



COURSE GUIDE

HCM244 TOURISTSSITES:PRODUCTSANDOPERATIONSII

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Printed2012

ISBN:978-058-223-1

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Introduction

The tourism industry is oftentimes cited as an attractive agent of development or redevelopment, generating employment and foreign exchange in a destination. However, the degree to which tourism has the potential to contribute to the broader socio-economic development of a destination is, to a large extent, conditional on the natural environment that exists in the destination and the management decision taken by the industry and local government. External linkages beyond the destination, such as globalization, also affect potential development. At the same time, tourism development itself can bring change, complexity, uncertainty and conflict, creating opportunities and problems for analysts, planners, managers, decision makers, and members of the public (Mitchell, 1997). As Mitchell (1997) suggests, the challenge is to recognize the importance of these forces and to function in their presence, as well as knowing how to manage them so that they become an agent for positive change.

What You Will Learn in the Course

During this course, you will be learning about:

- Managing Tourism for Development
- Tour Operations Management
- Managing Tourism Distribution
- Managing Tourism Businesses

1. strategy for tourism management
2. managing urban tourism
3. managing the countryside for tourism: a governance perspective
4. tourism and the environment
5. marketing management for tourism
6. managing finance for tourism
7. ethics in tourism management
8. the role of government in the management of tourism
9. information and communication technologies for tourism
10. the management of crisis in international tourism

Course Aims

This course aims at:

- Knowing how to manage tourism for development
- Understanding tour operations management
- Teaching students on how to manage tourism business

- Examine strategy for tourism management
- Managing urban tourism
- Managing the countryside for tourism: a governance perspective
- Understand tourism and the environment
- Knowing marketing management for tourism
- Managing finance for tourism
- Examine ethics in tourism management
- The role of government in the management of tourism
- Information and communication technologies for tourism
- The management of crisis in international tourism

When all the above aims are considered, we can conclude that the major aim of the course is to expose you to various methods and techniques of managing tourism operations.

Working through this Course

For you to complete this course successfully, you are required to read the study units, reference books, and do other resources that are related to the unit. Each unit of the course contains Tutor Marked Assignment.

The Tutor Marked Assignment (TMA) is to be done immediately and submitted to our tutorial lecturer/course facilitator for assessment.

The medium to be used and the time to submit the TMA will be specified to you later. This course is a 2-credit course. As such you are expected to spend a minimum of two hours every week studying the course. You are expected to complete the entire course outline within a period of 18-25 weeks.

Study Units

In this course, we have discussed the topic of the course content titled Tourist Sites: products and operations under different topics. Based on this, the following units have been designed for the course.

Module 1

2

Unit 1

Unit 2

Unit 3

Unit 4

Unit 5

ManagingTouris
mfor
Development
TourOperations
Management
ManagingTouris
mDistribution
ManagingTouris
mBusinesses
SiteandVisitorMa
nagementattheNa
turalAttractions

Module2

Unit1	StrategyforTourismManagement
Unit2	ManagingUrbanTourism
Unit3	ManagingtheCountrysidefor Tourism:A GovernancePerspective
Unit4	TourismandtheEnvironment
Unit5	Marketing ManagementforTourism

Module3

Unit1	ManagingFinanceforTourism
Unit2	EthicsinTourism Management
Unit3	TheRoleofGovernmentin
Unit4	theManagementofTourismInformationandCommunications Technologiesfor Tourism
Unit5	TheManagementofCrisisinInternationalTourism

Theseunitsmustbetreatedsequentially;asalogicallinkexistsinthe arrangement. Every previousunitlays a foundationforsubsequentones. A maximumperiodofoneweekisrequiredfor everyunit.

TextBooksandReferences

Aswasearliermentioned,materialsrelevanttothecourseincludenotonlytheones belowbutalsoothersthatyoucanlayyourhandon.Butfornow,the followingreferences arerecommended.

- Bateson,J.E.G.andHoffman,D.K.(1996).*ManagingServices Marketing:TextsandReadings*(4thedition).HarcourtBrace:ForthWorth, TX.
- Baum,T.(1993).*HumanResourceIssuesinInternationalTourism*.Oxford:ButterworthHeinemann.
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- Buhalis,D.andLaws,E.(2001).*TourismDistributionChannels:Practices,IssuesandTransformations*.London:Continuum.
- Pender,L.J.(2001).*TravelTradeandTransport:AnIntroduction*. London:Continuum.

Schwella, E. (2000). Globalisation and Human Resource Management: Context, Challenges and Change. *Administratio Publica*, 10(2). 88-105.

Sharpley, R. and Telfer, D. J. (eds) (2002). *Tourism and Development: Concepts and Issues*. Clevedon: Channel View Publications.

Swarbrook, J. (1999). *Sustainable Tourism Management*. Wallingford: CAB International.

Course Evaluation

As stated before every unit of this course has an assignment attached to it. You are required to keep an assignment file. After every unit the assignments should be done. At the end of the course, the evaluations shall be as follows:

Assignment – 30%
Examination – 70%
Total = 100%

Out of all the assignments you will do, each one shall be marked and converted to 3%. At the end of the best 10 shall be selected so as to make up to 30%. The examination at the end of the course shall cover all aspects of the course.

Presentation Schedule

Specific dates for particular activities, such as submission of assignment, tutorials, schedules and examination dates shall be made available to you on a later date. This will enable you to plan your activities in the same line. The method of submitting your assignment and receiving other course materials shall be agreed upon on a later date. You should endeavour not to be falling behind the schedule whenever it is given.

Summary

By the time you exhaust this course, you will find it useful to manage the operations of any tourist site.

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MODULE1

Unit1	ManagingTourismfor Development
Unit2	TourOperationsManagement
Unit3	ManagingTourismDistribution
Unit4	ManagingTourismBusinesses
Unit5	SiteandVisitorManagementattheNaturalAttractions

UNIT 1 MANAGINGTOURISM FORDEVELOPMENT

CONTENTS

1.0Introduction
2.0Objectives
3.0MainContent
3.1TheNatureofTourisminDevelopment
3.2NatureofDestination
3.2.1CaseStudies(<i>CasinoNiagara</i>)
3.3GovernmentRegulatoryFrameworkfor DevelopmentOptimization
3.4IndustryManagementDecisionsfor DevelopmentOptimization
4.0Conclusion
5.0Summary
6.0Tutor-MarkedAssignment
7.0References/FurtherReadings

1.0INTRODUCTION

The tourism industry is oftencitedasanattractiveagentofdevelopmentorredevelopment,generatingemploymentandforeignexchangeina destination.However,thedegreetowhichtourismhasthepotentialto contributetothebroadersocio-economicdevelopmentofadestinationis,toalargeextent,conditionalonthenaturalenvironmentthatexistsinthedestinationandthemanagementdecisiontakenbytheindustryandlocalgovernment.Externallinkagesbeyondthedestination,suchas globalization,alsoaffectpotentialdevelopment.Atthesametime,tourismdevelopmentitselfcanbringchange,complexity,uncertaintyandconflict,creatingopportunitiesandproblemsforanalysts,planners, managers,decisionmakers,andmembersofthepublic(Mitchell,1997).AsMitchell(1997)suggests,thechallengeistorecognizetheimportanceoftheseforcesandtofunctionintheirpresence,aswellas knowinghowtomanagethemsothattheybecomeagentforpositivechange.

The study will explore management approaches to optimize tourism development potential.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- appreciate the changing nature of development in the context of tourism
- understand the role of the destination environment, government regulatory framework and industry management decision in optimizing development in a destination
- appreciate the competing ideologies and forces at work in a tourism destination.

3.0 MAIN CONTENT

3.1 The Nature of Tourism in Development

If tourism is to contribute to optimal development in a destination, it is necessary to understand the nature of development and what role, if any, tourism can play in promoting development. Development is a highly contested notion which has changed in scope over time (Telfer, 2002a). Initial definitions of development centered only on economic growth, a concept easily identified with tourism development. Indeed, those in favour of using tourism as an agent of development often note increases in employment or foreign exchange. Much more difficult, however, is to link tourism to the expanded notions of development as the term has come to include human betterment and the expansion of choice, incorporating social, moral, ethical and environmental considerations (Ingham, 1993). A further indication of the increasing complexity surrounding the term is Sen's (1999) call for expanding freedoms for development in terms of economic opportunities, Political freedoms, Social facilities, Transparency guarantees and protective security. The question is, then, how can tourism contribute to these expanded notions of development?

Importantly, not only has the definition of development changed, but how it is measured has also changed (Hashimoto, 2002). Hashimoto (2002) argues that many indices for measuring development are, however, based on western concepts and are not truly cultural-bias free. In an attempt to summarize the debate, Basu (2001) suggests that the development debate appears to be coasting towards a consensus. Developing nations must not focus their energies on the growth rates of their GDP, NNP or GNP, but should instead focus on achieving 'human development' or 'comprehensive development'.

One perspective attempting to incorporate many of the broader notions of development is 'sustainable development', often defined as meeting the needs of the present generation without compromising the needs of future generations (WCED, 1987). Development objects of sustainable development include the improvement of quality of life for all; education, life expectancy, opportunity to fulfill potential; satisfaction of basic needs; self-reliance, political freedoms and local decision-making; and endogenous development.

In examining tourism planning, Burns (1999) developed a continuum from 'Tourism first' to 'Development first'. The 'tourism first' perspective, which is the dominant model for aid-assisted planning at national level for non-industrialized countries, has been developing the industry as the focus of planning. It is argued that this supply-led approach to tourism development is epitomized by the World Bank and its executing agents (consultant planners).

The 'Development first' approach, which, following the three categories of development (Destination Environment, Government regulatory Framework, and Tourism management Decisions) that demands consideration when exploring the extent to which the tourism industry can contribute to the broader socio-economic development of destination areas now addresses the question: how can management decisions be made to increase the possibility that the tourism industry will contribute positively to the overall development of the destination? Many of the management recommendations will link to the broad concepts of sustainable tourism development although, given the difficulties present in measuring sustainability, especially with some of more complicated indicators, it may be more prudent to assess if a destination appears to be sustainable or unsustainable (Weaver and Opperman, 2002). Thus if there is an attempt to identify, measure and monitor indicators and to take remedial action if necessary, then there will be an increased likelihood that a destination will be more sustainable. In other words, the likelihood of one industry such as tourism, contributing to all of the areas of development is remote. However, tourism developed under the guidelines of sustainability may be able to meet some of the broader notions of development so that the destination will also benefit.

3.2 Nature of Destination

The nature of destination environment will influence the extent to which tourism can be managed effectively to promote development. Scale is an important consideration as the term 'destination' is applied at a wide variety of scales from an entire country to an individual attraction (Davidson and Maitland, 1997). Scale is also related to the size of the

area which ideally is supposed to benefit from tourism. Whether the destination is rural, urban, mountain, coastal, island, or wilderness, and where it is located along a continuum from a developed region/country to a developing region/country, also presents different potentials to contribute to the overall development of the destination. Are adequate supplies and human resources available in the area or do they have to be imported?

The decision made by the local community, government and industry have a long way to determine the development of the destination and who has the ultimate control.

3.2.1 Case Studies (*Casino Niagara*)

After a period of decline, Niagara Falls, Ontario, Canada is currently in an economic revitalization phase and the heart of the expansion lies in the \$800 million Niagara Falls Casino/Gateway Project. After setting up a temporary casino, construction is now underway on a permanent multimillion dollar casino complex. The sign in front of the complex reads 'Bringing jobs and Tourism to Niagara'. The new casino complex will have 3,000 slot machines and 150 table games, a 368-room Hyatt hotel, extensive meeting and exhibition space, retail space, restaurants and entertainment venues. It is estimated that construction of the casino will generate \$100-125 million in construction contracts for mechanical, electrical and concrete work resulting in an immediate ripple effect on the Niagara region. There will be 6,000 construction jobs, and the permanent casino complex will create 800-1,000 new jobs and employ approximately 5,000 people.

The casino is part of the Gateway project, which includes several off-site attractions such as River Country (the theme park), a 12,000-seat amphitheatre and a people mover system (expansion of the transit system) (City of Niagara Falls, 2001). The city of Niagara Falls is also set to benefit directly from hosting the new casino. In an agreement signed with the province of Ontario, the city will receive a revenue stream of \$2.6 million annually for ten years, \$3 million for the following ten years, and payments of \$3 million (CPI adjusted) in perpetuity after that. The provincial government also includes a financial contribution towards off-site infrastructure and the purchase of the CN/CP rail line, which runs through the Tourist Core. The agreement will also bring financial benefits through building permit fees, development charges, infrastructure contributions and annual property taxes estimated at over \$10 million. The province also benefits through the income it receives from the Ontario Lottery and Gaming Corporation (City of Niagara Falls, 2000).

3.3 Government Regulatory Framework for Development Optimization

Government involvement is evident. Hall (1994) outlines seven roles of government in tourism: coordination, planning, legislation and regulation, entrepreneurship, providing stimulation, social tourism, and interest protection. Government can operate to attract specific tourist attractions or hotels or they can enter competition to host large-scale international events such as the Olympics. Management and policy decisions taken by different levels of government will influence the type of tourism developed in a destination. The Canadian Tourism Commission provides funds to small and medium size businesses to help establish Product Clubs and the European Union provides structural Funds which help generate regional development through tourism (Telfer, 2002b). Policy can be as broad as a national tourism development plan or it can be as specific as zoning by-law, either permitting or prohibiting tourism development.

Government can influence development through fiscal and investment policies, including investing in general and tourism and tourism-specific infrastructure, investment incentives and influencing exchange rates (Elliot, 1997; Opperman and Chon, 1997). Blair (1995) also points out a number of government subsidies, offered to attract businesses, including tax abatement, infrastructure and site assistance, low interest loans, labour force training, regulatory relief, sale-back and technical assistance. In addition to providing subsidies, a government can take a position of requiring that local products be used in the industry (import substitution) or require the industry to hire locals. For example, the five star hotel Aquila Prambanan in the city of Yogyakarta, Indonesia, was required to hire 22% of their staff from the area of Sleman immediately surrounding the hotel (Telfer, 1996). In examining multinational tourism companies, Witt, Brooke and Buckley (1992) note that the most important influence will be the government of the home (or parent) country. The objective of the company will be constrained by the necessity to conform to laws, directives, statutory requirements, exhortation and ad hoc mechanisms of the country. Complicity in matters of taxation, anti-trust (anti-monopoly or cartel) legislation, accounting practices, trade regulations, product liability and the myriad of other public policies of government is a crucial element of careful strategy formulation. (Witt et al., 1992: 182).

Referring back to the case study of Niagara, a government may take the advantage of external linkages to other levels of government (regional, state/provincial, national or international) and to the industry to cooperate in developing marketing and development strategies. Governments also have the ability to facilitate cluster development.

Porter defines clusters as 'geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standard agencies and trade associations) in particular fields that compete but also cooperate' (Porter, 1998: 197). Clusters are becoming increasingly important as regions and governments are becoming more competitive in the tourism market and thus increasing competition is most easily identifiable in the competition of hosting special events. As noted by Telfer (2002b), the Niagara Economic and Tourism Development Corporation (NECTOR) in the Niagara Region of Ontario, Canada, is attempting to attract investors to the Niagara region.

In establishing a regulatory framework that is built around sustainability, Williams and Shaw (1998b) argue that a holistic approach is needed in which the actions and interests of all major stakeholders are combined and which also include appropriate elements of the state. The Finnish government funded a program through the Finnish Tourism Board for co-audits that focused on tourism operations. As a result of this process, the ten companies involved reduced their disposable products, produce less waste and decrease consumption of raw materials, water and electricity (Parviainen et al., 1995; also cited in Holden, 2000), while the state can take on a variety of roles in attempting to achieve sustainable tourism development that are, however, constraints. As Williams and Shaw (1998b: 58) point out, 'while the state may indicate goals and can invest in public transport and other means to facilitate particular tourism programmes, ultimately the implementation of sustainability programmes depends on private capital, which may have diverse and conflicting goals'.

3.4 Industry Management Decisions for Development Optimization

It has been noted that there are competitions within the tourism industry and decisions taken by one firm may be at odds with a government's overall development scheme.

In examining management decisions taken in tourism, it is necessary to place the discussion within the political economy of the tourism. As highlighted in the case study above, there are external linkages which cross state boundaries, especially in the case of multinational corporations. Bianchi (2002) argues that there has been increasing dominance of transnational tourism corporations and growing structural power of market forces at a global and regional level. Decision may be taken for profit maximization of the entire global company rather than for the benefit of the local destination.

In keeping with the team of sustainability, Wight (1998) has argued that responsible environmental practices have recently moved to the forefront of many industry agendas, embracing environmental, social and economic values. Swarbroke (1999) also indicates that there has been increased public and political pressure for companies to behave more ethically in relation to a range of issues including environmental impacts, relations with local communities, investment policies and relations with suppliers and marketing intermediaries, promotion techniques, such as honest advertising, pricing policies, products safety and human resources, such as equal opportunities and pay. Swarbrook (1999) argues that many of these elements are part of sustainable Tourism. Similarly, Pride et al. (1999) indicate that, in many organizations, business people have taken steps to encourage socially responsible and ethical decisions and actions; however, they point out that some have not, viewing this business practice as a poor investment.

Weaver and Opperman (2000) proposed a potential set of both social and cultural sustainability indicators which include the adoption of local architectural styles, the extent of cultural commodification, resident reactions to tourism, immigration associated with tourism, local patronage of tourist attractions and facilities, tourism related crime, distribution of jobs by wage level and equity, and social carrying capacity. While they point out that firms may avoid more complex issues, such as social equity, in their sustainability programmes, there may be a number of management decisions that can be taken to reduce negative impacts and promote overall development.

4.0 CONCLUSION

This unit has explored how the destination, industry and government can all have an impact on the extent to which tourism promotes broader socio-economic goals of the destination. It is worth restating that no one industry, such as tourism, can or should have the responsibility for overall development and that it can only play a smaller role in a larger development scheme. Tourism is also an industry motivated by profit and, frequently, it may make more business sense to take actions which may help the industry but which do not contribute much to the overall development of the destination. The tourism industry is one often controlled beyond the boards of the destination (Bianchi, 2002) and, hence, management decisions made abroad may not necessarily coincide with destination development objectives. As Mitchell (1997) indicates, individuals are connected willingly to a larger global system that has implications for their lifestyles and livelihood. The tourism industry may not be able to contribute much to overall destination development beyond the economics of the industry.

5.0 SUMMARY

In the course of this study we were able to discuss the nature of tourism in development, nature of destination, government regulatory framework for development optimization, and finally, industry management decisions for development optimization.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the nature of tourism in development?

2. What do you understand by destination

in tourism management? **7.0 REFERENCES/FURTHER**

READINGS

Sharpley, R. and Telfer, D.J. (eds) (2002). *Tourism and Development: Concepts and Issues*. Clevedon: Channel View Publications.

Swarbrooke, J. (1999). *Sustainable Tourism Management*. Wallingford: CAB International.

UNIT 2 TOUROPERATIONS MANAGEMENT

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The UK Tour Operating Industry
 - 3.2 Tour Operating Value Chain
 - 3.3 Tour Operators' Strategies
 - 3.3.1 Industry-Specific Concerns Affecting Strategic Decisions
 - 3.3.2 Expansion Strategy
 - 3.3.3 Diversification Strategy
- 4.0 Conclusion
- 5.0 Summary
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1.0 INTRODUCTION

The tour operating sector of the travel and tourism industry is an important but frequently overlooked influence on many issues relating to tourism studies. Marketing, tourism planning and development, financial management and consumer behaviour are among those areas to feel such influence. Tour operations form a dynamic characterized by expansion, intense competition, merger and acquisition, all of which have been pivotal to industry development and product offering over the past 20 years. There have been several mergers and take-overs between industry sector tour operators in UK, Germany, Scandinavia and elsewhere in Europe, which have brought both advantages and disadvantages for many industry players.

