



# **CONSUMER BEHAVIOUR IN TOURISM AND FUNCTIONAL MANAGEMENT**

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Tourism consumption behavior refers to the process that tourism consumers choose and purchase tourism products to meet the needs of tourism pleasure and other experiences. This process includes the generation of needs before travel, the decision-making process, consumption in scenic spots, and post-purchase evaluation. Consumer behavior is one of the most researched areas in tourism. This studies why a tourist chooses a particular destination and what are the driving factors that influence his decision to travel.



# Understanding Consumer Behaviour in Tourism

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If one is to develop Tourism Marketing with Magnetism and consider the right product, right place, and right time with the right technology, we must isolate and understand the key touch points or sweet spots that consumers desire in their unique decision-making journeys. Understanding and predicting consumer behavior is a central issue for marketing practitioners within the tourism arena.



1. Defining consumer behavior in tourism: Consumer behavior can easily be conceptualized as the process of acquiring and organizing information in the direction of a purchase decision. That said, it is not easy to fully address the to desire and, ultimately, to demanding fully formed tourism experiences, is relatively complex.

2. The cognitive approach :This process typically encompasses the stages of searching for, purchasing, using, evaluating and disposing of products and services. This paradigm follows a cognitive approach and maps a cycle from stimulation, including motivation and intention formulation, behavior and experience, evaluation and retention of consequences

3. Reference groups :People turn to particular groups for their standards of judgment beings tend to make sense of reality by towers behavior. Any person or group real or imaginary that serves as a point of reference for an individual is said to stand as a reference group. It exerts a key influence on the individuals attitude,behaviour, and choices.

4. Virtual reference groups: Technology has dramatically changed the way in which consumers now interact with each other and businesses (as well as the afore mentioned traditional modes of reference groups we are now in the age of virtual reference groups), the rise of social networking and consumer blogging literally every manner of products and services available.

5. Motivation :Motivation refers to the state of need,a condition that exerts push on the individual towards certain types of action that are seen as likely to bring satisfaction. Vacation tourist motivation is greatly determined by social factors and is related to the need for optimal arousal. We have a need for stability as well as for novelty. In the case of traveling there are usually multiple motives, based on tourists expectations what will be gained from the purchase.

6. Intention: Intention indicates the likelihood of purchasing a tourist product; it is the readiness-to-buy concept. Behavioral intention is said to be a function of:

- Evaluative beliefs towards the tourist product;
  - Social factors which tend to provide a set of normative beliefs for the tourist
  - Situational factors that be anticipated at the time of the vacation plan or commitment.
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7. Decision-making process :Most models deal with five different steps in the decision process:

1. Socio-Economic Influences
2. Cultural Influences
3. Reference Group Influence
4. Family Influences

8. The evoked set: As consumers are increasingly pressured in terms of time and the number of choice alternatives that now exist, they have developed decision-making heuristics that act as shortcuts in order to simplify the decision--making methods have emerged where consumers screen out unacceptable choice alternatives, preserving decision making energy and time to evaluate between a smaller reduced subset of brands; this is commonly referred to as the choice set or evoke set



# **Factors Affecting Tourist Behaviour**

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**Place of Origin:** There can be a broad spectrum of tourist behavior depending upon the place they belong to. North Americans like to follow their own cultural framework. Japanese and Korean tourists like to visit places in groups.

