



**DEPARTMENT OF  
TOURISM BUSINESS**

Similar to any other large business, the work in the tourism business is also distributed into departments. This facilitates more efficiency in the services provided by them.



# Departments of a Tourism

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## 1. General Management

This department develops and executes overall business strategies. It is responsible for the entire organization. General management deals with determining overall business strategies, planning, monitoring execution of the plans, decision-making, guiding the workforce, and maintaining punctuality and disciplinary issues.

# 2. Marketing Department

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The workforce in this department is responsible for identifying customer needs and creating tourism products to satisfy them. The marketing managers mainly are involved in the following activities:

- **Market Research:** It includes understanding the environment, staying tuned with the economic developments, and knowing customer needs, and the strengths and weaknesses of peer competitors.
- **Understanding Market Segments:** It includes dividing the total tourism market into smaller market segments. It also involves targeting particular markets, creating separate appealing tourism products for different market segments, and positioning those products to draw consumers. For example, Kesari Tours offers different products for Students, honeymooners, women, and senior citizens.

- Product Decisions : It is about deciding about the addition or removal of a product feature in an offering, deciding about the development of a new product, and manipulating product features.
  - Promotion Decisions: It includes informing the target market about various products they would find interesting. The marketing department joins hands with publicity agencies such as radio, television, and website management agency to promote the product package.
  - Price Decisions: These involve decisions about the selling cost of the product as well as discount rates.
  - Product Distribution : It pertains to which intermediary to employ and where to place the promotional material.
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# 3. Operations Department

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The Operations Department combines two or more tourism components (among attractions, transportation, intermediaries, destination, accommodation, and activities) to create a package and sell it to the consumer.

- It organizes and conducts a tour within or out of the country and ensures that it turns out successful.
- It prioritizes customer preferences and supplier offerings to determine the best tour arrangements.
- It plans the tour itinerary and informs the customers about the schedule of the tour and details such as how to reach the destination, and what to see and do there. It contacts relevant agencies for making arrangements for accommodations and booking travel tickets.

# 4. Finance Department

The Finance Department is responsible for acquiring and utilizing the money for financing the activities of the tourism business. Finance people assess short-term and long-term capital

- Long-term capital requirements in tourism are maintenance of office buildings, vehicles, office infrastructure, and business equipment.
- Short-term capital requirements involve labour and staff payments, providing a communication facility, and payment of electricity and other resources. A large number of tourism businesses need to invest an initial amount for hotels, lodges, and airline bookings.
- The owners of tourism businesses invest their money with the sole purpose of getting high returns out of the investment. Hence the head of the finance department is obliged for achieving the organization objectives by using the finances wisely.

# 5. Sales Department



This department is solely responsible for selling relevant tourism products to consumers. The sales person in the tourism business is the first link between the tourism business itself and the consumer.

- The staff must have deep knowledge of the product and strong communication skills to convince the consumers. The salesperson also promotes the destination.
- The sales staff identifies and cultivates new customers. The sales staff recommends best-suited products to the customer by assessing their needs.
- They sell a tourism product successfully by approaching, presenting key features, resolving customer queries, and closing the sale.
- The sales staff maintains a cordial relationship with the customers.

# **6. Human Resource Department**

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- This department is responsible for recruiting skilled, and experienced manpower according to the positions at vacancies of different departments.
- It is also responsible for conducting orientation programs and training for new staff, recognizing the best facets of staff, and motivating them to achieve organization objectives.

# **7. Purchase Department**

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- By following a standard procedure of procurement, this department ensures the enterprise has an appropriate and timely supply of all the required goods and services. The purchasing department procures the goods and services to be consumed by other departments in the business organization

# Tourism–Market Segmentation

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All tourists are not the same. Just as they may belong to different regions, they may be of different age groups and earn different incomes, and have different tastes and preferences to live their lives in a certain manner; the tourists also have different choices when it comes to selecting the mode of travel, destination, and the activities at the destination. Tourism market segmentation is the strategic tool for getting a clear picture of diversity among tourists. Tourism researchers and the tourism industry use market segmentation information to study the opportunities for competitive advantage in the marketplace.

# What is Market Segmentation?

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Market segmentation is nothing but dividing the total consumer market into groups to be able to communicate with them and provide their specific needs. Smith (1956) introduced the concept of market segmentation as a strategic tool. He stated that It can be viewed as a heterogeneous market (one characterized by divergent demand) as a number of smaller

# Why Segment in the Tourism Market?

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Every tourist is different, the tourism industry possibly is not capable of satisfying every individual's needs. This is the foundation of segmenting the total market. While all tourists are different, some of them are similar to each other. Marketing force of the tourism business groups the tourists into various segments that categorize similar as well as distinct members. Market segmentation can be applied to any of the tourism supply components and provides benefits as given below:

- It helps to understand the specific demands of the consumers.
- It helps to allocate marketing expenses efficiently.
- It helps to create effective marketing strategies to target specific market segments.