Many issues emerge when one starts to unravel the industry structure and consider its ramifications, and it is impossible to cover all of them in depth here. The scope of this lecture will focus on the current situation in this dynamic industry, analyze strategic approaches and question the industry's interaction with, and impact on, its consumers. The operational methods and considerations vary from Europe, this area, most specifically the UK, will be the focus for discussion.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- recognize current issues in the dynamic tour operations industry
- identify strategic approaches adopted by the sector
- appreciate the sector's interaction with and impact on its consumers

3.0 MAIN CONTENT

3.1 The UK Tour Operating Industry

For several years, the UK travel industry has been characterized by intense competition which has resulted in many mergers and acquisitions. However, the 'real' balance of power has changed very little in the past ten years. In spite of more than 1000 operators being registered with the Civil Aviation Authority's Air Travel Organizer's License (ATOL), the top ten companies hold around 65% of total capacity with 53% held by the top four: Air Tours Travel Group (My Travel Group plc), Thompson Group (TUI UK), Thomas Cook Group (JMCHolidays Ltd) and First Choice Holidays Group. The sector can therefore be seen to be highly polarized and the dominance of the largest four groups has long been the cause of general concern for the future of the industry and consumers' interests. The discussion has focused mainly on the difficulties that small, independent companies face for survival, healthy competition, directional selling through vertical integration and concern for the 'sustainable' and 'fair' development of destination.

Table 1: Passengers Authorized by Largest Licenses at December 2001 Passengers Licensed

Licensed Holder	Dec. 2001	Dec. 2000	% Change
1. Thomson Holiday Ltd	4,050,000	3,907,245	4
2. Air Tours Plc	4,019,853	3,591,050	12
3. JMCHolidays Ltd	2,850,055	2,836,191	1
4. First Choice Holiday Flight Ltd	2,098,790	1,888,008	11
5. Unijet Travel Ltd	1,092,712	1,000,435	9

The table above illustrates the size of these main players in the UK tour operating sector, showing the number of passengers authorized by the

largest ATOL licenses at December 2002. The percentage change to these figures from December 2001 is also given.

Although the Civil Aviation Authority (CAA) gives the figure in this format, it should be noted that Unijet Travel Ltd is part of the First Choice Group. Therefore, the First Choice Group ranked as the third largest operator in the UK.

Table 2: Passengers carried under all ATOLs

Year to September	Passengers (million)	(million)	Change over Last Period (%)
1999	26.31	77.0	
2000	27.51	24.7	
2001	29.21	76.3	

Source: CAA ATOL

Table 3: Revenue Earned Under all ATOLs

Year to September	Revenue (£bn)	(£bn)	Change over Last Period (%)
1999	11.00	88.2	
2000	12.11	09.3	
2001	13.11	08.2	

Source: CAA ATOL

Table 2 shows the size of the total passenger market carried under all ATOL licenses for the years 1999-2001.

While passenger numbers carried is highly important to operators, another important measure in the industry is that of revenue earned. Table 3 shows the total revenue earned under all ATOLs over the same period as covered by table 2 (1999-2001).

Although there has been a general increase in holidays sold, there has been variation in the rate of growth over recent years: 'The volume of holidays sold in summer 2001 was 5% higher than in previous summer and it represented a fifth successive summer of volume increase' (CAA ATOL Business, <http://www.caa.co.uk>). The overall increase to September 2001 was 6.3%, which was mostly due to a better winter

season than the previous year. Even so, the increase in summer 2001 represented a smaller percentage of growth than in the previous year. There was also a reduction in yield with the average price increase below the rate of inflation.

3.2 Tour Operating Value Chain

A useful method of analyzing the process of value creation in an industry is Porter's (1980) value chain. As previously mentioned, the top four operators have dominated the industry, with some changes in the volume, for several years. This has caused concern and public discussion among smaller independent operators, many of whom are members of the Association of Independent Tour Operators (AITO). Noel Josphides of Sunvil Holidays, former chairman of AITO and current deputy chairman, is widely known as a champion of the independent operators, quality products, and consumer choice and destination sustainability. He acknowledges that the market today has changed due to a large portion of the UK tour operators now being German-owned.

In response to a possible merger between Air tours and First Choice at the end of 2002, Josphides said: 'If we are going to have a powerful UK player (in the global market), then provided it looks after our interests we would find it difficult to object. It makes little difference if there are three major players in the market or four'. He said that AITO would be looking for assurances that a viability of third-party flying would be maintained from Gatwick airport and that there would be no exclusive deals between the new larger operator and hotels (*Travel Weekly*, <http://www.travelweekly.co.uk>, 14 December 2001). On this basis, AITOWas prepared to drop its objections to the merger.

3.3 Tour Operators' Strategies

3.3.1 Industry-Specific Concerns Affecting Strategic Decisions

The Federation of Tour Operators (FTO) draws attention to the underlying complexities of the industry that affect strategy development. 'Planning, negotiating, contracting, marketing and successfully administering a package holiday is a complex management task and takes place over a long period of time' (FTO, <http://www.fto.co.uk>). The FTO's factfile refers to price setting and brochure printing taking place over a year in advance. These two days, this is somewhat of an understatement, with planning taking place up to two years in advance. The FTO says: 'we can think of no other consumer industry or service which has to fix prices so far ahead' (ibid.). This practice implies a great deal of risk. Consider the issues beyond the control of the operator that

may affect their business: competition, mergers and acquisitions, political changes, war, terrorism, economic recessions, outbreak of disease to site but some of the disasters that may affect even the best-laid plans. The September 11, 2001 terrorist attack on America, and the ensuing loss of passenger bookings and staff redundancies, is a good example of this, albeit an extreme one. As, at the time of the disaster, the summer season had only a few weeks left to run, the full impact was not immediately apparent. However, tour operators responded by maintaining increased fluidity in their planned, future capacity.

3.3.2 Expansion Strategy

There are three main expansion strategies:

Market penetration: This involves an increased share of existing market through tactics such as advertising, TV programme sponsorship, cutting costs and prices, and other promotions. Many of these are very familiar to tour operators' consumers.

Product development: This is normally concerned with developing product-line extension or new products. A tour operator may decide to offer all-inclusive holidays' cruises, etc, in addition to the usual hotel packages. Another development which is increasingly common is offering financial services to facilitate payment for holidays or sales of items such as beach bags and towels.

Market development: This focuses on the development of new markets for existing products and often involves the expansion into global markets. This method is becoming easier with free trade agreements and easy electronic communication through the internet.

A combination of product and market development is seen through horizontal integration where a company seeks to increase its product portfolio through merging with or acquiring another company. The large tour operators have all used this approach to increase their appeal to a broad range of consumer.

3.3.3 Diversification Strategy

There are four main diversification strategies:

Vertical integration: forward integration. This is done primarily in two ways. First, brochure rankings space in retail outlet is dominated by the associated tour operators' brochures. Clients will usually examine an average of between five and fifteen brochures that will be pivotal in their decision-making process (Carey and Gountas, 1999). Secondly,

with around 1,000 tour operators in UK, the average client is likely to be aware of the majority of companies and the proliferation of choice is extremely confusing. Therefore, trust is often placed in the advice of relatives and friends, and sometimes in the advice of travel agents themselves. Although there seems to be a suspicion of tour operators associated agents, the retail outlets are used as a point of convenience (Carey and Gountas, 1999). In fact, the distribution chain is set up in a way that leaves the summer with little choice but to use an intermediary for booking, thus ensuring some control over the information and advice that are readily available to clients.

Backward

integration: This means that a business moves up in the chain to acquire a supplier. This gives organization easier access to resources and tighter control on the availability of these resources to competition.

Related diversification: This is where a company acquires or creates another business that does not have products or consumers in common with its current business but that might contribute to internal synergy through the sharing of facilities, brand names, etc.

4.0 CONCLUSION

In conclusion, various strategies of tour operations such as industry specific concerns affecting strategic decisions, expansion strategy, and diversification strategy. Therefore application of the foregoing strategies in tourism industry will enhance performance of the players.

5.0 SUMMARY

In the course of our discussion in this chapter we discussed UK tour operating industry, tour operating chain and finally tour operating strategies

6.0 TUTOR-MARKED ASSIGNMENT

Explain the following strategies?

(a.) Expansion Strategy and

(b) Diversification Strategy

7.0 REFERENCES/FURTHER READINGS

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UNIT 3 MANAGING TOURISM DISTRIBUTION

CONTENTS

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- 3.0 Main Content
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1.0 INTRODUCTION

Distribution has become far more important in terms of managerial decision-making in recent years. This has, in part, resulted from the influence that this area of marketing can have on profitability and competitiveness. Indeed, for many tourism businesses, distribution has become a critical aspect of strategic management. Distribution is also a vital link in the tourism system itself. The distribution function delivers both messages and services to the tourism market and this way links tourism supply and demand.

The reasons for the importance of successful tourism distribution areas follow:

Narrow profit margins: Many tourism businesses make only small profits yet distribution costs can be high.

Highly competitive sectors: Several sectors of the tourism industry are highly competitive and distribution has become an area of competitive advantage for some companies.

Intermediary power: Intermediaries can have a powerful influence over consumer sales and their decision-making, so where middlemen are used, careful management of this aspect of the marketing mix is important.

The global marketplace: The challenges posed by the global marketplace offer further incentives to manage distribution appropriately. With new and oftentimes desperate markets now available, tourism marketers need to consider effective ways of reaching them.

Perishability of the product: A more traditional reason for the importance of successful management of the distribution function relates to the perishability of the tourism product and the associated requirement to remove an excess 'stock' at the last minute.

Information intensity: Tourism is highly dependent on information provision to aid the decision-making process for the consumers and this partly helps to overcome difficulties stemming from the intangibility of the product.

2.0 OBJECTIVES

Having completed this unit, you should be able to:

- identify the particular problems in relation to the distribution of tourism products and the major issues confronting tourism managers in relation to distribution
- recognise how change within the tourism industry and its environment has impacted upon tourism distribution
- appreciate ways in which appropriate distribution channels can be selected and managed more effectively.

3.0 MAIN CONTENT

3.1 Problems in Relation to the Distribution of Tourism Services

Intangible product: When a tourism product is purchased, the consumer does not receive a tangible product. Rather, it is a service that is offered for consumption. It is impossible to see, feel or taste tourism products prior to the purchase. As a result, tourism marketers are often portrayed as being challenged with selling 'dreams'. While this applies to some tourism products more than others, it leads to difficulties as it is merely information about tourism services that can be distributed in advance of participation in the service delivery.

Expensive and high-risk product: For many consumers, holidays represent a costly purchase with financial risk attached to their consumption. There is also an inherent risk in purchasing a product that is not possible to see in advance, let alone try out. This is clearly linked to the intangibility factor described above.

No stock holding/display by middlemen: Travel agents and other middlemen do not purchase stock. Only information is provided at the point of purchase. The risk remains with the producer rather than the distributor. The only display that is possible is that of brochures or other information relating to the product.

There are therefore strong arguments for the careful management of the tourism distribution function. This challenge has been greatly aided in recent years by the development of electronic distributive techniques, which have enhanced opportunities to reach both new and old markets in new ways.

3.2 The Role of Information in Tourism Distribution

Recent changes in the society have, according to O'Connor (2001), highlighted the importance of getting appropriate information to consumers as they search for detailed information in an attempt to minimize the gap between their expectations and subsequent experience. Indeed, O'Connor goes as far as to claim that those suppliers who best satisfy consumers' information needs are those most likely to be selected and subsequently booked. However, he also states that information alone is not enough and that a booking mechanism is also required.

Paradoxically, information not only aids the selection process but can also compound the difficulty choice. It does, however, provide

reassurance against the risk inherent in some tourism purchases. Management of the information flow is thus a crucial aspect of tourism distribution.

3.3 Intermediaries in Tourism

The tourism industry has traditionally been characterized by its use of intermediaries. Travel agents have long been the friendly face of travel distribution. Despite the dominance in the past of travel agents as middlemen in tourism business, other types of intermediary have also come to be associated with the industry, for example hotel marketing and bookings schemes, travel clubs, incentive travel organizations and sales representatives. More recent developments have included the ICTs such as the internet, computerized reservation systems (CRS) and global distribution systems (GDS). Taken together, these represent a greatly increased choice of distributive methods than was available in the not-so-distant past.

Arguments both for and against the use of intermediaries have been postulated in the literature. Christopher (1992), for example, discusses this in general terms while Pender (1999) examines tourism with reference to the use of travel agents as middlemen. There are, however, problems associated with the use of middlemen. Control in distribution, for example, has been a major issue for principals in the tourism industry. The more an organization uses intermediaries and the more distant these are from the organization, the more difficult it can be to control them. Cost issues have also emerged as some principals within the tourism industry have adopted a low-cost strategy and shown a preference for direct sales (any sale made without the use of intermediary services and as a direct sale).

3.4 Distribution Channels

Tourism distribution channels link the different combinations of travel organizations involved in moving tourism products from producer to consumer. Clearly, then, the number and types of distribution channels used differ between organizations and by country. Channel choices in the tourism industry are influenced by factors such as the nature of the tourism product to be distributed and the level of public sector involvement in tourism distribution. National Tourist Organizations (NTOs), for example, will have their distribution choices influenced by government structures.

Relevant comparisons have been made between tourism distribution channels and those in the manufacturing industries (for example Renshaw, 1997). There has, however, been little detail consideration of

the application of the theory of channel management to tourism businesses. The tourism literature is now addressing this gap.

While distribution is relatively simple for smaller tourism businesses such as those offering a single service, either directly or through one type of intermediary to one type of consumer, most of the larger tourism organizations use a variety of distribution methods. Typically, these reflect the different market segments that the organization aims to attract.

Much has been written about dependencies between the different members of distribution channels in general and this literature is no less relevant in relation to tourism distribution channels. For example, many destinations and tour operators depend upon staff knowledge and enthusiasm, and the selling skill of travel agents, while travel agents themselves depend on tour operators for advertising, staff training, brochures and computerized reservation systems.

Table 3 Estimated share of the UK tourism market accounted for by travel agents by value (1997)

	Travel Agents (%)
Domestic Tourism	11
Outbound Tourism	38
Total	49

Source: Key Note Market Review (1998)

3.5 Channel Management Issues

Rosenbloom (1987) adopted the term 'channel manager' to describe anyone involved in making distribution channel decisions, regardless of his/her job title. This is a useful approach, especially when considering the smaller organizations where formal roles may be less clear cut. Bateson (1991) is among those who have moved the debate regarding channel management into the service arena. He describes the broadening of distribution channel to include more than the physical distribution characteristics that dominated the field in the past. The general literature highlights other channel management issues, including channel design strategies, member selection (i.e., the choice of middlemen), the management of conflict, and the evaluation of member performance, power and the management of multiple channels.

3.5.1 Channel Design

Channel design can cover a variety of variables. Light (in Bateson, 1991) suggests the following:

The number of intermediaries;
 The type of intermediaries;
 The allocation of value adding functions among the channel participants; The kinds of material and technological support that the participants use; and

The service itself—

its elements and the dimensions of those elements. **3.5.2 Member Selection**

A number of factors influence the choice of middlemen, including the company marketing/distribution strategy, the consumer to be targeted, the products themselves, cost and market characteristics. The latter might include the type and size of market, the distribution of consumers, customer purchasing power and patterns, etc. Field sales forces can help companies such as airlines and shipping companies find new channel members.

3.5.3 The Management of Conflict

Conflict between different organizations within the distribution chain can occur. Indeed, a degree of conflict is almost inevitable where intermediaries are used, and it is necessary to manage this in an appropriate manner. The interdependence of channel members, who can have incompatible aims can influence levels of cooperation and so result in channel conflict. It is important to acknowledge and identify the causes of conflict, which can operate at different levels. It is also important to recognize that not all such conflict has a negative effect. Therefore, acceptable levels of conflict should be set.

3.5.4 Evaluating Member Performance

The evaluation of channel member performance is increasingly important for cash constrained organizations within the tourism industry, including those organizations that have had their public sector resource allocations reduced. The investigation of performance measurements by some tour operators, for example, has led to a withdrawal of certain companies' brochures from particular travel agents' shelves. Organizations must ensure that the evaluation criteria they select (e.g., selling skills and attitude) are suited to the organization's needs.

3.5.5 Power in Distribution Channels

The major tour operators display a large degree of control over sales outlets and other distribution channels in the UK. They even have a dominant position when it comes to price bargaining with resort hoteliers and this, in turn, can influence customer choice as it leads to standardization in order to keep prices down.

Managing multiple channels

O'Connor (2000), writing about distribution in relation to hotels points to the difficulty of managing multiple channels. He described the importance of consistency of offerings across channels as customers increasingly visit multiple sites and undertake a comparison shopping. Price differences or other inconsistencies of offering across different distribution channels without good reason can alienate the customer.

3.6 Industry Restructuring and its Effect on the Management of Distribution

A great deal of change has been occurring in the tourism distribution environment and reasons for this include:

Increased levels of integration leading to consolidation in the industry and different ownership profiles (i.e., acquisitions, networks, mergers, consortia);

Exponential growth in the use of electronic media; and

The fact that tourism organizations are becoming more international.

These factors all point to restructuring within the tourism industry in recent years. This section continues with a brief consideration of management implications of such changes.

3.6.1 Integration and Consolidation

A major change factor experienced within the industry has been the consolidation of travel agencies into larger groups or consortia. Takeovers, mergers and acquisitions have all contributed to this process. This has arguably been one of the strongest factors to influence the shape of the industry, in particular affecting domestic market shares and helping to forge international expansion. An objective of vertical integration has long been to control distribution.

3.6.2 The Growth of Electronic Media

The tourism industry has been affected more by information and communication technology (ICT). Indeed, a major aspect in the restructuring of the industry has been the new technology-based entrants into the travel distribution business.

Increased competition is paradoxically accompanied by more evidence of cooperation between tourism organizations. This is in part driven by the requirement to offer a range of products through the electronic means of distribution. Virtual alliances are therefore being formed to meet consumer demand for complete product offerings online. Once again this points to a restructuring stemming from the fragmented nature of the industry.

3.6.3 Internationalization

In the past decade, there has been a significant shift towards cross-boarder operations in the travel distribution industry. Mergers and acquisitions have been greatly responsible for the internationalization of the industry. Dominant international groups have either merged or consolidated their positions within Europe where international expansion of the major tour operator has been great. In the UK, for example, Thomson Travel Group, which has long been a main player in the industry, is now under German ownership. This change in the industry has in part been fuelled by the larger organizations outgrowing their domestic markets.

3.6.4 Management Implications

Poon (2001) is among those authors to suggest that changes in the sector are forcing a number of travel agents to re-evaluate their traditional role. Providing customers with added value and fee-based services have become relevant issues. Some of the implications of the changed distribution environment are challenges common to all types of organization, while others are specific to the tourism organization.

Management challenges for the traditional middlemen, travel agents, include the development of new skills, investment in technology and the creation of sustainable competitive advantage. Travel agents represent a key influence in the tourism marketing system and so marketers need to develop an understanding of factors that can influence travel agent recommendation (Hudson et al., 2001). Despite this, surprisingly little research has been conducted on this intermediary in the tourism industry. This is despite the fact that the distribution of inclusive tours has come under close government scrutiny, with directional selling being a concern of the Monopolies and Merger Commission (MMC), now the Competition Commission. Even the outcomes of the scrutiny have been debated by some (Pender, 2001).

3.6.5 Value Chain Approaches

The value chain is an analytical tool, described by Porter (1987), which traces the process of value creation in an industry through understanding the role of each player in the industry. Poon (1993) applied this theory to the tourism industry, describing six primary activities and five support services which all create value. The stem travel agents clearly add value through his or her role in customer services, including information processing, counseling travelers and preparing itineraries. Tour operators similarly control a number of activities along the value chain and where vertically integrated this can include the distribution function. Davidson (2001:81), discussing business travel, expresses the view that 'rapidly, the agent's contribution to the value chain is becoming less about sharing commission and issuing tickets and more about providing strategic advice about supplier selection and managing travel policies for clients'.