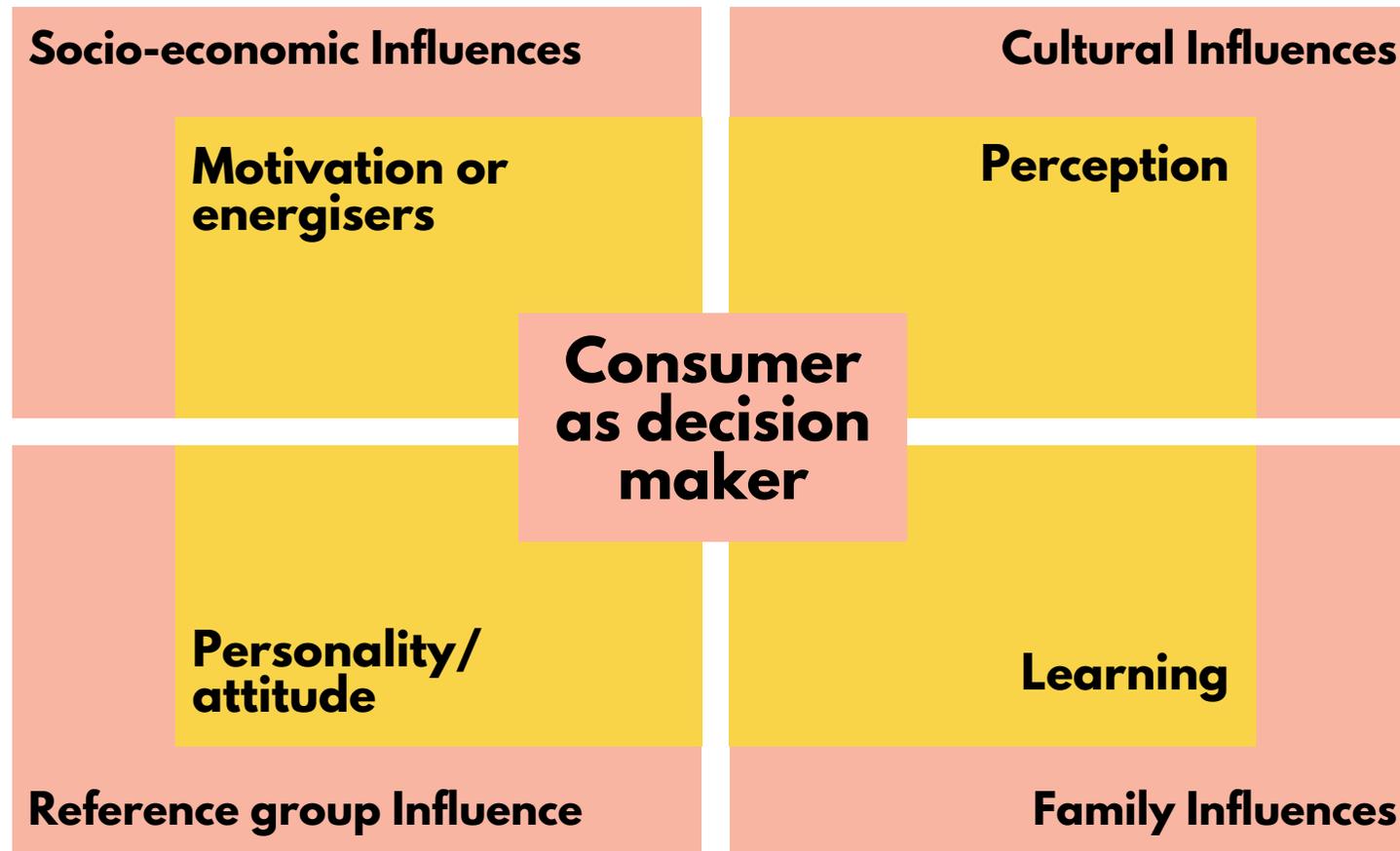
**Tourism Destination:** It is a major contributing factor to altering tourist behavior. If a destination has all basic provisions such as electricity, water, clean surroundings, proper accessibility, and amenities, and has its own significance, it largely attracts tourists.

**Education of Tourist:** The more educated the tourist is, then with their range of choices, curiosity, the knowledge of places he would have. This drives decision-making when it comes to choosing a destination.

