Travel and Tourism

The Structure of the Travel and Tourism Industry

[HIGHER]

Lorraine Lyall
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CONTENTS

Introduction

Unit content 4
Unit outcomes and performance criteria and assessment 4
How to deliver the unit 5
Framework for induction 6
The learning environment 6
Using education/industry links 7
Resources 7
Appendix 1 8

Outcome 1: Scheme of work for the three outcomes 10
Tutor notes for outcome 1(a) 11
OHTs 1–7 for outcome 1(a) 16
Student activities 1–17 for outcome 1(a) 23
Handouts 1–9 for outcome 1(a) 42

Tutor notes for outcome 1(b) 60
Student activities 1–9 for outcome 1(b) 63
Handouts 1–5 for outcome 1(b) 72

Tutor notes for outcome 1(c) 79
OHTs 1, 2 for outcome 1(c) 81
Student activities 1–6 for outcome 1(c) 84
Handouts 1–3 for outcome 1(c) 90

Outcome 2: Tutor notes 95
OHT 97
Student activities 1–15 98
Handouts 1–14 113

Outcome 3: Tutor notes 145
OHTs 1–8 150
Student activities 1–8 159
Handouts 1–7 173
Unit content

This unit is designed to enable students to explain the structure of the travel and tourism industry in the United Kingdom and the role of its sectors and support organisations. It is designed to meet the needs of students wishing to pursue a career in the travel and tourism industry, and those with an interest in the subject area.

Unit outcomes and performance criteria

**Outcome 1**
Explain the activities of various sectors of the travel and tourism industry.

**Performance criteria**
(a) Explain the activities of the travel and transport sector.
(b) Explain the activities of the hospitality sector.
(c) Explain the visitor and leisure attractions sector.

**Outcome 2**
Explain the role and function of governmental and support organisations in the travel and tourism industry.

**Performance criteria**
(a) Identify a range of organisations from the different sectors of the travel and tourism industry.
(b) Explain accurately the roles of governmental and support organisations in the travel and tourism industry.
(c) Describe the function and membership of selected organisations.

**Outcome 3**
Analyse the structure of the travel and tourism industry.

**Performance criteria**
(a) Classify accurately the various sectors and organisations within the travel and tourism industry.
(b) Identify accurately the structure of the travel and tourism industry.
(c) Analyse the structure in terms of the interaction and interdependence of the various sectors and organisations.
Evidence requirements for this unit

Evidence is required to demonstrate that candidates have achieved all outcomes and performance criteria.

Evidence for this unit will be holistic in nature and involve restricted-response questions related to practical/analytical work. It will be a single closed-book assessment completed under supervised conditions within 1 hour.

The assessment will sample the content and skills defined in Appendix 1 (page 8) by including questions which reflect the breadth of content and skills as shown.

Achievement may be determined by the use of a cut-off score.

The standard to be applied and the breadth of coverage are illustrated in the National Assessment Bank items available for this unit. If a centre wishes to design its own assessments for this unit they should be of a comparable standard.

How to deliver the unit

This is a mandatory unit in the Higher Tourism course and may either be delivered before, after or concurrently with the other units in the course.

It is recommended that the outcomes in this unit are taught sequentially, as outcomes 1 and 2 provide the underpinning knowledge required for the completion of outcome 3.

Learning and teaching approaches should be candidate-centred and activity-based with ongoing guidance and tutor support. The performance criteria should be achieved through research and analysis. The unit offers considerable scope for the use of project work and practical analysis. This necessitates the provision of a wide range of computer and/or paper-based resources, augmented by guest speakers, industrial visits and field work. Students may also benefit from the opportunity to undertake a work placement, if this is possible. The outcomes are inter-related and the unit should be treated as a whole. The unit can be integrated with Marketing in Travel and Tourism: An Introduction (Higher) and research for both units could be carried out concurrently.
Please refer to the National Assessment Bank for full assessment items and marking schemes for this unit.

The scheme of work which follows gives an outline of the suggested delivery times. All timings are approximate however, and will depend on the particular student groups and on centres’ own circumstances. In timetabling the unit, account should be taken of the need to accommodate field trips and visiting speakers.

**Framework for induction**

Induction for this unit might include the following:

- Content of the unit – unit descriptor.
- Explanation of how continuous assessment works, including opportunities for re-sits.
- Schedule of assessment – dates of assessment and re-sits should be provided.
- Recommended texts and other support materials.

**The learning environment**

Students will benefit from working in an environment that is as attractive and professionally presented as possible. The ideal situation would be a dedicated classroom fitted out with the resources and materials required for the course. This will avoid having to transport large amounts of brochures etc. between classrooms.

A whiteboard/blackboard and overhead projector will be required. Access to IT resources such as PCs with internet connection is increasingly important as most resources are now available online. An interactive whiteboard can be a useful tool for both the teacher and the learner.

Because of the nature of the unit, the learning environment should not be confined to the classroom, but should include visits to providers in the travel and tourism industry (as well as visiting speakers from industry).
Using education/industry links

See references to visits and speakers above and at the beginning of every outcome within the support pack. In the context of this unit, visits to the following types of providers and facilities would be appropriate:

- travel agent
- tour operator
- accommodation providers
- travel and transport providers/termini
- visitor attractions
- tourist information centres.

Resources

Suitable resources will include:

- VisitBritain/VisitScotland/World Tourism Organisation statistics
- Industry brochures
- *The Business of Tourism* – Holloway – Addison, Wesley, Longman
- *Travel Trade Gazette, Caterer and Hotelkeeper, Conference and Incentive Travel*
- Industry websites (see tutor notes and handouts for specific addresses).
Appendix 1

The skills and content which will be sampled to provide evidence required for the unit are as follows.

An analysis of the travel and tourism industry in terms of the various sectors:

- **Range of definitions and terminology**
- **The travel sector**: travel agents; tour operators; incoming tour operators; internet tour operators; ground handling agents; tour guides and couriers; hotel booking agencies; conference and incentive organisers; airbrokers.
- **The transport sector**: airport and port authorities; airlines – scheduled, charter, low cost, cruise and shipping companies; coach companies; railways; car rental companies; reservation and sales staff.
- **The hospitality sector**: accommodation (hotels, major hotel groups and consortia, self catering, bed and breakfast, camping and caravan sites; holiday centres, timeshare); catering (restaurants, fast food outlets, takeaways, snack bars, tearooms, inns, bars). Quality assurance schemes – classification and grading of accommodation.
- **Visitor and leisure attractions**: theatres and cinemas; nightclubs; shops; museums; art galleries; theme parks; zoos; wildlife parks; sports centres; stately homes; palaces; gardens; historic houses; heritage sites (religious, industrial, transport); other historical sites; National Trust and National Trust for Scotland properties; industrial visitor centres (for example, distilleries); countryside and scenery; country and forest parks; nature trails; craft shops and visitor centres. Quality assurance schemes – grading of visitor attractions.

An explanation of the roles and functions of other organisations within the travel and tourism industry which have a coordinating, regulatory licensing and/or influencing function:

- **Government organisations**: VisitBritain; VisitScotland; tourist information centres; government agencies (Scottish Natural Heritage, Sports Council, Arts Council, Historic Scotland, Forestry Commission, Scottish Museums Council, Scottish Enterprise/Highlands and Islands Enterprise, Local Enterprise companies, Civil Aviation Authority).
- **Support organisations**: Association of British Travel Agents (ABTA); Federation of Tour Operators (FTO); International Air Transport Association (IATA); Scottish Passenger Agents Association (SPAA); Institute of Travel and Tourism (ITT); Tourism Society; British Hospitality Association (BHA); Association of Scottish Visitor...
Attractions (ASVA); public and private training organisations; Scottish Tourism Forum.

- *The role of other facilitating bodies*: travel insurance companies; brochure producers and distributors; trade press; marketing and advertising agencies; foreign exchange dealers.

A description of the structure of the travel and tourism industry:

- The chain of distribution; core and peripheral sectors; wholly and partially involved sectors.
- Structural analysis should focus on vertical and horizontal integration and diversification, and should make reference to various sectors and organisations including: producers (hospitality, transport, attractions); wholesalers (tour operators); retailers (travel agents, tour operators, travel organisers); consumers (tourists, private and public sector facilitators).
Scheme of work for the three outcomes

The recommended delivery time for this unit is 40 hours. The number of hours allocated to each outcome is for guidance only and may vary according to local circumstances and the composition of learner groups.

<table>
<thead>
<tr>
<th>Hours</th>
<th>Outcome</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–22</td>
<td>Outcome 1 – Explain the activities of various sectors of the travel and tourism industry.</td>
<td><strong>Introduction to the unit</strong>&lt;br&gt;The travel and transport sector&lt;br&gt;Modes of transport: road, rail, water and air&lt;br&gt;Role of transport in the travel and tourism industry&lt;br&gt;Travel agents&lt;br&gt;Tour operators&lt;br&gt;The hospitality sector&lt;br&gt;Range of accommodation types&lt;br&gt;Range of types of catering establishments&lt;br&gt;Role of the hospitality sector in the travel and tourism industry&lt;br&gt;The visitor and leisure attractions sector&lt;br&gt;Types of attractions and examples of each&lt;br&gt;Role of the attractions sector within the travel and tourism industry</td>
</tr>
<tr>
<td>23–28</td>
<td>Outcome 2 – Explain the role and function of governmental and support organisations in the travel and tourism industry.</td>
<td>Identification of governmental and support organisations within the travel and tourism industry</td>
</tr>
<tr>
<td>29–40</td>
<td>Outcome 3 – Analyse the structure of the travel and tourism industry</td>
<td>Definitions and terminology&lt;br&gt;The tourism product&lt;br&gt;The structure of the tourism industry&lt;br&gt;The chain of distribution integration&lt;br&gt;Diversification&lt;br&gt;Globalisation and internationalisation</td>
</tr>
</tbody>
</table>
### Tutor notes for Outcome 1

#### Topic and activity – Outcome 1

<table>
<thead>
<tr>
<th>Activity</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to the unit. Issue the student guide and talk through the content of the unit, assessment, etc.</td>
<td>Student guide</td>
</tr>
<tr>
<td><strong>Introduction to Outcome 1 – Explain the activities of various sectors of the travel and tourism industry.</strong></td>
<td>OHT 1</td>
</tr>
<tr>
<td>(Outcome 1 will be split into three sections dealing with each of the three performance criteria included in this outcome.)</td>
<td></td>
</tr>
<tr>
<td>Use useful resources for this part of the outcome include:</td>
<td></td>
</tr>
<tr>
<td>Travel websites:</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.mytravel.com">www.mytravel.com</a></td>
<td></td>
</tr>
<tr>
<td><a href="http://www.firstchoice.co.uk">www.firstchoice.co.uk</a></td>
<td></td>
</tr>
<tr>
<td><a href="http://www.thomascookag.com">www.thomascookag.com</a></td>
<td></td>
</tr>
<tr>
<td><a href="http://www.world-of-tui.com">www.world-of-tui.com</a></td>
<td></td>
</tr>
<tr>
<td>Brochures produced by transport operators e.g. Wallace Arnold</td>
<td></td>
</tr>
<tr>
<td>Websites for organisations such as:</td>
<td></td>
</tr>
<tr>
<td>Scotrail</td>
<td></td>
</tr>
<tr>
<td>GNER</td>
<td></td>
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<tr>
<td>Caledonian MacBrayne</td>
<td></td>
</tr>
<tr>
<td>Cunard</td>
<td></td>
</tr>
<tr>
<td>EasyJet</td>
<td></td>
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<tr>
<td>Ryanair</td>
<td></td>
</tr>
<tr>
<td>British Airways</td>
<td></td>
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<tr>
<td>Etc.</td>
<td></td>
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</tbody>
</table>

#### Performance criterion(a) – Explain the activities of the travel and transport sector

<table>
<thead>
<tr>
<th>Activity 1</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brainstorm – what are the transport options for the tourist?</td>
<td>Activity 1</td>
</tr>
<tr>
<td>What are the factors which the tourist will consider when deciding on his or her method of transport?</td>
<td>OHT 2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 2</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribute copies of the VisitScotland statistics, available at <a href="http://www.scotexchange.net">www.scotexchange.net</a>, or any other statistics you have available – perhaps from VisitBritain (<a href="http://www.tourismtrade.org">www.tourismtrade.org</a>) and have students analyse the section on ‘methods of transport used’. Use Activity 2.</td>
<td>Activity 2</td>
</tr>
</tbody>
</table>
**Activity 3**  Use answers to generate discussion on the relationship between effective access and successful tourism. Introduce relevant press articles relating to developments in transport in Scotland and elsewhere, (e.g. current expansion at Edinburgh airport, downturn in business at Glasgow Airport, the growth of Prestwick Airport, the introduction of cut-price air services – EasyJet, Ryanair – the introduction of Superfast Ferry from Rosyth, fast ferry routes Troon/Stranraer to Ireland). International examples of good/bad accessibility could also be introduced at this point (e.g. the existence of low-cost air travel within the US, the excellent rail services in Spain, France, etc.).

Ask students for examples from their own experience of destinations which have presented difficulties in relation to accessibility and those which have been very easy to reach. Summarise the reasons why accessibility was good/bad.

Give out handout 1 – which summarises the key points made.

**Activity 4**
This activity uses the leaflets on national and local tourist routes which students were asked to pick up from their local TIC. Alternatively, these can be accessed through the web and downloaded. Have students read the information to familiarise themselves with the routes on offer both locally and nationally. This activity could be done as a group activity.

**Activity 5**
This could also be done as a group activity. The activity is designed to have the student evaluate the usefulness of ‘tourist routes’. The benefits of having such routes should include the following: makes it easy for the tourist to find out what to see and do in the area; meets the needs of those on touring holidays; people are more likely to stop in the area if such information is provided (and when they stop they’ll spend money in the local restaurants, shops, etc.); if we don’t make it easy for tourists, then they are likely not to stop in our area; keeps tourists (who may want to drive more slowly to see the sights, etc.) off the main roads used by commuters, etc.; overall improved accessibility for tourists (we must make it easy and enjoyable for the tourist to choose to visit).

Again, raise the concept of interdependence. Easy access and transport options are vitally important for all sectors of the industry – if tourists can’t get to attractions, hotels, restaurants, etc. easily then they are likely to go elsewhere.
Activity 6
This could be done as a group activity and is designed to give students an opportunity to assess the pros and cons of the various methods of transport in terms of travel time, availability and cost.

Handout 2
Distribute to students and let them read it. Talk through any issues arising. Lead into Activity 7. You may want to gather information for this in advance or, alternatively, get the students to gather the information for use during the next class. You should contact your local authorities and ask them to send you information on local transport initiatives. If you live in a very small town or village where there are no such initiatives, then contact the authorities of your nearest large town or city. Alternatively, you could arrange for someone from the local authorities to come and give a talk on transport issues. Have students prepare pertinent questions in advance. Be sure to focus on the impact of such initiatives on tourism in the area (will they make access for tourists better or worse? Will they provide an enhanced environment and thus an enhanced experience for tourists? Etc.) Refer students to chapter 9 of *The Business of Tourism* for further information.

Handout 3
Have students read this and set them the homework exercise at the end. Begin the next class by reviewing their findings. Alternatively, you could have them simply gather the information and get them to bring it in for analysis during class time.

Handout 4
Have students read the handout and discuss any pertinent issues. E.g. you could ask them if they have ever been on a coach tour/if yes, why they chose it/ if no, why not, etc. You could also canvass opinion on the quality of bus services in the area and how user friendly they might be for tourists. Ask them to compare the services offered here to those offered in places they have visited.

Activity 8
Have students complete this exercise. Answers on OHT 3.
**Handout 5**
Distribute handout 5 for students to read. Talk through any issues arising or any points of interest (have they used the Channel Tunnel? What did they think of it? Have they travelled by train in Europe or elsewhere? etc.) before progressing to **Activities 9 and 10**. Students should be directed to chapter 9 of *The Business of Tourism* for further information.

**Handout 6**
Distribute handout 6 for students to read. Talk through any issues arising or any points of interest (experiences of ferries, cruising, etc.; perceptions of cruising (is it for old grannies?, etc.).

Complete Activity 11.
Students should be directed to chapter 8 of *The Business of Tourism* for more detailed information. OHT 4.

**Handout 7**
Distribute handout 7 for students to read. Talk through any issues arising or points of interest (good things/bad things about air travel; popularity of air travel, etc.) Lead on to discussion of the problems of congestion and how it can be dealt with.

Complete Activity 12. Answers on OHT 5.

Complete Activity 13 either in class or at home. Students should be directed to chapter 7 of *The Business of Tourism* for more information on air transport.

**Revision Exercise 1**
Have students complete this to help assess progress.
### Travel sector

#### Handout 8
Have students read handout 10. Talk through the key points relating to the different types of tour operators.

#### Activity 14
Distribute Activity 14 for completion. Answers on OHT 6.

#### Handout 9
Have students read handout 11. Discuss any pertinent issues.

#### Activity 15
Set this activity as a homework exercise. Review findings in class.

#### Handout 10
Link to findings of homework exercise above. Discuss the different types of travel agencies there are. Distribute handout 10. Discuss the ‘current developments’ mentioned. Ask if students have used travel superstores or call centres. General discussion on their benefits/drawbacks, etc.

#### Activity 16
Students to complete this activity. General discussion on the role of the travel agent. You may have organised a visiting speaker from a travel agency to give a presentation on the role of the travel agent and the skills required for the job.

#### Activity 17
Refer back to OHT 7 which outlines the key tasks of the tour operator. Students to complete Activity 17 with these in mind. Answers on OHT 7.

#### Revision Exercise 2
Have students complete this exercise to help assess their knowledge before moving on.
Outcome 1 – OHT 1

Outcome 1

Explain the activities of various sectors of the travel and tourism industry.

Performance criteria

(a) Explain the activities of the travel and transport sector.

(b) Explain the activities of the hospitality sector.