Relationships with intermediaries in tourism have changed greatly in recent years, particularly as airlines and other principals have forged ahead with cost-cutting programmes. This is likely to continue in the short term, at least as organizations become more selective in the management of their distribution.

3.6.6 Outsourcing distribution in the Airline Industry

Airlines such as British Airways have opted to outsource core systems, including inventory, in-house reservations and departure control systems. These systems were previously viewed as key areas of differentiation for the organization. A downturn in business, however, has prompted airlines to turn fixed information technology (IT) cost to variable cost by handing control of these systems to global distribution systems (GDS). Airlines are not alone in pursuing this strategy. Banks have also favoured outsourcing certain aspects of their business. Other examples can be observed in the hotel industry. O'Connor (2001) described the outsourcing of hotel companies' central reservations functions, which require a transaction fee to be paid per call answered and processed. This option can therefore become expensive as the volume of bookings through this channel increases.

Keen to avoid disintermediation, Amadeus, Europe's largest GDS, is attempting to reposition itself as a 'technology business partner' for airlines. It provides:

- A fast track to internet sales channels;
- The capacity to handle multiple sales channels;
- Seamless sharing to alliance partners; and

Economics of scale that individual airlines would struggle to achieve. Already airlines including British Airways and Qantas have ended oversignificant amounts of their commercial system to be run by Amadeus (O'Toole, 2002).

3.6.7 Managing Hotel Reservations Systems

Marketing and bookings systems also known as 'listings', essentially aim to take reservations on behalf of member properties. While hotels in some such schemes have been through a rigorous selection process and meet exacting standards, others offer far less reliable measures for customers. Like many other distribution mechanisms, these options can be expensive, with annual fees plus commission to pay (sometimes per booking received). They can also be restrictive if membership prevents a hotel from using other schemes. Other mechanisms that require less commitment are the many directories and guides that are available. This area of distribution may become subject to more regulation in the future.

3.6.8 Managing the Costs of Distribution

Distribution costs in the tourism industry are high and so reducing these has necessarily become a key management concern. The effectiveness of GDS at reaching the travel agent market, for example, has to be measured against its high capital and transaction costs. O'Connor (2001) describes the transaction cost of electronic distribution as potentially problematic due to the number of intermediaries. A central reservation system (CRS), as with a company and travel agent may facilitate a booking and so wish to be compensated. EasyJet is one of several airlines to manage distribution costs effectively.

3.6.9 Commission Capping

Commission capping is one means by which savings in the cost of distribution are being made. Poon (2001) discussed the reduced level of commission being experienced by travel agents, referring to IATA's estimation that selling cost has become the biggest cost for international airlines with distribution accounting for 23% of their members' operating costs, including 11% for commission and 4% for CRS charges. IATA also believes that Europe will follow the US example of commission capping, which has been estimated to be saving their airlines US\$1 million a day. Poon (2001) states that seven US carriers have joined forces to cap travel agency commission at \$50 for domestic roundtrip tickets costing over \$500 and \$25 for those costing over \$250. This would prevent commission on high-priced tickets subsidizing the high volume, low commission business of low-cost competitors and is estimated to save these seven carriers a considerable amount in

commission payments. Many of the largest business travel agents have been quick to restructure their remuneration from a commission basis to a management fee-based payment in response to commission capping. This is a development that seems likely to continue.

4.0 CONCLUSION

A number of issues can be identified in the services marketing literature that are relevant to the management of tourism distribution yet are outside the scope of a chapter of this length. These include empowerment, customer orientations and service quality approaches. Harrington and Power (2001) discuss these in some detail, providing an illustration of the application to tourism of the well-known Servqual model which helps companies to anticipate and measure customer expectations. This reflects the development of tourism distribution as a management area. The literature is now encompassing these developments and becoming more specialist, while at the same time offering broader perspectives on tourism distribution. Buhalis and Law (2001), for example, consider distribution channel analysis for leisure and business travel, and highlight questions of ethics and sustainability in relation to distribution theory that reflect the increased importance of this area of the tourism marketing mix.

Managers at all levels in the tourism industry need to recognize the expanding choice of distribution routes now available and how best to manage them. A network of mutual dependencies can be seen to link tourism distribution channel members. Technological advances have undoubtedly helped to increase the popularity of distribution as an aspect of tourism marketing. The application of services marketing theory to the tourism distribution area has also helped to move this field forward but has a practical area of business management and as an academic subject. Further research examining the management of the distribution function in tourism is now likely and would complement these two developments.

5.0 SUMMARY

In the course of this study we were able to discuss various problems related to tourism distribution, channels of distribution, role of intermediaries in distribution, value chain in distribution and managing the cost of distribution.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the channel of distribution in Tourism management?

2. What are the problems associated with distribution

in Tourism? **7.0 REFERENCES/FURTHER READINGS**

Buhalis, D. and Laws, E. (2001). *Tourism Distribution Channels: Practices, Issues and Transformations*. London: Continuum.

Pender, L.J. (2001). *Travel Trade and Transport: An Introduction*. London: Continuum.

UNIT 4 HUMAN RESOURCE MANAGEMENT IN TOURISM

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Characteristics of Tourism as a Sector and Their Impact on the Management of Human Resources
 - 3.2 Tourism's Image as an Employer
 - 3.3 Skills Shortages in Tourism
 - 3.4 Education and Training in Tourism
 - 3.5 Flexibility and Innovation in the Management of Human Resources
 - 3.6 Recruitment, Retention and Turnover
 - 3.7 Rewards, Benefits and Compensation
 - 3.8 Managing Quality through Human Resources
 - 3.9 The impact of Globalization
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 - 3.11 The Emergence of 'Aesthetic Labour'
 - 3.12 The Impact of information and Communications Technologies
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

The human resource dimension is one of the most important elements of any industry sector, no more so than the service sectors such as tourism, which is characterized by high level of human involvement in the development and delivery of services or vacation experiences. Whatever means are employed to deliver tourism services to the customer; the role of human intervention (as individuals and groups) is almost universal. In this context, the management of employees is a critical function and one that, ultimately, determines whether a tourism organization is competitively successful or not. Highly successful tourism organizations, particularly in the luxury end of marketplace, invariably place considerable emphasis on the engagement, education and empowerment of their employees at all levels to deliver services that define or differentiate the organization from others in the field. At the same time, parts of the tourism sector, alongside other parts in the economy, are making increasing use of technology substitution and the creation of a service environment, within which human mediation is

the service process is reduced or eliminated. Electronic ticketing and check-in with airlines and hotels are examples of this process at work. However, effective organizations do use technology substitution in selected areas of their service delivery systems in order to focus the quality human touch in the areas, where it is, perhaps, more important.

In an era of increasing emphasis on quality, the delivery of service quality in tourism, and the human supports such as service demands, can be looked upon as a competitive opportunity and strategic issue. The role of human resources and its efficient management in creating quality has been widely recognized as one of the most important elements in improving an organization's competitiveness. At the same time, the tourism industry worldwide is characterized by ambiguous attitudes to investment in human capital, inflexible employment practices and unsustainable approaches to human resource development (Jithendran and Baum, 2000). Often perceived as operational considerations (Baum, 1993), the management of human resources in tourism can be described as an example of *ad hocism*. It is also an area of activity that has repercussions far beyond the operational domain in organizations and clearly impacts on the marketing and financial effectiveness of tourism organizations.

This unit will address a number of key themes in the strategic management of human resources in tourism. We will attempt to give students a flavour for the strategic issues and concerns which underpin each area, while at the same time recognizing that each of the issues identified merits fuller consideration. The student will have the opportunity to delve deeper into each topic, as appropriate.

Themes are:

The characteristics of tourism as a sector and their impact on the management of human resources;

Tourism's image as an employer;

Skill shortages in tourism;

Education and training in tourism;

Flexibility and innovation in the management of human resources;

Recruitment, retention and turnover;

Rewards, benefit and compensation;

Managing quality through human resources;

The impact of globalization;

Cultural contexts;

The emergence of aesthetic labour; and

The impact of information and communication technologies (ICT).

2.0 OBJECTIVES

After completing this unit, you should be able to:

- identify characteristics of tourism as they impact on the management of human resources
- appreciate the impacts of globalization and development of ICTs on human resource management (HRM) in tourism
- recognize the importance of quality, cultural context and the emergence of aesthetic labour in the management of human resources

3.0 MAIN CONTENT

The characteristics of tourism as a sector and their impact on the management of human resources.

In many respects, our consideration of this relatively wide agenda relating to human resources in tourism is predicted upon the first theme, that of the impact that tourism's characteristics as a sector have upon the management of human resources. It can be argued that virtually all the challenges faced by the sector are a consequence of the structure and operating features of tourism. Therefore, we will concentrate on this aspect in order to set the scene for others.

The big challenge in tourism is that it is difficult to define the typical travel, tourism and hospitality organization. This is, in part, because tourism is an amalgam of subsectors such as transport, accommodation, attractions, services and tourism facilitation, each of which consists of a number of different groups. For example, the transport sub-sector includes organizations that operate airlines, railways, ferries and cruise ships, bus and coach companies, car hire and taxis as well as organizations that provide infrastructure for these – airports, bus terminals, ports. It also covers private transport by car, bicycle and on foot. In addition to this diversity within each sub-sector, tourism organizations vary according to size (from major multinational to micro, one person business), ownership (public, private) and location (local, national, international).

Tourism organizations also vary greatly across national boundaries. There are some emerging global or multinational companies in tourism, and the sector is affected by trends towards globalization in business, for example, the major airline alliances such as Star and One world. However, the vast majority of operators are greatly influenced by the political, economic, socio-cultural and technological context within which they are located, generally at national or local level. They are

subject to variations as a result of differing political conditions, varying company and consumer laws and the influence of cultural considerations, for example, attitudes to alcohol in Islamic countries.

Tourism organizations also operate within a highly volatile demand environment, primarily exhibited through seasonality (Baum and Lundtorp, 2001) but also through demand fluctuation within the week (business hotels and airlines at weekends face a major downturn) and within any working day. This characteristic demand curve imposes significant constraints on the management of human resources within tourism and underpins many of the issues faced within the themes that we address later in this unit.

Tourism organizations belong within the services sector of the economy. They are, therefore, very different in the way they operate and how they are organized from organizations which focus on the processing and production of manufactured goods. There are particular features of service organizations, and the services that they provide for their customers, which differentiate them from the manufacturing sector. These features establish the parameters within which people work and are managed in tourism. The characteristics of tourism service operations include the following features.

- Most tourism services include a significant intangible component
- Tourism services cannot be inventoried
- Tourism services are time dependent
- Tourism services are place dependent
- Consumers are always involved in the production process
- Tourism services cannot be quality controlled at the factory gate

A different concept of marketing is required for tourism services as a total organizational function (relationship marketing).

There is a human role in tourism service delivery or mediation which creates a degree of uncertainty and unpredictability.

These characteristics of services in general apply within the tourism sector in particular and contribute to the manner in which tourism organizations are structured and operate. They influence the operational culture of organizations and also how they market their services, how their finances are structured and, in particular, the management of people within organizations.

3.2 Tourism's Image as an Employer

Tourism employment is varied and includes many types of work, ranging from the routine (gardening, cleaning, and retail) through to the technological (aircraft and theme park ride maintenance) and senior

managerial (corporate executives in multinational organizations). It is therefore difficult to generalize about the sector's image as an employer. There is a tendency and danger to assume that its image is determined by lowest common denominator so that tourism is labeled with the image of routine, hospitality work in hotels and restaurants. However, tourism does have its glamorous end in terms of work with airlines, in tour guiding and in the heritage sector. Tourism work, generally, does suffer from lack of mystique brought about by the ease of access to the tourism production environment. Unlike factories, we can work into and witness tourism operations in action on a daily basis and the certainty undermines the sector's image. This is compounded by the fact that tourism, for some of the structural reasons, is seen in some countries as a sector of low pay and transitory work (Wood, 1997). In some cultures, tourism is seen as a frivolous activity which does not merit serious career consideration and this undermines its attempt to recruit quality entrants.

3.3 Skills Shortages in Tourism

Baum (2002) has explored skills in tourism and concluded that the nature and relative level of skills in the sector are undermined by social, economic, political and technological context within which they operate. To talk of tourism as a low-skills sector has some validity in the developed world, but is meaningless in many developing countries. Likewise to talk about absolute skills shortages in tourism is something which has relevance in the developed world. In most developing countries, there is known shortage of labour but the skills base that exists in an economy may not be turned to effective tourism work. In developed countries, skills shortages exist as a result of the image problems that the sector has, demand factors such as seasonality and changes in the technical focus of education and training programmes within the college system.

3.4 Education and Training in Tourism

Education and training for tourism has developed, historically, over a period in excess of 100 years, with the burden of investment, in most countries, shared between the public sector (schools, colleges, universities, and training boards) and private enterprises. The traditional focus was on the development of technical skills in core tourism areas and this remains the rationale and priority of programmes in many countries. Recognition of the need to complement technical with generic skills has emerged over the past two decades and is well represented in subject benchmarks for the sector in the UK (QAA, 2000). Investment in skills development in tourism is frequently justified on the basis of the small business structure of the industry and its geographical fragmentation. Yet the nature of investment has been such that the prime

beneficiaries of public education in tourism and training through the training board in the UK up to the early 1980s were and continue to be the major companies, organizations which, arguably, can cater for their own skills requirements. However, these continue to be made for investment in skills development for tourism. Thomas and Long (2001)

note what they see as a critical role for supported skills development in areas of economic regeneration if the benefit of new tourism employment are to assist the local community's employment needs.

3.5 Flexibility and Innovation in the Management of Human Resources

The management of human resources in tourism is underpinned by traditions of authority and directive leadership. However, recognition of the importance of what Bateson and Hoffman (1996) call 'boundary-spanning roles' in tourism has led to a re-evaluation of the roles and responsibilities of front-line staff in many tourism organizations.

Innovation in the management of people has accorded greater responsibility and authority to all staff on the basis that they play an important part in relationship marketing. This is reinforced by their key role in ensuring customer's satisfaction and means that such responsibility is critical if they are to do their jobs in a manner that is responsive to customer needs and solves customer problems in a spontaneous and timely manner. Innovative responses see management relinquish many of the overt vestiges of authority through processes of empowerment (Baum, 1995) whereby boundary-spanning staff are given the role and authority to handle customer-related problems as they arise and as they see it fit. Boundary-spanning, which involves employees' undertaken totally different functional roles, for example, operational versus relationship marketing, is now becoming increasingly common in the services sector.

Such innovation in the management of human resources require considerable investment in the recruitment of appropriate staff and their training in both hard competencies (the ability to deliver the product component) and in soft competencies, such as judgment, complaint handling and problem solving. Such skills demands may be incompatible with the realities of a seasonal tourism business facing high labour turnover and offering little in the way of competitive remuneration.

3.6 Recruitment, Retention and Turnover

The mobility of staff within tourism is a direct factor of the wider environmental, structural and sectoral operating characteristics that we have addressed above. Sector soft tourism in some countries (particularly

developed ones) face ongoing challenges to recruit appropriate staff, skilled and unskilled, to key positions in the industry. They also face challenges with respect to retaining these staff once they are recruited, and reducing what can be very high rates of labour turnover. The impact of variable demand (seasonality), issues of remuneration, unsociable working conditions and generally negative perceptions of the sector for employment contribute to problems faced in this regard. Tourism is also an industry that is seen to be highly reactive to short-term local and international events in terms of its willingness to retrain staff in order to meet short-term financial requirements. The impact on travel and transport sectors in the immediate aftermath of events on September 11, 2001 is a major case in point. Potential employees may not wish to risk their long-term security in an employment environment that is perceived to be unstable.

At the same time, the small business environment within tourism means that the recruitment process may not always be conducted in such a way as to ensure the selection of the best and most suitable employees for the job. Limited credence is given to the outcomes of formal education and training while opportunities for workplace development are limited. As a consequence, the recruitment technique of internal promotion is not as widely used in tourism as it could be.

3.7 Rewards, Benefits and Compensation

The popular perception of the tourism industry in many developed countries is that of relatively poor pay (Baum, 1995; Wood, 1997). This is a reflection of a number of factors:

- Perceptions of tourism work as synonymous with the large but not necessarily typical hotel and catering sub-sector;
- The low skills environment of many jobs within tourism;
- Limited workplace organizations in some tourism businesses, although this is not true of, for example, the traditional airline sector;
- Seasonal and part-time work;
- The grey or 'tipping' economy within many tourism operations, undermining core remuneration;
- Trends to de-skill work in tourism through technology substitution; Accessible employment to the majority of the population through seasonal and other temporary work.

At the same time, tourism can offer highly remunerated and high status employment within, for example, airlines. In the developing world, tourism employment may be highly prized, and its remuneration, relative to local conditions, is competitive with other opportunities in the economy. The experience of newly industrialized states such as

Malaysia, Singapore, and Taiwan, however, is that as the economy develops, the attractiveness and competitiveness of remuneration in tourism declines, presenting a real challenge to the sector in meeting its employment needs.

3.8 Managing Quality through Human Resources

The importance of quality in the tourism industry has already been well established (Mahesh, 1993; Baum, 1997). The tourists of today are quality conscious, and their end towards authentic experiences suggests that the provision of quality products and services is essential for the tourism industry to survive in an increasingly competitive international market. As a service industry, quality in tourism depends upon a range of human skills during the service encounter, recognition of which has resulted in the adoption of concepts such as managing 'moments of truth' (Carlzon, 1987) and developing a 'spirit of service' (Albrecht, 1992). Carlzon describes 'moment of truth' as the point of contact between the customer and employee of the company, and argues that these are the critical occasions which determine a customer's satisfaction in a service encounter. As

Berry (1995:89) observes, 'customers may not give extra credit to business for doing what they are supposed to do, rather they attach high value to those that surprise with unusual caring, commitment, and resourcefulness during the service encounter'. Human resource management obviously plays a crucial role in developing quality service. The criteria of good, perceived quality service identified by Gronroo (1998) further underline the important roles of human resources in delivering service quality. These criteria are professionalism and skill; attitudes and behaviour; access and flexibility; reliability and trustworthiness; recovery; and reputation and credibility. Most of these elements belong strictly to the human resource domain, but they are also relevant to the service quality as a key determinant of competitive success in the travel and tourism industry, the key to quality in the travel and tourism industry is its human resource'. With the increasing emphasis on quality, service industries such as tourism need to consider service quality as a competitive opportunity and a strategic issue (Gamble and Jones, 1991; Rapert and Wren, 1998). The efficient management of human resources has been widely recognized as one of the most important methods of improving quality (Horney, 1996:70), and competitiveness.

3.9 The Impact of Globalization

There are three kinds of globalization: technological, political and economic globalization. Globalization makes distance a relative insignificant factor in that it establishes long-distance economic, commercial, political and socio-cultural relations. It is more than simply a way of doing business or running financial markets – it is an ongoing process. Modern communications systems make the process easier. For example, the British and American services sectors are increasingly dealing with their customers through call centres in India. Another major manifestation of globalization is the increasing power of global business corporations which follow a strategy of global expansion.

Globalization has definite influences on human resource management. The changing labour markets reduced the number of low-paid jobs for the poorly educated while simultaneously increasing the number of low-paid jobs for the better educated (Lubbers, 1998). These trends create a mismatch between available labour and labour for which demand exists. Job seekers with a lack of vocational training are more frequently excluded from job opportunities. At the same time, because of globalization, the supply of labour from less developed countries affects the global labour market and especially those who have relatively limited skills to offer, as they are likely to be marginalized by more qualified and cheaper migrant job seekers. This results in a situation where only the most competitive can retain their position in the labour marketplace.