**Motivation:** Factors that are motivating the tourist to want to buy a particular product.

**Determinant:** factors that determine the extent to which the tourist is able to buy the desired product.

In addition, consumers' age, gender, personal personality, etc., are all personal factors that will affect consumer behavior and psychological factors include motivation, perception, learning, attitude, etc. Individuals first generate motivation and needs for consumption and then generate perception



# Tourism Functional Management

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Let us see the functional structure of any tourism business as an organization. Tourism is a large business in the service industry encompassing a wide range of activities and direct interaction with its customers.

# Who is a Tour Operator?

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A tour operator is a business set-up or enterprise that selects various components of tourism, prepares a tour product for a targeted market segment, plans itineraries, and conducts tours and promotions for the tours. The tour operator is responsible for booking the travel to the destinations, reserving accommodations, planning the entire tour in terms of what to see and do, and providing ancillary support to the tour.



# Examples

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- Cox and Kings, the longest-established tourism business with headquarters in India provide services for outbound tourism and travel.
- Thomas Cook, a UK-based travel company, established in 2007, provides a large array of travel and tourism packages.
- Kesari Tours and Travels, India offers group tours, specialty tours, and economy tours.
- Get America Tours, New York conducts year-round tours to majestic locations on both the east and west coasts of North America.
- British Tours Ltd, London offers personal tours in cars or mini buses in and around London with various themes.

# Definitions of Tour Operator

Poyther(1993) defines, tour operator as one who has the responsibility of putting the ingredients together, marketing it, making It and handling actual operation.

Tour Holloway (1992) stated that tour operations undertake a distinct function in the tourism industry, they purchase separate elements of tourism products/services and combine them into a package tour which they sell directly or indirectly to the tourists. Today, tour operators have become highly competitive. They endeavor to achieve a high volume of turnover and maximum International and domestic market share by effectively operating. Moreover, the success of many developed and developing nations as tourist destinations depend heavily on a tour ability to attract tourists, development and promotion of tourism plant, diversification of tourism product, and their social responsibilities to develop the remote and backward area.

# Type of Tour Operators

1. Inbound Tour Operators : These are also known as incoming tour operators. Technically, the operators who receive guests, clients/tourists, and handle arrangements in the host country are called inbound tour operators. For example, a group of American Tourists is coming through TCI Ltd. to India and the company makes arrangements and handles the group in India then TCI is called an inbound tour operator. Incidentally, the inbound traffic to the country for the last two decades has been decreasing. Essentially the tour operators need to adopt innovative marketing strategies and should introduce a special interest tour to cater to the special needs of Japanese, Americans, French, and British people.

2. Outbound Tour Operators : Tour operator who promote tours for foreign destinations, maybe business tour or leisure tour is called outbound tour operators. For example a group of American tourists going to a trip of India and Thomas Cook handle arrangement in America like ticket reservation, hotel booking, etc. then Thomas Cook is called Outbound Tour Operator in the context of America.



3. Domestic tour operators: Domestic tour operators are those who assemble and combine tourist components into inclusive tours and sell them to domestic travelers. In general, these tour operators provide travel services within the native country.

4. Ground Tour Operators: These are commonly known as handling agencies and their main function is to organize tour arrangements for incoming tourists on the behalf of overseas operators. Let us take the case of India as a destination that has a varied culture. Sometimes when a handling agency is at a prominent tourist place i.e., Delhi and it has to make arrangements to Goa, then it contracts with a local operator (known as an excursion agent) to handle the arrangement on its behalf.

# Why Ground Operators

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Obviously, tour operation companies do not have close contact with suppliers, governments, destinations, and so on. It leaves no choice for the companies but to appoint handling agencies at the destinations.