(c) Explain the visitor and leisure attractions sector.
Outcome 1 – (a) Travel and transport sector
OHT 2 – Transport options for the tourist

There are four major modes of transport in tourism:

• Road
• Rail
• Water
• Air

The tourist’s choice of transport mode is dependent on several factors:

• Distance and time involved
• Status and comfort
• Safety
• Price
• Geography
• Choice and competition between services
Outcome 1 – (a) Travel and transport sector
OHT 3 – The advantages offered by coach services to the older market

Advantages offered by coach services to the older market include:

• Competitive prices
• Convenience of door-to-door travel
• No baggage or transfer problems
• Courier assistance
• No problems of language and handling documentation (in foreign tours)
• Convenient local departure points
• Companionship
• Feeling of security at being part of a group
Outcome 1 – (a) Travel and transport sector
OHT 4 – The appeal of the cruise

The appeal of the cruise includes:

• All-inclusive nature (easy for the customer)

• High-quality food

• Pleasant ambience

• High levels of security

• Making friends with similar people

• No constraints on baggage

• A way around the fear of flying

• Variety of destinations

• Variety of entertainment and leisure options

• Range of escorted or independent shore excursions to meet client needs
Outcome 1 – (a) Travel and transport sector
OHT 5 – Ways to avoid overcrowded airports and congested skies

Possible solutions to overcrowding might include:

• Improved ticketing technology (e.g. e-tickets)

• Building new airports

• Building more runways at existing airports

• Bigger aeroplanes

• More flights at night and/or flight scheduling on a 24-hour basis

• Reduce demand (e.g. by raising prices)

Some of these options will impact the environment and may therefore be unpopular. Safety must also be a major consideration.
The key activities of tour operating include:

- **market research** – to help decide what products are in demand
- **product development** – using research data to determine size of programme, destinations, hotels, travel arrangements, etc.
- **contracting** – drawing up contracts with the providers
- **brochure** production and distribution
- **sales and promotion** – including point-of-sale material, travel agency parties, familiarisation tours, etc.
- **reservations** – taken by telephone
- **administration** – including staff recruitment and training, finance and legal matters
- **operation** – operational staff prepare flight manifests, rooming lists, etc.
- **customer services** – handling queries and complaints from the public
Outcome 1 – (a) Travel and transport sector
OHT 7 – Tour operating skills and competences

The skills and competences required of the tour operator include:

• negotiation skills

• organisation skills

• knowledge of the developments in supply (accommodation, transport, etc.)

• knowledge and experience of purchasing

• the ability to cost and price tours

• organisation of brochure design, production, distribution and control

• sales skills

• marketing skills

• product knowledge (including knowledge of specialist areas, e.g. golf packages, etc.)
Outcome 1 (a)– Activity 1

What methods of transport might the tourist use to get to his or her destination? List them below.

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What factors will the tourist consider when deciding which method of transport to choose?

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Which of these factors do you think is the most important and which is the least important?
Outcome 1 (a)– Activity 2

Refer to the statistics provided and complete the following table.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the most popular method of transport used by domestic tourists?</td>
<td></td>
</tr>
<tr>
<td>What is the most popular method of transport used by international tourists?</td>
<td></td>
</tr>
<tr>
<td>What percentage of tourists arrives in Scotland annually by train?</td>
<td></td>
</tr>
<tr>
<td>Identify the least popular method of transport used by domestic tourists to Scotland.</td>
<td></td>
</tr>
<tr>
<td>Identify the least popular method of transport used by international tourists to travel around Scotland.</td>
<td></td>
</tr>
</tbody>
</table>

With reference to question one above, why do you think this is the most popular method of transport used by domestic tourists in Scotland?

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Outcome 1 (a) – Activity 3

Do you consider that Scotland is easily accessible by domestic tourists? Give reasons for your answer. (Remember that English, Northern Irish and Welsh tourists are classed as domestic tourists!)
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Do you consider that Europe is easily accessible by Scottish tourists? Give reasons for your answer.
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Outcome 1 (a) – Activity 4

Look through your information on National Tourist Routes and complete the following tasks.

Suggest a tourist route which would be suitable for a group of Japanese businessmen who are visiting Scotland for the first time and are eager to see some spectacular scenery and sample some Scottish heritage. Provide reasons to justify your choice of tourist route for this group.

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Select a tourist route which would be suitable for a family with young children who are not keen on sitting still for long periods of time! Explain why this would be a good choice of route for this family.

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Outcome 1 (a) – Activity 5

Look at the information you have gathered on national and local tourist routes. Comment on the content and layout of the information. How useful do you think this information is to visitors to the area? What do you consider to be the benefits of producing such leaflets? Write your answers below.

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Outcome 1 (a) – Activity 6

You decide to go away for a week-end break to a hotel in the centre of York with three of your friends. You’re not sure what the best method of transport will be and decide to do some research to help choose between using (a) the private car which one of your friends owns, (b) the train and (c) the bus.

Using your own town or city as the point of departure, and assuming that you will leave on a Friday in April and return the following Monday, conduct research which will enable you to calculate the following for each of the three methods of transport:

- Cost of return travel to York per person
- Length of travel time (there and back)
- Time of arrival
- Estimates of other likely costs (e.g. taxi fares)

Once your research is complete, recommend which would be the likely best choice in terms of cost, convenience and comfort.

Recommendation:

__________________________

__________________________

Reasons:

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Outcome 1 (a) – Activity 7

Handout 2 refers to public transport initiatives designed to alleviate the problems caused by overuse of private cars. Investigate such initiatives in your town or city and evaluate their likely impact on tourism in the area.

If you live in a rural area, research transport initiatives using suitable websites, e.g. the Scottish Executive’s website or those run by city councils.

Write your findings below.

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Outcome 1 (a) – Activity 8

The highest proportion of coach holidays is taken by people between the ages of 55 and 64. Two-thirds of all coaching holidays are taken by the over-45s. Why do you think this is?

List below the advantages of coach travel for the older market.

________________________________________________________________________
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Gather brochures from Shearings, Wallace Arnold and other companies offering coach-touring holidays. Using the information in the brochures:

• compare the prices of coach tours with package holidays which include flights to and from the destination
• identify the most popular destinations
• identify the times of year when most coach holidays are offered.
Outcome 1 (a) – Activity 9

Scotrail, GNER, and Virgin all operate train services in Scotland.

Using all research means at your disposal, compile an information file on each of these companies. The minimum information required must include:

- Routes operated
- Passenger numbers
- Services offered
- Future plans

Supplementary activity

Choose a rail operator in Europe and conduct similar research to that above. Use the information gathered to make comparisons between rail services in the UK and those in another part of Europe.
Outcome 1 (a) – Activity 10

Read handout 5 and then conduct a SWOT analysis of rail services in the UK today.

Strengths

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Weaknesses

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Opportunities

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Threats

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Outcome 1 (a) – Activity 11

Gather a selection of cruise brochures from your local travel agency. Browse through the brochures before completing the task below.

What do you consider is the appeal of the cruise as a holiday option?

The appeal of the cruise includes:
Outcome 1 (a) – Activity 12

The popularity of air travel has led to crowded airports and congested skies. In the space below, suggest ways in which these problems may be overcome.

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Outcome 1 (a) – Activity 13

A business person had arranged to meet a client in the centre of London at 10.00 a.m. on a Monday in October. She lives in Glasgow and expects to travel back later the same day.

Investigate the travel options open to this business person, bearing in mind that she cannot be late for this important meeting and wants to spend as little time as possible travelling there and back. Cost, while not a major issue, should be as reasonable as possible.

List her options and make a recommendation as to the most suitable one.

Travel options to London

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## Outcome 1 (a) – Revision Exercise 1

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>What are the four major modes of transport in tourism and what factors influence the customer’s choice of mode?</td>
</tr>
<tr>
<td>2.</td>
<td>Why is accessibility important to the travel and tourism industry?</td>
</tr>
<tr>
<td>3.</td>
<td>How does tourism impact on transport developments? Give examples to illustrate.</td>
</tr>
<tr>
<td>4.</td>
<td>Do you consider car hire businesses to be part of the travel and tourism industry? Give reasons for your answer.</td>
</tr>
<tr>
<td>5.</td>
<td>Coach holidays are popular with the older market. Why should this be so?</td>
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<tr>
<td>6.</td>
<td>Describe the main routes operated by Virgin Trains and the services offered to passengers.</td>
</tr>
<tr>
<td>7.</td>
<td>What are the opportunities for rail providers in the UK today?</td>
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<tr>
<td>8.</td>
<td>Give two examples of how the transport sector supports businesses in other sectors of the travel and tourism industry.</td>
</tr>
<tr>
<td>9.</td>
<td>Cruising is more popular today than ever before. Explain the reasons why.</td>
</tr>
<tr>
<td>10.</td>
<td>Account for the popularity of air travel with both the leisure and business tourist.</td>
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<tr>
<td>11.</td>
<td>Differentiate between scheduled and chartered air services.</td>
</tr>
<tr>
<td>12.</td>
<td>Give two reasons for the success of low-cost airlines in recent years.</td>
</tr>
</tbody>
</table>
Outcome 1 (a) – Activity 14

Having read handout 11, you should now be aware of what tour operating entails. In the space below, list what you see as the key activities of tour operating. Then go on to list the skills required to be an effective tour operator.

The key activities of tour operating are:

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The skills required to effectively carry out the role of tour operator include:

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Outcome 1 (a) – Activity 15

Travel agencies

Take a walk around your nearest city or town and note all the travel agencies. What types of agency are represented?

Are they small independents or multiples (part of a high-street chain, e.g. Thomas Cook)?

Are there any air-seat-only agents in your town?

Have you come across any offices specifically dealing with business travel?

List the typical products you found on offer in your local travel agencies.
Outcome 1 (a) – Activity 16

Based on your knowledge of what the job of travel agent entails, list below the skills and qualities required for the job.

Skills and qualities of the travel agent include:

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Outcome 1 (a) – Activity 17

Identify below the skills and competences required of the tour operator.

The skills and competences of the tour operator include:

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Outcome 1 (a) – Revision Exercise 2

1. What is an ATOL and which body issues it?

2. How do transport operators work with other sectors of the industry to increase their business?

3. Why are tour operators a vital link for many accommodation providers?

4. How do tour operators secure cheaper accommodation and transport services than the individual consumer?

5. What ancillary services do travel agencies offer?

6. List the range of different types of holiday offered by:
   - mass-market operators
   - specialist operators
   - domestic operators
   - incoming tour operators

   Give one named example of each type of tour operator.

7. What do incentive operators do?
Outcome 1 (a) – Handout 1

Transport

In order to be a tourist, you have to travel, so transport is one of the major components of the tourism product. Transport is used both to move passengers to their destination and to help them get around once at that destination.

Accessibility is crucial if tourism is to flourish within a particular area or destination. Tourism has been developed in areas where transportation networks are already in place. However, tourism demand can also be responsible for developing transport networks.

Travel by air dominates international tourism, whereas travel by private car is the most popular form of transportation for domestic tourism, particularly in areas such as the Highlands of Scotland. This is because it offers door-to-door flexibility, views of the landscape and a means of transporting recreational equipment in a land which is not well served by public transport. The vast majority of visitors travel north on the A74(M) and M6 between Carlisle and Glasgow. Edinburgh, despite being the capital of Scotland, is not well connected to the south by road. Much of the A1 connecting Edinburgh to Newcastle is a slow route which does little to encourage travel into Scotland.

Within Scotland, VisitScotland promotes ten signposted tourist routes which are designed to provide the holiday motorist with alternatives to the main trunk roads and motorways. Smaller tourist routes have been developed at local level often linking local attractions, sometimes along a particular theme, e.g. The Malt Whisky Trail in Grampian.

Task
Visit your local tourist information centre and pick up leaflets on national and local tourist routes.

Look for tourist route signposts as you travel around Scotland. What do these look like?
Outcome 1 (a) – Handout 2

Road transport

The private car

The increase in private-car ownership has done more to change travel habits than any other single factor. This has had a knock-on effect within the industry with the creation of services to support our preference for the extensive use of the private car. For example, we have seen the creation of roadside cafes, service stations, motels and travel lodges, as well as the development of car ferry services and trains designed to transport our cars to our destination of choice. Between 1970 and 1990 the world’s passenger car registration grew at an average of 4.4 per cent annually. This is a good parallel with the growth of world tourism during that same period. The relatively recent development of integrated motorway systems throughout the UK and Europe has reinforced the trend for motoring holidays.

The flexibility and low cost offered by use of the private car has meant that demand for motoring holidays remains high and is unlikely to fall within the foreseeable future. This is in spite of problems to the environment which our extensive use of the private motor car can cause. These negative environmental impacts include pollution, physical erosion, congestion and loss of land to roads and car parks. Given the sensitive nature of many of the destinations which are attractive to tourists, it is of great concern to environmentalists to ensure that permanent damage is not caused through the use of cars to access these areas of great natural beauty. In cities, another favourite with tourists, steps are being taken to minimise these negative impacts through measures such as public transport initiatives, e.g. road pricing, pedestrianisation, park-and-ride and the introduction of ‘greenways’. Until, however, we get modern, efficient and user-friendly public transport systems in our cities, then it looks likely that we will continue to use our cars both for work and for recreational purposes.
Outcome 1 (a) – Handout 3

Road transport (contd)

Car rental

Estimates show that there are over 1,000 car hire companies in the UK, with more than 130,000 cars available for hire. The car-hire business owes a substantial proportion of its revenue (and in some places virtually all its revenue) to the tourist. Car-hire companies can be divided into two categories: (1) the large international companies (Avis, Hertz, Budget and National); and (2) small, local, independent companies. The large corporations have the majority of the business travel market, whilst the small companies are associated with the leisure market. The large companies charge similar prices and offer a choice of cars, hiring locations and the flexibility to pick up a car at one location and drop it off at another. This is attractive to business travellers who insist on speed of service, reliability and a high standard of car, and are prepared to pay premium prices for this service. The leisure tourist, however, is more likely to choose a local company which offers less flexibility, but a lower price. Businesses which serve the leisure market are more liable to experience seasonal fluctuations in demand. Within the car-hire business, there is a small number of specialist operators who provide luxurious, high-speed and classic vehicles to cater to the demands of a small niche market targeting up-market leisure and business tourists.

Franchising is an option open to car-rental companies which facilitates the expansion in the number of outlets. Contracts with airports and railway terminals allow car-hire companies to have a desk within the terminals. Such desk space commands high rental rates as companies vie with each other for business. Links with airlines and hotels may be forged in order to gain referrals. This can generate huge amounts of business, particularly from the business traveller. Large hotel chains sometimes also offer desk space to car-hire companies within their reception areas. Computer reservations systems play an important role in the success of the large car-hire companies. Many of these systems are now linked to airline global distribution systems like Sabre and Galileo, making accessibility to car hire even easier. Some companies now take live bookings via the internet. This method of booking is likely to grow in popularity in the years ahead.
Travel agents can also provide advance sales for business and leisure travel for car-hire companies in exchange for a rate of commission of 15 per cent or more. This is more popular in the USA than in the UK.

**Homework exercise**

Use the resources available to you to identify the local car hire companies serving your area. (The Yellow Pages will be a good starting point or your local Thomson Directory.) Select two companies and find out what services they offer and at what price. Try to find out what percentage of business is generated within local companies by tourists. Find out if there are any large international companies serving your area and compare the services they offer with those offered by local companies. Gather leaflets from the companies in question. Bring in the results of your research to the next class.
Outcome 1 (a) – Handout 4

Road transport (contd)

Coach and bus travel

Although not popular for business tourism, coaches represent a relatively cheap form of transport to and around tourist destinations. In countries where the terrain makes the construction of railways impossible, coaches are the main method of getting around. Greece and Turkey, for example, rely heavily on coaches for the transfer of international tourists as well as for their own residents. Coach travel reached its peak of popularity in the UK in the 1930s, after which the growth in private car ownership contributed to the decline in usage of this form of transport.

The hired coach has traditionally been used by groups for transfers to and from terminals. Sightseeing trips and tours are also usually conducted by coach. Coach is a useful mode of transport for short- and medium-distance journeys. Traditionally, it has attracted the elderly and lower social groupings. Coach travel is today more luxurious and faster than previously and services are run between most of Britain’s cities.

When travelling by coach, passengers have the opportunity to look at the scenery, watch a video, make telephone calls, and some companies now offer a snack served by a steward or stewardess. Shearings, Wallace Arnold and Frames Richards are amongst the largest companies offering holidays by coach in the UK.

Coach-operating conditions now fall into line with EU directives which are designed to provide safety for passengers. For example, the maximum number of hours a driver can drive in a day is set out in EU regulations, as is the provision of seat belts. There are constraints on the number of seats each coach can hold. These regulations apply to all express journeys by coach with stages over 50 kilometres. The imposition of such regulations has had the effect of increasing costs for coach companies, thus making it more difficult for them to compete with rail or air services.

Prior to 1980, only those coach and bus companies which had been awarded a licence could operate services on routes of more than 30 miles. However, the 1980 Road Transport Act ended these licencing regulations and made it possible for new coach services to be introduced. Deregulation led to the provision of a greater supply of new coach seats on the market. The 1985 Transport Act continued the
deregulation of the industry by opening all local bus routes outside London to competition. All local authorities were required to transfer their bus companies to private companies. It was during this time that we saw the phenomenal rise of Stagecoach from a small private company to one of the world’s leading bus and coach companies. However, the overall effect of deregulation was to reinforce the power of a few dominant companies within the industry and not, as had been expected, to aid the emergence of a large number of smaller competing companies.

Local bus services are also used by visitors. In London, for example, about 20 per cent of all passengers on the red London buses are tourists. Networked timetabled services between major cities and towns are operated by several companies including National Express and Scottish Citylink. Local services in Scotland are predominantly operated by Stagecoach and Firstbus. Value for money makes travel by bus popular with the youth market and senior citizens. It is seen as being a more environmentally friendly option because large numbers of passengers are transported together.
Outcome 1 (a) – Handout 5

Rail transport

It was the advent of the train and railways in the nineteenth century which brought travel for pleasure within the reach of the majority of ordinary working people. The railways played a major role in the development of tourism in the first half of the twentieth century. However, the growth in car ownership led to a drop in demand for trains, so that during the 1950s and 1960s, the number of rail routes was reduced. This meant that many destinations were no longer accessible by rail.

In the 1970s and 1980s, British Rail launched a marketing campaign, which, coupled with the high cost of petrol at the time, led to increased rail travel, mainly as part of short-break packages. In the early 1990s, the Conservative government decided to denationalise the railways and allow private companies to run individual routes. As a result of this, British Rail was sold off to around 25 train-operating businesses which are now operating services throughout the UK. At the time there was concern over the lack of investment in the railways and it was hoped that denationalisation would provide the necessary investment to modernise Britain’s railways. The impact of these changes is still being analysed. Research carried out to date would appear to indicate that, in the majority of cases, the service offered by the private companies is no better than that offered previously. However, it is hoped that the arrival of new trains which are currently under construction will deliver the promised improvements in the quality of service to passengers.

The Channel Tunnel was opened in 1994, late and over budget. It provides two services: Eurostar from London to Paris and Le Shuttle, a vehicle-carrying rail service between Cheriton (near Folkestone) and Les Coquelles (near Calais). The London route is well used by business travellers. Tour operators are now offering holidays by rail, although many passengers use the service to transport their own vehicles.

The UK has failed on the whole to keep pace with its European neighbours in the development of high-speed rail travel, although the main west and east coast line operators, Virgin and GNER, are hoping to
address this in the near future by introducing new trains. *Scotrail* operate sleeper services from Edinburgh, Aberdeen, Glasgow, Fort William and Inverness to London. Promoted as Caledonian Sleepers, it competes with airlines for business traffic. The European Union has plans to develop an integrated transport network throughout the continent by 2010.

