

Title:

Understanding UK Travel Industry

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1200

Summary:

Are you confused? Do you know the difference between a travel agent, a tour operator and a consolidator. Do you know who is offering the best deals? Is free insurance and 20% discount better than 50% discount?

Keywords:

uk tour operators , uk travel industry , cheap flights worldwide

Article Body:

"50% Discount!"

"Cut out the middle man"

"Its cheaper on the web!"

"Free Insurance for a year!"

"Book direct and save!"

"No Booking Fee!"

Are you confused? Do you know the difference between a travel agent, a tour operator and a consolidator. Do you know who is offering the best deals? Is free insurance and 20% discount better than 50% discount? The UK travel industry is a minefield and mine detectors are nowhere to be seen.'Understanding UK Travel Industry' is our attempt to unravel some of the confusion and advise you on the way. We don't pretend to be unbiased and we acknowledge that our opinion doesn't necessarily reflect the opinion of others in the business, but we do try to be honest and give the facts as we see them. Hopefully you will find the pages useful.

## TOUR OPERATORS

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Tour Operators put together the various elements of a typical holiday and sell them as package holidays. They sell their packages either direct to the public and/or through travel agents. The cost of a holiday can vary greatly between tour operators (see examples). If they sell through travel agents, they pay a commission (usually a percentage of the holiday price) to the agent. Most people are familiar with the large tour operators such as Airtours, Thomson and JMC. Such tour operators offer a vast range of holidays and a vast range of

destinations, and their buying power ensures reasonable prices. However, never forget that there are thousands of other tour operators out there. Many are small operators, specialising in specific markets or specific destinations. and their prices can be very competitive. Tour Operators come in for a lot of criticism from consumer groups and watchdogs. Whilst, there are, of course, very good operators and very poor operators, we believe that in general, customer service in the travel industry leaves a lot to be desired (at all levels, including operator to agent, agent to the consumer and operator to consumer).

## Direct Sell

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Some tour operators will only sell their package holidays direct to the consumer, bypassing the travel agent. Other will sell through travel agents and also direct to the consumer and others sell only through travel agents. "Is it not cheaper to buy direct then?", you may ask. The answer is "well, perhaps sometime, if ... and but...". Let us explain... First we need to clear up a misconception which has evolved from a deplorable series of TV advertisements. These advertisements were designed to discredit travel agents. One in particular, indicated that travel agents ADDED commission to tour operators' prices and therefore charged the client MORE than the quoted prices. This is totally inaccurate and resulted in complaints to the ITC (Independent Television Commission), which were upheld. The ITC also required the broadcaster to cease further transmission of the advertisement in its current form. The truth is, clients booking through travel agents do NOT pay more than the operator's quoted prices. In many cases, they actually pay less than the operator's quoted price because travel agents often give some of their commission back to the client as a discount. Further details and the ITC's ruling is available here. Right, that's that out of the way - back to the question and the answer... Generally, there is little advantage buying direct from a tour operator who also sells through travel agents. The tour operators do not want to alienate the travel agents and consequently, you can usually get similar prices from both travel agents and 'direct'. Tour operators who only sell direct to the public can offer good value. They don't pay commission to travel agents which should allow them to sell holidays a little cheaper than if they did. However, bear in mind that:

- \* the tour operator has the extra cost of supporting the client that would traditionally be borne by the travel agent (resort and accommodation information, visa and health requirements, changes to bookings etc).

- \* there could well be identical (or very similar holidays) available cheaper with other tour operators, but of course, the direct sell operator will not be offering competitors products to the client, unlike a good independent travel agent would. Equally there could be more suitable holidays available with other

tour operators. Our advice: - only buy from a 'direct sell' operator if you are absolutely sure exactly which holiday you want and that no other operator does it cheaper.

## TRAVEL AGENTS

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Travel Agents are agents for tour operators. Generally, they sell package holidays (and other products/services) on behalf of the tour operator and are paid a commission or fee by the tour operator for doing so. In addition to package holidays, most travel agents will offer other products and services such as:

- \* Travel Insurance
- \* Flights
- \* Car Hire
- \* Ferry Crossing
- \* Train Tickets
- \* Advice and information

## Independence

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Many of the large UK chains of High Street travel agents actually belong to companies that also own the UK's major tour operators. We class these as 'non-independent'. Independent travel agents are those that are independent of their suppliers, and usually, therefore, have greater freedom to supply a wider range of products from a wider range of tour operators. In our view, non-independent travel agents will always have great difficulty in offering a totally unbiased service to their clients.

## Range of Products/Services

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The range of products/services offered varies from travel agent to travel agent. In particular, the number of tour operators supported by agents varies considerably. Most 'High Street' travel agents will actively promote and sell only certain tour operators' holidays. Their 'racking policies' dictate which brochures they will display in their shops and this is generally determined by commercial agreements with tour operators. Basically, the more commission the operator pays, the better chance of their brochures being racked. Further, if a travel agent is non-independent, this can greatly influence which tour operators are promoted. These policies limit the number of tour operators that are actively promoted by sales staff. Holidays from many operators are not sold at all. At Holiday Bargains, we are often asked by our clients, " Well why did Lunn Poly not offer me that one?" (for "Lunn Poly", you can also read other 'High Street'

travel agents). The difference is that we do not operate a 'racking policy' and we will not restrict our range of suppliers based on the commission that they pay. more Coincidentally, at the time of writing this document, one of our Holiday Bargains consultants has had an enquiry from an employee of a major 'High Street' travel agent, who was, apparently, unable to find the holiday she required at the same price as we could get. (We found the holiday with a smaller operator which isn't part of the same group as the travel agent).

#### Choosing a Travel Agent

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(Yes, its obvious what's coming, but we passionately believe it..) Our advice is to always book through an independent travel agent. This will not guarantee excellent service and prices, nor will booking with a non-independent agent guarantee poor service and prices. However, we believe that you will be more likely to get:

- \* truly independent advice and guidance
- \* an agent with the freedom to use a wide range of tour operators and other suppliers.