the mathematical methods needed to tackle it	producing a business case for a travel and tourism enterprise within financial constraints
Select and apply a range of skills to find solutions	producing a business case for a travel and tourism enterprise within financial constraints

Skill	When learners are ...
Use appropriate checking procedures and evaluate their effectiveness at each stage	producing a business case for a travel and tourism enterprise within financial constraints
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	producing a business case for a travel and tourism enterprise within financial constraints
Draw conclusions and provide mathematical justifications	producing a business case for a travel and tourism enterprise within financial constraints
English	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	discussing the organisational and financial characteristics of different types of travel and tourism organisations
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	researching the organisational and financial characteristics of different types of travel and tourism organisations
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions effectively and persuasively	describing the organisational and financial characteristics of different types of travel and tourism organisations