Environmentalists are probably the strongest supporters of railways now, arguing that they produce less pollution and congestion.

### Interdependence examples

Travel by rail is still very popular in domestic tourism although the emphasis has changed from seaside holidays to short breaks, which have been created using specially negotiated low fares and rates for the rail seats, and accommodation not utilised by commuters and business people at weekends, e.g. *Scotrail* negotiated discounts from accommodation providers in Fort William to promote packages featuring travel on the West Highland Line.

The Scottish Seabird Centre has mounted a joint initiative with *Scotrail* to offer packages including travel and entry.

**Activity**

Investigate visitor attractions local to you to find out if they are involved in any joint activity with transport providers.

Scotland’s railways are an integral part of the tourism product; about 13% of UK visitors to Scotland and 18% of overseas visitors use the train as their principal means of travel.

Railways have also played a part in the revival of tourism in destinations where branch lines have been taken over by steam-train enthusiasts. Locomotives have been lovingly restored by voluntary labour and attract visitors to take nostalgic rail journeys in locations such as Strathspey in the Highlands or to the Keighley and Worth Valley in Yorkshire where visitors can combine the trip with a visit to the Bronte Parsonage at Haworth. Steam locomotives have been introduced on popular tourist lines, e.g. the West Highland Line between Fort William and Mallaig, and the Carlisle–Settle route through the English Pennines. Railway centres, like the one at Bo’ness on the Forth, use limited lengths of track to exhibit historic Scottish locomotives to paying visitors.
Outcome 1 (a) – Handout 6

**Water transport**

Island nations like Britain have a strong shipping tradition. We also have an extensive system of inland waterways largely developed in the eighteenth century. These fell into disuse with the onset of rail travel, but in recent years some have been restored for leisure use. For example, half-day cruises by barge on the Union Canal at Ratho are available, as are cabin cruiser holidays on the Caledonian Canal in the Great Glen. Many old dockland areas have been renovated and are now in use as leisure facilities. St Katherine’s Dock in London and the Albert Dock in Liverpool are excellent examples in England, and nearer to home Discovery Point on the waterside in Dundee is now a successful addition to Scotland’s tourism product. The Port of Leith in Edinburgh is currently being developed to exploit its full commercial potential.

**Ferry services**

Despite the Channel Tunnel, cross-channel ferries remain a popular means of holiday travel to the continent. The tunnel cuts down the crossing time on the shortest route, but ferry companies are still an attractive option for those wishing to begin their holiday in Normandy, Brittany, Spain and Scandinavia.

Approximately 50 million passengers from the UK use ferries to travel to other countries every year. Nine per cent of all overseas visitors to Britain arrive by car through ferry ports around the country. The rise in demand for ferry services can be linked to the general growth in tourism and the growth of car ownership. During the same period there has also been an increase in the volume of coach transport between Britain and the continent. Competition is fierce and price cutting is very common in this sector of the industry. Profitability often depends on maximum usage and on-board sales. As with all forms of sea traffic, ferries, including hovercraft and hydrofoil, can be seriously affected by adverse weather conditions.
Interdependence example

Geographical factors tend to determine the provision of ferry transport, leaving destinations heavily dependent on such links. Ferry services provide a lifeline to the Scottish islands, including Orkney, Shetland, and the Hebrides, as well as being a focus for the visitor. The operators of these services, Caledonian MacBrayne and P&O work with hotels and guest houses to produce holiday packages to the islands. For example Caledonian MacBrayne uses Classique Tours, a company operating small coaches dating from the 1950s, to offer tours of the Highlands and Islands staying in hotels and inns of character.

Cruising

Cruising should be thought of as a holiday product as much as a mode of transport. The cruise market has boomed in recent years as operators have managed to widen the appeal of the cruise to meet the needs of a much larger target market. Currently there are over 260 cruise ships worldwide and demand is increasing. Cruise ships are seen as floating holiday resorts with non-stop entertainment. The most popular cruise routes are the Mediterranean and the Caribbean. However, the choice of cruising routes is increasing rapidly, with Scandinavia, the Baltic, the Far East and Alaska all available.

Whereas in the past cruising tended to be the preserve of the rich and famous, the arrival of mass-market operators and new-generation vessels has geared the industry to all markets, young and old. Fly-cruises (where passengers fly out to join the ship instead of sailing all the way from the UK) have contributed to the expansion of cruising. These were introduced in the late 1960s to overcome the problem of poor weather and rough seas.

The QE2 is probably the most famous cruise ship of our time, but today companies such as Carnival Cruises, Royal Caribbean and P&O are operating cruises using vessels almost twice the size of the QE2. The Disney Corporation introduced two liners in 1998 in Florida, whilst SAGA Holidays purchased a vessel in 1997. The Queen Mary 2 was launched in 2004 and is the tallest, longest, largest and most expensive cruise ship ever built.

Demand for cruising is expanding in the middle-price range sold direct. The future for cruising seems assured due to the increased demand brought about by improved marketing.
Air transport

Air travel is attractive because of its speed and range and consequently has the biggest impact on travel and tourism. Where geographical isolation exists, such as in the Orkney, Shetland and the Western Isles of Scotland, air is an important means of travel. Air transport comprises both scheduled and chartered categories.

Scheduled air services

Scheduled flights are so called because they operate regularly according to published timetables which are fixed in advance, under government licence. They must operate whether or not the flight is full and the airline is making a profit, e.g. BMI operating between Edinburgh and London Heathrow must fly aircraft according to their own timetables, even if only one passenger wishes to make that particular journey. In general, scheduled air carriers provide services for the business community at premium prices. To attract customers on to off peak and weekend services, promotional fares, e.g. APEX, are promoted to the leisure market.

Chartered air services

By contrast, charter flights do not operate to published timetables. They are chartered by middlemen (tour operators) for a fixed charge to carry holidaymakers as part of a package deal. Consequently, charter flights are not advertised or promoted by the airlines themselves, but are sold as part of a package. If demand is poor, then the holidays (including the flight) can be changed or cancelled.

For most Scots, their first flight was on a holiday charter to Spain. The cost of the charter flight is usually less than the cost of a scheduled flight to the same destination because the charter flights are able to cost on higher occupancies. If a charter company cannot sell enough seats on a particular flight, i.e. reach the break-even point, it can either cancel the flight or transfer passengers to another flight to the same destination – this practice is known in the trade as consolidation.
The distinction between scheduled and charter is becoming less clear-cut with the growth of ‘seat-only’ sales on charter flights and the incorporation of scheduled air services into some package holidays.

Approximately two-thirds of overseas visitors travel to Britain by air with around 52% arriving through London’s Heathrow Airport.

The experience of travelling by air is enhanced by the sophistication of the terminal facilities – compare the lounge and facilities at Glasgow Airport with those at Queen Street Station or the Ferry Terminal at Oban! However, air travel is becoming a victim of its own success as terminals and air corridors fill up. Improvements have been made at airports such as Glasgow, Edinburgh and Inverness to cope with the expected doubling of demand between 2000 and 2010 – but at what cost to the environment?

In Scotland there has always been a well developed domestic air network but links with Europe and North America have been slow to develop, in part because Britain’s national airline has preferred to route Scottish traffic through its hub airport at Heathrow. However, with the problems of congestion further south, traffic at the main Scottish airports has grown rapidly, with airlines now competing to provide direct services to Europe. On routes between London and Scotland, competition has prospered with the introduction of ‘no-frills’ airlines like EasyJet and Ryanair. In the case of EasyJet fares are kept down by cutting out the travel agent. Bookings are made direct with the company with no tickets, only credit-card receipts. Despite the growth in cheap air travel into Scotland from the south, British Airways remains the dominant domestic carrier with the lion’s share of the prime routes from London’s first and second airports.
Outcome 1 (a) – Handout 8

Travel intermediaries

Tour operators

Tour operators can be likened to wholesalers since they buy in bulk from the producers of travel products and services, break the bulk into manageable packages and offer these for sale to prospective travellers. The service they provide is valuable to the producers, the retailers and the customers. They help producers by guaranteeing to buy their product (whether it be seats on a plane or rooms in a hotel) and take on the role of marketing the product. Many producers are dependent on contracts with tour operators.

Most mass-market tour operators choose to sell through travel agents. So again, we see how the various levels of the chain are interdependent and how their role is critical in linking customers to products and services.

Some tour operators deal directly with the consumer and are known as ‘direct sell’ e.g. Portland or Direct Holidays who profess to sell holidays at reduced prices because they cut out the travel agent. There are also very small specialist operators who prefer to deal directly with their clients and who advertise in newspapers or special interest magazines.

Basically, there are four different types of tour operator:

<table>
<thead>
<tr>
<th>Mass-market operators</th>
<th>Companies that sell high volumes of ‘packaged products’, primarily to overseas destinations at comparatively cheap prices.</th>
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<tbody>
<tr>
<td>Specialist operators</td>
<td>Companies that focus on specific market segments, e.g. activity holidays, senior citizens, a particular country or a specific type of tourism, e.g. New Age Therapy Breaks in Skiathos</td>
</tr>
<tr>
<td>Domestic operators</td>
<td>Companies providing arrangements for residents of their own country.</td>
</tr>
<tr>
<td>Incoming tour operators</td>
<td>Companies in a particular destination who specialise in putting together holidays and services for overseas visitors to the destination.</td>
</tr>
</tbody>
</table>
The **mass-market operators** include the ‘big four’ operators – Thomson, Thomas Cook, First Choice and MyTravel.

The **specialist operators** meet the needs of a growing number of consumers who require specialist travel advice and flexibility in their travel arrangements. Some specialist operators concentrate on offering particular countries, others focus on specialist activities – anything from ‘extreme skiing’ in Canada to tours of Alaska for the over 50s.

The best known **domestic operators** are probably Wallace Arnold and Shearings who provide holidays by coach mainly for the senior citizens market. Short breaks are proving increasingly popular and companies such as *Superbreaks* and *Rainbow* have led the sale of city and country breaks offered through travel agencies.

Hotel groups and consortia have also produced their own domestic short-break brochures in conjunction with both railways and coach companies. Activity holidays ranging from pottery to ballooning are promoted by companies such as *HF Holidays* and *YHA Holidays*.

**Incoming tour operators** put together packages and services at destinations and sell them to overseas travel organisers and tour operators. For example, an individual in Auckland, New Zealand, may visit a local agency and ask for a coach tour of the Scottish Highlands and Islands. The agency might then fax a known incoming tour operator in Edinburgh, e.g. *Scot World Travel* and reserve a place on a scheduled tour. *Scot World* sell these tours all over the world, so the client from New Zealand will be joined on tour by Europeans, Americans, Africans etc. Similarly, incoming operators can work with outbound tour operators in tourist-generating countries to produce tours to meet specialist needs. VisitScotland can provide a lengthy list of incoming tour operators in Scotland, most of which are little more than handling agents offering a transfer or meet-and-greet service on behalf of the overseas operator or agent. The experienced incoming operators who can provide complete packages in Scotland are mostly based in Edinburgh and London.

All tour operators offering inclusive tours by air are required to obtain an **Air Travel Organisers’ Licence (ATOL)** from the Civil Aviation Authority. Under European legislation all tour operators must be sufficiently bonded to cover all costs, particularly repatriating customers abroad, in the event of bankruptcy and liquidation.
Outcome 1 (a) – Handout 9

Travel intermediaries (contd)

Air brokers

Air brokers specialise in providing seats in bulk to tour operators. They negotiate directly with airlines buying seats and arrange to sell them in smaller blocks to tour operators. The brokers put their own mark-up on the seats and market them at whatever price they can get. A variation on this is the consolidator who carries out a similar function but normally builds in a commission and sells the seats through travel agents. Border Travel in Dumfries is an example of a consolidator, as is Trailfinders.

Hotel booking agencies

Hotel booking agencies, sometimes known as central reservations services (CRSs), will make accommodation reservations all over the world. For the travel agent this is much easier than trying to contact hotels around the world direct. All that is involved is a local call to the hotel booking agency and it will obtain the accommodation, more often than not at a cheaper rate than if the travel agent had tried to book the accommodation direct.

Utell International is the largest independent hotel sales representative organisation with its own central reservations system. Utell does not own any hotels but represents over 6,500 hotels world-wide. The UK brand name of Utell’s reservation is Hotelspace and it is accessible through the global CRSs such as SABRE and GALILEO.

Thomas Cook Hotel and Travel Reservations have offices at main transport terminals around the UK. These have been set up to service the requirements of travellers on transport-only arrangements who have not made advanced accommodation reservations.

Conference, exhibition and incentive organisers

To a large extent, conference tourism is dependent on there being facilities for the activity. Throughout the world there are recognised
conference towns with sufficiently large facilities to attract national and international conferences and exhibitions. Conference and exhibition organisers are involved not only in booking the facilities and arranging the peripherals, e.g. specialist technology requirements, but also plan the programme, take care of delegates’ accommodation requirements, organise meals and menus, and arrange any sightseeing programmes and entertainment.

Incentive travel is claimed to be the fastest growing sector of the business travel market. The objective of incentive travel is to reward sales people or people who achieve targets of various kinds with a unique holiday experience. Incentive operators therefore have to exercise their creative imagination and persuade museums, historic houses, castles, palaces and other suitable visitor attractions to open exclusively to incentive groups for meals and entertainment and to create a unique theatrical occasion that is not generally available to the normal tourist.
Outcome 1 (a) – Handout 10

Travel agencies

The travel agent is the retailer in the travel and tourism chain of distribution. (We will look at the chain of distribution in more detail in Outcome 3.) Travel agencies provide a service to customers requiring business or leisure travel arrangements. They also act as agent for companies supplying the travel products. When you visited your local travel agency you probably saw principals’ brochures. These would be mainly tour operators’ products but a good travel agent will also have promotional materials from airlines, coach companies, ferry companies, cruise lines, car rental firms, hotels, theatres, travel insurance and travellers’ cheque firms. They will also be able to provide information pamphlets on passports and visas.

Sometimes travel agents will put together package tours for independent travellers using commissions from principals in transport and accommodation. These are known as FIT tours – Fully Inclusive Tours for independent travellers.

Interdependence example

A local example which highlighted the interdependence of the various sectors was the Scottish Island Holidays programme put together by A T Mays (now part of the Thomas Cook group), Scotia Air Holidays and John Leask and Son, three of the oldest travel agents in Scotland. The package featured flights by British Airways, hotels in Islay, Tiree, Barra, the Western Isles, Shetland and Orkney, and car rental.

The business relationships between travel agents and principals are outlined in individual agency agreements. Agency agreements cover the following points:

- accounting procedures
- policy on refunds and cancellations
• procedures for issuing tickets and other documentation
• commission rates – these range from 7 to 40% depending on product
• responsibilities on racking brochures
• handling complaints
• training and promotional support

Providing travel for leisure purposes is the principal activity of most high-street travel agencies. However, they may have business travel sections looking after the needs of corporate customers. In urban areas there are agencies which deal solely with business travel services, e.g. Carlson Wagonlit and BTI UK Hogg Robinson. The requirements of business travel clients are different from those of leisure travellers since they often need to travel at short notice and on scheduled rather than charter services. This means that the value of business travel is usually higher than leisure travel and because the clientele is more demanding, staff deployed need to be sharper and more experienced. Travel agents selling airline tickets have to hold an IATA licence.

Three developments in retailing are:

1. Travel superstores. Both MyTravel (Holidayworld) and First Choice (Holiday Hypermarkets) are currently opening large outlets in retail parks around the country. Customers are served using a number queuing system and staff are required to work in shifts as they are open in the evenings and at weekends.

2. Call centres. Lunn Poly Direct/Thomson Direct (Glasgow), Thomas Cook Direct (Falkirk) and Travel Choice Direct (Kilmarnock) have opened national call centres in Scotland. These are direct sales centres responding to promotions via the internet, teletext and press advertising.

3. The use of television shopping channels such as Thomas Cook TV and Thomson TV.

To access up-to-date information use the following websites:

www.mytravel.com
www.firstchoice.co.uk
www.thomascookag.com
www.thomson-holidays.com
www.world-of-tui.com
### Tutor notes

**Performance criterion (b) – Explain the activities of the hospitality sector**

<table>
<thead>
<tr>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Useful resources to gather for this part of the outcome include:</td>
</tr>
<tr>
<td>• copies of VisitScotland and local area accommodation guides</td>
</tr>
<tr>
<td>• press articles on food and accommodation in Scotland (unfortunately these are usually negative, but can be a good starting point for discussion)</td>
</tr>
<tr>
<td>• copies of trade magazines, e.g. the <em>Hotel and Innkeeper</em></td>
</tr>
<tr>
<td>• Sunday supplements showing accommodation special offers, etc.</td>
</tr>
<tr>
<td>• information on VisitScotland’s Quality Assurance Scheme</td>
</tr>
</tbody>
</table>

Suitable visits/visiting speakers could include:

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• a visit to a local hotel for a ‘behind-the-scenes’ look</td>
</tr>
<tr>
<td>• a speaker from your local tourist organisation covering the different types of accommodation provision in the area, average occupancy, etc.</td>
</tr>
<tr>
<td>• a speaker from your LEC providing information on developments within the accommodation sector in your area.</td>
</tr>
</tbody>
</table>

**Activity 1**

Have students complete this activity. Lists should include hotels, motels, guest houses, farmhouses, self-catering cottages/apartments, chalets, motorhomes, caravan, and camping, youth hostels, holiday centres/villages, universities, second homes, timeshare, VFR, etc.

**Activity 2**

Have students refer to VisitScotland statistics to complete this activity. Stress the importance of this sector in terms of size and revenue raised.

**Handout 1**

Distribute and talk through the main points.

**Activity 3**

Distribute copies of area and VisitScotland accommodation guides. Have students complete this activity.

*cont’d on next page*
### Handout 2
Give out handout 2 and talk through the key points. Ask students for their experiences of each type of accommodation.

### Activity 4
Have students complete this activity.

### Handout 3
Give out this handout to consolidate on activity 3. Ask for examples of organisations involved in each type of accommodation listed.

### Activity 5
Have students complete this activity. Advantages of self-catering include: it’s cheaper, allows greater freedom and flexibility re meal times, choice of food, privacy and dress, suitable for families with young children who may make a fuss, etc.

Disadvantages: have to prepare meals and wash up, etc., no one to wait on you, also cottages tend to be in country areas not well served by transport.

A visit to a local hotel or a visiting speaker would be appropriate at this point.

### Activity 6
Have students complete the tasks set either by having them visit the town or city in question to see the different hotel chains, etc. (this could be done in conjunction with a visit to a local hotel as suggested above) or by other research means. The internet will provide lots of information (try [www.thetravelsite.com/hotels](http://www.thetravelsite.com/hotels)). Your local council and enterprise company will also be able to provide information on developments in your area. Your local tourist office may also have a website which will provide such information – just type in the name of the tourist office to initiate a search.