The globalization of business firms has a number of implications for human resource management (Schwella, 2000). Knowledge and skilled workers will become increasingly mobile so that recruitment will be from a global pool rather than a national or local pool. Employers who are unable to provide competitive packages will be confronted with an increasing shortage of these types of worker, in order to recruit new employees from a global pool. Employers who are unable to provide competitive packages will be confronted with an increasing shortage of these types of worker.

The major factors driving globalization of the tourism industry are the liberalization of air transport, the liberalization in trade in services, economic integration, and the emerging power of information and communication technologies (ILO, 2001a). Besides increasing the power of the multinational tourism businesses, and being a potential threat to indigenous, small and medium-sized tourism businesses, globalization tends to generate further homogenization of tourism products. Globalization has also created 'high-skilled' tourists

(Richards, 1995), who are better informed, more experienced and quality-conscious.

A major consequence of globalization in tourism is the issue of matching employees' skills with challenging industry requirements. The traditional practice of employees learning a majority of skills on the job and gradually progressing into senior positions is threatened by the rapid technological changes and the need to respond to the changing service requirements. Employees at the operational and managerial levels are now required to be more flexible. According to Becher and Cooper (2002), globalization has major implications for human resource management in tourism. These include:

- The need for different skills and competencies so that employees are able to deal with the widespread use of technology, especially the internet;
- Dealing with employment-related consequences of mergers and strategic alliances;
- Issues of the relocation of employees, and understanding the social and cultural sensitivities of those working away from home;
- New forms of tourism, utilizing natural and cultural environments, that create a demand for indigenous employees who can deliver high-quality and original products and services;
- Meeting the needs of highly skilled tourists who are more experienced and demand higher-quality products and service.

3.10 Cultural Contexts

Cultural, national and ethical diversity is increasingly becoming a major feature of the workforce in the global tourism industry (Baum, 1995). Labour mobility within the regional associations such as the European Union has major implications for the tourism industry; globalization and the increased integration of the global economy tend to have a positive effect on labour mobility. Demographic changes, especially the increase in the average citizens and the low population growth in the developed world, make the movement of labour from developing countries to the developed ones inevitable. In the next few decades such demographic changes are likely to be a major issue in maintaining sustainable productivity levels in developed countries. In order to maintain the present standard of living and therefore the current size of workforce, they will need an annual inflow of millions of migrant workers.

A major challenge resulting from these changes is the need to manage a culturally heterogeneous workforce. Human resource managers in the tourism industry have to deal with multiculturalism, and multi-ethnicity in the workplace. They need to be sympathetic to, and sensitive of,

individuals' or groups' origins and background. According to Baun (1995: 176), issues include:

Where a business in the tourism industry receives guests from countries, cultures and ethnic backgrounds that are different from that of the dominant culture in which the business is located (e.g., Japanese visitors staying in a parish hotel);

Where guests are from a different culture, nationality or ethnic origin from that of the workforce (e.g., in a Chinese restaurant staffed by immigrant Chinese workers and catering for local demand in, say, Baucharest, Oslo or Rome);

Where a varying proportion of the workforce in a business or department are of different cultural, national or ethnic origins from that of the dominant local culture;

Where the management of the tourism/hospitality business is from a different culture or ethnic background from that of the majority of the workforce;

Where the corporate culture of tourism business is significantly different from that normally prevailing in the country or community in which it is based, which would mean that although there is little or no distance between the management and operational staff in terms of their original culture, corporate norms create new divides which must be addressed.

These situations are likely to create misunderstanding, conflict and discriminatory behaviour in the relationships between managers, staff and indeed, guests. Multicultural management, which is about anticipating potential problems in the interrelationships of different customer and employee groups, and instituting positive measures to avoid their occurrence (Baum, 1995), is an essential skill that human resources managers in the tourism industry require in an era of 'cultural globalization'.

3.11 The Emergence of 'Aesthetic Labour'

Warhurst et al. (2001), in their pioneering research on the services sector labour trend in Glasgow, identified a relatively under-appreciated and unexplored form of labour, namely 'aesthetic labour'. This has been defined as 'a supply of embodied capacities and attributes possessed by workers at the point of entry into employment' (Warhurst et al., 2001).

'Looking good' or 'sounding right' is described as the obvious manifestations of aesthetic labour, which can be a major variable in ensuring service quality in the tourism industry.

The emergence of aesthetic labour means that human resource managers have to develop these skills and attributes through the processes of recruitment, selection and training, transforming them into competencies and skills which are aesthetically geared to producing a higher-quality service encounter in which style is a major component. Recruitment and selection is the obvious starting point in incorporating aesthetic labour into the human resource management of the tourism sector. Organizations now have to look for the 'right' sort of appearance and disposition.

3.12 The Impact of Information and Communications Technologies

Information and communication technologies (ICTs) have changed the ways in which the tourism industry is organized and managed. The tourism industry is confronted with changes in its distribution, marketing and working systems. Buhalis (1998) argues that the ICT-based interaction between customers and service providers reduced transaction costs, creating a process of disintermediation. Internet-based intermediaries facilitated direct interaction between tourists, tourist destination managers and service providers.

Specific human resource management issues resulting from the application of ICT include developing the skills and efficiency of the workforce, increasing expense on training and development and increasing the quality of, and participation in, training systems.

The spread of ICTs in the tourism industry and likely disappearance of many service providers have major ramifications for human resource management in the form of handling potentially large-scale redundancies. While it represents a major loss of comparative advantage in developing countries, downsizing workforces creates new functional challenges for human resource management. The employee welfare functions of organizations are likely to regain importance when they are faced with the trenchment of employees. The development of innovative severance packages and counseling services are likely to assume more importance as a human resource management practice. This will also have an impact on tourism's image as an employer, making it increasingly difficult to attract quality employees.

4.0 CONCLUSION

In this unit, we have attempted to touch upon some of the key human resource issues that impact upon tourism operations at a strategic level. Inevitably, in so doing, we have had to make judgments about the issues that are addressed and, therefore, have omitted significant areas.

Human resource concerns in international tourism remain among the most intractable for managers in the sector. While the focus of concern varies considerably from sector to sector and with different cultural contexts, the substance of these concerns shows amazing similarities throughout the world. There are no simple answers to many of the challenges that we have outlined here. However, it is essential that any discussion of tourism management issues considers those relating to the management of people.

5.0 SUMMARY

In the course of this study, we were able to discuss the characteristics of tourism as a sector and their impact on the management of human resources, Tourism's image as an employer, Skills shortages in tourism, Education and training in tourism, Flexibility and innovation in the management of human resources, Recruitment, retention and turnover, Rewards, benefits and compensation, Managing quality through human resources, The impact of globalization, Cultural contexts, The emergence of 'aesthetic labour', and finally, the Impact of information and Communications Technologies.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the characteristics of tourism as a sector and their impact on human resources management?
2. What is the impact and training in tourism management?

7.0 REFERENCES/FURTHER READINGS

- Bateson, J.E.G. and Hoffman, D.K. (1996). *Managing Services Marketing: Texts and Readings* (4th edition). Fort Worth, TX: Harcourt Brace.
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UNIT 5 SITE AND VISITOR MANAGEMENT AT THE NATURAL ATTRACTIONS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Management Task
 - 3.2 Operational Techniques
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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1.0 INTRODUCTION

The unit describes the operational site management within natural areas by concentrating on visitor flow controls. It commences with a general description of issues before proceeding to a more detailed consideration of the role of brochures, visitor information centres and footpaths.

2.0 OBJECTIVES

The purpose of this unit is to describe operational considerations that face site managers when seeking to both protect natural environments and create satisfactory visitor experiences. At the end of this unit you should be able to:

- consider the context within which operational site management is located
- describe different techniques that managers can use
- stress the importance of proper care in the implementation of these policies.

3.0 MAIN CONTENT

3.1 The Management Task

Visitors to natural attractions may be motivated by any number of reasons, reasons which determine different modes of behaviour: For example, some visitors may simply wish to relax within family groups, and thus meander, watch children play and not necessarily walk great distances. Other people may be motivated by specific wishes to observe particular fauna and flora (i.e. small animals and plants), while yet others use the natural setting as simply a backdrop within which to

undertakes some sporting or adventure pursuit. Whatever motive might dominate, the visitor will generally seek satisfaction. As a result, site and attraction management poses many problems due to the potential for anyone area to be effective as a multiple product. Any one site might therefore be viewed as a collection of physical attributes of terrain, scenery and topography, complete with man-made assets such as heritage accommodation and visitor centres. Such sites are also repositories of psychological benefits and appraisals on the part of those people who visit and use a site. Therefore in addition to the operational management tasks of developing and maintaining natural and built fabric, site managers must also consider issues such as psychological crowding, the nature of the visitor experience and the sources of satisfaction associated with different needs and behaviours. For example some visitors will seek a sense of isolation and emotional identification with natural places, and will not appreciate the cries of adventure seekers, or the chatter of family groups. Indeed, past studies have shown that it takes very small numbers of visitors to detract from the enjoyment of other types of visitor. One issue for site management is to ensure that users with conflicting needs are kept separate as far as possible.

To these concerns can be added those of wanting to sustain the quality of the natural, social and historical environment. Site managers, especially those in park regimes, are often charged with the primary care of not only existing fauna and flora, but also perhaps, the removal of exotics and pests. For example, in Australia, Canada, New Zealand and the USA, park authorities are often engaged in the reintroduction of native species that have become extinct in a given region, the removal of introduced species not originally native to the area, and the restoration of original natural environments as far as possible.

It can be seen from the foregoing discussion that site management of natural places involves at least three considerations:

The natural of the terrain and maintenance of physical infrastructure, the needs of visitors, and the needs for environmental conservation and restoration.

From a tourism marketing perspective, the place is the product, in so far as a place is a collection of physical assets, but storytelling is about the involvement of emotions. For those visitors to parks who wish to engage with the place, the provision of such services involves the cognitive as well as the emotional—these visitors are information gatherers and this act of information gathering emerges as a process of evaluation that often engages an emotive response. Consequently, site management involves a repetitive process between the attributes of the place, the different potentialities. It possesses effectiveness as well as cognitive

experiences, and the way that the place is presented to the public and the stories told in the marketing literature. If there is no congruence between these dimensions, possible outcomes can include disappointed visitors, diminished revenue, and threatened landscapes and heritage sites due to reduced expenditure on conservation and as a subsequent deterioration of the place, experience and organisation.

3.2 Operational Techniques

a. Marketing Materials

Marketing materials in terms of brochures, maps, and booklets are in shaping visitor expectations. Information can be presented in a 'dry' manner, dominated by text written in the third person and primarily concerned with presentation of 'facts' about the history and culture associated with a place. Or the same information can be presented in a glossy brochure with photographic and pictorial illustrations and interpretation so that in terms of visitors' experience. The tone, text and presentation of promotional material is not neutral, but is vital in either attracting or inhibiting visitors.

Promotional materials are therefore important in bringing messages to the notice of the public: they are not simply an advertising medium, but are part of the product design itself. By creating expectations about experience, in an industry whose main product is experience of place and subsequent evaluations of that experience, promotional materials become a tool that site managers can use to promote those messages that they feel are pertinent to the objectives of their site plans.

b. Information and Visitors Centres

Information centres have an important role to play for a number of reasons. First, they are sources of information about a place and then the natural and cultural environment of that place.

Secondly, they are places of visitation in their own right and through careful design and investment can become proxies for the place, detaining visitors for significant periods of time.

Thirdly, they may be sites of revenue generation.

Fourthly, they are places of refreshment and convenience through the provision of restaurants, cafés, toilets and car parking.

Finally, information centres fulfill the role of gatekeepers to the attributes of a place.

Site managers are continuously engaged in acts of selection, identifying those aspects of the place they want to bring to the attention of visitors, and interpreting those aspects for visitors. Often in information centres engage in visual presentation, again involving many acts of selection – which places to photograph, the angles from which they are photographed, the scenes represented, the sequencing of items etc. and the very act of selection bestows a legitimacy on what is shown, and an implied diminution of importance about that which is not shown. From a conservation perspective, the directing of the visitors' attention, and the potential visitor behaviour that may result, is very important. It may make visitors aware of the specific importance of a site, but can redirect their travel patterns away from locations of greatest fragility and vulnerability to human disturbance. The very act of detaining a visitor at a centre may lessen the possible impacts of large numbers of visitors at a specific site. Given that many visits to National Parks are day trips, the combination of a well-established information centre with trails that are easily accessed from the car park, plus catering and toilet facilities at the centre, may well mean that a high proportion of visitors may acquire a high level of satisfaction but with little intrusion upon the very nature that attracted them in the first place.

A number of different techniques exist to detain visitors. One of more successful is that of audio-visual presentations. For example, in 2002, Mount Zion National Park in the United States of America established the Human History Museum in the park's former Visitor Centre. Part of the story-telling includes a 22-minute audio-visual presentation that commences every half hour. For the day-trip to the park, parking the car, visiting the museum, seeing the audio-visual presentation, looking at the other exhibits, visiting the shop and buying refreshments can easily take up about two hours of the total time spent at the park. Given that the parks attract over 2 million visitors a year, this ability to concentrate visitors into an area that is capable of sustaining high numbers is important.

Additionally, the park has specifically built trails that emanate from the visitor centre that are not only accessible to those in wheelchairs, but also to the less energetic. These are supplemented by ranger-guided tours both during the day and at night. The park also makes available shuttle bus tours and provides a range of walks, many of which are of less than two hours duration. These techniques of holding visitors at sites, conducting visitors, providing ease of access to certain locations and providing maps for defined walks are copied by many park authorities around the world. The advantages of such schemes include: Creating accessibility to natural areas for the less mobile (whether through physical handicaps or advancing age);

Providing information to enable people to better understand the locations;

Creating safe environments where people are less exposed to risk;

Creating high levels of satisfaction by allowing people to engage with the site through presentations by, and contact with, rangers and by not exposing them to conditions with which they cannot cope;

Generating revenue through sales of foodstuffs, souvenirs, tours and perhaps franchised operations;

Preventing people from wandering into areas where threatened species might be at risk; and

Concentrating people into areas that can be easily patrolled by rangers, thereby helping to ensure visitor safety.

c. Footpath

Associated with visitor centres are footpaths and trails. These, too, are important parts in the mix of operational flows of visitors and enhancement of visitor satisfaction.

4.0 CONCLUSION

In conclusion, site management involves an iterative process between the attributes of the place, the different potentialities. It possesses foreffective as well as cognitive experiences, and the way that the place is presented to the public and the stories told in the marketing literature.

5.0 SUMMARY

In the course of this study we were able to discuss the management task and site operation techniques in terms of marketing, information and visitor centre.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss site management in tourism?
2. State and discuss operating techniques in site management?

7.0 REFERENCES/FURTHER READINGS

Bateson, J. E. G. and Hoffman, D. K. (1996). *Managing Services Marketing: Texts and Readings* (4th edition). Forth Worth, TX: Harcourt Brace.

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MODULE2

Unit1	StrategyforTourismManagement
Unit2	ManagingUrbanTourism
Unit3	ManagingtheCountrysideforTourism:AGovernancePerspective
Unit4	TourismandtheEnvironment
Unit5	Marketing ManagementforTourism

UNIT 1 STRATEGY FORTOURISMMANAGEMENT

CONTENTS

1.0Introduction
2.0Objectives
3.0MainContent
3.1MissionandStakeholders
3.2StrategicAnalysis
3.3StrategicChoice
3.4StrategicImplementation
4.0Conclusion
5.0Summary
6.0Tutor-MarkedAssignment
7.0References/FurtherReadings

1.0INTRODUCTION

The unit provides an overview of tourism corporate strategy. Without strategy, organizations are susceptible to strategic drift – a consequence of failure to monitor and respond to changing external environment. Organizations which do not use strategic planning tend to make ad hoc decisions and be reactive rather than proactive to events. The absence of an effective strategy can result in corporate failure. According to Johnson and Scholes (2001), “strategy is the direction and scope of an organization over the long term: which achieves advantage for the organization through the configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholder expectations”. Strategies are formulated to achieve goals at a more general level, for instance sustainable tourism.

2.0 OBJECTIVES

At the end of this unit you should be able to:

- appreciate the importance of both mission and stakeholders in tourism management
- identify the techniques of strategic analysis and choice
- enumerate the process of strategic implementation.

3.0 MAIN CONTENT

3.1 Mission and Stakeholders

It is difficult for an organization to formulate strategy without a clear idea of its overall aim. The mission of an organization can be thought of as what the organization is trying to achieve; what its purpose or aim is and where it is trying to head in the medium to long term (David, 1989). A mission statement should be succinct, achievable, visionary statement and look to the future and describe the main aim of the organization.

Tourism has missions that encompass different aims:

• **tourism Concern** campaigns for tourism industry that is just yielding benefits that are fairly distributed;

• **Participatory**: involving local people in its development and management; and

• **Sustainable**: putting long-term environmental and social benefits short-term gain

In this case it is ethical considerations rather than profit which guide Tourism concern.

An organization's mission is often accompanied by a series of objectives that spell out the goals that need to be achieved to realize its mission.

Objectives may be written in a closed or open form. Closed objectives describe quantifiable targets and should conform to SMART principles and thus be:

- Specific;
- Measurable;
- Agreed with those whom must attain them;
- Realistic; and
- Time-constrained.

On the other hand, open objectives are written in more of a qualitative style.

The mission question (what does the organization exist for?) cannot readily be answered without consideration of stakeholder question (who does an organization exist for?). The term 'stakeholder' refers to a person or group of people who have an interest in the operation of a particular organization and 'stakeholder analysis' (Mitroff 1983; Freeman, 1984) is a useful way of analyzing the importance of different stakeholders to an organization. Stakeholder analysis starts with a mapping of a range of stakeholders who are often divided into those who are external and those who are internal to an organization. A stakeholder map for British Airways would include:

Shareholders (may be divided into large and small);
 Directors;
 Workers;
 Customers;
 Bankers;
 Key suppliers
 Airlines in one world Alliance;
 Local communities; and
 Environmental groups.

But it is stakeholder power which will determine the influence that different groups have in an organization's mission. The power of internal stakeholders is influenced by factors such as position in the organization, control over resources, power of patronage, charisma and specialist knowledge. External stakeholders can wield power because of control of resources (particularly finance), their constitutional role (e.g. shareholders voting rights) and legal agreement (e.g. bank).

3.2 Strategic Analysis

The next stage in the formulation of tourism corporate strategy is strategic analysis. This involves consideration of the major influences affecting the organization's ability to fulfill its mission in terms of resources and environment. Strategic analysis reports on the current and future strengths and weaknesses and opportunities and threats (SWOT) facing the organization.

Opportunities and threats summarize the external environmental factors that a tourism organization faces. The key elements of the external environment may be summarized as C-PEST factors which refer to the Competitive; Political;

Economic;
Socio-cultural;and
Technologicalenvironments.

Strengthandweaknessesanalysisissummarizesthestateoftheinternalresourcesofanorganization.

Opportunities,threats andtheexternalenvironment

Thecompetitiveenvironmentofthetourismindustrydescribestheextentofinfluenceoftourismorganizationsordestinationupononeanother,andthatofsuppliersandbuyers.Thecompetitiveenvironmentmaybeanalyzedintwoways.First,structuralanalysisexaminessthewholeindustryinwhichatourismorganizationoperatesforcompetitivepressures.Profit-maximizingtourismorganizationwillseekapositionwithinanindustrywherecompetitive threats can be minimized and competitive opportunities exploited.Porter's(1980)'fiveforces'modelcanbeusedtoanalyzethe competitive environment.Thefiveforcesproposedbyporterare:

The threat of new entrants;
The power of buyers;
The power of suppliers;
The threats of substitutes;and
The degree of rivalry between competitors.