The main reasons are:

- Introduction of new products or plan to promote an exotic destination.
  - Lack of Government regulations.
  - Lack of personal contract.
  - Language problem.
  - The company cannot establish its own branch.
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Recognizing the very fact that the reputation, performance, and profitability of a tour company in its own market largely depends on the efficiency and effectiveness of ground operators, it has become necessary for the company to consider various factors before the selection of a handling agency, they are:

- Size of business
  - Professional staff
  - Length of business
  - Area of operation/Product line
  - Market share
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# The following functions are performed by ground tours operators:

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1. Land arrangement
  2. Contract and Negotiate with other vendors
  3. Handling of Arrival and departure procedure
  4. Planning and organizing local package tour Escorting the tourists
  5. Providing market information
  6. Costing and pricing package tour
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# Functions of Tour Operator

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A tour operator is an organization, firm, or person who is responsible for the actual arrangement of transport and accommodation facilities on any tour or vacation. They are also responsible for operating and providing vacation through contracting, booking, and packaging together the various components of the tour such as hotel, transportation, meals, guides, optional tours, and sometimes flights. A tour operator is like a service provider, providing the most convenient option for tourists to stay, visit, as well as leave the city. A tour operator owns a high volume of travel services across carriers, services, and accommodations. Some most important functions of the operators are following as the:

# Planning a Tour

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**1. Making a tour Package:** The most important function of the tour operators is planning a tour. Tour operators plan a tour and make a tour itinerary that contains the identification of the origin, destination, and all the stopping points in a tour. A prospective tour operator also gives advice to intending tourists on various types of tour programs, which they may choose for their leisure or commercial travel. Tour operator buys individual travel components, separately from their suppliers and combines them into a package tour. Tour operators make tour packages by assembling various travel components into a final product which is called a tour package that is sold to tourists with its own price tag. Making tour packages is also an important function of the Tour Operator.

**2. Arranging a Tour:** Tour operators make tour packages and also arrange a tour according to tourist demands. Tour operators arrange the tour package and various tourist activities to provide the best experience to tourists/travelers.

**3. Travel Information:** Whatever the size of tour operators, it has provided necessary travel information to the tourists. This task is utterly difficult and very complicated. A tour operator must give up-to-date, accurate, and timely information regarding destinations, modes of travel, accommodation, sightseeing, immigration, health and security rules about various permits required to travel in a particular area, etc

**4. Reservation:** It is a very important function of all types of tour operators and travel agencies. Tour operator makes all the reservation by making linkages with the accommodation sector, transport sector, and other entertainment organizations to reserve rooms, and seats in cultural programs and transportation.

**5. Travel Management:** Tour operators manage tours from the beginning to the end of the tour. A tour operator has the responsibility to look after the finer details of a vacation or tour such as hotel, accommodation, meals, conveyance, etc. Tour operators provide travel guide, and escorting services and arrange travel-related needs and want.

**6. Evaluate the option Availability:** Tour operators evaluate all available options to provide a unique or unforgettable travel experience to tourists during their journey. Tour operators evaluate the various options available for a tour package and provide the best of them to tourists.

**7. Promotion:** Tour Operators make tour packages and promote them into various tourist markets at domestic as well international levels. Tour operators promote a travel destination to attract a large group of tourists at domestic as well as international levels. In the promotion of tourist destinations, tour operators play a key role. Travel agencies or tour operators are called image builders of a country.

**8. Sales and Marketing:** Tour operators do sales and marketing of tourist products. Tour operators buy individual travel components, separately and combine them into a tour package, which is sold with their own price tag to the public directly. Tour operators do marketing of tourist destinations and tourism products to attract the attention of tourists/travelers.

# Difference between Travel Agents and Tour Operators

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1. A travel agent is a person who has full knowledge of tourist products destinations, modes of travel, climate, accommodation, and other areas of the service sector. He acts on the behalf of the product providers/principals and in return get a commission.
2. Tour operator is an organization, firm or company that buys individual travel components separately from their suppliers and combines them into a package tour, which is sold with their own price tag to the public directly or through middlemen.
3. Tour operators are like wholesalers and travel agents are the retailers.
4. A tour operator makes the package holidays up and the travel agents sell them.
5. Tour operators take up the bulk of the responsibilities and their fee is obviously much greater than a travel agent.
6. A tour operator has the responsibility to look after the finer details of a vacation or tour such as hotel, accommodation, meals, conveyance, etc.