### Activity 7
Have students complete this activity before giving out handout 4. Discuss the quality of food on offer to visitors to Scotland. You could introduce newspaper articles you may have collected regarding quality of food and quality of service in restaurants.

### Activity 8 and Activity 9
These are designed to provoke the student to consider the question of interrelationships and interdependence within the industry. They could either be done in small groups

*cont’d on next page*
where students offer their opinions and debate the questions set before feeding back to the whole class, or they can be done as written exercises to prepare the student for the assessment/exam.

The importance of the interrelationships and interdependence should, of course, be stressed.

Introduce the topic of the importance of standards within accommodation as part of the student experience.

How to ensure consistently high standards? Use of quality assurance schemes such as the VisitScotland Quality Assurance scheme.

| Handout 5 |
Outcome 1 (b) – Activity 1

There is a very wide range of accommodation types. List as many different types of accommodation as you can think of in the space below.

__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
**Outcome 1 (b) – Activity 2**

Refer to the statistics provided and complete the following table.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the most popular form of accommodation used in Scotland by overseas tourists?</td>
<td></td>
</tr>
<tr>
<td>What percentage of domestic tourists stay with friends and relatives?</td>
<td></td>
</tr>
<tr>
<td>What percentage of domestic tourists chooses self-catering accommodation?</td>
<td></td>
</tr>
<tr>
<td>What percentage of the total expenditure of British tourists can be attributed to accommodation?</td>
<td></td>
</tr>
<tr>
<td>What percentage of the total expenditure of British tourists can be attributed to eating and drinking?</td>
<td></td>
</tr>
<tr>
<td>What is the percentage room occupancy of hotels in Scotland during the month of August?</td>
<td></td>
</tr>
<tr>
<td>Which month of the year has the lowest level of room occupancy in hotels?</td>
<td></td>
</tr>
<tr>
<td>How many bedspaces within hotels are registered with the Scottish Tourist Board?</td>
<td></td>
</tr>
</tbody>
</table>

How do you think the quality of accommodation available in Scotland compares to that on offer in other countries?
### Outcome 1 (b) – Activity 3

Using the area accommodation guide provided, answer the following questions:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>How many different types of accommodation are available? List the types below:</td>
</tr>
<tr>
<td>2.</td>
<td>What is the most expensive type of accommodation (on average)? What is the cheapest type of accommodation?</td>
</tr>
<tr>
<td>3.</td>
<td>How might the tourist looking for accommodation be assured that the accommodation on offer is of a suitable quality?</td>
</tr>
<tr>
<td>4.</td>
<td>How might the tourist go about booking the accommodation on offer?</td>
</tr>
<tr>
<td>5.</td>
<td>Comment on the general attractiveness/layout of the brochure. Is it easy to find what you are looking for? Would you be tempted to book based on what you see in the brochure?</td>
</tr>
</tbody>
</table>
Outcome 1 (b) – Activity 4

Look back at your list of accommodation and divide the different types listed into *serviced* and *non-serviced*.
Outcome 1 (b) – Activity 5

What advice would you give to a customer enquiring about the advantages and disadvantages of taking a self-catering holiday?

Advantages:

Disadvantages:
Outcome 1 (b) – Activity 6

Use all the research facilities at your disposal to complete the following tasks.

1. Identify the hotel chains that are represented in towns and cities throughout the UK.

2. Identify the developments that have taken place within the accommodation sector in the last couple of years in the city nearest to where you live.

3. Identify the future developments that are planned within the accommodation sector in your area.
Outcome 1 (b) – Activity 7

In the space below list the different types of catering establishments on offer in any city in the UK.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Outcome 1 (b) – Activity 8

‘The hospitality sector is totally dependent on the transport and attractions sectors for its survival.’ To what extent do you agree with this statement? Give examples to back up your answer.
Outcome 1 (b) – Activity 9

‘Support services are of minor importance to the tourism industry. Without them, the industry would function perfectly well.’ Do you agree with this statement? Give reasons for your answer and provide examples to back up your case.
The accommodation and catering sector is now commonly known as the hospitality industry. This is considered to be a major sector of the tourism industry since a large percentage of holiday expenditure is accounted for by accommodation. This is also reflected in employment figures with a large percentage of ‘tourism’ jobs to be found in hospitality.

The accommodation industry in Britain is highly fragmented. VisitBritain has calculated that there are about 47,000 accommodation establishments in the country of which about 27,000 are hotels. The majority of these hotels have less than 10 rooms for let and are operated by owner-proprietors who usually live on the premises. There are around 1,500 large hotels in the UK and many are run by hotel groups.

**Characteristics of the accommodation sector**

- **Location** is important – attractions bring tourists, not the accommodation (exceptions might be famous hotels like Gleneagles), so the accommodation should be located in proximity to the attractions.
- **Supply is fixed** – once constructed it cannot be easily shifted.
- **High fixed costs** due to heavy reliance on space and buildings.
- **Perishability** – any accommodation which is not let represents lost revenue.
- **Inseparability** – the ‘product’ is produced and consumed in the same place. The customer has to be brought to the accommodation.
- Although not usually the reason for the tourist being at the destination, the accommodation becomes the **focal point** of the tourist’s visit.

Demand for accommodation comes from both the business and leisure tourist. Business demand tends to be restricted to the working week and the hotels in major cities. In contrast, leisure demand tends to peak at the weekends for the short-break market, and during the summer months. Guests come from the domestic or overseas market, and from a distribution point of view, either directly or through intermediaries in the travel industry.
Outcome 1 (b) – Handout 2

Accommodation (contd)

Accommodation can be **paying** or **non-paying**. Just over half of all bednights are entered in accountants’ books. Those not documented in this fashion include VFR, owned caravans and second homes.

Accommodation can be **serviced** or **non-serviced**. In a hotel guests expect things to be done for them – bed linen is changed, rooms are cleaned, meals are prepared and served – this is service. The meals supplied by serviced accommodation can range from breakfast only to breakfast plus two meals. Breakfast plus one meal is known as **half board**, and breakfast plus two meals is known as **full board**. It is also possible to choose a **room only** option, where no food is included.

However, you would not expect these services at a **self-catering** cottage. **Self-catering** can take many forms, e.g. holiday centres such as Warner’s, Butlins, Haven or Pontins. Together these account for about 20% of all UK domestic holidays. Aiming at a more up-market clientele, **Center Parcs** offer self-catering accommodation in holiday villages located in the forests of Sherwood, Elveden and Longleat. The accommodation in these comprises well-appointed villas, each with a small patio. A wide range of outdoor sports is available, but the main attraction is the covered sup-tropical swimming paradise at the centre of the park.

**Timeshare** is another variation on self-catering. With timeshare you would buy a share in an apartment which entitles you to use it as your own at a set time every year. You can use this time to have holidays there yourself or you can let it out to someone else. In Scotland timeshare is quite popular in areas such as the Highlands, Arran, the Trossachs and Fife.

Even the traditional camping and caravan sites have experienced major changes. Long gone are the days of bumpy muddy fields, no hot water, and musty condensation-ridden caravans. Parks have developed into complexes providing a whole range of facilities such as restaurants,
pubs, sports and leisure centres, shops and all kinds of entertainment. There are about 600 parks in Scotland.

The B&B is another accommodation option. B&Bs offer informality and friendliness. There are approximately 11,500 B&Bs in the UK. Farmhouse accommodation is a very popular choice nowadays. Financial assistance is often available to farmers who become involved in tourism activities.

Educational accommodation (i.e. accommodation used by students during term time) is often rented out to tourists during the holiday period. This is marketed as budget accommodation and has become popular with over 1.5 million holidays sold per year in the UK.
Outcome 1 (b) – Handout 3

These diagrams show the structure of tourist accommodation.

**Commercial sector**

**Serviced**
- Hotels, licensed
- Hotels, unlicensed
- Motels
- Private hotels
- Guest houses
- Farmhouses

**Self-catering**
- Caravan and campsites
- Villas, apartments, chalets
- Hired motorhomes

**Holiday centres, villages, camps**
- Cruise ships
- Hired yachts

**Quasi/non-commercial sector**

**Serviced**
- Youth hostels
- YMCAs and YWCAs

**Self-catering**
- Private caravans
- Private camping
- Private motorhomes
- Private yachts
- Home exchanges
- 'Time-share'
- Second homes
- VFR

**Educational institutions**
Outcome 1 (b) – Handout 4

Whilst many accommodation units offer catering facilities, catering services also operate separately from accommodation. Cafés, tea shops, restaurants, fast-food outlets and pubs provide a range of choices from quick snacks to haute cuisine. Restaurants may offer fixed-price table d’hôte menus, where the price of all food is included, as well as à la carte where customers pay individually for the items on the menu.

This sector of the tourism industry has grown rapidly in Britain since the 1980s. This is partly due to social change and the fact that more people eat out, but a major factor has been the increase in tourism.

One of the biggest growth areas in catering has been in pubs. They have become major providers of cooked meals, hot snacks, salads and sandwiches. Fast-food outlets have also flourished. They offer inexpensive food in an informal atmosphere and appeal particularly to families with children. Hamburgers, pizzas and baked potatoes are offered, although the traditional British fish and chips is still popular, as witnessed by the expansion of the Harry Ramsden chain of fish restaurants. The new shopping malls such as The Gyle in Edinburgh now have food courts, where a range of fast-food outlets surrounds a common seated area. Low-budget restaurants such as Little Chef have been built near to major road networks to service both local people and those on longer journeys or day trips. Companies like McDonalds, Burger King and KFC have broadened their product range to remain competitive.
Outcome 1 (b) – Handout 5

Quality assurance schemes in the hospitality sector

VisitScotland operates various quality assurance schemes, including one for the accommodation sector. The ‘Star Scheme’ is designed to assist the customer in choosing the accommodation that’s right for them. Stars, ranging from 1 to 5, show the quality standard of the accommodation: 4- and 5-star establishments are expected to provide a small number of key facilities and services in addition to meeting stringent quality standards.

Accommodation is classified by type, depending on the provision of an appropriate range of facilities and services, and, importantly, the style of operation. Types include: guest house, B&B, hotel, international resort hotel, self-catering, serviced apartments, lodge, inn, restaurant with rooms and campus accommodation. A quality adviser will inspect the key facilities and services offered by the business using a detailed list of set criteria. Quality and condition of the product are the two main factors for consideration.

Businesses are awarded a plaque which they can display outside to attract customers. The plaque shows how many stars have been awarded and the type of accommodation, e.g. ‘*** Self-Catering’.

For further information on the criteria as well as fees, etc. go to the VisitScotland industry website www.scotexchange.net. Click on ‘Business Development’ and follow the links to ‘Quality Assurance schemes’.

The AA, RAC and VisitBritain operate a harmonised quality assurance ratings scheme for serviced accommodation. Like the scheme above, it ensures that customers can select the standard of accommodation appropriate to their needs.

For hotels, a star rating is awarded, based on the level of service, range of facilities and quality of guest care. Awards range from 1 star to 5 stars. Hotels are designated as Hotel, Town House or Travel.
Accommodation. Guest Houses and B&Bs are given a diamond rating and quality is seen as more important than facilities and services. The awards range from 1 diamond to 5 diamonds.

In December 2004, the major UK tourist boards and motoring organisations reached agreement on how to grade accommodation. Historically, the Wales Tourist Board, VisitScotland and VisitBritain have each had their own separate systems. This has led to situations where accommodation providers have been awarded 5 stars by one system and only 3 by another! The introduction of one system for the whole of the UK is seen as a big step forward and follows decades of arguments since the classification of properties began in the 1960s.

For up-to-date information of this new scheme, log into the websites of VisitScotland and VisitBritain.
Tutor notes

<table>
<thead>
<tr>
<th>Performance criterion (c) – Explain the visitor and leisure attractions sector</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Useful resources for this part of the outcome will include:</td>
<td></td>
</tr>
<tr>
<td>• VisitScotland statistics (<a href="http://www.scotexchange.net">www.scotexchange.net</a>)</td>
<td></td>
</tr>
<tr>
<td>• VisitBritain statistics on Visitor Attractions (<a href="http://www.tourismtrade.org.uk">www.tourismtrade.org.uk</a>)</td>
<td></td>
</tr>
<tr>
<td>• leaflets from a variety of visitor attractions (both local and national)</td>
<td></td>
</tr>
<tr>
<td>• VisitScotland’s ‘Wild Scotland’ brochure</td>
<td></td>
</tr>
<tr>
<td>• NTS ‘What’s on’ guide</td>
<td></td>
</tr>
<tr>
<td>• Historic Scotland’s event guide</td>
<td></td>
</tr>
<tr>
<td>• VisitScotland’s event guide</td>
<td></td>
</tr>
<tr>
<td>• leaflets/pamphlets from a variety of different types of visitor attractions</td>
<td></td>
</tr>
<tr>
<td>• newspaper articles on the development/opening of new visitor attractions</td>
<td></td>
</tr>
<tr>
<td>• information on attractions in the area</td>
<td></td>
</tr>
</tbody>
</table>

Suitable visiting speakers would include:

• representatives of ASVA (the Association of Scottish Visitor Attractions), Historic Scotland and the National Trust for Scotland

Visits to local visitor attractions would also be useful and interesting!

Provide students with up-to-date VisitScotland and VisitBritain statistics relating to attendance at visitor attractions and have them complete Activity 1.

Introduce the topic of visitor attractions and how there is no generally accepted definition of what constitutes a visitor attraction. Refer to OHT 1. General discussion of the definitions included.

Introduce the basic groupings of natural and man-made. Students to complete Activity 2. There will be any number of possible answers including: the Grand Canyon in the USA and Ayers Rock in Australia (geological features), the Highlands of Scotland (landscapes), coastlines or lochs (seascapes), Maasai Mara/Caerlaverock nature reserves, Queen Elizabeth Forest Park/Snowdonia National Park, sunny climates of southern Spain, etc., heather/machair of Highlands of Scotland, wildlife of the Serengeti/red deer of Scotland, etc.

Cont’d on next page
Students should be able to give at least one example for each category but should be encouraged to identify more if possible. Refer to VisitScotland’s ‘Wild Scotland’ brochure for Scottish examples.

Give out handout 1 and go through the content with students.

<table>
<thead>
<tr>
<th>Handout 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have students complete Activity 3</td>
</tr>
<tr>
<td>Give out handout 2 which includes suitable responses to Activity 3.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have students complete Activity 4 and discuss the importance of event attractions as a means of increasing visitor spending.</td>
</tr>
<tr>
<td>Have students complete Activity 5 to enable them to identify examples of the different types of attraction.</td>
</tr>
<tr>
<td>If time permits, have students complete Activity 6 to give them an understanding of the variety of ways in which the attraction product can be enhanced. Class discussion on this point.</td>
</tr>
<tr>
<td>Introduce the topic of Quality Assurance to Visitor Attractions and its importance for a positive visitor experience. Give out handout 3.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Handout 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity 4</td>
</tr>
<tr>
<td>Activity 5</td>
</tr>
<tr>
<td>Activity 6</td>
</tr>
<tr>
<td>Handout 3</td>
</tr>
</tbody>
</table>
Outcome 1 (c) – OHT 1 – Visitor attractions

There is no generally accepted definition of what constitutes ‘an attraction’. Listed below are three definitions:

‘A permanently established excursion destination, a primary purpose of which is to allow public access for entertainment, interest or education, rather than being principally a retail outlet or a venue for sporting, theatrical, or film performances. It must be open to the public without prior booking, for published periods each year, and should be capable of attracting tourists and day visitors as well as local residents.’

(Scottish Tourist Board 1991)

‘A designated permanent resource which is controlled and managed for the enjoyment, amusement, entertainment and education of the visiting public.’

(Middleton 1988)
Outcome 1 (c) – OHT 1 (contd)

‘A visitor attraction is a feature in an area that is a place, venue or focus or activities and does the following things.

1. Sets out to attract visitors/day visitors from resident or tourist populations, and is managed accordingly.

2. Provides a fun and pleasurable experience and an enjoyable way for customers to spend their leisure time.

3. Is developed to realise this potential.

4. Is managed as an attraction, providing satisfaction to its customers.

5. Provides an appropriate level of facilities and services to meet and cater to the demands, needs and interests of its visitors.

6. May or may not charge an admission for entry.’

(Walsh-Heron and Stevens 1990)
Outcome 1 (c) – OHT 2 – Natural attractions

Natural attractions include:

- landscapes
- seascapes
- nature or game reserves
- forest and national/country parks
- climate
- vegetation
- wildlife
- geological features

Man-made attractions can be grouped in any number of ways, including:

- leisure attractions (swimming pools, ice rinks, ten pin bowling, etc.)
- entertainment (theatres, concert halls, cinema, Scottish evenings, zoos, theme parks, etc.)
- historic (castles and other heritage sites)
- cultural (museums and galleries)
- industrial (distilleries, mills, specialist food manufacturers)
Refer to the statistics provided to complete the following table.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the most popular visitor attraction in Scotland?</td>
<td></td>
</tr>
<tr>
<td>What percentage of overseas visitors like to visit castles, monuments, churches, etc.?</td>
<td></td>
</tr>
<tr>
<td>How many visitors does Urquhart Castle attract per year?</td>
<td></td>
</tr>
<tr>
<td>What is the most visited Art Gallery in Scotland?</td>
<td></td>
</tr>
<tr>
<td>How many visitors does Edinburgh Zoo attract per year?</td>
<td></td>
</tr>
<tr>
<td>What percentage of visitors from the USA associate Scotland with ‘beautiful scenery’?</td>
<td></td>
</tr>
</tbody>
</table>
Outcome 1 (a) – Activity 2

Give an example of each type of natural attraction listed below. You can choose an attraction in this country or from another country.

landscapes: __________________________________________________________

______________________________________________________________

seascapes: __________________________________________________________

______________________________________________________________

nature or game reserves: _____________________________________________

______________________________________________________________

forest and national/country parks: _________________________________

______________________________________________________________

climate: ______________________________________________________________

______________________________________________________________

vegetation: __________________________________________________________

______________________________________________________________

wildlife: _____________________________________________________________

______________________________________________________________

gEological features: __________________________________________________

______________________________________________________________

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Outcome 1 (c) – Activity 3

List below two named examples within each category of man-made visitor attraction.

**Leisure attraction**
Example 1: ____________________________
Example 2: ____________________________

**Entertainment**
Example 1: ____________________________
Example 2: ____________________________

**Historic**
Example 1: ____________________________
Example 2: ____________________________

**Cultural**
Example 1: ____________________________
Example 2: ____________________________

**Industrial**
Example 1: ____________________________
Example 2: ____________________________
Outcome 1 (c) – Activity 4

List below as many event attractions as you can think of.

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________
Outcome 1 (c) – Activity 5

Refer to a guide book or tourist board brochure and select examples of each of the following categories of visitor attraction.