Secondly,competitoranalysisinvolvesamore detailed look at a tourism organization's existing and potential competitors.It enables an organization to formulate a strategy in the light of an assessment of its key rivals.Porter(1980),setsout a framework for competitor analysis by deploying a response profile of competitive organizations.The profile is divided into two sections.The first section asks questions about the motives of competitor sand second section asks questions about the competitors' current and future activities.The detailed questions that need to be addressed within the response profile include:

Product lines;
Prices;
Quality;
differentiation
advertising;
market segment;
marketing practices;and
growth and prospects.

Buhalis (2001) provides a strategic analysis of the competitiveness of tourism in Greece, identifying its unique nature, culture and heritage as strengths and the lack of differentiation of the tourism product as well as competitive disadvantages in marketing and planning as weaknesses.

The political environment is important to tourism organizations since it is here that changes in laws, regulations and policy occurs (Hall and Jenkins, 1995). It is therefore important to establish the location of political power, how political power may change in the future and the likely effects of this on policy. Analysis of government, opposition and election cycle yields information on the political environment, and government plans and party manifestos are also important sources of information. In addition, pressure group activity can be important in influencing policy in democracies, and the activities of such groups as Greenpeace and Tourism Concern attempt to affect government policy as it relates to tourism.

The economic environment affects tourism destinations and organizations both in terms of demand factors and especially in the case of organizations, in terms of supply and costs as well (Tribe, 1999). The main economic variables to be analyzed include:

Consumers' Expenditure. This is the amount of money consumers actually spend. It is mainly determined by income level, but is affected by savings, taxation and government benefit payments, consumer credit and expectations about the future. There is a direct positive relationship between growth in consumers' expenditure and growth demand for tourism.

Exchange Rates. This is the value of a country's currency in terms of other currencies. A high exchange rate for the pound sterling means a lower cost for tour operators buying services in foreign currency. It also encourages UK outbound tourists but discourages inbound tourists.

Interest Rates. This affects the cost of borrowing. High interest rates increase the costs of tourism organizations and dampen tourists' demand.

Taxation. This includes taxes on income, spending and profits. Increase in the former can reduce tourism demand.

Inflation. This is the change in the general level of prices and it can result in destinations becoming less competitive.

Strength, weaknesses and an organization's resources

Analysis of its resources and products or services enables a tourism organization to assess its strategic capability—or how well it is equipped to pursue its strategy. Resources are typically classified under four headings.

Physical resources, including buildings, fixtures and fittings, machinery and transport fleets.

Human resources, consisting mainly skills.

Financial resources, demonstrated by an organization's liquidity and its overall debt or credit situation.

Intangibles including acquired knowledge and skills, patents and recipes, goodwill brands and corporate image.

Performance monitoring analyses the way in which resources are being utilized and can include the following:

Analysis of efficiency;
Financial analysis;
Appraisal; and
Comparative analysis.

Efficiency measures the ratio of inputs to outputs. Broader measures of financial evaluation include share prices, earnings per share, and return on capital employed (ROCE). Appraisal is used for the evaluation of human resources and is a process where employees meet with their line manager to set targets for the future and review performance against previous targets. Comparative analysis can be made by reference to an organization's historical record, to other organizations in an industry (best practice) or to benchmark.

3.3 Strategic Choice

Strategic choice is concerned with the generation of strategic options, an evaluation of strategic options and the selection of strategy. In simple terms an organization seeks to gain advantage over its competitors either by selling a cheaper product than the competitors, or a better product than the competitor, or cheaper and better product. These are the key strategic options available. During any phase of strategic review a number of strategic options will be generated from strategic analysis.

The preferred option will pass the tests of suitability, feasibility and acceptability.

A price-based strategy seeks competitive advantage by offering the lowest prices in the industry. A key way to achieve this is to reduce costs by offering a basic, standardized, mass-produced, no-frills product with essential aspects stripped out of the value chain. On the other hand, a differentiation strategy offers product quality and uniqueness. This is achieved through design, innovation, attention to quality and advertising.

Some organizations seek to provide high-quality products at low prices—a hybrid strategy. This is difficult to achieve because adding extra consumer value adds to costs and forces up prices. It is generally feasible if an organization can achieve economies of scale so that average costs fall in line with growth in output. Each of these positions offers a strategy for gaining competitive advantage.

3.4 Strategic Implementation

The agreed organizational strategy will generally be set out in a formal document and effort then needs to be directed at strategic implementation. This is concerned with the putting into practice of an organization's strategy. Initial consideration may need to be given to logistic and operations. Complex strategies will need a project plan which takes logistics into account and provides a logical sequence of what has to be done before each stage of the plan can be realized. It therefore takes account of time scales and the interdependency of different elements of a strategy and allows a critical path to be mapped.

4.0 CONCLUSION

In conclusion, the general strategic method outline in this unit represents a standard cycle of strategic planning and a classical approach to strategy. However, it should be noted that the success of a strategy depends on the accuracy of much of the analysis contained in the plan. Much of the analysis involves forecasting and the future is notoriously unpredictable.

5.0 SUMMARY

In the course of this study we were able to discuss the importance of both mission and stakeholders in tourism management; the techniques of strategic analysis and choice and finally, the process of strategic implementation.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand by Mission and stakeholders in Tourism management?
2. Compare and contrast between strategic analysis and strategic choice?

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UNIT 2 MANAGING URBAN TOURISM

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Urban Tourism: Key Themes and Issues
 - 3.2 A Framework for Managing Urban Tourism
 - 3.3 Marketing Urban Tourism
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Towns and cities have, throughout history, been a focus of tourist activity, providing accommodation, entertainment and other facilities for visitors. For example, the early development of spa tourism in the sixteenth century and the emergence of resort-based seaside tourism in the eighteenth century were both related to urban locations while the structure of the Grand Tour was determined to a great extent by the cultural significance of cities of Europe (Towner, 1996). However, it is only more recently that the importance of urban tourism has come to be realized. Not only has tourism become a significant component of the economy of most large cities but also it is now widely perceived as an effective vehicle of urban development and regeneration. Since Baltimore famously revitalized its inner-harbour area in the 1970s through the development of business and leisure facilities, innumerable other towns and cities have also adopted tourism development as an integral element of their socio-economic development policies (Swarbrooke, 2000). Urban tourism is a varied, complex and dynamic phenomenon that perhaps defies specific definition and analysis, hence the preference of some, such as Law (2002), to refer more specifically to 'city tourism'. Nevertheless, there is no doubt that, globally, tourism has become increasingly prevalent, albeit in a variety of forms or guises (such as heritage tourism, cultural tourism or special events tourism), in urban spaces.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- identify key issues in the management of urban tourism
- appreciate the need for a systematic and holistic framework for managing tourism in urban spaces
- recognize and consider the challenges of promoting urban tourism in an increasingly homogenous place market.

3.0 MAIN CONTENT

3.1 Urban Tourism: Key themes and issues

Typically, the academic study of urban tourism embraces a number of core themes. These include:

The demand for urban tourism—
 identifying the ‘urban tourist’; motivational factors; measuring demand; trends/patterns in demand; tourist-consumer behavior; modeling/forecasting demand, etc.

The supply of urban tourism—
 primary elements, including ‘activity’ and ‘leisure’ settings; secondary elements, such as accommodation and restaurants; and additional elements including information services, car parking and so on.

Marketing urban tourism—selling the city; re-branding and re-imagining the city.

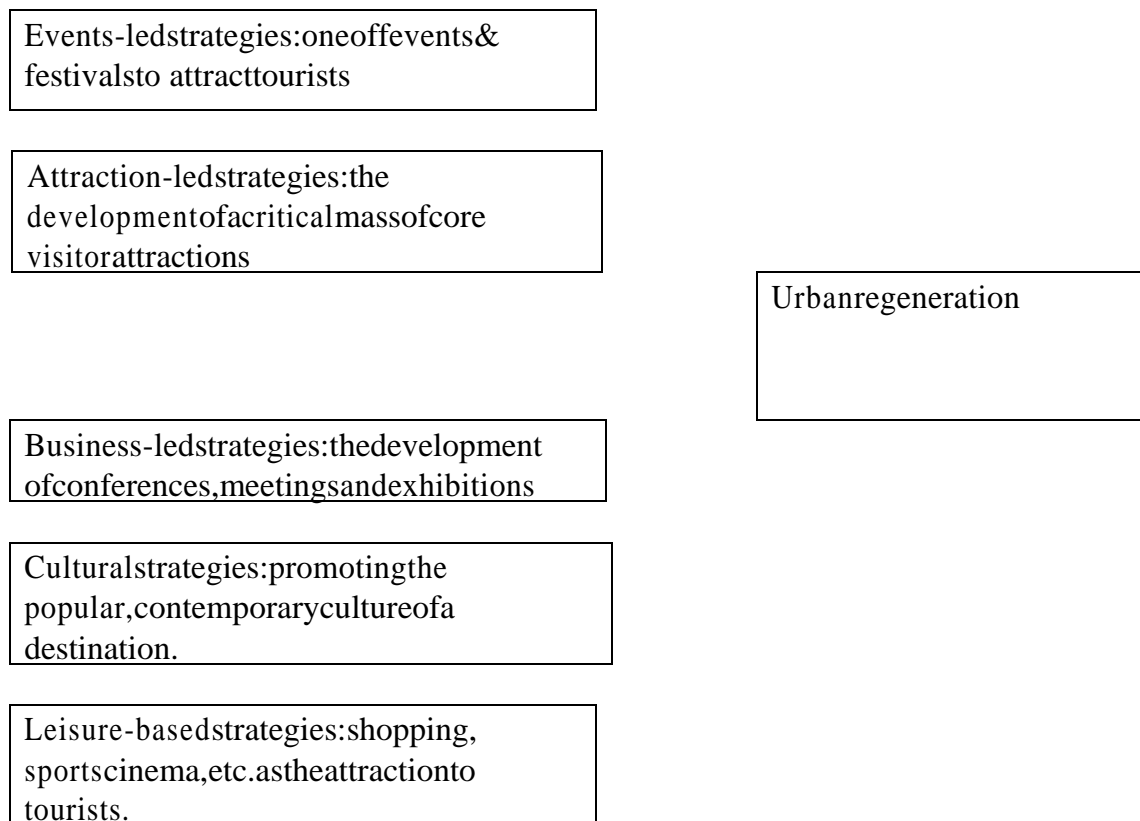
Policy, planning and management issues—
 tourism and regeneration; organizational structures and relationships, networks, collaboration); tourism policies (attractions, events, regional focus), etc.

The impact of urban tourism—economic benefits/costs; socio-cultural development; sustainable generation, etc.

At a basic level urban tourism is a complex or even chaotic concept because of the diversity of contexts in which it occurs. As Shaw and Williams (2002), suggest, urban areas are heterogeneous, ‘distinguished as they are by size, location function and age’ and as a result an attempt has been made to categorise urban tourism destinations. Judd and Fainstein (1999), for example refer to resort cities (built with tourism as the primary function), the tourist-historic city (where historic cores have become the object of tourist consumption) and converted cities (where a change of function has occurred).

A principal purpose of developing urban tourism (and indeed, all other forms of tourism) is socio-economic development of the destination. In the urban context, this is frequently referred to as regeneration, reflecting the more recent focus upon the use of tourism as means of restructuring inner city or docklands areas in order to encourage wider inward investment, to stimulate economic growth, to underpin physical redevelopment and to contribute to more general place-marketing and re-imaging. A variety of strategies are typically employed, usually in combination as shown in figure 7.1 below:

Figure 7.1 Tourism strategies for urban regeneration



Adapted from Swarbrooke (2000)

However, all urban tourism development focuses upon the socio-cultural and economic well-being and development of local communities. Whether the promotion of a city's historical attractions, the redevelopment of a waterfront, or staging of a mega-events such as the Olympic Games, the overall purpose is to provide income and employment opportunities, to provide facilities and services for local people and to underpin the improvement of the physical environment.

Therefore, within this universal objective, a number of sub-issues become pertinent:

Urban Tourism and Social Exclusion: New tourism-related development in towns and cities are frequently socially exclusive and bring least benefit to those who need it most. Tourist areas become gentrified, providing a 'fantasy cities' for those who can afford it.

Contestation Space: Related to the point above and more generally, there is often a diversity of views over how urban spaces should be developed and used, particularly between those who wish to institute change, such as developers and politicians, and those who seek to limit change (often local communities).

Resource Allocation: It is sometimes argued that the resources allocated to tourist development, particularly the public funding of flagship attractions designed to act as a catalyst for further investment and development.

Community Involvement: Most often community were not involved in some of development of tourist centre and this may cut-off people that such developments were designed to help.

Political Environment: The broader political environment, manifested in, for example the establishment of regional or national agencies committed to implementing national development policy or schemes, such as the European Capital of Culture, may drive urban tourism development towards externally imposed, rather than locally decided objectives

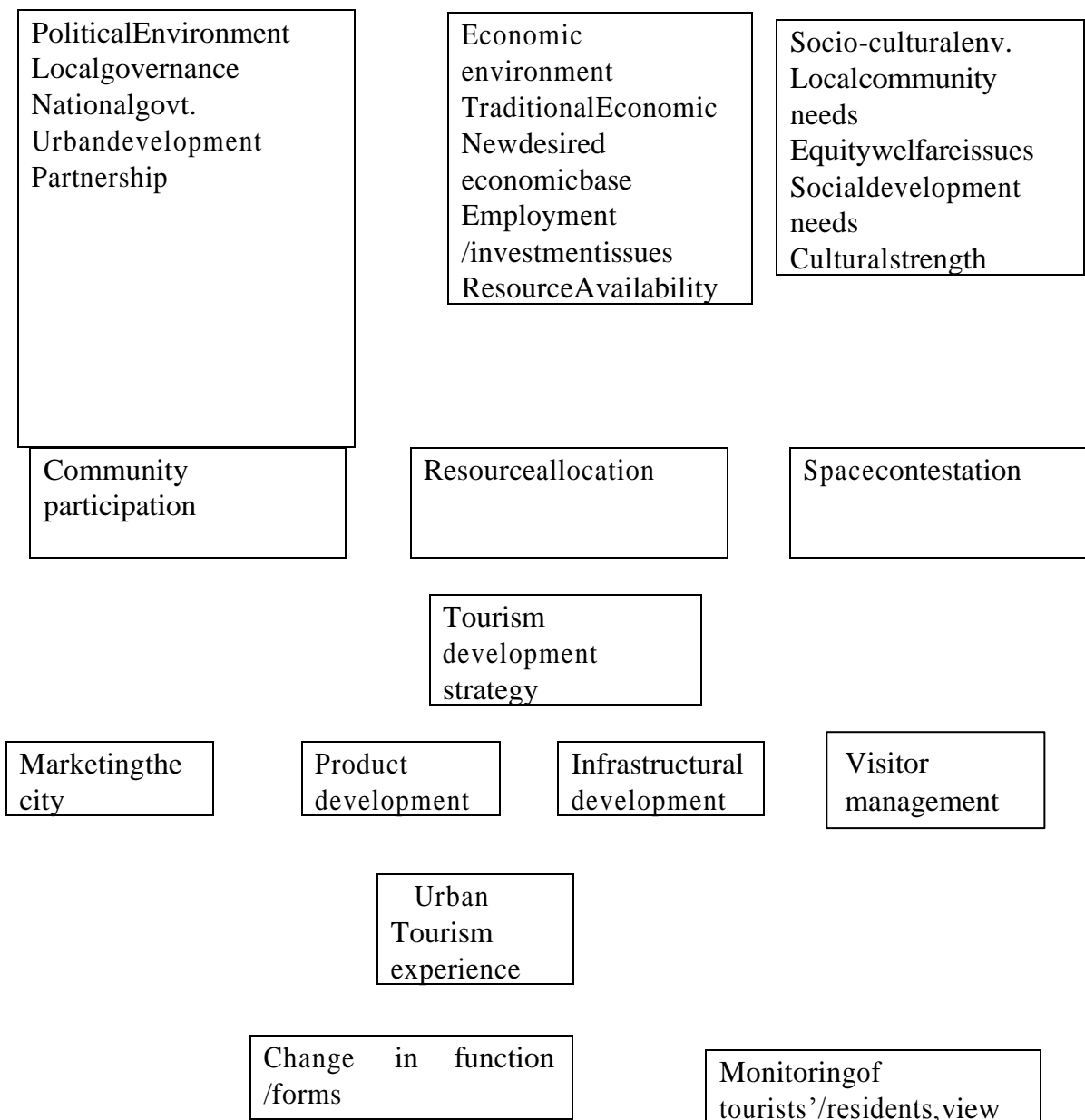
3.2 A Framework for Managing Urban Tourism

From the above discussion, two points are evident. First, urban tourism is a complex concept, manifest in practice in an enormous diversity of development perspectives, city attractions, tourist behavior and so on. Secondly, irrespective of this diversity, a number of issues, in particular with respect to effective and appropriate tourism development, and common to most, if not all, urban tourism contexts. Therefore, there is need for a framework which is not only able to demonstrate the multitude of factors, influences and processes which may affect the development of urban tourism in different contexts, but which also provides a logical and systematic process to be followed in managing urban tourism development. One such framework is proposed in figure 7.2 as follows.

In this model, the starting point is not tourism, but the broader dynamic urban context to which tourism development may, potentially, make a contribution (one implication being that, as a result of this initial process, tourism may not in fact be selected as an appropriate

development strategy under certain circumstances). Here, the political environment which includes both local and national government structure and prevailing policies as well as the economic and socio-cultural environment must be taken into account in order to identify not only appropriate management structures and roles in developing urban tourism, but also the multitude of political, economic and social forces that represent either opportunities or barriers. Thus, the need for viewing tourism not in isolation but as a part of holistic approach to economic and social policy-making.

Figure 7.2: A framework for managing urban tourism



Source: Adapted from Tyle, (2000) and Page and Hall (2003)

3.3 Marketing Urban Tourism

If tourism development has a role to play in urban renaissance and such a contribution is to be optimized, then a key element in any development strategy must be marketing. Place promotion is now a well-known feature of contemporary urban life and of city marketing campaigns. Page and Hall (2003) define it as the process of identifying a place as a 'place product' and developing and promoting it to meet the needs of identified users. Paris is thus known for its reputation as the romantic capital of Europe. As a result of marketing processes, place images have become closely associated with each city in the creation of perceptual global place maps. But the placement of cities within global maps is neither a new nor a fixed phenomenon. In 1900, the world's great cities were almost all in Europe and North America. Since then however, growth of cities such as London, Paris and New York has been far outstripped by those in Asia, for example, which have grown more than a hundredfold in the last century (Spearritt, 2002). Tokyo, Seoul and Beijing, among others are all now important world cities competing for global industry, business, residents – tourists. Fortunes change, however. That which attracts capital (of different kinds) alters over time. For some industries, skilled and experienced (cheap) labour draws them to a place. For others, environmental resources provide raw materials that decide the attractiveness of a location. Too little is understood of the complex motivations of tourists to be able to summarize a destination's appeal similarly, but it is generally accepted that a city's image and the resulting perceptions of it influence visitor preferences for it (Law, 2002).

Areas of cities often disused and in decay are transformed into places with few distinguishing features, and geography of now rather than a sense of somewhere emerges. The characterless glass towers, homogenous walkways, the mega shopping malls and generally monotonous urban landscapes of the international postmodern city are surely the antithesis of distinctiveness marketing.

4.0 CONCLUSION

Tourism development is a means to an end rather than an end in itself and, as a result, tourism development is also a question of integration, requiring and embedding within wider social and political agendas as well as economic policy of a particular country.

5.0 SUMMARY

In the course of this discussion in this unit we were able to explain the concept of urban tourism with focus on the following: definition of

urbantourism;frameworkofmanagingurbantourismandfinallymarketingurban tourism.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss urban tourism as a specific sector of tourism?
2. With the aid of a diagram discuss the framework of managing urban tourism?