# Types of Tour Operators –TYPE 1

1. Mass Market Tour operators: They buy services in volume from the suppliers and afford to sell them to the customers inexpensively.

2. Specialist Tour Operators :They provide service to the niche market that has an interest in a particular geographical area or a special kind of activity. Depending upon the geographical area and tourists they handle, there are the following typical types of tour operators:

- Outbound Tour Operators :They provide multinational tourism. They take residents of their own country to visit another country or continent. They sell tour products or packages to customers in their own country who wish to travel to another country.
- Inbound Tour Operators :They provide trips within a country to tourists visiting from other countries. They provide local assistance for the tourists arriving in their country. They are also known as receptive tour operators. These tour operators make the local arrangements for airport pickup and drop service, arrange for local attraction visits and activities, provide local guides, and are responsible for the

5. Domestic Tour Operators :They provide trips to the residents of a country within the boundaries of a country. They are also called resident operators. They have an upper hand to know the domestic seasons, culture, and food. They can repeat trips, since the demand of the local market, and suggest destination requirements. Depending upon their way of working, there are the following typical types of tour operators

# Tour Operator Type -II

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1. Direct Sell Tour Operators: These tour operators sell the tourism packages directly to their customers bypassing the travel agent. They don't pay the commission amount to their travel agent hence, the customers can avail of a package at a lower price. In addition, direct-sell tour operators also can offer a large variety of destinations and packages. It is better to go for these operators if one wants to be very sure about the expectations to be drawn from a package.

2. Retail Tour Operators :These travel agents are the face of the main distribution channel for package holidays. They sell the tour operators tourism product in return for a commission. Their commission generally ranges from 10% to 15% of the booking price. They are motivated to sell a product to earn commission and they are keen to attract repeat business. They set up a retail outlet, both shopfront and online; as an accessible place for their customers.

3. Wholesale Tour Operators :Wholesale Tour Operators sell a product through established retail distribution channels, both shopfront and online. For example, Qantas Holidays negotiates product rates directly with suppliers and creates packages that are either distributed to retail tour operators (travel agents) or sold directly to customers via the website. Similar to retail travel agents, wholesalers charge a commission of around 20%.

# Characteristics of Tour Operator

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- Well Organized: To pass on the best possible experience to the customer, the tour operators need to have appropriate systems and processes in place.
- Best Networker: They make tourism better by building relationships with peer tour operators, contacting them in challenging situations as well as making liaisons when dealing with a tour.
- Friends with Technology: Learning and having a strong hold on new technology creates an opportunity for a tour operator to reach customers, expose a wide range of tour products, and increase sales in less cost and time.
- Enthusiastic and Friendly: A tour operator must have an enthusiastic and friendly attitude to create a welcoming and interesting environment among the customers.
- Knowledgeable: The tour operator must be well-acquainted with the tourism products, destinations, attractions, and cultures

# Tour Operator's Reference Material

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Let us now look into a list of reference materials a tour operator uses at different stages of organizing

- Maps: They include world maps, state maps, city maps, cycle or walkmaps, and road and rail maps.
- Event Calendars: They are both printed and soft calendars to schedule and keep track of tour dates, times, and other details.
- Brochures: They are used by tour operators to describe the features of tour packages to their customers.
- Souvenirs: They gift the souvenirs to the customers as a token of remembrance of a place or an event.
- Promotion Material: Banners or PVC boards for messages, billboards brochures, cards, display stands of cloth or plastic to be used at an exhibition, escalator panels, flyers, Internet, an interpretive panel containing orientation maps, picture maps, photographs, or diagrams as well as titles, introductory text, and contact information, leaflets, media advertising material such as images, audios, and videos.



# Thank You

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