Man-made: ________________________________

________________________________________

________________________________________

Natural: _________________________________

________________________________________

________________________________________

Event: _________________________________

________________________________________

________________________________________

Publicly owned: __________________________

________________________________________

________________________________________

Privately owned: __________________________

________________________________________

________________________________________

Operated within the voluntary sector: ________________

________________________________________

________________________________________
**Outcome 1 (c) – Activity 6**

Pick up a copy of the latest National Trust for Scotland ‘What’s on’ guide and using the information included in the guide, answer the following questions.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name two NTS natural attractions in Dumfries and Galloway.</td>
<td></td>
</tr>
<tr>
<td>2. Name one NTS event suitable for children in Dumfries and Galloway.</td>
<td></td>
</tr>
<tr>
<td>3. Name two NTS built attractions in Edinburgh and Lothians.</td>
<td></td>
</tr>
<tr>
<td>4. Name one event in a NTS property in Fife suitable for music lovers.</td>
<td></td>
</tr>
<tr>
<td>5. In which town in Angus can you get a guided walk of the birthplace of Peter Pan’s creator?</td>
<td></td>
</tr>
<tr>
<td>6. In which NTS property in Highlands can you take part in ‘Sealsearch’?</td>
<td></td>
</tr>
<tr>
<td>7. In which castle in Aberdeen and Grampian can you see Scottish country dancing during the month of June?</td>
<td></td>
</tr>
</tbody>
</table>
Outcome 1 (c) – Handout 1

The visitor attractions sector

The third major component of the tourism product is the visitor attraction. Visitor attractions provide the single most important reason for leisure tourism to a destination. For example, leisure tourists visit Paris in order to see the famous visitor attractions it offers (the Eiffel Tower, the Arc de Triomphe, the Champs Elysees, etc.). Similarly, leisure tourists visit Rome or Venice or Florence to see the famous attractions that these Italian cities have to offer. It is, therefore, the attractions on offer at the destination that motivate tourists to choose a particular destination. On the other hand, the other major components of the tourism product (accommodation and transport) are demands derived from the visitor’s desire to come and see a particular attraction or take part in a particular activity.

There is no universal agreement on the ‘best’ way to group the different types of attraction on offer. Each textbook or guidebook you read is almost sure to group attractions in a slightly different manner. However, there tends to be some agreement on the two broad categories into which we can divide visitor attractions:

- those which are natural
- those which are man-made.

Natural attractions

Natural attractions include:

- landscapes
- seascapes
- nature or game reserves
- forest and national/country parks
- climate
- vegetation
- wildlife
- geological features.
Outcome 1 (c) – Handout 2

Man-made attractions

Man-made attractions are mainly the products of history and culture, but also include entertainment complexes such as zoos and theme parks.

Man-made attractions can be grouped in any number of ways, including:

• leisure (swimming pools, ice rinks, ten-pin bowling, etc.)
• entertainment (theatres, concert halls, cinema, Scottish evenings, zoos, theme parks, etc.)
• historic (castles and other heritage sites)
• cultural (museums and galleries)
• industrial (distilleries, mills, specialist food manufacturers).

Tourist destinations in Scotland provide a range of museums and art galleries, many focusing on specific subjects: for example, the National Gallery of Modern Art in Edinburgh, or the Museum of Transport in Glasgow, or Balnain House, ‘the Home of Highland Music’, in Inverness.

Old industrial buildings have been converted into attractions which serve both resident and tourist, for example:

• the cotton mills at New Lanark
• disused market halls such as Covent Garden in London, now a speciality shopping centre
• railway stations, e.g. Manchester Exhibition Centre
• docks such as Albert Dock in Liverpool.

Early transport has provided another focus for tourist interest. Sometimes the equipment can be restored and used for entertainment. For example, the paddle steamer Waverley on the Clyde or the steam trains at Bo’ness on the Forth, or Captain Scott’s vessel, the research ship Discovery, which has been returned to Dundee where it was built, and now serves as a museum in a new waterfront development.

Interest in our industrial heritage has spread to include an interest in modern industry. Many companies have recognised the possibilities of achieving good public relations by opening their doors to the public, either to let them see the work in progress or to maintain an interpretive visitor centre, for example at Caithness Glass in Perth you can see glass ornaments being produced. Many whisky distilleries offer tours to visitors.
In addition, numerous artificially engineered attractions provide entertainment for tourists. Such attractions are capable of handling thousands of visitors per day and include theme and leisure parks. Some attractions such as the open-air museum at Beamish near Durham are both museum and theme park. The attraction features a way of life just before the First World War and staff demonstrate the technology and talk to visitors. The houses, shops, transport system, goods and artifacts are genuine articles of the period. The public’s imagination is captured by allowing participation. The public now expects to experience the sights and sounds of the era they are witnessing and the creative use of technology is now required to enhance the visitor experience. Similar experiences have now been introduced on a smaller scale at places such as New Lanark. As a result, static attractions and object-orientated museums no longer appeal to visitors as they once did.

In addition to the categories of natural and man-made, a further category of attraction is event attractions. This could include:

- sporting events
- arts festivals
- markets and fairs
- traditional customs and folklore events
- historical anniversaries
- religious events.

There can be overlap between these categories. For example, events can be staged within man-made attractions in order to enhance the visitor experience to the attraction. These events may take the form of historical pageants staged within castles in an attempt to bring history to life or battle re-enactments at or close to the site of the original battle. Events are designed to attract people who might otherwise not visit the attraction.

Attractions, both mad-made and natural, may be owned and operated by the public sector or by voluntary organisations and the private commercial sector. Public sector attractions receive a substantial part of their funds from general taxation and are often operated by local authorities. These attractions often offer free entry.

Within the commercial sector, attractions must operate at a profit in order to contribute a return on capital invested. Commercial attractions are therefore much more marketing orientated than public sector attractions.
A good example of a voluntary body is the National Trust for Scotland (NTS) which maintains a wide range of historic properties, gardens, islands and tracts of countryside. Acquisition has normally been via bequests from previous owners together with a substantial endowment. NTS income comes from admission charges, shops, membership subscriptions, grants and donations, sponsorship, events, holiday lets and educational tour programmes.

The largest visitor attraction operator in Scotland is Historic Scotland which looks after over 300 attractions covering ancient monuments, historic buildings, parks, gardens and landscapes. Historic Scotland is a government body whose job is to safeguard and promote the understanding and enjoyment of the nation’s built heritage. Therefore, although Historic Scotland was not set up directly to benefit tourism, in effect, the activities of this organisation do exactly that.

**Interdependence**

In common with other sectors, the attractions sector works closely with others in the industry. For example, many attractions are in locations which don’t attract a lot of passing trade or which require transport to get to them, e.g. castles and historic houses. Such attractions may find it difficult to attract sufficient individual visitors, so they may work closely with coach operators in the hope of boosting visitor numbers by concentrating on regular group business. Similarly they may work closely with incoming tour operators who could bring in both tour series and other groups.

Remember also that many visitor attractions are in the market as venues for incentive groups, corporate entertainment, product launches and private functions and as such will be dependent on others in the industry who organise such events on behalf of clients. The tourism network led by VisitScotland is also a key element in publicising attractions to visitors and further cooperation takes place between attractions and accommodation providers who advertise things to see and do in their area. Some attractions may even invite accommodation operators on pre-season familiarisation visits in order to raise awareness and encourage them to recommend the attraction to their guests. Finally, some attractions work with others in the area in joint promotions, joint ticket offers, etc.
Outcome 1 (c) – Handout 3

Quality Assurance schemes for visitor attractions

VisitScotland has operated a Quality Assurance scheme for visitor attractions since 1995. The scheme gives operators an independent quality assurance award and incorporates the inspection of properties for ‘Thistle’ tourist signposting.

The Quality Assurance award consists of a star grade which results from an assessment of core and specific criteria, accompanied by a definition of the nature of the attraction, called the ‘Designator’. These include: castle, museum, historic house, tour, historic attraction, garden, garden centre, leisure centre, activity centre, arts venue and tourist shops.

In addition to the core elements, each sector has specially designed criteria appropriate to the type of attraction/facility.

To find out more about this scheme and how it operates, go to [www.scotexchange.net](http://www.scotexchange.net) and click on the ‘Business Development’ link. Then follow the links to VisitScotland Quality Assurance schemes and choose ‘Visitor Attractions’.
### Tutor notes

<table>
<thead>
<tr>
<th>Topic and activity – Outcome 2</th>
<th>Resources</th>
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<tbody>
<tr>
<td>Useful resources/activities for the topic will include:</td>
<td>OHT 1</td>
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<tr>
<td>• access to VisitBritain and VisitScotland websites</td>
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<tr>
<td>• Autumn Gold brochures</td>
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<tr>
<td>• Spring into Summer brochures/or other current promotional brochures</td>
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<tr>
<td>• a visit to a TIC could be organised</td>
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<tr>
<td>• talks by representatives of your local tourist organisation, Historic Scotland, the National Trust for Scotland, etc. could be arranged</td>
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| Introduction to outcome 2 – run through the performance criteria | |
| Have students brainstorm in pairs or small groups to complete Activity 1 on why governments are involved in tourism. Answers on handout 1. | |
| How is this government involvement achieved? Discuss how the level of government involvement will vary from country to country depending on the political system of each country and the level of economic dependency on tourism (e.g. the USA has never been big on government involvement in tourism – this is in line with the general ethos of the US where private enterprise dominates rather than state-funded operations). Give out handout 2 and have students read through the information contained. Discuss any issues arising. (E.g. should tourism receive government funding? Why/why not? etc.) Have students complete Activity 2. | |
| Talk through the role of the VisitBritain before giving out handout 3. Discuss relevant issues. If possible visit the VisitBritain website [www.visitbritain.com](http://www.visitbritain.com) for up-to-date information on initiatives. Alternatively, the tutor may visit the website and photocopy any relevant information found there. | |
| Talk through the role of the VisitScotland (formerly the Scottish Tourist Board) before giving out handout 4. Discuss relevant issues, e.g. areas of overlap between | |

Cont’d on next page
VisitBritain and VisitScotland and the notion of partnership between tourism organisations.

Have students complete Activity 4. If possible visit VisitScotland’s website for further information.
Have students access information of Spring into Summer and Autumn Gold campaigns. Alternatively request copies of the brochures from the VisitScotland website. The Scottish Convention Bureau information could also be accessed.

A visit to a Tourist Information Centre would be appropriate at this point.

A visiting speaker from your local area tourist organisation on the workings of the organisation would be appropriate at this point.
After the talk, give out handouts 5 and 6.
Have students complete Activity 5.
Answers – handout 7.

General discussion on why the organisations listed in handout 8 are linked with tourism:
– how do sporting events impact on tourism?
– how do arts events impact on tourism? Give examples.
– the link between museums, historic building etc. and tourism?
– the role of the Forestry Commission and SNH and tourism?
After the initial discussion, give out handout 8.
Give out related Activities (6–11) one at a time to reinforce learning.
Visiting speakers or visits to these organisations would also be appropriate at this time.

Talk about the role of SEN/HIE.
Give out handout 9 before asking students to complete Activity 12.

Give out handout 9 for students to read. Use Activities 13 and 14 to reinforce points in handout.
Discuss issues arising.

Give out handout 10 for students to read. Use Activity 15 to reinforce points in handout.

Give out handout 12 for students to read.

Give out handout 13 for students to read.

Handout 14 – Role of facilitating bodies.

Do revision questions.
Outcome 2 – OHT 1

**Outcome 2** – Explain the role and function of governmental and support organisations in the travel and tourism industry.

**Performance criteria**

(a) Identify a range of organisations from the different sectors of the travel and tourism industry.

(b) Explain accurately the roles of governmental and support organisations in the travel and tourism industry.

(c) Describe the function and membership of selected organisations.
Outcome 2 – Activity 1

Why are governments keen to get involved in tourism?

In the space below, list some reasons why you think governments are involved in tourism.
Outcome 2 – Activity 2

Can you name

(a) The UK Cabinet Minister who is secretary for Culture, Media and Sport?

(b) The Parliamentary Under-Secretary with responsibility for Tourism, Film and Broadcasting?

(c) The MSP who is Minister for Tourism, Culture and Sport?

If not, contact the Department of Culture, Media and Sport and the Scottish Executive respectively to find out. Ask them also to send you details about government policy on tourism.

Alternatively, check out the following websites:

www.culture.gov.uk
www.scotland.gov.uk
Outcome 2 – Activity 3

List below the objectives of VisitBritain:

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Now list the activities that VisitBritain is involved in:

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If possible, access the website www.visitbritain.com for up-to-date information on initiatives.
Outcome 2 – Activity 4

List below the objectives of VisitScotland:

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Now list the activities VisitScotland is involved in:

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If possible, access the website www.scotexchange.net for up-to-date information about VisitScotland activities and initiatives.
Outcome 2 – Activity 5

In what ways can local authorities claim to be major players in Scottish tourism?

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Outcome 2 – Activity 6

What contribution can sportscotland make to Scottish tourism?

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Explain in what ways the Scottish Arts Council is involved in tourism in Scotland.
Outcome 2 – Activity 8

Describe the ways in which the Scottish Museums Council might help a museum which is struggling to survive.

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Outcome 2 – Activity 9

What role can the Forestry Commission play in developing Scottish tourism?

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Outcome 2 – Activity 10

What are the aims of Historic Scotland and what activities is it involved in to achieve these aims?
Outcome 2 – Activity 11

Why was Scottish Natural Heritage established and what are its responsibilities?
Outcome 2 – Activity 12

What are the aims of Scottish Enterprise Network (including Local Enterprise Companies) and how do their activities impact on the tourism industry?
Outcome 2 – Activity 13

Outline the ways in which the role of ABTA has changed in recent years.

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Outcome 2 – Activity 14

Discuss possible reasons why there are so many organisations representing travel agents and tour operators in the UK.
Outcome 2 – Activity 15

Outline the main objectives and activities of the BHA.

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Outcome 2 – Handout 1

Governments are involved in tourism for a variety of reasons.

- Tourism has an impact on the economy of a country (it brings in foreign currency, impacts on the balance of payments, increases employment and aids regional development.
- Tourism involves movement across national frontiers – governments have to control and monitor this.
- Tourism is often used to enhance national image – governments are keen to ensure that outsiders have a positive perception of their country.
- The tourism product may need protection as well as development through government aid. Many core tourist attractions are public property (landscapes, natural and built heritage).
- Government provides or has an interest in the infrastructure upon which tourism exists – public services, roads, railways, etc., although it should be remembered that very little infrastructure is provided solely for tourism.
- The industry is very diverse and government involvement is necessary to regulate and coordinate activities and provide consumer protection.
- To provide finance necessary for marketing and development at the destination.
- Taxation – many governments use tourism as a source of tax revenue. In the UK we are taxed on accommodation and meals, air travel, car rental and package holidays.
Government policy on tourism

In this country, government has delegated responsibility for tourism to the Statutory Tourist Boards, created under the 1969 Development of Tourism Act. The debate leading up to this act, which was the first piece of national legislation specifically related to tourism, centred on the government’s concern to increase the foreign exchange earnings produced by visitors to Britain, thereby improving the balance of payments. The primary function of a National Tourist Organisation is, therefore, to facilitate and coordinate the marketing of the country as a destination for visitors.

The four statutory National Tourist Organisations (NTO) created at that time were:

- the British Tourist Authority (BTA)
- the English Tourist Board (ETB)
- the Wales Tourist Board (WTB)
- the Scottish Tourist Board (STB)

The Northern Ireland Tourist Board preceded the establishment of these four NTOs, having been established by statute in 1948. It is now responsible to the new Northern Ireland Assembly at Stormont.

The UK has neither a central government Department of Tourism nor a Minister of cabinet rank specifically and solely responsible for tourism. Tourism is in the Department of Culture, Media and Sport with a parliamentary Under-secretary responsible for tourism and broadcasting.

In Scotland tourism is now the responsibility of the Scottish Parliament, coming within the remit of the Minister for Tourism, Culture and Sport. The establishment of the Department of Tourism, Culture and Sport means that tourism is directly represented at cabinet level for the first time, a move which is welcomed by the industry at a time when it faces major challenges. The department has responsibility for tourism sport, culture and the arts, the built heritage, architecture, Historic
Scotland, lottery funding and Gaelic.

The structures of the NTOs have changed since the 1969 act. BTA and ETB were re-organised in 1984/85 to share common services. In July 1999, the government’s tourism review, Tomorrow’s Tourism led to a new body, the English Tourism Council, replacing the ETB. The new, slimmer body’s prime role is to provide strategic leadership and to support the tourism industry in five areas:

1. research
2. quality
3. championing sustainable tourism
4. overseeing systems for data collection and
5. spreading news of innovative ideas and examples of best practice.

Much of the former ETB budget was switched to the ten Regional Tourism Boards which took over the training, marketing, information collecting and information centre networking functions previously carried out by ETB.

Since the merger of the English Tourism Council and the British Tourist Authority, the organisation has adopted the name of its website and is now known as VisitBritain. Likewise, the Scottish Tourist Board is now known as VisitScotland. As of the time of writing, Northern Ireland still refers to its tourist board as the Northern Ireland Tourist Board, and Wales still uses the title the Wales Tourist Board.
Outcome 2 – Handout 3

VisitBritain (formerly the British Tourist Authority)

The British Tourist Authority (BTA) was established as a result of the Development of Tourism Act of 1969. Now known as VisitBritain, its role is to market Britain to the rest of the world and England to the British. Its aim is to build the value of tourism by creating destination brands and marketing campaigns. VisitBritain also builds partnerships with other organisations that have a stake in British and English tourism.

Given the dynamic nature of the tourism industry, the structure and goals of organisations such as VisitBritain are ever changing. So too are the campaigns it mounts and the partners it works with. For up-to-date information on these and other issues relating to VisitBritain, go to their trade website www.tourismtrade.org.uk. You should also visit their general website www.visitbritain.com.

In both the internal assessment and the Higher Tourism examination you will be expected to have a working knowledge of the aims, objectives and membership of this organisation and be conversant with its initiatives and achievements.
VisitScotland (formerly known as the Scottish Tourist Board and also incorporating the former Area Tourist Board network)

VisitScotland is the National Tourism Organisation for Scotland. Formerly known as the Scottish Tourist Board, in 2003 it adopted the name of its website VisitScotland. At the time of writing (January 2005) the plan is to merge VisitScotland with Scotland’s 14 Area Tourist Boards in April 2005, thus creating a tourism network which is to be called VisitScotland.

VisitScotland was commissioned by the Scottish Executive in March 2004 to deliver an integrated tourism network by April 2005. This single national tourism network will be developed through the integration of VisitScotland and 14 Area Tourist Boards. This will result in the creation of one tourism team with 14 area tourist offices delivering the national tourism strategy. Tourist offices will develop local business partnerships with a variety of organisations, including local authorities, as well as tourism businesses. These partnerships will be responsible for developing area tourism plans.