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UNIT 3 MANAGINGTHE COUNTRYSIDE FOR TOURISM:AGOVERNANCEPERSPECTIVE

CONTENTS

- 1.0Introduction
- 2.0Objectives
- 3.0MainContent
 - 3.1ChallengesinRuralTourism
 - 3.2TourismintheRuralAreas/Countryside
- 4.0Conclusion
- 5.0Summary
- 6.0Tutor-MarkedAssignment
- 7.0References/FurtherReadings

1.0INTRODUCTION

The countryside has long been a tourism destination. From the late 1700s, tourists who had traditionally visited the cultural centres of Europe were influenced by a belief in the restorative effects of happily constituted scenes and an increasing lyrical orientation to aesthetic sightseeing (Adler, 1989) to visit rural areas. As a result, the countryside and mountains throughout Europe became the object of the tourist 'gaze' (Urry, 1990) with Switzerland, in particular, becoming a popular destination. Similarly the English Lake District, revered by the poets and artists of the Romantic Movement, attracted increasing numbers of visitors from the start of the nineteenth century, as did the Scottish Highlands (Butler, 1985). Indeed, rapid technological advances in transport, the emergence of a fledgling tourism industry and a desire to escape the burgeoning urban centres collectively fuelled the growth in rural tourism throughout the nineteenth century. It was also in the same nineteenth century that attempts were first made to manage the countryside for tourism.

2.0OBJECTIVES

At the end of this unit, you should be able to:

- appreciate the challenges inherent in the management of rural tourism
- apply the concept of governance to the management of rural tourism
- consider the relative importance of local control and national policy in optimizing rural tourism's contribution to rural development.

3.0 MAIN CONTENT

3.1 Challenges in Rural Tourism

Despite its virtual ubiquity in industrialized countries, rural tourism remains variously defined and takes a multitude of different forms in different countries and regions. This is due, in part, to the lack of a universally accepted definition of 'rural' – concepts of 'rural' rurality and, hence, the characteristics of rural tourism in different countries are culturally, economically, politically and geographically determined. In Germany for example rural tourism is primarily associated with farm tourism (Opperman, 1996), while in Australia it is synonymous, perhaps with the adventurous 'Outback experience' (Sofield and Getz, 1997). At the same time, the importance of rural tourism as a social activity, as an element of overall tourism activity and as a developmental/regeneration vehicle varies enormously from one country to another, as do consequential policies for rural tourism (Page and Getz, 1997). In short, there is no single 'rural tourism', while different countryside destinations faced different management problems and issues.

Nevertheless, according to Robert and Hall (2001), a number of challenges common to all rural/countryside destinations may be identified as follows:

Rurality. Rural tourism is, typically, underpinned by 'rurality'. Tourists seek rural (non-urban, traditional, natural) experience, the countryside, however, defined, representing a touristic 'refuge from modernity' (Short, 1991). Rural tourism development and management should therefore seek to maintain and enhance the experience of rurality.

Regeneration/development: Tourism must be planned and managed to meet the ultimate objective of revitalized the countryside through employment and income generation, attracting investment, service provision, realizing linkage opportunities in the local economy and so on. Thus, tourism must be developed according to local socio-economic development needs and opportunities.

Integration: Rural tourism should be integrated with broad rural development strategies at both the local and national tourism policies.

Balance: There is requirement to balance tourism with other demands on the rural resource base, while the potentially conflicting needs of local communities, landowners, visitors and the 'national interest' must be optimized.

Environmental Sustainability: The countryside is both finite and fragile. The centrality of the environment (physical and cultural) to the rural tourism experienced demands appropriate monitoring, protection and conservation, and tourism development policies are necessary to maintain the integrity and attraction of the rural environment.

Realism: Different forms of tourism (e.g. inland resorts) may be more developmentally appropriate to local or regional needs than other 'traditional' types of tourism. Equally, 'new' rural tourism activities must also be catered for. Therefore, rural tourism policy must embrace the notion of a dynamic countryside responding to wider socio-cultural change rather than be constrained by a conservative countryside aesthetic (Harrison, 1991).

Business Development: Rural tourism businesses themselves face a variety of challenges, including poor returns on investment, insufficient skills or resources for marketing, lack of training and the inability to adapt to a service culture, seasonality and a lack of collaboration with other small tourism businesses in the locality (Gannon, 1994).

3.2 Tourism in the Rural Areas/Countryside

The management of the countryside should be guided by the sustainability 'imperative'; that is, rural tourism should be developed and managed in such a way that it contributes to the longer term, sustainable development of the destination area or region.

In the context of managing the countryside, there are three broad perspectives on how this sustainability imperative is or should be manifested in practice: (1.) managing the rural tourism environment (2.) managing the tourism business, and (3.) tourism as an element of overall rural development.

3.2.1 Managing the Rural Tourism Environment

Given the difficulties inherent in the practical application of sustainable rural tourism development, the principal focus of plans and policies for managing the countryside as a resource for tourism has, not surprisingly, been upon the relationship between tourism and the physical/social environment upon which it depends. Stated more simply, the primary objective of many sustainable rural policies has been to minimize the negative consequences of tourism development and activity through appropriate resource planning and management – in short, sustainable tourism is equated with sustainable resource use.

3.2.2 Managing the Tourism Business

The challenges facing tourism businesses in rural areas have long been recognized (Wilson et al., 2001). For some years, private/public sector partnerships were a favoured method of supporting and managing the development of local tourism businesses and addressing the problems faced by small, new businesses in a highly competitive market. More recently, however, attention has been increasingly focused on the contribution of clusters/networks as a means of generating regional competitiveness and positive economies for rural tourism businesses. A cluster is simply a collection of businesses or industries within a particular region that are interconnected by their products, their markets and other businesses or organizations, such as suppliers, with which they interact (Porter, 1998). The benefits of clusters include increased competitiveness, economies of scale and a focus on co-operation and innovation. Such clusters/networks can therefore make a significant contribution to the management of the tourism business in rural areas.

3.2.3 Tourism as an Element of Overall Rural Development Policy

Tourism is widely considered an effective panacea to many of the socio-economic problems facing peripheral rural areas. Therefore, policies for the support of rural tourism development are evident at both the national and regional level.

3.3 The Governance of the Countryside

Reflecting the fragmentation of socio-economic structures within the countryside and increasingly diverse array of demands, including tourism, placed on the rural resource base, the manner in which the countryside is governed has undergone a significant transformation in recent years. In particular, a pre-occupation with agricultural interests and concerns at both the local and national level has been superseded by a more diverse, multidimensional approach to the governing of rural areas.

4.0 CONCLUSION

Rural tourism is but one element of an integrated, interdependent set of socio-economic structures within the contemporary countryside. Its success depends upon the health and attraction of the countryside, while it supports a diverse array of commercial interests. Moreover, in many rural areas, tourism has become the dominant, though often unrecognized, economic sector. Therefore, not only should tourism policy be synonymous with rural policy at the national level, but also the

effectivemanagementofthecountrysidefortourismisdependentonthemarriage,t hroughagovernanceprocess,ofbroaderrural(tourism)policywithsiteordestinati on-levelbusinessandenvironmental management.

5.0SUMMARY

Inthecourseofthisstudywewereabletodiscussthefollowing:challengesinherent inthemanagementofruraltourism,theconceptofgovernancetothemanagemento fruraltourism,therelativeimportanceoflocalcontrolandnationalpolicyinoptimi zingruraltourism'scontributiontorural development.

6.0TUTOR-MARKED ASSIGNMENT

1.Discussvariouschallengesfacingruraltourism?

2.Whatdoyouunderstandbygovernance

ofcountrysidetourism?**7.0REFERENCES/FURTHER**

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UNIT 4 TOURISMANDTHEENVIRONMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 What is the Tourism Environment?
 - 3.2 Tourism and Environment Conflicts
 - 3.3 Managing the Tourism-Environment Relationship
 - 3.3.1 Managing Physical Resources
 - 3.3.2 Managing Visitors
 - 3.3.3 Sustainable Tourism Development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

This unit explores the tourism-environment relationship, focusing in particular on a systems approach to environmental management which permits more appropriate, destination specific policies for managing tourism environmental impacts. Of all the political, economic and social evolutions of the last century, none has so fundamentally changed human values and behavior as the environmental revolution.

2.0 OBJECTIVES

Having completed this unit, you should be able to:

- explain the meaning of tourism environment
- understand the multidimensional and variable nature of the tourism environment
- appreciate the need for destination-specific focus in environmental management policies
- know tourism and environmental conflicts.

3.0 MAIN CONTENT

3.1 What is the Tourism Environment?

Tourism is an environmentally dependent activity. That is the environment is a fundamental element of the tourism product—tourists seek out attractive, different or distinctive environments which may

support specific touristic activities and thus, the maintenance of a healthy, attractive environment is essential to the longer-term success of tourism.

Frequently, the environment is thought of simply in terms of the physical attributes of the destination. Indeed many texts refer to physical/environmental impacts of tourism as distinct from social and cultural consequences. However, the attraction of any destination may reside in factors beyond its physical (natural or built) attributes, with tourists seeking opportunities to learn about or experience new societies or cultures. Thus, the tourism environment can be viewed as possessing social, cultural, economic, and political dimensions, besides a physical

Holden (2000). In this sense tourism environment may be defined as:

That vast of factors which represent external (dis)-economies of a tourism resort natural anthropological, economic, social, cultural, historical, architectural and infrastructural factors which represent a habitat onto which tourism activities are grafted and which is thereby exploited and changed by the exercise of tourism business (EC, 1993).

However, while this definition embraces the parameters of the tourism environment, from a management point of view it is also important to consider the varying perceptions of it. In other words, although the factors included in the above definition are descriptive and tangible, the ways in which they are perceived or valued by different groups may vary significantly. In particular, there is likely to be a distinction between the ways in which local communities and tourists perceive or value the destination environment; while tourists may value highly a pristine or underdeveloped environment, locals may simply view it as a legitimate resource for exploitation. In Cyprus for example most of the coast has been developed or earmarked for development on the island (Sharpley, 2001a).

However, there not only exists a distinction between locals' and tourists' perceptions of environment. As Holden (2000) summarizes, tourists do not represent a homogeneous group of consumers; they are likely to perceive and interact with the destination environment in a multitude of different ways, depending upon their attitudes, motivations, and expectations. In other words the attitudes of the tourist to the environment will be reflected in their behavior, which in turn will determine the degree of impact upon the environment. Thus, at one extreme tourists may have a complete disregard for the environment, placing the satisfaction of personal needs above environmental concerns; at the other extreme, they may feel a strong attachment to the destination environment and will attempt to integrate themselves into it.

This suggests that tourists' experience of the environment can be placed upon a continuum of perception/behavior.

3.2 Tourism and Environment Conflicts

Not only have the environmental consequences of tourism development—both negative and positive—been long recognized and discussed, but also they have been variously addressed in the literature. Typically, however, environment is implicitly defined as the physical, as opposed to social-cultural resource base.

The focus is principally upon negative impacts, or the environmental costs of tourism development in the destination area and the analysis is usually structured around particular impacts, such as pollution or erosion—or around the constituent elements of the natural environment—land, water, air, flora, and fauna—as well as the man-made environment.

While such a perspective is both logical and objective, it does have a number of weaknesses. In particular it implies a causal relationship between certain forms of tourism development and their inevitable environmental consequences, and that, importantly, such consequences are considered undesirable or bad and should therefore be minimized or avoided.

In addition, not only does the tourism environment possess socio-cultural, political, and economic dimensions in addition to its physical elements, but also the analysis of tourism impacts should not be divorced from these dimensions. Also, while the development of tourism undoubtedly has consequences for destination environments, impacts may be exacerbated or even caused not by tourism or tourists but by other economic or human activity.

Finally, while all societies, cultures and economics are dynamic, the environmental values embedded in (sustainable) tourism planning and policies are, however, static.

3.3 Managing the Tourism-Environment Relationship

It is not possible within the context of this unit to review fully the enormous variety of prevailing tourism environmental management strategies, whether at a broad policy level or with respect to specific sites and locations. Nevertheless, there exist three principal approaches to managing the environment for tourism.

3.3.1 Managing Physical Resources

It is important to find ways and manner of protecting or conserving the physical tourism resource base as follows:

Land Designation: The most common strategy for protecting areas of ecological, scientific, historical, scenic or, in the present context, tourism/recreational importance is designation, whereby identified areas are designated according to necessary degrees of protection. The best known form of designation, representing 57% of the world's protected areas (Newsome et al., 2002; 191), is national park status, which seeks to protect nationally important areas of ecological, educational and recreational purposes. Often however the local interest (and indeed, knowledge and experience of land management) is subordinated to the national conservation/tourism development interest in much of the developing world, for example, national park designation has significantly disadvantaged local communities (Murphree and Hulme, 1988).

Spatial Planning Strategies: A variety of methods are employed to encourage tourism development in some areas while relieving pressure on sensitive or already degraded sites. The most popular of these is zoning, which attempts to prescribe varying levels of public use and conservation in different parts or zones of larger areas such as national parks. It may also be utilized to separate incompatible tourism uses both spatially and temporally.

Site Management Techniques: At the local, site level, various techniques are employed to either protect sensitive areas or to facilitate regeneration or restoration of damaged sites. Such techniques may include, for example, the appropriate location and signing of roads and trails, the careful positioning of visitor facilities and the enormous diversity of methods employed, from 'site-hardening' measures to the temporary denial of access, to protect or restore particular resources, such as coastal areas, mountain trails and so on.

3.3.2 Managing Visitors

By definition, the impact of tourism is directly related to the behavior or activities of tourists themselves. Moreover, differing attitudes and perceptions towards environment on the part of tourists are likely to be influential in determining the degree of impact experienced by any one tourism destination. It is not surprising, therefore, that effective visitor management is widely considered an integral element of environmental management (Jim, 1989).

The purpose of visitor management is to match the nature, scale, timing and distribution of tourism activity to the environment within which it occurs - that is, to ensure that the capacity of the environment to absorb tourists is not exceeded - as well as attempting to encourage "appropriate" behavior on the part of individual tourists. In a broad sense, calls for tourists to adopt 'good' behaviour is a form of visitor management but the wider range of more specific techniques employed to manage visitor behaviour vary from soft, low-regulatory methods designed to inform and educate, such as information centres, interpretation and codes of conduct (Mason and Mowforth, 1995), through to high-regulatory methods designed to limit access. In many instances such techniques are successful; reducing the number of car park spaces has, for example, been found to be an effective means of limiting tourists numbers at particular natural areas (Sharpley, 1996). However, visitor management more generally tends to be reactive 'solution' to a problem rather than an element of a wider, proactive environmental management process.

3.3.3 Sustainable Tourism Development

The two approaches to managing the tourism environment described above focus specifically on two separate elements of the tourism-environment relationship, namely, the physical environment and visitor behavior. Conversely, sustainable tourism development attempts to address collectively the needs of all the players in the tourism destination - the local community, the physical environment, the cultural environment, the tourism industry and tourists themselves - in an approach that is intended to reduce tensions and friction created by the complex interactions between them. In other words, sustainable tourism development seeks to optimize the benefits of tourism to tourists (their experiences), the industry (profits) and local people (their socio-economic development) while minimizing the impacts of tourism development on the environment.

4.0 CONCLUSION

In conclusion, this unit suggested a systems approach that not only recognizes the unique and dynamic characteristics of destinations but also effectively embraces local governance as a more appropriate means of managing the tourism environment.

5.0 SUMMARY

In the course of our study in this unit we were able to discuss the following; the meaning of tourism environment, the multidimensional and variable nature of the tourism environment, the need for a

destination-specific focus in environmental management policies and finally tourism and environmental conflicts.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand by tourism environment?
2. Discuss the conflict between tourism and the environment?
3. Discuss the following concepts:
 - a. Managing visitors in tourism environment? Sustainable tourism development?
 - b. Sustainable tourism development?

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UNIT 5 **MARKETINGMANAGEMENTFOR TOURISM**

CONTENTS

- 1.0Introduction
- 2.0Objectives
- 3.0MainContent
 - 3.1MarketingProcessinTourism
 - 3.2ManagingStrategicTacticalTension
 - 3.3MarketingProcessandPlaninTourism
 - 3.4Brandingas FocusforMarketingEffort
- 4.0Conclusion
- 5.0Summary
- 6.0Tutor-MarkedAssignment
- 7.0References/FurtherReadings

1.0INTRODUCTION

Marketingasamanagementdisciplineoffersthetourismmanagerthatessentialou
tward focusandreceptivityto consumerneeds thatfacilitates
organizationalsuccessinthecompetitiveenvironmentofglobaltourismtoday.

Marketingistheprocessofplanningandexecutingtheconception,pricing,promot
ionanddistributionofideas,goodsand servicestocreate
exchangesthatsatisfyindividualandorganizationalobjectives
(AmericanMarketingAssociation).

Marketingisthemanagementprocessforidentifying,anticipatingandsatisfyingc
ustomerrequirementsprofitably.

Themarketingconceptholdsthatthekeytoachievingorganizationalgoalssthoug
hunderstandingandrespondingtoconsumersandmarketplaceconditions.Import
antlythesegoalsneednotbeprofit-
relatedand,thus,thepracticeofmarketingintourismhasspreadfromcommercialt
ourismindustrytosectorsandsubsectorsnottraditionallyassociatedwiththedisci
pline.Theseincludepublicsectormuseums,nationalparks,charitiesresponsiblef
orheritageconservation,andsoforth.Forsomeorganizations,thepracticeofmark
etingencompassesnomorethandifferingformsofcommunicationorpromotion.
Thishowever,istomisunderstandthescopeofdisciplineanditsstrategicdimensio
n.Indeed,marketingmaybetterexplainedasawayofdoingbusiness,ratherthan
asa‘standalone’ discipline.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the process of marketing in tourism
- understand marketing plan in tourism
- establish branding as a focus for marketing plan

3.0 MAIN CONTENT

3.1 Marketing Process in Tourism

The marketing processes and decisions vary to the extent of their formality; a micro-business in rural tourism, for example, has very different structures and style for managing marketing than the multinational tour operating and aviation conglomerate. A micro-business may have no written marketing plan (unless a loan is needed), while the multinational may have written strategic and campaign plans by brand, product or key segment. However, they may be equally foresighted (or not) in their strategic marketing thinking. And marketing is invariably results-driven.

In practice, successful marketers in one sub-sector of tourism can transfer to others sub-sector with ease, their value is recognized. Chiefly this comes down to their ability to handle the practical implications of characteristics of tourism within marketing decision-making. These characteristics of perishability, variability, inseparability and intangibility will be familiar to the tourism student, but they are worth repeating here as they are the root cause of many of the areas of emphasis that emerge when marketing is applied to travel and tourism. The characteristics of tourism include:

Perishability-
the inability to store the product for sale at a later date. Each product exists only at a single point in time, so failure to sell by that point in time results in lost revenue too. A plane leaving at 09.05 with empty seats means that the revenue from 20 products will never be realized.

Variability-
tourism is a product, high in human contact. Each experience element relies on human interaction between user and provider staff (and equipment/processes), so that each incident is intrinsically unique. The fact that much tourism marketing effort is made to iron out performance variability through employee training and procedures does not annul this essential tendency towards variability.

Inseparability–

the fact that the consumer has to interact with the tourism provider or destination in order to experience the product at all. Sometimes call 'simultaneous production and consumption'; in other words until the consumer uses the product, the product does not actually exist (merely the capability to produce it).

Intangibility– the tourism product cannot be inspected by the human

senses at the point of sale (although surrogates for the product can be, of course).

To these four characteristics should be added the cost structure of

tourism businesses. This consists of high fixed costs and low variable costs, relatively fixed supply capability in the short term, and complementary between the different tourism elements. Moreover, no single tourism organization exists in isolation – from the users' perspective, the vacation experience (if we are referring to leisure tourism) consists of meals, transport, accommodation, sight-seeing, activities, and soon, all rolled into one, seamless experience.