# Tourism Market Segmentation

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- Demographic segmentation in tourism: Dividing customers based on age, gender, income, education, and other demographic factors.
- Geographic segmentation in tourism: Segmenting customers based on location, such as country, region, or city.
- Psychographic segmentation in tourism: Dividing customers based on their lifestyle, interests, values, and personality traits.
- Behavioral segmentation in tourism: Segmenting customers based on their behaviors and actions, such as travel frequency, spending habits, and travel motivations.

# Classes of Tourists

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1. **Tourists Travelling with Families:** The tourists who visit places with their first and extended families, or families of relatives. One person, generally the head of the tourist family is the decision maker. The families generally travel for holidays and leisure and tend to expend sparingly. They generally are keen on receiving the best services for what they have paid. They tend to carry more luggage.
2. **Single Tourists:** They travel alone and are independent. They are alone but not lonely; as tourism is what they pursue as a hobby. The gap year travelers, unmarried persons, widows/widowers, backpackers, and solitary tourists travel single. They decide for themselves and tend to expend more. They tend to carry less stuff on the journey. They tend to behave balanced if any challenging situation occurs and are rational towards tour schedules.



3. Groups of Tourists: Students from schools and universities as members of educational tours, fellows of various fraternities with common interests, groups of newlyweds, or senior citizens.

4. Tourists Visiting Friends and Relatives: These tourists travel to meet friends or relatives or to attend a celebration or gathering. These tourists generally plan their tours during the breaks such as Diwali holidays, Christmas holidays, or any kind of long break when most people have a break.

5. Business Tourists: They are professional tourists on business trips. They decide for themselves but do not spend much money. For example, a sales or marketing person travels to another city to attend a business fair, and a business manager travels to another country for business deals.

6. Incentive Tourists: They tour for consuming the reward they received in the form of a few days family package at some hotel or resort. Such rewards are generally distributed if an employee performs outstanding to achieve the goals.



7. Health Tourists: These tourists travel to places with the agenda of health on their mind. They travel to avail some special medical treatment, operation, surgery, medication, or inexpensive aesthetic surgeries available in a different country. Some tourists in this category also travel if they are receiving some illness from the climate at their residence such as Asthma.

# Marketing Mix in Tourism

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Tourism marketing is different because the customer purchases a series of services. While marketing a tourism product, the sales or marketing person insists on the positive facets of the following four components:

**1.Product Tourism** is a service sold to the customers, the tourist experience is the product, which is intangible, and non-storable. The quality of the tourist experience as a product is directly proportional to the quality of the service a tourism business provides. The product must be designed to highlight its features and to satisfy the tourist's needs. If the product is branded the customers find it more reliable.



**2.Price :** Determining the price of the product requires consideration of three key factors:

- **Operating costs:** Operating costs include both fixed and variable costs. Fixed costs remain the same regardless of the sales which involve building, insurance, and equipment costs. Variable costs include costs for wages, gas, electricity, cleaning, maintenance, repairing, materials used in production, office stationery, linen, food, petrol, machinery, uniforms, bank fees, marketing research expenses, and expenses for advertisements, promotions, brochures, and conducting consumer or trade events.
  - **Profit Margins:** This is determined by comparing the competitor's offers and their own.
  - **Product offers :** Profit margins are set without compromising the competitive advantage.
  - **Commissions of Intermediaries:** Working with intermediaries incurs commissions. Commissions are the fees paid to the intermediaries to distribute and sell your product.
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# Tourism Product Pricing Policies



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Commonly followed pricing policies include

1. **Discount Pricing:** This strategy calls for reductions to the basic price of products or services. It is a form of sales promotion which at times proves to be rewarding for the customers.
2. **Variable Pricing:** This pricing varies with respect to the variation in features of a product.
3. **Loss Leader Pricing:** It is selling a few products at prices lower than the actual prices. It helps to settle the loss by attracting customers to buy more products.
4. **Promotional Pricing:** It is selling a product for free with another product with the objective of promoting the free product. Customer interest is generated to use the free product thereby increasing the sale.



**4. Place:** The place is where tourists visit and stay. The potential of a tourist destination lies in its attractiveness or aesthetic value, accessibility, and the facilities it provides to tourists. The tourists also seek a place highly for the activities it offers, the amenities and skilled workforce it provides, and its location

**5. Promotion:** Promotion is intended to inform the customers about the products, create an image about the product, and position the products in the market.

There are various effective ways of promoting tourism products:

1. Advertising the products on television commercials, newspapers, radio stations, and websites.
2. Distributing promotional material such as diaries, brochures, keychains, wallets, purses, water bottles, pens, or any small gift item designed for promoting the product.
3. Setting Point of Sale (POS) displays at various places such as retail stores, shops, malls, or petrol pumps.

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4. Promoting tourism products at local fairs.
  5. Promoting the products with their attractive features on the website of the tourism enterprise.
  6. Conducting programs of sponsorships, or promoting products by offering them as incentives





# Thank You

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