Currently, local authorities provide grants to Area Tourist Boards. These will be replaced by partnership agreements between local authorities and VisitScotland based on the area tourism partnership plans. This is designed to ensure that local authorities can see what they are getting for their money and also to clarify what they are expected to deliver.

At national level a chairperson committee of the board of VisitScotland will be set up with business and local authority representation. A National Tourism Convention involving all local authorities will also be set up.

Membership (together with membership fees) will be abolished and tourism businesses will be able to buy as many or as few services from VisitScotland as they require. Tourist Information Centres (TICs) will remain in place.
Given the dynamic nature of the tourism industry, the structure and goals of organisations such as VisitScotland are ever changing. So too are the campaigns it mounts and the partners it works with. For up-to-date information on these and other issues relating to VisitScotland, go to their trade website www.scotexchange.net. You should also visit their general website www.visitscotland.com.

In both the internal assessment and the Higher Tourism examination you will be expected to have a working knowledge of the aims, objectives and membership of this organisation and be conversant with its initiatives and achievements.
Outcome 2 – Handout 5

Tourist Information Centres (TICs)

In almost all countries with a tourism industry of any size, you will find Tourist Information Centres. These can take many forms and can offer varying levels of service. Tourist Information Centres were often originally opened by individual tourist destinations seeking to advise visitors upon arrival of activities, and to give directions.

At the time of writing, Tourist Information Centres in Scotland are operated by the 14 Area Tourist Boards. However, as previously noted, Area Tourist Boards as currently constituted are about to disappear under the new plans for an integrated tourism network. Tourist Information Centres are, however, set to stay, but at the time of writing it is unclear how they will fit into the new VisitScotland network structure.

For up-to-date information on Tourist Information Centres and how they fit into the structure, please go to www.scotexchange.net

Tourist Information Centres can be established for many purposes:

• to provide a welcoming reception service for visitors to the area
• to provide information on things to see and do in the area
• to enhance the public's enjoyment of the area and encourage them to stay longer and spend more
• to encourage passing traffic to stop in the area
• to influence the pattern of visitor movement
• to assist the spread of tourism throughout the region
• to generate income for the local economy.

TICs offer a range of services for visitors including:

• accommodation booking service
• information
• transport bookings
• tickets for events
• sale of maps, guides, souvenirs etc.
• bureau de change.

Not every TIC offers all of these services, with smaller TICs in rural offering a more limited range of services.
Outcome 2 – Handout 6

The role of Regional Tourist Boards in England and Wales

Most countries have smaller, more localised, organisations which work closely with both the public and private sector and tend to be more commercial.

England and Wales each have their own networks. In England there are 10 Regional Tourist Boards and in Wales there are 3. (In Scotland the local tourism organisations have been known as ‘Area Tourist Boards’. However, as of 1 April 2005, the 14 Area Tourist Boards will be integrated with VisitScotland to form a single national tourism network – to be called VisitScotland. See handout 4 for more details).

To access information on these organisations, go to the VisitBritain website and follow the links to regional tourism organisations.
Local government involvement in tourism

In Scotland the local authorities are heavily involved in tourism as part of their economic development role. We have already seen how they are major participants in the tourism network. In addition to promoting and developing tourism, many local government functions have a strong effect on tourism in an area, e.g. planning the infrastructure, transport, leisure and recreation facilities. They are responsible for development and maintenance of a wide range of facilities and infrastructure which make up an important part of the tourism product, but are also for the use of the local community: theatres, parks, sports centres, museums etc. are examples of local authority facilities which may be provided principally for the use of residents, but also make a destination more attractive to tourists.

In addition, as land and property owners and local planning authorities, local government is in an ideal position to ensure that local needs are reflected in any tourism initiatives and that local communities obtain the maximum benefit. Local taxpayers must be convinced that new products such as conference centres are worthwhile and will benefit the community.

In Scotland local authorities are represented nationally by COSLA – the Convention of Scottish Local Authorities.
The Tourism and Environment Forum

The Forum’s primary objectives are:

• to increase environmental awareness throughout the tourism industry
• to develop a planned approach which integrates tourism and environment issues
• to market Scotland as a destination based on sustainable tourism
• to promote the adoption of environmentally sensitive practices.

More information on ‘green’ tourism initiatives is available on their website: www.greentourism.org.uk.

The Scottish Tourism Forum

This organisation was set up in 1994 to be the voice of tourism in Scotland. It is made up of companies and tourism trade bodies across the industry and provides a coherent tourism voice to government and the public agencies. Its brief is to address what will help and improve Scotland’s international competitiveness. To this end, it reinforces the need for Scotland to reach and maintain world-class quality standards.

The Forum communicates with the Scottish Parliament, Scottish Executive and public agencies, as well as with the European Union, to promote a competitive tourism industry in Scotland.

For further information go to www.stforum.co.uk
Outcome 5 – Handout 8

There are other non-departmental governmental bodies whose main sphere of influence, interest and activity is not concerned with tourism but whose activities directly benefit tourism. These bodies are all funded through grant-in-aid from government. In this unit we will focus on Scottish-based organisations but you should note that there are similar bodies in England and Wales which operate on much larger budgets.

We shall look briefly at each of the following: sportscotland, the Scottish Arts Council, the Scottish Museums Council, the Forestry Commission, Historic Scotland, Scottish Natural Heritage, Scottish Enterprise and Highlands and Islands Enterprise.

**sportscotland (formerly Scottish Sports Council)**

This is the national body responsible for the promotion and development of sport in Scotland, as well as the distribution of National Lottery Funds for sport in Scotland. A similar body exists in England and Wales. sportscotland has an obvious interest in tourism given that 25% of domestic tourism expenditure in Scotland is by Scots themselves and the marketing of activity holidays can have an impact on sports participation and increase skills levels.

sportscotland offers advisory services. It is working with other agencies in Scotland on safety matters and developing appropriate qualifications for instructional staff for activity holidays and outdoor pursuits.

Investment in sports facilities and country amenities is encouraged as these will benefit local residents as well as the tourism industry. Tourist use of facilities, particularly in rural areas, can make higher levels of provision more economically viable.

Accredited national activity centres with accommodation provision (e.g. Glen More and Inverclyde) are available for inclusion in activity holiday brochures.
sportscotland also shares a common interest with the tourist industry in promoting major events. For Scotland to attract world, commonwealth and European events, cooperation between governing bodies, sportscotland and VisitScotland is necessary. sportscotland is also a member of the Tourism and Environment Forum.

www.sportscotland.org.uk
The Scottish Arts Council (SAC)

Established in 1967, its primary role is to provide funding to arts organisations and support professional artists. A wide range of organisations including Scottish Ballet, Scottish Opera and the Royal Scottish National Orchestra are funded on an ongoing basis along with galleries, festivals, theatres and arts centres. SAC also distributes lottery funds to the arts in Scotland.

SAC is also active in developing arts through advocacy and by working in partnership with other bodies. It has been active in ensuring that Scottish arts organisations adopt a positive attitude on tourism; that they appreciate the potential of the arts to contribute to tourism in Scotland; and that they recognise the opportunities to build a new audience for the arts in Scotland through tourism. SAC encourages arts organisations to direct marketing efforts to identify and capture a tourist audience. It is also interested in supporting the development of new arts events which aim to promote Scottish culture and also have the potential to attract a new tourist audience. A good example of such an event is the Celtic Connections Festival now held annually in Glasgow in January, thus providing visitors to Glasgow outwith the main tourist season. A further example of successful projects is Edinburgh’s Scottish Literary Tour Company, which increased performances from 139 in 1966 to 296 in 1998 to cope with both the high demand and interest.

The Traditional Music and Tourism Initiative, a joint project of the Scottish Arts Council and VisitScotland, has aimed to help build partnerships between tourism businesses and traditional musicians and promoters, from which both could benefit. The Initiative has carried out research, published events listings and supported musical events throughout the country. Such projects and initiatives are likely to grow in importance given that cultural tourism accounts for 37% of world travel, and this is growing at a rate of 15% each year according to World Tourism Organisation statistics.

Some 15 per cent of UK holiday visitors to Scotland participate in cultural activities as part of their visit, accounting for 23 per cent of all holiday expenditure in Scotland.

www.sac.org.uk
The Scottish Museums Council (SMC)

Established in 1964, its key purpose is to improve the quality of museum provision in Scotland and to encourage museum developments.

It operates as a membership organisation involving the majority of Scotland’s 400 museums and galleries. SMC can assist museums wanting to ensure that their displays, services and facilities match visitor’s expectations and demands by advising on the preparation and implementation of a marketing strategy or the carrying out of a visitor survey. Acting as an advisory body to its membership, SMC recognises tourism as an increasingly important area and one that it is actively addressing on an ongoing basis through a number of joint initiatives with VisitScotland, Scottish Enterprise, and Highlands and Islands Enterprise.

SMC has also worked with VisitScotland and ASVA in designing the grading scheme for visitor attractions.

www.scottishmuseums.org.uk
The Forestry Commission (FC)

Half of all Britain’s forest and woodland area is located in Scotland. The Forestry Commission (FC) was established in 1919 and operates within a statutory framework of the Forestry, Plant Health and Countryside Acts.

Since 1985 it has been required to achieve a reasonable balance between the needs of forestry and those of the environment. Forests and woodlands are an integral part of Scotland’s landscape and although their economic and habitat value is significant, they also have considerable recreational potential. This is seen in the establishment of Forest Parks and numerous visitor facilities such as picnic sites, forest walks and nature trails where the public are free to roam.

Most city dwellers appreciate the lure of forest cabins, holiday chalets and camping and caravan sites. These are operated by Forest Enterprise, a trading subsidiary within the Forestry Commission. Financial incentives and appropriate woodland management advice are also available from the FC to encourage similar developments in private forests and woodlands.

The FC participates fully with many other organisations at UK, Scottish and local level to develop tourism policies and initiatives, especially if environmental issues are involved. FC is a member of the Tourism and Environment Forum.

www.forestry.gov.uk
Historic Scotland (HS)

The twin aims of Historic Scotland are to:

• safeguard the nation’s heritage
• promote the understanding and enjoyment of the nation’s built heritage.

Historic Scotland makes a very important indirect contribution to tourism through grants, education, conservation, archaeology and emphasis in improved public access to the built heritage generally. Historic Scotland’s role is key in the crucial Visitor Attraction sector of the Scottish tourist industry.

Historic Scotland is committed to high standards of conservation, maintenance and presentation at more than 300 properties in its care from Dumfries and Galloway in the south to Shetland in the north. Its properties include Edinburgh Castle, Stirling Castle and Urquhart Castle. Historic Scotland also provides grants to help owners of historic properties to provide the specialist care which historic structures need. It also carries out research into new methods of conservation such as stone cleaning and provides advice to others.

Marketing of Historic Scotland properties is achieved through a variety of activities which are coordinated within the following departments.

1. Corporate affairs and public relations office
   • Runs paid advertising campaigns on TV and commercial radio.
   • Advertises in VisitScotland publications.
   • Answers media enquiries about HS properties.
   • Arranges visits for journalists to HS properties.
   • Takes part in joint marketing initiatives including Autumn Gold.
   • Manages the HS website – www.historic-scotland.gov.uk

2. Travel trade unit
   • Liaises with the travel trade.
   • Sells the Explorer Ticket which gives unlimited entry to HS properties for 7 or 14 days.
   • Distributes a travel trade manual and newsletter.
   • Takes part in overseas sales missions to North America, Japan, Australia and Europe and trade shows in the UK.
   • Liaises with VisitScotland, arranging familiarisation visits for staff.
3. **Events unit**  
   - Organises a programme of special events at HS properties.

4. **Functions unit**  
   - Promotes HS properties as function venues, in particular Edinburgh Castle, Stirling Castle and Argyll’s Lodging.

5. **Friends of Historic Scotland section**  
   - Runs the Friends of Historic Scotland Club. For an annual fee, members get unlimited entry to HS properties, a quarterly magazine, reciprocal arrangements with sister bodies in England and Wales, the opportunity to attend special guided tours, weekends and longer holidays.

6. **Education service**  
   - Organises over 60,000 free educational visits to HS properties each year.  
   - Produces school packs.

7. **Sponsorship and fundraising section**  
   - Raises sponsorship and funds from the public and private sectors in support of Historic Scotland’s conservation and presentation work.  
   - Runs the Business and Executive Club which gives the corporate sector entry to HS properties and use of them for functions.

8. **Catering section**  
   - Ensures that catering is of a consistently high standard at HS properties and adds to the visitor experience.

[www.historic-scotland.gov.uk](http://www.historic-scotland.gov.uk)
Scottish Natural Heritage (SNH)

This body was established in 1991 to help conserve and enhance the natural heritage of Scotland and to help people to understand, enjoy and use it widely so that it can be sustained for future generations.

SNH is responsible for National Nature Reserves, Sites of Special Scientific Interest, and National Scenic Areas – all areas where wildlife and landscape should be protected. It is also involved in developing National Parks, Country Parks, Regional Parks, Long Distance Footpaths (e.g. the West Highland Way) and providing Ranger Services. So although the responsibilities of Scottish Natural Heritage are far beyond tourism, you can see that it is the key Scottish agency for managing tourism activities in the countryside.

SNH played a leading role in the debate which led to the Scottish Parliament establishing national parks in Loch Lomond and Trossachs and the Cairngorms, where the relationship between tourism and the environment has been central.

The published aims of SNH give an indication of the role the organisation plays in helping tourism to work with, rather than against, the natural environment. SNH is a major player in the Tourism and Environment Forum.

www.snh.org.uk
Outcome 2 – Handout 9

Scottish Enterprise, Highlands and Islands Enterprise and Local Enterprise Companies

Scottish Enterprise (SE) was established under the Enterprise and New Towns (Scotland) Act in 1990. It replaced the Scottish Development Agency and The Training Agency. Under the direction of the Scottish Parliament with funding from the Scottish Executive, it has the general function of furthering the development of Scotland’s economy, outwith the Highlands and Islands. Within the Highlands and Islands, Highlands and Islands Enterprise (HIE) has a similar function – it replaced the Highlands and Islands Development Board. Highlands and Islands Enterprise is the Government’s strategic development agency for the northern and western parts of Scotland. Based in Inverness, it delivers economic and community development services through a network of ten Local Enterprise Companies. Both agencies have a significant role in tourism, support the Scottish Tourism Forum and help to fund and sit on the steering group of the Tourism and Environment Forum.

The main aim of Scottish Enterprise is to encourage projects which are of economic benefit to Scotland. Scottish Enterprise is involved in any area of activity concerned with economic development in Scotland.

This means assisting in:

- Business start-ups and helping existing companies to grow.
- Promoting and encouraging exporting.
- Attracting inward investment.
- Highlighting the importance of developing skills and providing the means to do so.
- Breaking down barriers to employment and ensuring disadvantaged groups and areas are not left out.
- Making Scotland a more competitive location through the provision of business sites and premises and improving the environment.

Highlands and Islands Enterprise is the government’s strategic development agency for the northern and western parts of Scotland. Based in Inverness, it was established to tackle the area’s unique combination of economic and social difficulties, such as population sparseness, low incomes, distance from markets, difficult communications and over-dependence on a narrow range of fragile industries.
Developing the quality tourism experience in the Highlands and Islands is recognised by HIE as the key to realising the full economic and social potential of the area. Developing tourism in the Highlands and Islands is pursued by HIE through three strategic objectives:

- growing businesses
- developing skills
- strengthening communities.

From a strategic point of view, the main difference between SE and HIE, is the social remit which allows HIE to support projects that enhance the quality of life in the Highlands and Islands rather than just on the grounds of economic benefit. Examples of this would be help for community projects such as swimming pools and village halls and support for tours by theatre companies.

The aims of SE and HIE are funnelled through the network of 22 Local Enterprise Companies (LECs), e.g. Scottish Enterprise Edinburgh and Lothian. LECs are the first point of contact for companies seeking help. SE, HIE and the LECs have a major role in tourism development in Scotland. They are responsible for providing business development support, including financial assistance where appropriate to tourism businesses. However, they must work with VisitScotland on product development policy to ensure that it is coordinated with marketing policy.

SE, HIE and the LECs are also responsible for promoting effective visit management in the countryside and at popular tourist destinations, and to promote sustainable development of tourism facilities.

In 1992, in response to long-standing criticism of the quality of services in Scottish tourism, they established Tourism Training Scotland (TTS), a public and private sector initiative which promoted training and staff development in the Scottish tourism industry. In particular, TTS encouraged and supported operators towards the achievement of Investors in People, the national standard for effective staff development. Since then, a new tourism skills group has been established to build on the achievement of Tourism Training Scotland. Known as Tourism People the group will lead an effort to develop the skills that the tourism industry will need to ensure its future competitiveness. The Enterprise network is keen to assist the local tourism industry with staff training and it has been responsible for introducing and financing programmes such as Welcome Host and Scotland’s Best.
Outcome 2 – Handout 10

In this section we examine the roles of some of the major support organisations in the travel industry. These are not normally governmental.

ABTA – The Association of British Travel Agents

Founded in 1950 to represent both travel agents and tour operators, this is, perhaps, the best-known trade organisation. It is governed by a National Council made up of members from the *Tour Operators Council* (TOC) and the *Travel Agents Council* (TAC). For many years ABTA played a ‘policing’ role in the industry and the reputation of the industry was greatly improved. It was legally permitted to operate a ‘closed shop’, known as a *stabiliser*, which meant that only member tour operators were allowed to sell their products through member travel agents and vice versa. All members were required to lodge a bond to protect customers in the event of financial failure and they also had to adhere to a very strict *code of conduct*. ABTA membership was effectively a licence to trade.

With the introduction of the European Single Market, EU competition laws and the EC Directive on *Package Travel, Package Holidays and Package Tours* in 1992, ABTA was forced to give up the ‘stabiliser’ because it became a legal requirement for anyone involved in organising packages to provide sufficient evidence of security for the refund of money paid over and for the repatriation of the consumer in the event of insolvency. This requirement is now ‘policied’ by the *Office of Fair Trading*.

ABTA therefore no longer possesses the power it enjoyed formerly. However, the membership has remained stable and the ABTA logo on a travel agency door or a tour operator’s brochure is still seen as a symbol of customer protection and professionalism. The organisation continues to promote and regulate the activities of its members, and protects the interests of members’ customers. ABTA’s commercial role is to influence events, for instance at government and EU level and in commercial affairs generally. It maintains a high public profile with regular appearances in the media.

In January 2006 ABTA will launch its Accredited Travel Professional scheme. This will recognise professionalism and expertise among the industry’s employees and is designed to improve the current low staff retention rate in the sector.
However, within ABTA there are frictions between tour operators and travel agents and also between independent travel agents and multiple travel agents and this has served to enhance the influence of some of the other trade associations in the travel sector.

www.abtanet.com

SPAA – The Scottish Passenger Agents Association

The Scottish Passenger Agents Association describes its role as ‘to influence, maintain and develop relationships between principals and members of the SPAA and to ensure that the interests of the Scottish Travel Industry are represented in the national and international marketplace’.