3.2 Managing Strategic Tactical Tension

Practical success revolves around managing the strategic tactical tension. Sometimes labeled as 'demand capacity management', skilful marketer in tourism is endlessly balancing their time and resources between short term demand capacity requirements and long-

term brand development and strategic direction. Much of the tourism marketer energy focuses on stimulating last minute sales to fill remaining capacity; remember the service characteristics of perishability, relatively fixed capacity and high fixed costs. The combination of perishability, fixed capacity and high fixed costs serves to be a profit or plummet losses in a way not experienced by the marketer of physical goods. As a consequence, tourism marketers need to pay close attention to demand patterns. For example, the development of yield management systems in aviation is rooted in the analysis of historical sales data that allows predictions to be made for a given route and timing, so that overbooking percentages and price alterations can

be made on a continuous basis with a degree of confidence unimaginable in previous decade. Development in information technology have allowed capacity for production to be inventoried for distribution and tracking of subsequent sales. It is therefore no surprise that many sub-sectors in travel and tourism have invested heavily in information technology.

3.3 Marketing Process and Plan in Tourism

The marketing process can be considered as the analysis, planning, implementation and control of marketing (Kotler, 1991), whereas the

marketing– planistheacceptedoutput,commonly(thoughnotexclusivelyinwrittenformat).Themarketingprocessisongoing,butthewrittenmarketingplanscoverdifferenttimescalesdesignedtodovetailintooneanother.ThestrategicplanseesTable10.1createstheoverallgoalsanddirectionfortheseriesoftactical(oftenannual)plans.Inlargetravelandtourismcompanies,marketingplansmaybewrittenforspecificbrands,keysegmentsorproducts,andsoometacticalplansmaytaketheformofanintegratedcommunicationscampaignfocusingonasharedmessage:Spain’s‘everythingunderthesun’,orpassionoflifeorChampney’smind,body,spirit(MiddletonwithClarke2001).

Table10.1:A comparisonofstrategicand annualplans

StrategicMarketing(3-5yearsTypical	AnnualorTacticalMarketingPlan(1 year)
Situationanalysis:Macro Micro External internal	SummaryofSituationanalysis SWOT
Forecast/Prognosis	Targetsegments
Keyfactorforsuccessanddistinctivecompetencies	Annualmarketing objectives InSMARTformat
SWOTanalysis	Product(Objectives) Strategies Tactics
Targetsegments Includingprofile	Price(Objectives) Strategies Tactics
Positioningstatement Includingpositioningmap	Distribution(Objectives) Strategies Tactics
Marketing objectives	Communication(Objectives) Strategies Tactics
Strategieswhichmaybe categorizedas Product Price Distribution Communication	Monitoring,evaluationandcontrol Includingbudget
Evaluationandcontrol Includingbudget	

AdaptedfromGodfreyandClarke(2000)

3.4 Branding as Focus for Marketing Effort

Perhaps one of the most noticeable differences between large travel and tourism organizations and microenterprises (or even destinations) is the ability to develop strong brands. Many of the wished-for brands are little more than logos and names—there is scant awareness among potential consumers or other stakeholders in the marketplace, and the logos carry no meaningful values for consumers to identify with. Destinations particularly those at a local level, find it particularly hard, possibly due to the limited resources and control those responsible have for engineering the desired images. Readers can probably recall their own examples. Some may take a form of ‘brand franchising’ (or using a name/symbol recognized in another product category to provide ‘instant’ awareness and value for the consumer). Efforts to brand sustainable tourism schemes and eco-labels have met with limited success and much consumer confusion (Synergy, 2000).

Yet branding may offer distinct advantages for travel and tourism in, for example, counteracting the effects of intangibility and variability or facilitating precise segmentation or by providing a focal point for the integration of producer effort.

It is worth noting that some of the most interesting and successful brands in travel and tourism today are in fact, a type of corporate branding, whereby the values of the brand are not fixed to a given product but transferred freely from product category to product category.

The virgin brand carries its values to different sectors where it feels it can challenge established yet sleepy competitors. The easy group follows a similar approach. Among the niche brands, it is possible to find plenty of strong examples of life-stage brands (or brands that are designed to attract consumers in a given life-cycle stage, which they subsequently outgrow or move on from); brands such as Club 18-30 (for singles), Saga (for older vacationers), or Sandals (geared to couples) speak to distinct and recognizable consumer life-cycle stages.

4.0 CONCLUSION

This unit set out to give a flavor of some of the challenges faced by marketers in travel and tourism today and link these challenges back to the underlying characteristics of the products. The discussion gives the reader an opportunity to further develop and explore some of the ideas being highlighted within generic marketing.

5.0 SUMMARY

The following issues were discussed in this unit: the process of marketing in tourism, marketing plan in tourism, managing strategic tactical tension, and finally branding as a focus for marketing plan.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss how to manage strategic tactical tension in tourism?
2. Compare and contrast between strategic and annual marketing plan?

7.0 REFERENCES/FURTHER READINGS

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- Synergy (2000). *Tourism Certification: An Analysis of Green Globe 21 and other Tourism Certification Programmes*. London: Synergy for WWF-UK.

MODULE 3

Unit 1	Managing Finance for Tourism
Unit 2	Ethics in Tourism Management
Unit 3	The Role of Government in the Management of Tourism
Unit 4	Information and Communications Technologies for Tourism
Unit 5	The Management of Crisis in International Tourism

UNIT 1 MANAGING FINANCE FOR TOURISM

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Financial Management
3.1.1	Long Term Investment Decision
3.1.2	Investment Appraisal Method
3.1.3	Risk Management
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Readings

1.0 INTRODUCTION

The unit considers the importance of financial management for firms operating in the travel and tourism industry. The subject area is very wide and there is a limit to the extent to which it can be addressed.

The objectives of businesses are initially considered before investigating two important financial management issues. The first of these considers how a business may determine which long-term business projects it should invest in. These strategic investments significantly influence all activities within a business and will therefore impact on other business disciplines, such as marketing, operational management and human resource management. Such decisions also impact on business performance and are therefore important for all business owners and managers.

As a basis for evaluation analysis, the unit will focus on the identified investments that will enhance the wealth of the owner(s) of the business.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the importance of financial management for business operating in the travel and tourism industry
- discuss the importance of long term capital investment decisions
- explain the information requirements for decision-makers responsible for assessing potential business investment opportunities
- appreciate the implications of risk for long term investment in the travel and tourism industry.

3.0 MAIN CONTENT

3.1 Financial Management

The aim of commercial firms is, essentially, to raise money and invest it in attractive investment opportunities. The wealth of the business owners can be enhanced through raising appropriate finance at low cost and investing it in projects earning high returns. Consequently, the evaluation of investment opportunities, in order to ascertain which are most desirable, and raising of appropriate long term capital to support these investments are very important. Therefore, the following constitutes issues relating to financial management

3.1.1 Long Term Investment Decision

Long term investment entails the initial commitment of a capital outlay in a business project in the expectation that resulting future benefits will justify this investment. As the following extract from Air tours (now My Travel) plc's annual report illustrates it is therefore essential that a business identifies attractive investment opportunities in order to prosper.

Air tour will continue to invest in new and existing markets to build sustainable passenger volumes. This will support additional investment in operating assets such as aircraft, cruise ships, hotels and vacation ownership resorts producing increased and higher quality earnings (Crossland, 1998).

As this statement suggests, the investment can be various types of activity and often entails very sums. Such investment decisions can have a significant impact on the activities of the business for many years and can significantly affect its future performance. They can also be difficult to reverse and it is therefore imperative that the consequences

of these decisions are fully contemplated before approving the investment.

3.1.2 Investment Appraisal Method

An appraisal of a potential investment opportunity will entail estimating the likely impact of the decision on the future performance of the business. However, such forecasts are difficult to ascertain in environments in which travel and tourism businesses operate and consequently, a business investment project entails a degree of uncertainty and risk. Therefore, risk is an inevitable and indeed, a desirable consequence of business activity. If those investing money in business are unwilling to bear such risks, they could invest their capital in low risk investments such as bank deposits or government bonds. By investing in business ventures, they take greater risk but stand to reap the higher benefits.

In view of the significance of long-term investment decisions, it is important that business managers identify the range of potential long-term investment opportunities available to them. Subsequently, given the risk and potential rewards, it is imperative that they fully consider the implications of each alternative before committing what may be a substantial amount of capital.

Net Present Value is the most popular technique that can be used for investment appraisal. If the NPV value is positive, then the project is worth investing. A case study is illustrated below:

Case 3.1.2- Net present value in investment decisions- hotel vending equipment.

A hotel is considering investing \$100,000 in vending machines. It has forecast that the machines will have a useful life of three years and that the income from the equipment will be as follows:

Year	Income(\$)
1	120,000
2	140,000
3	150,000

It is expected that the cost of the items sold will average 60% of the selling price and that the annual maintenance cost for the equipment will be \$5,000. The cost of capital for the hotel is 10% per annum.

Solution: Determination of expected net present value

a Year	b Initial invest- ment	c Income	d Costof items Cx60%	e Mainte- nance	f netcash flow (b+c+d+e)	g 10% DF	h NPV (fxg)
0	-100,000				-100,000	1.000	-100,000
1		120,000	-72,000	-5,000	43,000	0.909	39,087
2		140,000	-84,000	-5,000	51,000	0.826	42,126
3		150,000	-90,000	-5,000	55,000	0.751	41,305
						Total	22,518

Decision: it is a good decision to commence and invest in hotel vending equipment based on the foregoing positive value resulted from the above analysis.

3.1.3 Risk Management

A major concern arising from the employment of investment appraisal techniques is to use the impact of the investment decision on the cash flows of the business.

Assessing and managing risk is an area of growing importance for businesses in view of the fact that they operate in ever-changing and increasingly uncertain environments.

Risk is particularly an important issue for businesses operating in travel and tourism industry due to the uncertainty arising from its high degree of sensitivity to levels of economic activity.

4.0 CONCLUSION

In conclusion, we have found that financial management in travel and tourism industry is inevitable and needed to be done with a lot of carefulness and consciousness toward proper investment appraisal. An example of discounted method of appraisal namely net present value were employed and this yielded positive value which indicated that in the case of the example illustrated, it is worth investing in the business concerned.

5.0 SUMMARY

During the course of this discussion the following were discussed: the importance of financial management for business operating in the travel and tourism industry, the importance of long term capital investment decision, the information requirements for decision-makers responsible for assessing potential business investment opportunities, and finally the implications of risk for long term investment in the travel and tourism industry.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand investment appraisal?
2. Compute the value of NPV and decide whether one can invest in the following scenario:

A tourist centre is considering investing \$200,000 in recreational machines. It has forecast that the machines will have a useful life of three years and that income from the equipment will be as follows:

Year	Income(\$)
-------------	-------------------

140,000

160,000

200,000

It is expected that the cost of the items sold will average 60% of the selling price and that the annual maintenance cost for the equipment will be \$10,000. The cost of capital for the tourist centre is 10% per annum.

7.0 REFERENCES/FURTHER READINGS

Crossland D. (1998). *Airtour Plc Annual Report and Account*. Manchester: Airtours Plc.

UNIT 2 ETHICS IN TOURISM MANAGEMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Problem of Ethics Implementation
 - 3.2 Conflicting Surrounding Ethics
 - 3.3 Ethical and Responsible Business
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Ethics is both a field of philosophical enquiry and part of our daily lives, part of the way business is done. Ethics refer to the code by which human conduct is guided; for example it is about the way business is done, the way we treat each other and the way we travel. The ethics of tourism management is therefore concerned with ways in which tourism is managed. This is not an abstract philosophical issue. Rather, it is about how the business of the travel and tourism industry is conducted. There is no one professional code of conduct which can be applied to the industry as a whole. Nor is there ever likely to be one in such an international and culturally diverse industry. The diversity of the Earth's places and people (and their ethics) is the raw material of the industry and it is this very diversity that precludes any one ethical code from predominating. However, different sets of guidelines aimed at different parts of the tourism industry do exist.

Clearly, there is a legislative framework within which business is conducted. At least in principle, those legally constituted sets of rules, enforceable by the state, apply to everyone engaged in tourism. The relevant legal codes range from company to consumer law, through more specific measures like the EU Package Travel Directive to other regulations that govern tourism in national parks. The ethical basis of legal and regulatory codes is debated in the legal and philosophical literature but need not concern us here. For the purpose of this unit, compliance with the law and regulations of national parks, places of worship, hotels, tourists centres etc. will be assumed.

Ethical responses generally derive either from a particular value set held by an individual, or group, or from a response to a particular issue. Tour operators like Tribes Travel and Discovery Initiatives have adopted clear

commitments to conservation and benefiting local communities in the destination to which they operate (www.responsibletravel.com).

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- understand various ethical issues in tourism management
- identify problem of ethics implementation
- know conflicts surrounding ethics
- indicate ethical and responsible business.

3.0 MAIN CONTENT

3.1 The Problem of Ethics Implementation

Despite the fact that most people would claim to be concerned by ethical issues, these are seen to exist at a national or even international level, and so it is not always an easy task to persuade individuals to accept ethical responsibility. While much work has been done to bring attention to ethics in tourism management, this has primarily been based on the development of codes of conduct. This approach clearly relies on the co-operation of industry yet research has shown that there is an unwillingness on the part of the industry to comply with such codes (Forsyth, 1995).

It could be argued that there is a need for a clearer management framework in relation to ethics. A true management approach would be to encourage the development of global standards and movement beyond voluntary codes. Although there are strong arguments for more ethical approaches in business generally, and in tourism businesses more specifically, a major problem is the proliferation of small scale businesses with low levels of profit and associated issues.

What about the ethical approach itself? There is currently evidence of a backlash against ethical approaches. Authors such as Butcher (2003) are questioning whether ethical considerations are in fact taking the fun out of tourism. How ethical is it, for example, to restrict the movements of a tourist who has paid a high price for, say, a safari in Kenya. There are inevitable costs to tourism that surely have to be expected, and in many cases accepted, in exchange for the tourist dollar.

3.2 Conflicting Surrounding Ethics

Debates about ethical tourism assume compliance with the legal and regulatory framework and focus instead on additional codes and

principles of behavior, generally at individual, company or trade association levels. It is important to recognize that debates about ethics are often complex and that the language used in moral and ethical debate can be confusing. For example, it is relatively common for people to accuse others of unethical practice and this may well be based on an ethical principle.

Case study: Tourism concerns and Myanmar

Tourism Concern has been campaigning against travel to Myanmar (Burma) because of the policies and practices of the regime in Myanmar. Tourism Concern believes that tour operators should not provide holidays to the country and they have campaigned against Lonely Planet for refusing to withdraw its guide to Burma.

Patricia Barnett, Director of Tourism Concern, argues that: whether we like it or not there are often ethical decisions to be made when we think about traveling. They may not be comfortable but by turning a blind eye we can enable human rights abuses to be perpetuated. Whether we intend to go to Burma or not, we can all play a part in supporting those who campaign for justice in that country, by rejecting Lonely Planet's promotion of tourism to Burma through boycotting their books (Tourism Concern Press Release, June 2002).

Lonely Planet is not aware of the ethical issues, arguing that the question of whether informed tourism helps hinder the restoration of democracy and human rights in Myanmar is the subject of ongoing debate both in and out of the country.

This is the clash between two different ethics of travel. Tourism Concerns argue that it is unethical to promote tourism to a repressive regime. Lonely Planet takes the position that it is at least arguable that travel to Myanmar can contribute to the restoration of democracy. This argument need not be resolved here; it is presented purely to illustrate a clash between two different ethical frameworks.

3.3 Ethical and Responsible Business

The issues around ethical and responsible business are not unique to tourism. Ethical investment is defined as an investment philosophy that combines ethical and environmental goals with financial ones (Sparkes, 1995). The range of products now sold on Fairtrade terms includes investment, foods, clothing, furniture, carpet and toys

4.0 CONCLUSION

In conclusion, we were able to identify various issues in tourism management vis a vis ways of conducting tourism business. Legal framework of national, state and local pattern and ways of doing things must be identified and complied with.

5.0 SUMMARY

In the course of this discussion the following were discussed: ethical issues in tourism management, problem of ethics implementation, conflict surrounding ethics, and finally ethical and responsible business.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss ethics in tourism management?
2. What are major problems of implementing ethics in travel and tourism industry?

7.0 REFERENCES/FURTHER READINGS

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UNIT 3 THE ROLE OF GOVERNMENT IN THE MANAGEMENT OF TOURISM

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Role of Government in Tourism
 - 3.1.1 Coordination
 - 3.1.2 Planning
 - 3.1.3 Legislation and Regulation
 - 3.1.4 Stimulation
 - 3.1.5 Government as Public Interest Protector
 - 3.2 The Changing Dimensions of Central Government Involvement in Tourism
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Every government must have a policy for tourism both at national and local level. To adopt a laissez-faire philosophy and stand on the sidelines is to court confrontation between hosts and guests leading to poor attitudes, bad manners and an anti-tourism lobby. Only the most determined tourists will visit those places where they are overtly made to feel unwelcome and where they perceived difficulties with regard to their personal safety (Wanhill, 1987).

Nevertheless, there is increasing skepticism and uneasiness about the effectiveness of government and the intended consequences and impacts of much government policy including policy relating to tourism. Government therefore plays a critical role in tourism which cannot be ignored. Government provides the overall regulatory framework within which the tourism industry operates as well as directly intervening in many aspects of the tourism system.

This unit therefore examines the role of government in tourism with respect to the different functions of the state as well as particular management issues, such as coordination and the nature of state intervention.

2.0 OBJECTIVES

At the end of this unit students will be able to:

- appreciate the role of government in tourism
- identify linkages between different levels of states
- understand the changing dimensions of central government involvement in tourism.

3.0 MAIN CONTENT

3.1 The Role of Government in Tourism

The state can be conceptualized as a relatively permanent set of political institutions operating in relation to civil society (Nordlinger, 1981).

Therefore, the term 'state' encompasses the whole apparatus whereby a government exercises its power. It includes elected politicians, the various arms of the public sector, unelected public/civil servants and the plethora of rules, regulations, laws, conventions and policies which surround government and private action. The main institutions of the state include: the elected legislatures, government departments, ministries and authorities, the judiciary, enforcement agencies, other levels of government, government business enterprises and corporations, regulatory authorities, and a range of para-state organizations such as labour organizations (Hall and Jenkins, 1995).

The functions of the state will affect tourism to different degrees. However, the extent to which individual functions are related to particular tourism policies, decisions and developments will depend on the specific objectives of institutions, interest groups and significant individuals relative to the policy process as well as the nature of the specific jurisdiction within which policy is being developed (Hall, 1994). The state therefore performs many functions as follows:

as a coordinator, developer and producer;
 as a planner, protector and upholder;
 as a regulator;
 as a promoter, arbitrator and distributor and
 as an organizer.

Each of these functions has affected various aspects of tourism, including development, marketing, policy, promotion, planning and regulation. Two important themes in tourism research which implicitly address the issue of the regulatory role of the state in tourism are those of the appropriate role of public sector tourism agencies and the research for

sustainability at different policy and planning scales (macro, meso and micro) (Hall and Jenkins, 1995).

3.1.1 Coordination

Coordination refers to formal institutionalized relationships among existing networks of organizations, interests and/or individuals. Because of the diffuse nature of tourism within the economy and within the government system, coordination for tourism tends to occur both horizontally, for example between different government agencies which may have responsibilities for various tourism-related activities at the same level of governance (i.e. national parks, tourism promotion, transport) and vertically, for example, between different levels of government (local, regional) within an administrative and policy system.

Of all the roles of government, probably the most important is that of coordination. This is because the successful implementation of all the other roles will, to a large extent, be dependent on the ability of government to coordinate and balance its various roles in the tourism development process. The need for a coordinated tourism strategy has become one of the great truths of tourism marketing, policy and planning.

