

Prospering in Economically Challenging Times, Part II

Challenges and suggestions for tour operators

by Dr. Peter E. Tarlow

IN THE LAST ISSUE OF *Courier*, we examined the challenges facing tour suppliers in a down economy. Certainly much of what was said concerning suppliers such as hotels, restaurants, transportation systems and attractions also is true for tour operators. In fact, as an operator, you may have an even more difficult challenge in that you must package a group of businesses and services, and you only have secondary control over the suppliers whose actions impact the quality of your final product.

You also face another challenge. In a down market, restaurants and even hotels can try to increase their business by turning toward the local population base for new customers. Tour operators, however, traditionally have been dependent on people's willingness to spend disposable income on travel. You then face the same challenges that suppliers do, but only more so. Furthermore, due to the potential for terrorism and increased crime, you must take extra precautions to assure the security and safety of your travelers.

To add to the challenge, you do not operate in only one city. The nature of your business is such that you must establish multiple business partnerships over a wide and diverse geographic area.

In this second part of our three-part series, I will address some of the challenges that tour operators face in the current economy, and I will provide several suggestions. I want to emphasize that there is no

one suggestion that will fit all tour operators, and that in a business as highly competitive and diverse as packaged travel, there are always a number of non-measurables and intangibles. (Continued on page 19)

Itinerary

Transportation

Accommodation

Food and Beverage

Attractions

Merchandise

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>>Offer good quality at reasonable prices. Even in the worst of times, there are people who make money and people who spend money. The trick is to think more about the other than about the “me.” Tour operators provide a service. Make sure that the services that you provide are the ones that your customers may want.

>>Expect baby boomers to panic. This is a generation of people who will be facing a potential economic shortfall for the first time in their lives. Provide a wide range of services for them.

>>Assess what you are really selling. Take the time to ask yourself why anyone would purchase your product. Then ask yourself hard questions such as “How can I expand my clientele?” “Who am I not attracting and why not?” “How can I change my clientele’s demographic make-up?” and “What attractions should I be promoting that I have not promoted in the past?”

>>Lower your costs by going local. Create tours that educate and excite people about an area within a 200-mile radius of your city. While a lower cost tour may produce less revenue than an expensive tour, some revenue is better than no revenue at all. Remember that 50 percent of a hundred is better than 100 percent of zero.

>>Think free! The more freebies you offer, the happier your clients will be. Freebies do not have to be expensive, but they do need to be tangible. People tend not to connect the cost of the gift with the good feeling of receiving something free.

>>A smile and out-of-your-way kindness are worth a million dollars. There is no more important time to improve your customer service. Make sure that your employees understand that their jobs are not only dependent on the economy but on the way that they whole team reacts to the economy. When the economy is down, be psychologically up!

>>Be creative in your advertising and marketing. While it is important

to have an updated Web site and well-written materials, there are all sorts of creative ways you can market your company. Find ways to partner with universities, schools and even with medical centers. Look at all of the various tourism niches and tailor tours to those niches.

>>Do not sign contracts that you may not be able to fulfill. This is the time to do short-term planning, unless you are very sure of your market. If you are taking a risk on a long-term contract, then make sure that there are plenty of escape clauses. While you never want to panic, prudence is a virtue, especially in a tough economy.

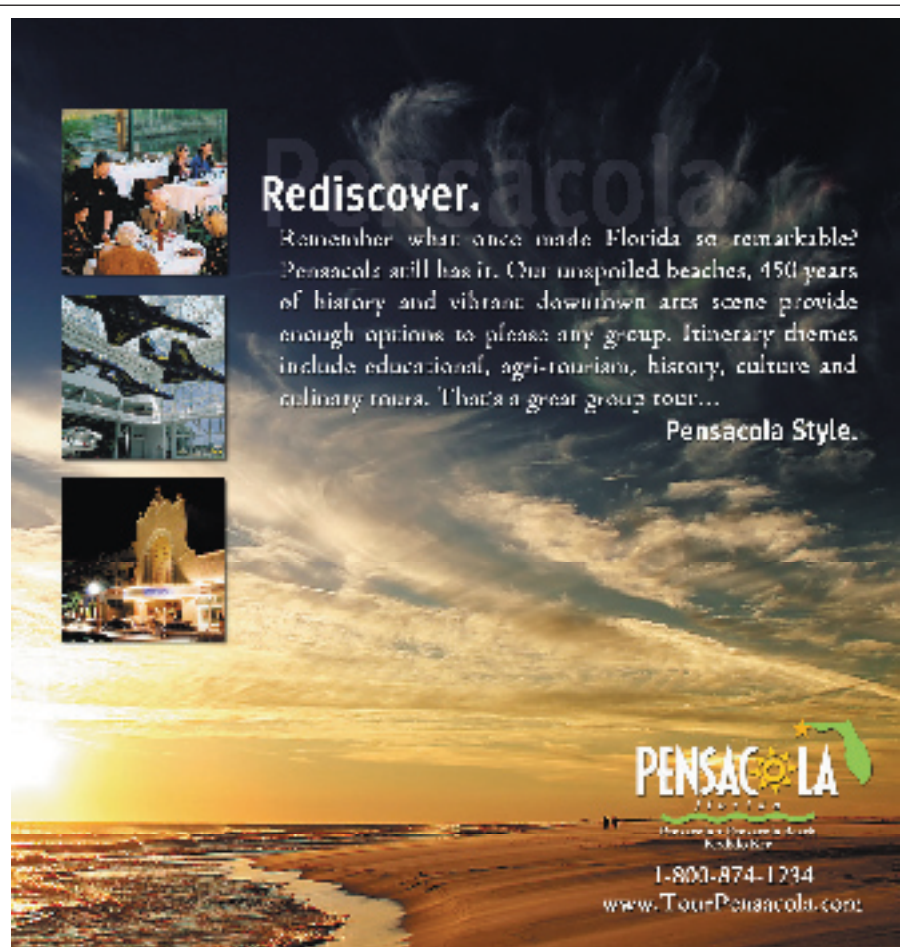
>>Remember that suppliers need you. Do not be afraid to negotiate.

>>Read, read and read. In these trying times, the economic picture will change rapidly and often. Do not depend on any one source for information. Learn about the current situation from as many different sources as possible. Then, apply your own

common sense to the picture.

Tour operators, you cannot afford to forget that your businesses are first and foremost about providing people with a sense of *joie de vivre*. No one can guarantee that the economy will rebound in 2009. In fact, it may continue to worsen. But, while none of us can control the economy, we do have control over the way we handle and present ourselves. Tourism is about creating positive experiences and memories. Create those experiences and, even in a tough year, your customers will not only find you, but they will recommend you to others.

Dr. Peter E. Tarlow is the president of Tourism & More Inc. and specializes in tourism economics, marketing and security. He will be a featured speaker at the 2009 NTA Tour Operator Spring Meet in Monterey, California, June 4-6. Visit him on the Web at www.tourismandmore.com.



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