This is an influential club comprising members of the Scottish (outbound) travel industry, and it acts as a watchdog on trade affairs in Scotland. Since its interests do not clash with ABTA’s, the two organisations have agreed to hold joint meetings. In SPAA, the smallest independents have the same voting power as the large multiples and its independent members work willingly alongside multiples. In many respects SPAA is the primary travel organisation in Scotland now that ABTA is a voluntary body.

www.spaa.org
FTO – The Federation of Tour Operators

This is a voluntary organisation with membership by invitation only. Its members comprise approximately 20 of the largest tour operators, responsible for about 80% of all tour operating revenue in the UK. It acts as a forum for discussions on issues of common interest amongst its members and in the past has been successful in negotiating with foreign governments and hotel associations. It exists ‘to bring about change and improvement in all areas affecting customers’ holidays from the UK departure point, through the journey, to the accommodation and standards of safety, health and hygiene overseas’. (Source: FTO website.)

In 1967 its predecessor, TOSG (Tour Operators’ Study Group), introduced a trust fund to protect consumers in the event of financial collapse – this was before ABTA introduced its bonding scheme. FTO also fixes the standard exchange rate upon which most tour operators calculate brochure prices.

www.fto.co.uk

ITT – Institute of Travel and Tourism

This body is mainly concerned with the professional and educational standards of the travel and tourism industry. Potential members sit an entry exam or submit a trade-related paper. Certain qualifications may enable exemptions. The Institute offers ongoing professional development to its members through short training courses and seminars and also operates a Seal of Approval system for colleges offering vocationally relevant courses.

www.itt.co.uk

TS – The Tourism Society

This is another body promoting professionalism in travel and tourism. There is a chapter of the Tourism Society operating in Scotland (Tourism Society Scotland) which hosts regular meetings and events with travel and tourism professionals. The society is an offshoot of the Association of Tourism Teachers and Trainers.
Outcome 2 – Handout 11

The British Hospitality Association

The mission of the British Hospitality Association is ‘to be the effective voice of the hospitality industry’. It exists to ensure that the views of the British hospitality industry are represented to government and policy makers in the UK and internationally, in order that its members’ businesses can flourish.

It represents all sections of the industry, including large and small organisations. Membership includes restaurants, contract caterers, clubs, transport caterers, theatres, attractions, outside caterers, universities, suppliers to the industry as well as hotels.

The goals of the BHA are:

1. to formulate clear policies which reflect the views of the membership and initiate action to ensure their implementation.
2. to continue developing relationships with British and European policy makers and those who influence them.
3. to maintain effective relationships with the media.
4. to provide a full range of advisory and business services and benefits.
5. to work with other organisations within the tourism and hospitality industries in order to develop a common view on key issues.
6. to raise the profile of the industry and to encourage more bright youngsters to join it by promoting the highest standards of conduct and by ‘talking up’ the industry to consumers, investors, schools and parents.

www.bha-online.org.uk
Outcome 2 – Handout 12

Organisations in the transportation sector

IATA – The international Air Transport Association

This is the world airline governing body responsible for establishment of fare levels, rules and regulations pertaining to international carriage by air. The main IATA achievements have been:

• standardised tickets which are interchangeable between carriers
• compatibility in terms of air-fare construction and exchange rates
• general standardisation of operating procedures, e.g. licencing of travel agents.

Some 80 per cent of the world’s airlines are members of IATA.

www.iata.org

CAA – Civil Aviation Authority

Unlike the other agencies listed in this section, the CAA is a government organisation. It was formed under the Civil Aviation Act 1971 and is responsible for regulating civil aviation in Britain. Of particular interest to Travel and Tourism students is its role in:

• licencing of air travel organisers (tour operators) through the ATOL system

ATOL (Air Travel Organisers’ Licencing) is the government’s licencing scheme for air holidays and flights sold by tour operators in the UK. It provides protection to 28 million people taking air holidays every year in the UK and is the UK’s biggest holiday protection scheme.

ATOL protects the customer from losing money or being stranded abroad. It does this by carrying out financial checks on the firms it licenses and requiring a guarantee, called a bond, to be lodged. If a firm goes out of business, the CAA will make a refund to customers or, for those who are in the middle of a holiday, will arrange for the holiday to
be finished before arranging to fly customers home. All tour operators selling flights and air holidays must hold a licence from the CAA. There is no equivalent scheme covering sales made directly by airlines, though most passengers on charter airlines buy their tickets through tour operators and are protected by ATOL; passengers carried on scheduled airlines are not protected by ATOL unless they buy their seat from an ATOL travel company.

Additionally the work of the CAA includes:

- regulating air navigation services (with the MOD) through Air Traffic Control Services
- air transport licencing including certification of airlines, airport, flight crew and engineers and approval of fares
- airworthiness and operational safety of British carriers
- research and publications of statistics. Often useful to the travel trade for planning purposes (busiest airports, volume carried by competitors, etc.)
- managing subsidiary company ATUC, the Air Transport Users Committee, which acts as a watchdog for air transport customers.
ASVA – The Association of Scottish Visitor Attractions

ASVA is the trade association for Scottish visitor attractions. Its mission is ‘to improve the quality and viability of visitor attractions in Scotland’.

It provides opportunities for those directly involved in the operation and management of visitor attractions to meet and exchange information, ideas and experiences, as well as representing the views of all members, at both local and national level on any matters of concern.

It is a membership organisation, established in 1988 to foster a greater degree of cooperation between the wide range of visitor attractions in Scotland. Any type of visitor attraction can join, providing it meets certain standards. The Association’s grading and classification system has now been taken over by VisitScotland as part of the ‘star’ system designed to improve service quality.

ASVA produces a range of business guides for its members and is represented on the Scottish Tourism Forum. ASVA provides business benefits to the travel trade through the advice given on possible attractions and special venues on touring itineraries and group rates available to tour operators.

www.asva.co.uk
Outcome 2 – Handout 14

The role of facilitating bodies

There are a number of private and public sector facilitating bodies which support the travel and tourism industry. Some depend entirely upon the movement of tourists, but are not considered to be a part of the industry, e.g. customs services or visa issuing offices. Others derive much of their revenue from tourism but are clearly not part of the industry, e.g. the designers and architects involved in creating Dynamic Earth in Edinburgh. Financial services for tourists is another example. There are three main types: insurance, foreign exchange and credit. Insurance is an essential element of a tourist’s travel arrangements and both travel agents and tour operators are obliged under EU law to bring this to the attention of the customer. The foreign exchange industry is huge. In the main it is controlled by the banks, but travel companies such as Thomas Cook and American Express dominate the market for travellers cheques. Travel also represents a big earner for credit card companies such as Visa and Mastercard as customers can use their cards to purchase goods and services almost anywhere in the world. There are the companies who produce the trade newspapers, manuals and guides. Reading the weekly trade papers Travel Trade Gazette and Travel Weekly is a good way for employees of the industry to update their knowledge of travel products and find out about job vacancies. Most of the information in timetables, guides, manuals and fare tariffs is now produced electronically and distributed via viewdata, airline CRS or the internet.

Finally, of course, we mustn’t forget the training and education bodies such as colleges of further education which provide a wide range of prevocational and occupational courses designed in consultation with industry to provide people with the necessary skills and knowledge for entry into the dynamic world of travel and tourism.
Outcome 2 – Revision

1. What do the following initials stand for?
   (a) SEN
   (b) HIE
   (c) NTO
   (d) ASVA
   (e) IATA
   (f) BHA
   (g) ABTA
   (h) FTO
   (i) ITT
   (j) CAA
   (k) SPAA

2. You have established that governments involve themselves in tourism for various reasons. List four reasons.

1. 
2. 
3. 
4. 

3. Which government department is responsible for tourism in:
   (a) Scotland 
   (b) England 

4. What is the primary function of an NTO?

   
   
   
   
   
   
   

5. What are the principal objectives of VisitScotland?

6. How can LECs help tourism businesses?

7. Local government has probably the biggest role to play in developing tourism at the destination – explain.

8. What is the Scottish Tourism Forum and what is its role?

9. Which non-departmental government body might work with VisitScotland to promote an international swimming championship being held in Glasgow?
10. Why is it important for the Scottish Arts Council to cooperate with the Scottish Tourist Board in developing the arts in Scotland?

11. Explain what the following are and state which body issues them.

(a) ATOL

(b) IATA licence
## Tutor notes

<table>
<thead>
<tr>
<th>Topic and activity – Outcome 3</th>
<th>Resources</th>
</tr>
</thead>
</table>
| Useful resources for this outcome include:  
  – VisitScotland statistics ([www.scotexchange.net](http://www.scotexchange.net)) | OHT 1 |

### Outcome 3

**Definitions of tourism and tourists.**

**Activity 1**  
Instigate general classroom discussion on what is tourism and what is a tourist. Questions to prompt such discussion might include:

- Have you ever been a tourist?  
- How do you know you were a ‘tourist’?  
- Where did you go?  
- How long were you there for?  
- What sort of things did you do when you were a tourist?  
- What sort of things make tourists instantly recognisable as such?  
- Do you have to travel overseas to be a tourist?  
- Do you have to stay away for a fortnight to be a tourist?

Responses will obviously vary, but you should direct the discussion to identifying the defining factors of tourism, i.e. the things which must be in place before you can be called a tourist. Discussion should throw up the following:

- you have to be away from home to be a tourist  
- you have to travel to be a tourist  
- you have to be intending to come home again (i.e. the visit must be temporary and short term)  
- you do certain types of things when you’re a tourist (e.g. you visit places of interest, you do certain types of activities, like sunbathing, taking boat trips, etc.)

Discuss how a universally agreed definition of tourism has been difficult to achieve. Look at a variety of attempts (OHT 2) and discuss the merits of each.

**Q. What types of activity does the first definition exclude?**  
**A. Day trips are excluded from this definition as well as business travel.**

*cont’d on next page*
Q. What are the shortcomings of the third definition?  
A. Activities could mean anything, e.g. if you go for a visit to your local cinema, under this definition, you can be classed as a tourist!

(You may wish to add other definitions of tourism and discuss the merits of these also.)

Although there is no agreement on a definition of tourism, what can be said is that any definition will include an indication of the following:  
Length of stay  
Purpose of visit  
Distance travelled  
They are therefore referred to as the *defining factors of tourism*.

Go on to discuss the categories describing the purpose of visit (business, leisure and VFR):

Q. Why is it important to define tourism?  
A. It is essential for the purpose of gathering statistics, e.g. visitor numbers (we must know who to include in our statistics), so that trends within the industry can be identified. If there is no accepted definition, then comparisons are impossible.

Go to OHT 4 for the stages of tourism activity.

Have students brainstorm in small groups to come up with a definition of ‘a tourist’.

Discuss how easy/difficult this exercise was and try to identify why this was the case, before moving on to look at some definitions OHT 5.

Definition (d) is obviously tongue in cheek! VisitScotland formally defines a tourist trip as ‘a stay of one or more nights away from home’.

Ask students to try to identify the weaknesses in definitions (a) and (c). (Definitions (a) and (c) appear to ignore the movement of tourists within a country, i.e. domestic tourism. Tourism in the world is predominantly domestic not international. Definition (a) also fails to account for excursionists)

Go on to distinguish between domestic tourism and international tourism.

*cont’d on next page*
Stress that domestic tourism is within national boundaries. Then introduce inbound and outbound tourism (OHT 6). Give some examples to consolidate e.g. when we go on holiday from Glasgow airport to Alicante, we are outbound tourists. When German tourists arrive in Scotland, they are inbound tourists.

Refer back to the practice of classifying tourists in relation to purpose of visit. Introduce the idea of travelling for business and travelling for pleasure – commonly referred to as leisure tourism.

Have students complete Activity 1 – leisure tourism. Have students complete Activity 2 – business tourism. Give out handout 1 – more definitions. Have students complete Activities 3, 4 and 5 (based on the definitions we have looked at). Now have students complete the revision exercises.

Next turn to looking at the structure of the travel and tourism industry in the UK. Instigate general discussion on all of the different types of businesses which go to make up the travel and tourism industry. E.g. what sort of services do you require to organise and get the most out of your holiday? List these on the board.

Go on to discuss how there could be said to be ‘industries within the industry’, which are independent but interrelated (e.g. the hospitality industry, the travel industry etc.) Put up OHT 7 and talk through the different parts of the travel and tourism industry. Have students copy the diagram. OHT 7 could also be given out as a handout.

Put up OHT 8 – The Chain of Distribution and discuss what it illustrates, before giving out handout 2 – the Chain of Distribution. Point out the different routes available, i.e. the producers can choose to use the services of every part of the chain, or only some, or they might choose to cut out the middlemen altogether and go direct to the customer.

Also ask students to copy down the illustration of the Chain of Distribution (or give them it as a handout).

cont’d on next page
Initiate discussion on how the various sectors shown in the diagram are reliant on each other. You could begin by asking questions such as:

- When you’re organising your holidays, what services do you use before and during the holiday?
- What would happen if there were no attractions for people to go to at the destination?
- If there’s not much accommodation available, what effect would this have on tourism in the area?
- Would the tourism industry be able to survive without the transportation sector?
- What would happen to the industry if some of the support services were not available, e.g. passport offices?

Lead the discussion to the conclusion that all sectors of the industry interact the one with the other and are therefore interdependent.

Give out Activity 6 and have students complete it. Have students share the examples they have come up with.

Introduce the concept of integration to the students by outlining what it is before giving them out Activity 7. Answers are on Handout 3. Go through these answers with students.

Move on to look at horizontal and vertical integration. Using OHT 8 – the Chain of Distribution – talk students through the concept of horizontal and vertical integration.

Horizontal integration – linking between businesses at the same level in the chain of distribution (i.e. two producers, or two wholesalers or two retailers).
Vertical integration – linking between businesses at different levels in the chain of distribution (i.e. one producer and one wholesaler, or one wholesaler and one retailer, or one retailer and one producer).

Give out Handout 4 to consolidate on verbal explanations.

Ask students if they can come up with some examples of companies which have integrated either horizontally or vertically. If they can’t come up with any, you could set them the task of finding some examples before the next class (the Travel Trade Gazette or its website could be referred to for this purpose).

Examples are included. However, given the pace of change within the industry, these may very well have changed since the time of writing, so check the current situation before passing the information on to students.
| Activity 8 | Use Activity 8 to research the ‘big four’. Finish off by looking at complementary integration, diversification and globalisation. Ask students to look out for examples of each of the above in newspapers, etc. |
| Handout 7 |
| Revision Exercise | Do revision exercise. |
Outcome 3 – Analyse the structure of the travel and tourism industry.

Performance criteria

(a) Classify accurately the various sectors and organisations within the travel and tourism industry.

(b) Identify accurately the structure of the travel and tourism industry.

(c) Analyse the structure in terms of the interaction and interdependence of the various sectors and organisations.
Definitions of tourism

‘... the sum of the phenomena and relationships arising from the travel and stay-on non-residents, in so far as they do not lead to permanent residence and are not connected to any earning activity.’

(Professors Hunziker and Krapf of Berne University in 1942)

‘Tourism is the temporary short-term movement of people to destinations outside the places where they normally live and work, and activities during their stay at these destinations; it includes movement for all purposes, as well as day visits or excursions.’

(Tourism Society 1976)

‘Tourism may be defined in terms of particular activities selected by choice and undertaken outside the home environment. Tourism may or may not involve overnight stays away from home.’

Outcome 3 – OHT 3 – The defining factors of tourism

The defining factors of tourism are:

• length of stay
• purpose of visit
• distance travelled

Purpose of visit can be categorised as follows:

• business
• leisure
• VFR (visiting friends and relatives)
Outcome 3 – OHT 4 – The three stages of tourism activity

Tourism can be said to involve three stages of activity:

1. setting up travel and holiday arrangements
2. getting people to their destination
3. helping them enjoy themselves once they are there
Outcome 3 – OHT 5 – Definitions – a tourist

What is a tourist?

(a) ‘One who travels for a period of 24 hours or more in a country other than that in which he usually resides.’
   (League of Nations 1937)

(b) ‘Someone who travels to see something different then complains when he finds things are not the same!’
   (Holloway – The Business of Tourism)

(c) ‘Visitors … any person visiting a country other than that in which s/he has his usual place of residence, for any reason other than following an occupation remunerated from within the country visited.’
   (United Nations Conference on International Travel and Tourism 1963)
In definition (c) visitors were further classified as:

‘Tourists, either leisure (whether for recreation, health, sport, holiday, study or religion), or business, family, mission or meeting.’

‘Excursionists, who are temporary visitors staying less than 24 hours, including cruise travellers but excluding travellers in transit.’

(d) ‘A tourist is someone who spends at least one night in someone else’s bed!’

(Director of Public Relations, Scottish Tourist Board 1994)
International and domestic tourism can be defined as:

**Domestic:**
Travel for business or pleasure reasons within the home country, including day visitors.

**International:**
Travel for business or pleasure reasons, across national boundaries, whether one or more countries are visited.

Forms of international tourism are *inbound* and *outbound* tourism.

**Inbound:** tourists entering a country from their country of origin.

**Outbound:** tourists who leave their country of origin to travel to another country.

The *tourism-generating country* is the country which generates the tourist, i.e. the country in which the tourist normally lives and from which he or she departs.
Outcome 3 – OHT 7

The structure of the travel and tourism industry

Outcome 3 – OHT 8

The chain of distribution

- **Producers**
  - Transport
  - Accommodation
  - Attractions
  - Handling agent

- **Wholesalers**
  - Tour operators

- **Retailers**
  - Travel agents

- **Consumers**
  - Independent tourists
  - Package tourists
Outcome 3 – Activity 1

From the definitions already discussed and from your own experience, list below the various purposes for which people travel which would come under the general heading of *Leisure*, and give an example of each. The first one is done for you as a guide.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holidays</td>
<td>A fortnight in Gran Canaria.</td>
</tr>
<tr>
<td></td>
<td>A weekend break in a country house hotel in the Scottish Highlands</td>
</tr>
<tr>
<td>Cultural</td>
<td></td>
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<tr>
<td>Sport</td>
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<tr>
<td>Study</td>
<td></td>
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<tr>
<td>Religion</td>
<td></td>
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<tr>
<td>Health and fitness</td>
<td></td>
</tr>
<tr>
<td>Visiting friends and relatives (VFR)</td>
<td></td>
</tr>
</tbody>
</table>
Outcome 3 – Activity 1 – Model answer

From the definitions already discussed and from your own experience, list below the various purposes for which people travel which would come under the general heading of Leisure, and give an example of each. The first one is done for you as a guide.