Coordination usually refers to the problems of relating units or decisions so that they fit with one another, are not at cross-purposes and operate in ways that are reasonable, consistent and coherent' (Span, 1979).

Coordination is a political activity and it is because of this that coordination can prove extremely difficult, especially when, as in the tourism industry, there are a large number of parties involved in the decision-making process. Edgell observes, 'there is no other industry in the economy that is linked to so many diverse and different kinds of products and services as is the tourism industry' (Edgell, 1990).

3.1.2 Planning

Planning is the process of preparing a set of decisions for action in the future, directed at achieving goals by preferable means. Public planning for tourism occurs in a number of forms (e.g. development, infrastructure, land, and resource use, promotion and marketing), institutions (e.g. different government organizations) and scales (e.g. national, regional, local and sectoral) (Hall, 1994)

3.1.3 Legislation and Regulation

Government has a range of legislative and regulative powers which directly and indirectly impinge on tourism. These powers will range from Acts which may specifically mention tourism activities such as the enabling act of a national tourism organization. The levels and areas of government regulation of tourism tend to be a major issue for the various components of the tourism industry, particularly as regulation may impose costs on industry or on visitors which industry perceives as threatening their profitability or viability.

3.1.4 Stimulation

According to Mill and Morrison (1985), government can stimulate tourism development in three ways:

- Financial incentives such as low interest loans or depreciation allowance on tourism infrastructure, such as accommodation, attractions, or tourism transport ;
- Through sponsoring public research on tourism. In the case of Australia for example, the federal government established a non-statutory intergovernmental agency, the Bureau of Tourism Research (BTR), in late 1987 (Hall 1998).
- Marketing and promotion, generally aimed at generating tourism demand, although it can also take the form of investment in tourism attractions and facilities. However, such is the size of the role that government plays in promotion that it is usually recognized as a separate function.

3.1.5 Government as Public Interest Protector

Although not necessarily tourism-specific, government has a role to protect the wider public interest rather than to meet the needs of narrow sectoral interests, such as that of specific industries such as tourism. Much public planning has traditionally been undertaken in order to balance competing interests. Indeed, the defense of local and minority interests, such as specific ethnic, cultural or religious groups, has traditionally occupied much government activity. Therefore tourism policy needs to be considered as being potentially subsumed beneath a broad range of government economic, social welfare, and environmental policies in order to meet the wider national public interest.

3.2 The Changing Dimensions of Central Government Involvement in Tourism

The actions of government with respect to tourism are forged and shaped within a complex arrangement of political and public institutions, and with varying influence from interests in the private sector (Hall and Jenkins, 1998). However, the nation states should not be seen as a unitary structure, particularly given the importance of regional and local government in tourism development and promotion. The sources of power in tourism policy, planning and promotion affect the location, structure and behaviour of public agencies responsible for tourism policy formulation and implementation. The diversity, complexity and changing nature of the tourist industry, and changing ideas about the appropriate role of the state in tourism, result in ongoing shifts in tourism policy and administration at all levels of government.

4.0 CONCLUSION

The role of government in tourism therefore covers a variety of areas. This unit has provided an overview of these while also considering changing dimensions of central government involvement in tourism.

5.0 SUMMARY

This unit focused on the role of government in tourism as follows: coordinator, developer and producer; a planner, protector and upholder; a regulator; a promoter, arbitrator and distributor and finally as an organizer. Also, the unit emphasized on the changing dimensions of Central Government Involvement in Tourism

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss various roles of government in tourism management?
2. Why is coordination such a key issue with respect to the management of tourism?

7.0 REFERENCES/FURTHER READINGS

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UNIT 4 INFORMATION AND COMMUNICATIONS TECHNOLOGIES FOR TOURISM

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 E-Tourism and the Tourism Industry – Strategic and Tactical Function
 - 3.2 E-Tourism Impacts on the Marketing Mix
 - 3.3 E-Airline
 - 3.4 E-Hospitality
 - 3.5 E-Tour Operators
 - 3.6 E-Travel Agencies
 - 3.7 E-Destination
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Information and communication technologies (ICTs) provide a powerful tool that can bring great advantages in promoting and strengthening the tourism industry's strategy and operations (Buhalis, 1998, 2002). Several ICT applications facilitate the management and marketing of tourism organizations. These systems use databases as well as software for inventory control and for strategic and tactical administration. The internet gives organizations a window to the world and allows them to demonstrate their competencies widely. Increasingly, intranets and extranets provide user-friendly access to employees of organization, as well as their authorized partners, so that staff can use company data in order to perform their tasks. Knowledge management systems enable organization to collect information about their functions and to build knowledge on approaches to resolving problems and other emerging issues.

The use of ICT in the tourism industry is therefore driven by the development of both the size and complexity of tourism demand. Every tourist is different, carrying a unique blend of experiences, motivations and desires. Tourists from the major generating region of the world have become frequent travelers, are linguistically and technologically skilled, and can function in multicultural and demanding environments overseas. The rapid growth of both the volume and quality requirements of

contemporary travelers requires powerful ICTs for the administration of the expanding traffic.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- recognize how ICT support business functions
- identify the impacts of ICTs on the marketing mix
- recognize the application of ICTs to airlines, the hospitality industry, tour operators, travel agencies and destination.

3.0 MAIN CONTENT

3.1E- Tourism and the Tourism Industry – Strategic and Tactical Function

The tourism industry has traditionally been using ICTs in a number of key strategic and operational functions as summarized in table 10.1 however, it is increasingly recognized that the use of ICTs in tourism is pervasive, as information is critical for both day-to-day operations and the strategic management of tourism organizations ICTs therefore support all business functions and are critical for operating the industry as a whole.

Table 10: Key Tourism Strategic and Operational Functions Empowered by ICTs

Key Strategic Functions	Key Operational Functions
Enhance organizational efficiency and effectiveness	Information distribution and reservation process
Improve quality of service	International tourism management and marketing
Undertake strategic research for new markets and products	Facilitation and delivery of tourism products
Follow up competition	Production and delivery of tourism products
Penetrate existing and new markets and expand market share	Organization, management and control of tourism enterprises
Diversify to new products and services or new markets	Front office: reservations, check-in, billing communicating
Formulate new combinations of tourist products	Back office: accounting, payroll, procurement, administration
Differentiate and personalize	Customer entertainment and

products and add value at all stages	service
Reduce cost and achieve cost competitive advantage by creating value for money	Communicate with consumers and partners
Achieve time competitive advantage by maximizing efficiency for consumers and creating value for time	React to expected events and adopt flexibility and reflective procedures
Re-engineer business processes and rationalize operations	Dynamic yield management adjust price and capacity
Constantly reinvent new innovative business practices	Monitor performance and build in feedback mechanisms
Outperform competition in the long run	
Develop partnerships and explore virtual corporation	

3.2E- Tourism Impacts on the Marketing Mix

ICTs have gradually propelled the redesign of the marketing mix of tourism enterprises by providing new tools. ICTs provide unique opportunities for innovative organizations to redesign tourism products to address individual needs and to satisfy consumer want. Organizations cannot only have better understanding of their consumer by mining their data warehouses, but they can also pilot new products effectively by using different communication strategies. ICTs have also become part of the core product, especially for business travelers who now expect certain facilities to be available during their trip.

The internet and the World Wide Web in particular, have revolutionized the promotion and communication functions of tourism. They empower personal marketing campaign and one to one marketing. Instead of addressing broad audience through mass media, such as television and radio, tourism organizations are developing personal relationships with their customers, so as to understand their needs and make sure that they address them through personal communications. The new methods offer a much more cost effective approach, while at the same time they can improve customer satisfaction by offering tailor-made packages of suitable products. In addition, the place distribution functions have changed dramatically as ICTs have re-engineered the entire channel of distribution.

3.3E-Airline

Airlines have been investing heavily on ICT since the early stages of their development. They realized the need for efficient, quick, inexpensive and accurate handling of their inventory and communication with travel agencies and other distributors.

Global distribution system (GDSs) emerged in the mid-1980s, offering a wider range of tourism products and providing the backbone mechanism for communication between principals and travel agencies. The development of Computerized Reservation System (CRSs) to GDSs with the integration of comprehensive tourism services, provided a range of value-added services. GDS effectively became supermarkets, offering information and reservation capabilities for the entire range of travel products, including accommodation, car rentals, and schedules for non-air transportation etc. GDSs are at the heart of scheduled airline operations and strategic agendas as they control and distribute the vast majority of the airline seats.

On the operational side, ICTs are critical for managing the inventory of carriers because they assist in their reservations management and ticketing. Increasingly, e-ticketing instigates paperless transactions, while offering significant savings. Tactical pricing, yield management and special offers and promotions are all facilitated by constantly assessing demand and supply and by taking both proactive and reactive measures. There are several operational management requirements including check-in procedures, allocation of seats, generating an order of report and order, such as flight paths whether forecast, load and balance calculations, manifests for airport, in-flight catering orders and crew rosters.

3.4E-Hospitality

The lodging industry is the most under-automated segment of the international travel industry. Property Management Systems (PMSs) were introduced to facilitate the front office, sales, planning and operation functions. This was achieved by administering a database with all reservations, rates, occupancy and cancellations, thus managing the hotel inventory. Most reservations are still routed directly to hotel properties or through central Reservation offices (CRO), often by subsidized toll-free telephones, while the percentages of bookings emerging from GDSs and the internet is still fairly limited.

ICTs have penetrated hospitality management at a fast pace, integrating the hotel operation, reshaping the marketing function, improving total efficiency, providing tools for marketing research, and partnership

building, and enhancing customer service, while also providing strategic opportunities. In addition, consumers increasingly expect ICT facilities in their rooms; internet access via the television set and data port has become standard for higher hotel categories.

3.5E-Tour Operators

Tour operators need constantly to interact with all their partners, including accommodation and transportation principals, travel agencies and consumers. Coordinating the movement of large numbers of travelers, often in many different countries and continents simultaneously, represents a major operational management challenge and ICTs are critical for their operations. ICTs are also critical for the distribution of tour operators' packages.

3.6E-Travel Agencies

ICT provides a wider range of tools for travel agencies, by providing the mechanism for information exchange and tourism products distribution. ICTs have enabled agencies to build complicated travel itineraries in minutes, while they provide up to date schedules, prices and available data. The proliferation of CRSs and GDSs also provides an effective reservation mechanism which supports travel agencies in getting information, making reservations and issuing travel documents for the entire range of tourism products efficiently and a fraction of the time required if these processes were completed manually. Travel agencies therefore use ICTs to access tourism suppliers' databases, to verify availability and rates and to confirm reservations (Sheldon 1997).

3.7E-Destination

In several cases, Destination Management Systems (DMSs) have been used to integrate the entire tourism supply at the destination. Their contribution to strategic management and marketing is demonstrated by their ability to integrate all shareholders at destinations and to reach a global market at a fairly affordable cost. DMSs have gradually emerged for all destinations around the world, offering online information and in some cases facilitating reservations. Increasingly, Destination Marketing Organizations provide innovative information that allows people to plan their itineraries and develop their individualized packages online or purchase commercial packages from tour operators.

4.0 CONCLUSION

ICTs empower tourism marketing and management as they provide cost-effective tools for organizations and destinations to target appropriate market segments and develop strategic tools. They also support the interaction between tourism enterprise and consumers and as a result they re-engineer the entire process of developing, managing, marketing tourism products and destinations.

5.0 SUMMARY

In the course of our discussion in this unit, we focus on the following: how ICTs support business functions, the impacts of ICTs on the marketing mix, the application of ICTs to airlines, the hospitality industry, tour operators, travel agencies and destinations.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain why technologies revolutionize the tourism industry?
2. What is e-tourism and what are the critical implications for the tourism organization?
3. Explain why ICTs are critical for the operational management of each tourism sector?

7.0 REFERENCES/FURTHER READINGS

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UNIT 5 THE MANAGEMENT OF CRISIS IN INTERNATIONAL TOURISM

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 From Disaster and Crisis to Tourism in Crisis
 - 3.2 What is a Tourism Crisis?
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

International tourism has, over the last half century, emerged as one of the world's largest and fastest-growing economic sectors. Consequently, it has also become one of the most widely adopted development strategies at the national and regional levels representing an effective and for many countries, the only realistic means of achieving social and economic development. At the same time, however it would appear to the casual observer that tourism—and tourists has become increasingly subjected to risks crisis and disaster that threaten the tourism industry itself and its contribution to destination development. Indeed over the last decade, international tourism has suffered a variety of environmental, political and economic disasters. That have not only had a significant impact on tourism both nationally and globally, but which also have occurred with apparently ever increasing frequency. For example the latter half of 1990s witness a spate of terrorism related incidents, such as the Luxor massacre in 1997 and in 1999 the abduction and subsequent murder of tourists in the Yemen and the murder of British and American tourists in Uganda, while in 1997, Southeast Asia experienced a downturn as a result of the regional economic crisis and the environmental pollution from forest fires in Indonesia (Henderson, 2002). More recently the event of 9/11 in New York, the nightclub bombing in Bali in October 2002 and the outbreak of Severe Acute Respiratory Syndrome (SARS).

A number of points, however must immediately be made. First it has long been recognized that tourism is highly susceptible and responsive to external forces or shocks, as well as actual or perceived destination factors or barriers such as inferior health and sanitary conditions, poor food, overcrowding or personal risks to tourists.

Secondly, it must also be recognized that individual organizations or particular sectors of the travel and tourism industry also suffer from disasters and crises which require immediate and appropriate management responses.

Thirdly most disasters and crises within international tourism have relatively short term economic impacts which also tend to be locally or regionally defined. Finally, it is evident that not only are crises and disasters in tourism frequent and numerous, but also they are infinitely variable in nature, intensity, duration, impact and recovery time.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- understand the relationship between disaster, crises and tourism
- appreciate the diversity of forces and influences that lead to crises in tourism
- explore the potential for developing effective crisis management plans in tourism.

3.0 MAIN CONTENT

3.1 From Disaster and Crisis to Tourism in Crisis

A significant attention has been paid to several external forces affecting international tourism, among which are the following:

- **Political factors.** Many studies focus upon the effects of political instability or turmoil at the destination, such as a coup d'état, although the activities of particular regimes may also directly or indirectly impact upon tourist flows.
- **Terrorism.** This represents a significant barrier to tourist flows. Generally, destinations where terrorist activity is ongoing have over time, experienced an overall reduction in arrivals.
- **Personal safety.** A variety of factors, actual or perceived may lead tourists to fear for their personal safety and hence, discourage international travel. Of these the most common deterrents are arguably, health concerns and the risk of crime.
- **Economic factors.** It has been recognized that tourist flows are highly price elastic, that is, tourism is very susceptible to changes

in the relative cost of holidays and travel, particularly where substituted destinations exist.

- Environmental disaster. Some of the environmental impact may be expected and inevitable, such as hurricanes in the Caribbean and plans usually exist to reduce the risk to tourists and to build swiftly tourism facilities and infrastructure. Other natural disasters include flooding, earthquake, hurricane or volcano eruptions may be less predictable or unexpected yet nevertheless there remain the need to protect tourists and regenerate the tourism sector

3.2 What is a Tourism Crisis?

Given the enormous diversity or potentially catastrophic events or forces that may impact on tourism, the question is then; what actually constitute a tourism crisis?

Faulkner (2001), usefully distinguishes between disasters and crises, he argued that for an organization, a crisis may be defined as an event or occurrence that in some way attributable to the organization itself, that is a crisis is internally induced or self-inflicted, often as a result of poor management practices or structures or a failure to adapt to change.

Implicitly, crisis can be avoided or partially managed. Conversely, disasters are external, often catastrophic, events that are unpredictable, unexpected and relatively uncontrollable.

A tourism crisis is therefore a situation which can threaten normal operations and conduct of tourism related businesses; damage to tourists' destination's overall reputation for safety, attractiveness and comfort by negatively affecting visitors' perceptions of that destination and in turn cause a downturn in the local travel and tourism economy.

Framework for Tourism Crisis Management

The purpose of this management framework is to address both immediate and future challenges in the tourism industry. In particular, and in recognition of tourists' typical responses to crisis situations, the emphasis of both immediate and long-term planning should be on encouraging tourists, through appropriate means, to visit the destination— a lack of confidence on the part of tourists and tarnished image can threaten tourism's sustainability which in turn can jeopardize the area's long-term economic activity (Sonmez et al 1999).

Principles of Tourism Management

- **Coordination:** The tourism industry or production system comprises array of public and private sector organizations both at the destination and in tourist-generating countries. Therefore, a coordinated approach which embraces, for example, local businesses, overseas tour operators, the appropriate national tourism organization and even government agencies (e.g. those which provide travel advisories in tourist-generating countries) is an evident necessity. Links with other organizations such as local emergency services, should also be established. This, in turn implies that an appropriate crisis management team with identified roles and activities is established.
- **Collaboration:** All organizations involved in disaster or crisis management should be prepared to collaborate. Competition or rivalries between different agencies may appear during times of crisis and therefore, any crisis management strategy should attempt to eliminate any such conflict.
- **Communication:** The management of crisis situations is frequently hindered by lack of communication, while crises may be exacerbated by either a lack of information or incorrect information. Thus, ongoing communication between all parties is essential both during the development of a crisis management strategy and during a crisis. It is not surprising, therefore, that most management strategies call for the establishment of a communication centre.
- **Commitment:** As Faulkner argues, all parties involved in the development of a crisis management plan must be committed to it, particularly in terms of level of preparedness. In other words, all organizations should reject the idea that crisis happens to someone else and be committed to acting as necessary.

Table 15.1: A Tourism Crisis Management Framework

Phase	Requirements
Pre-event (Planning)	<ul style="list-style-type: none"> Development of a crisis management plan (to be reviewed regularly?) Establish crisis management team/team leader Setup communication channels with appropriate agencies, organizations Identification/anticipation of potential crises Production/distribution of crisis management guidebook
Crisis	<ul style="list-style-type: none"> Mobilize protection/evacuation plans (e.g. when hurricane is forecast) Issue warnings to tourists/tour companies etc. not to travel to the destination Activate crisis management team
Emergency	<ul style="list-style-type: none"> Establish a communication centre Activate rescue/evacuation procedures Provide emergency accommodation/food etc. Ensure position of health/medical services
Containment	<ul style="list-style-type: none"> Damage audit/initial repair Communication strategy: <ul style="list-style-type: none"> Accurate/authoritative/regular press statements Objective analysis of situation Transparency/full disclosure Emphasis on positive points Background information: crisis in a national/regional context Liaise with embassies etc. to ensure appropriate travel advisories.
Post-event (recovery)	<ul style="list-style-type: none"> Investment in new facilities/infrastructure where relevant Rebuild image of and confidence in destination: <ul style="list-style-type: none"> Appropriate marketing strategy Investment in targeted promotion Media information to stress safety of destination

Source: Adapted from Faulkner (2001)

4.0 CONCLUSION

The framework proposed here is not necessarily appropriate to all crisis situations in tourism, each crisis situation is unique and difficult to resolve with simple formulas. However, an important step in managing crisis in tourism is accepting the inevitability of crises and, hence, the necessity to plan for them. This will require increasing levels of coordination among public and private sector tourism organizations, governments, security agencies, emergency services and the media but, as both tourism and the incidence of disasters and crises continue to increase, so will the need for effective crisis management.

5.0 SUMMARY

In the course of this discussion we were able to focus on the following areas: the relationship between disaster, crises and tourism; the diversity of forces and influences that lead to crises in tourism; and the potential for developing effective crisis management plans in tourism.

6.0 TUTOR-MARKED ASSIGNMENT

1. To what extent do you agree with the statement that a tourism is a destination image crisis?
2. What do you understand by tourism crisis?
3. As a tourist centre manager, how will you manage a tourism crisis?

7.0 REFERENCES/FURTHER READINGS

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