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<td></td>
<td>A weekend break in at a campsite in the Scottish Highlands.</td>
</tr>
<tr>
<td>Cultural</td>
<td>Visiting stately homes and castles in Britain.</td>
</tr>
<tr>
<td></td>
<td>An opera and art tour of Italy, France and Austria.</td>
</tr>
<tr>
<td>Sport</td>
<td>Travelling to support your football team at the World Cup.</td>
</tr>
<tr>
<td></td>
<td>Travelling to take part in a sports competition.</td>
</tr>
<tr>
<td>Study</td>
<td>A 7-night residential course on landscape photography at St Andrews.</td>
</tr>
<tr>
<td></td>
<td>A Japanese student attending an Edinburgh college for a month-long English-language course.</td>
</tr>
<tr>
<td>Religion</td>
<td>A pilgrimage to Lourdes.</td>
</tr>
<tr>
<td></td>
<td>Muslims visiting Mecca.</td>
</tr>
<tr>
<td>Health and fitness</td>
<td>A weekend at a health farm.</td>
</tr>
<tr>
<td></td>
<td>A trip to a spa resort to take the waters.</td>
</tr>
<tr>
<td>Visiting friends and relatives</td>
<td>Staying in Inverness to attend a family wedding.</td>
</tr>
<tr>
<td></td>
<td>A retired couple’s trip to Australia to visit their daughter and family.</td>
</tr>
</tbody>
</table>
Outcome 3 – Activity 2

The second main purpose associated with tourism is people travelling on business. Business tourism consists of travel for various reasons. Try to list them below and give examples.

________________________________________________________________________________________

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Outcome 3 – Activity 2 – Model answer

The second main purpose associated with tourism is people travelling on business. Business tourism consists of travel for various reasons. Try to list them below and give examples.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business meetings</td>
<td>An executive representing a Scottish cashmere manufacturer flies off to the USA for a five-day trip to find distributors for a new product.</td>
</tr>
<tr>
<td>Exhibitions and trade fairs</td>
<td>Business people who offer a particular product or service attend the SECC in Glasgow to seek sales</td>
</tr>
<tr>
<td>Conferences and conventions</td>
<td>The Association of Recognised English Language Schools (ARELS) gather together for one or more days to discuss a range of topical issues.</td>
</tr>
<tr>
<td>Incentive trips</td>
<td>An organisation arranges a special all-expenses-paid holiday for its top sales people.</td>
</tr>
</tbody>
</table>

Business tourism generally accounts for a smaller proportion of a country’s share of tourism, but its economic importance is often greater than leisure tourism because business travellers are usually paying premium rates for travel and accommodation. Business tourism can also be less seasonal than most leisure tourism and can, therefore, benefit areas of a country not normally associated with tourism.

Supplementary activity

Contact your nearest Convention Bureau and ask them to send you information on the importance of business tourism in your area. Alternatively, you may be able to access this information from their website.
Outcome 3 – Activity 3

Which of the following people do you think are tourists?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>A wealthy American heiress on a month-long trip to visit relatives in Scotland.</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>A class of Dumfries schoolchildren on a day trip to Dynamic Earth in Edinburgh.</td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>A Dundee family going down to Blackpool for their annual summer holiday fortnight.</td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>A student from St Andrews going to Glenshee for a day’s skiing.</td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>An Italian teenager spending the summer in Bournemouth to learn the English language.</td>
<td></td>
</tr>
<tr>
<td>f</td>
<td>A Glasgow businessman spending a weekend break at the Royal Station Hotel in York.</td>
<td></td>
</tr>
<tr>
<td>g</td>
<td>A couple from South Queensferry spending a week at their parents’ home in Bristol.</td>
<td></td>
</tr>
<tr>
<td>h</td>
<td>A Madeiran businessman over in Britain for a month trying to obtain new orders for Madeira wine.</td>
<td></td>
</tr>
<tr>
<td>i</td>
<td>Your friend or relative coming to stay with you over the Christmas holiday period.</td>
<td></td>
</tr>
</tbody>
</table>
Outcome 3 – Activity 3 – Model Answer

Which of the following people do you think are tourists?

<table>
<thead>
<tr>
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<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>A wealthy American heiress on a month-long trip to visit relatives in Scotland.</td>
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<td></td>
</tr>
<tr>
<td>i.</td>
<td>Your friend or relative coming to stay with you over the Christmas holiday period.</td>
<td></td>
</tr>
</tbody>
</table>

Depending on the definition used, all of these could be classified as tourists! Discuss this with students. Decide which definition you will use and answer based on that definition.
Outcome 3 – Activity 4

Refer to the list of tourists and day trippers in Activity 3 and tick the details which apply to each one in the correct box below.

<table>
<thead>
<tr>
<th>Area of origin</th>
<th>Length of stay</th>
<th>Purpose of visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside region</td>
<td>Overseas</td>
<td>Day tripper</td>
</tr>
<tr>
<td>a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Outcome 3 – Activity 4 – Model answer

Refer to the list of tourists and day trippers in Activity 3 and tick the details which apply to each one in the correct box below.

<table>
<thead>
<tr>
<th>Area of origin</th>
<th>Length of stay</th>
<th>Purpose of visit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outside region</td>
<td>Overseas Day tripper Tourist Leisure VFR Business</td>
</tr>
<tr>
<td>a.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>b.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>c.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>d.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>e.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>f.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>g.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>h.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>i.</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Outcome 3 – Activity 5

Look at the nine tourists described in Activity 3 and, from a British point of view, say whether each one is an outbound, inbound or domestic tourist.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td></td>
</tr>
<tr>
<td>d.</td>
<td></td>
</tr>
<tr>
<td>e.</td>
<td></td>
</tr>
<tr>
<td>f.</td>
<td></td>
</tr>
<tr>
<td>g.</td>
<td></td>
</tr>
<tr>
<td>h.</td>
<td></td>
</tr>
<tr>
<td>i.</td>
<td></td>
</tr>
</tbody>
</table>

What is the tourism-generating country of the international tourists in the above list?
Outcome 3 – Revision

<table>
<thead>
<tr>
<th>TRUE</th>
<th>FALSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. There are several definitions of the word ‘tourist’</td>
<td></td>
</tr>
<tr>
<td>b. There are some definitions of the word ‘tourist’ which exclude certain visitor types.</td>
<td></td>
</tr>
<tr>
<td>c. We need to know the differences between tourists in order to decide where they ought to visit.</td>
<td></td>
</tr>
<tr>
<td>d. There is always a distance element in any definition of tourism.</td>
<td></td>
</tr>
<tr>
<td>e. Domestic visitors are those who stay in family homes.</td>
<td></td>
</tr>
<tr>
<td>f. Visitors to Scotland from the UK are called domestic visitors.</td>
<td></td>
</tr>
<tr>
<td>g. Tourists can be classified according to place of residence.</td>
<td></td>
</tr>
</tbody>
</table>

VFR is a term that is often used in tourism. Does it describe visitors who are:

1. Visiting festivals and restaurants.
2. Vanuatan and Fijian residents.
3. Visiting friends and relatives.
4. Visiting friendly resorts.

Go back to handout 1 – More definitions, and, working with a friend, test each other to see how many definitions you can remember. Write out the ones you have difficulty with and say them out loud in order to commit them to memory.
Outcome 3 – Activity 6

Interaction and interdependence

Working with a partner or in a small group, discuss the ways in which the various sectors of the tourism industry interact with each other. Come up with examples of this interaction and write them in the space below.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
Integration

Integration is an economic concept used to describe formal linking arrangements between one organisation and another.

The travel and tourism industry is characterised by its fragmented nature and the large number of small organisations in the three main sectors. Opportunities therefore exist for integration. Forms of integration vary from straight takeovers or buyouts, through corporate mergers, to the more predominant joint management or consortium agreements.

In the space below, list what you see as the benefits of such arrangements.

The benefits of integration are:

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________
Outcome 3 – Activity 8

Integration

Check out the websites of the big four tour operators and draw up a list of all the brand names which each company includes.

Thomson:

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________

Thomson Cook:

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________
Outcome 3 – Handout 1

More definitions

We have already noted that it is important to clearly define terms used so that we can gather statistics and identify trends within the industry, e.g. growth in demand for cruising. We can’t study trends if we don’t have agreed definitions, because we don’t know who to include in statistics and who not to include.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist trip</td>
<td>A stay of one or more nights away from home for holidays, visits to friends or relatives, business/conference trips or any other purposes except such activities as boarding education or semi-permanent employment.</td>
</tr>
<tr>
<td>Tourist nights</td>
<td>Nights spent away from home using any type of accommodation, or in transit, on a trip (as above).</td>
</tr>
<tr>
<td>Tourist expenditure</td>
<td>Spending incurred while away from home on a tourist trip and on advance payments for such items as fares and accommodation.</td>
</tr>
<tr>
<td>Leisure day visit</td>
<td>A trip made from home for leisure activities, not involving an overnight stay.</td>
</tr>
</tbody>
</table>

These are the definitions used by VisitScotland.
The Chain of Distribution (1)

The Chain of Distribution is a model that can be used to show how a tourism product or service is distributed from its ‘manufacturing’ source to its eventual customer. The model illustrates the core sectors in the travel and tourism industry.

Note the ‘middlemen’ (sometimes called intermediaries). Traditionally in any distribution process there are middlemen. They buy the product and sell it to others in the chain. For example, an air broker buys blocks of air seats from both charter and scheduled airlines, then resells them to either tour operators or travel agents. It is also quite possible to buy components of a tourism trip directly from producers. With international travel this has tended not to happen because the distribution channels between the suppliers of tourism products and their potential customers have been imperfect. However, with the arrival of the internet, this is now changing, with more and more customers being willing and able to put together their own ‘package’ to suit their particular needs. However, the middlemen are still widely used and provide a good channel of distribution. It could, therefore be said that they make markets by bringing buyers and sellers together.

Generally, the tour operator (the wholesaler in the tourism industry), takes on the bulk of this work. Tour operators buy or reserve in bulk; i.e. accommodation, transportation and other necessary services. These are then combined into packages. The components of the package are secured at a discount so that the price of the end product is usually much lower than if the consumer has assembled a package him/herself. The final product is known technically as an inclusive tour, but is more commonly called a package tour.

Packages are then sold either directly to the consumer or through a retailer, i.e. the travel agent. Travel agents make the bulk of their money through commissions received from principals for selling package tours and airline tickets. An agent may also offer travel-related services such as insurance and foreign exchange.
In addition to the traditional package tour where the elements of the package are preassembled and sold as standard, it is also possible for travel agents to put together tailor-made packages for customers with specific needs. Now referred to as **dynamic packaging** this option is growing in popularity, and claims to offer value for money for customers as well as enhanced margins for agents.

Producers are not obliged to sell their products through the chain – they can also sell direct to the consumer. Independent travellers put their own itinerary together by buying components direct from producers or from retail agents. It is common in domestic tourism for consumers to purchase tour components directly because they usually have good product knowledge and ready access to a telephone to make reservations. However, the most common way of distributing foreign holiday travel in the UK is through inclusive tours packaged by tour operators and sold by travel agents.
The benefits of integration

Integration enables:

• economies of scale (savings achieved through spreading costs over an increased number of units)

• growth of the market through increased market share while at the same time reducing competition

• reduced competition

• greater negotiating and buying power when dealing with suppliers

• more funding for marketing

• increase in sales volume, hence larger turnover, hence more cash available for re-investment, hence larger profits

• marketing-orientated companies to meet consumer needs; in travel and tourism, particularly, the consumer perceives a total product (as seen in the package holiday) rather than individual sectors.
Outcome 3 – Handout 4

The Chain of Distribution (2)

At the top of the structure, we have the producers. These are the businesses which provide the components of a holiday (a means of getting to the destination, somewhere to stay, or things to do once there). Another name for producers which you might see used is principals. We look at each of these in more detail in Outcome 2.

Many small- and medium-sized specialist operators appoint handling agents in destination countries. The role of the handling agent is very important in providing contacts with hoteliers and others involved in tourism at the destination, e.g. airport officials, local police and other authorities. The ground-handling arrangements provided by the agent, e.g. coach-hire services, airport representation, office facilities and handling of official paperwork in cases of emergency, are all vital services to the operator who is looking to establish a smooth-running operation. In this way the agent is acting as an ancillary supplier.

The role of handling agent can be extended to include his or her own inclusive tours in the destination country, i.e. accommodation, coaching and guide services are all sometimes supplied by the agent. Where this happens, the handling agent becomes an incoming tour operator. In Scotland, the main incoming tour operators are based in Edinburgh, although there are many smaller companies based in towns such as Inverness.

We can see in the diagram that within the industry there is a wide variety of facilitating and support services, sometimes referred to as peripheral sectors. They can be publicly or privately owned and run, and exist to serve the needs of companies working within the travel and tourism industry, as well as companies working in other industries.
Outcome 3 – Handout 5

Examples of vertical integration

A good example of a vertically integrated firm is *Thomson* (now part of TUI UK), which has been the biggest operator in the UK for a long time.

\[
\text{Thomsonfly (formerly Britannia) (Producer)} \\
\uparrow \\
\text{THOMSON HOLIDAYS (Wholesaler)} \\
\downarrow \\
\text{Thomson (formerly Lunn Poly) (Retailer)}
\]

This is a simplified picture of the real situation, because Thomson own many more holiday companies and have several retail travel agency chains. However, you can see how the company bought backwards in the chain through its acquisition of *Britannia Airways* (now rebranded as Thomsonfly) and bought forward with the takeover of *Lunn Poly*, the holiday shop chain (now rebranded as Thomson). So vertical integration occurs when one organisation in the chain merges with or takes over another lower or higher in the chain than itself. Sometimes, this is referred to as buying backwards or buying forwards in the chain and the aim is to ensure:

- the continuation of supply (buying backwards)
- and product distribution (buying forwards).

In this case *Thomson Holidays* is exerting control at all levels of the chain of distribution by ensuring a continuous supply of air seats and a nationwide network of outlets for its product.
Outcome 3 – Handout 6

Examples of horizontal integration

Horizontal integration might happen when two companies offering competitive products merge either voluntarily or as a result of a takeover. For example the retail travel sector has become increasingly concentrated amongst a handful of multi-branch chains or ‘multiples’. Known as the ‘big four’ these chains dominate the industry:

1. Thomson
2. Thomas Cook
3. First Choice
4. MyTravel

Most have grown through horizontal integration. For example, Thomas Cook includes the former branches of A T Mays and Carlson WorldChoice.

While a walk down your local high street or a flick through holiday brochures still throws up a myriad of company names and branded offerings, in reality a vast number of these apparent independents are now held by the industry’s big four. Together they control around 80% of the market and this has led to some concerns about consumers having little choice.

Activity

Go to the Travel Trade Gazette website to find out the latest developments within the travel sector. Try to identify some current examples of integration.
Outcome 3 – Handout 7

Complementary integration, as it is sometimes called, occurs for equivalent reasons, i.e. to achieve marketing and distribution advantage. An airline might buy or become associated with hotels in cities which it serves in order to ensure that customers have accommodation available to reinforce their flight-purchasing decision. Any sector of the tourism industry may initiate such moves: for example, the Walt Disney Company operates hotels and ground transportation services in the vicinities of its various theme parks.

The consortium

You should also note that integration does not always involve a change of ownership, e.g. the marketing consortium. BestWestern is an example in which a group of independent hoteliers have come together to gain economies of scale in advertising and brochure production. In addition, their purchasing power has been increased through the opportunity to engage in bulk buying. Leading Hotels of the World is another example. In the visitor attractions sector a Scottish example of a marketing consortium would be The Great Houses of Scotland. See their website – www.great-houses-scotland.co.uk.

Another type of consortium is the franchise. This is the licencing agreement whereby the parent company grants another firm the right to sell its product and use its brand. In the hospitality sector, many fast-food outlets are franchises, e.g. KFC. Around 70% of McDonalds are franchises, operated by independent businessmen and women.

Diversification

Taking integration a stage further, there are organisations whose interest extends beyond the travel and tourism industry. These are companies that are spreading their risks or have funds available for diversification investment.

Enterprises within the travel and tourism industry are unlikely to diversify into non-tourist areas because they are generally small and do
not have the assets. Whereas we frequently find diversification into the tourism industry from non-tourist industries.

This is caused by the lack of barriers to entry, perceptions of industry growth and the pleasures and ease of operating in travel and tourism. Many major travel and tourism enterprises, such as American Express, Ladbroke plc or Sheraton developed from inward diversification.

In Scotland, we have the example of a brewery, Scottish Courage, diversifying through the purchase of Center Parcs Holiday Centres in England, Holland, Belgium and France.

The Rank Organisation has interests in:

• film and television – Odeon Cinemas and Pinewood Studios
• tourism – Butlins, Haven, Warner and Oasis (holiday centres) and Shearings (coach holidays)
• leisure – nightclubs and amusement centres including Top Rank, Mecca and Hard Rock Cafes.

Globalisation and internationalisation

Corresponding to the increasing tendency towards diversification and integration, the travel and tourism industry is also experiencing rapid internationalisation of ownership. This development has been accelerated by the process of harmonisation within the European Union. For example, Thomas Cook, probably the most famous name in UK travel and tourism is owned by the German conglomerate Preussag, which also owns the German market leader in travel and tourism (TUI or Touristik Union International). Carlson, the UK travel conglomerate, also has a major stake in Thomas Cook. Other Carlson brands in Europe include Radisson Hotels, Radisson Seven Seas Cruises, TGI Fridays and the business travel chain Carlson Wagonlit.

Globalisation is most evident in the airline and hotel sectors. British Airways, for example, has embarked on a globalisation strategy through alliances with a number of the world’s airlines, including American Airlines and Qantas. The world’s major airlines have established computerised reservation systems which can sell not only airline tickets but also hotel reservations, car rental, travel insurance and holiday packages. These systems, e.g. Galileo, Sabre, Worldspan and Amadeus have assisted multinationals in the globalisation of their operations.
Outcome 3 – Revision

1. What are the three main components of the travel and tourism industry?

2. On a separate sheet, draw a diagram which illustrates the structure of the travel and tourism industry.

3. Draw a chain of distribution for the travel and tourism industry and explain what it illustrates.

4. Explain what is meant by vertical and horizontal integration and explain the benefits of businesses using examples known to you.
   (a) Vertical integration
      
      
      
   (b) Horizontal integration
      
      
      
5. Explain what is meant by diversification, internationalisation and globalisation within the travel and tourism industry using examples known to you.
6. Define each of the following:

Tourist:

___________________________________________________________________________

___________________________________________________________________________

Tourist trip:

___________________________________________________________________________

___________________________________________________________________________

Tourist night:

___________________________________________________________________________

___________________________________________________________________________

Leisure day visit:

___________________________________________________________________________

___________________________________________________________________________

Tourist expenditure:

___________________________________________________________________________

___________________________________________________________________________

Excursionist:

___________________________________________________________________________

___________________________________________________________________________

Handling agent:

___________________________________________________________________________

___________________________________________________________________________

Incentive travel:

___________________________________________________________________________