



LESSON 9: Q&A

Q&A FOR THE LESSON FROM THE PREVIOUS WEEK



Q&A FOR LESSON 9

- What are the different ways tour operators can apply discount promotions?
- What is disguised pricing?
- What is visible pricing?
- What is fluid pricing?
- What are critical success factors?
- What are some of the benefits of a good relationship between the hotel and tour operators?
- Why do some tour operators consolidate?



Unit 10: Tour Operations Management

CLASS 10 TOPICS

- **Crisis management and contingency planning:**

Response to unforeseen external factors e.g. terrorism, political and civil unrest, natural and man-made disasters, changes in economies and currency fluctuations



CRISIS MANAGEMENT



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- Crisis management is defined as a series of steps performed by an organization to deal with a catastrophic event. A crisis disrupts business operations, threatens to harm people, damages your reputation, and negatively impacts your finances.



CONTINGENCY PLANNING



CONTINGENCY PLANNING

- A contingency plan is a course of action designed to help an organization respond effectively to a significant future event or situation that may or may not happen.
- A contingency plan is sometimes referred to as "Plan B," because it can be also used as an alternative for action if expected results fail to materialize. Contingency planning is a component of business continuity, disaster recovery and risk management.



Travel Risk and Crisis Management for Tour Operators



Travel Risk and Crisis Management for Tour Operators

Tour operators who fail to meet their Duty of Care requirements to travelers – disclosing potential hazards and providing reasonable support during emergencies – face significant liability. When something goes wrong on a trip, tour operators and their owners, employees and third-party providers are often sued. Many businesses are not able to survive the aftermath. Lawsuits of this nature are on the rise and awards are frequently worth millions of dollars.

From 9/11 to swine flu, from the volcanic ash cloud to the Egypt revolution, for years tour operators have been sorting out the travel messes that such crises leave in their wake.



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SITUATION:

In 2007, a teenager on a school-sponsored trip to China fell ill with an insect-borne disease that was contracted on a hike. She permanently lost her ability to speak, many of her fine motor skills and some of her cognitive capacity. After years of litigation, a jury in 2013 awarded the family \$41.7 million because the trip leaders failed to:

- 1) warn that the students would be hiking in an area where insect-borne diseases were prevalent;
- 2) advise the students to use repellent and wear proper clothing when hiking;
- 3) recognize the early symptoms of the disease and take action; and because
- 4) they did not have proper protocols in place for handling medical emergencies.



CASE STUDY: TravCorp

TravCorp, like many tour operators, has a crisis management team it puts into place to handle the large volume of calls required when disaster strikes. With Hurricane Sandy, the company had done so two days in advance, anticipating the storm's impact.

The Globus Family of Brands calls it their "Incident Response Team," comprising of senior-level employees representing every facet of the company, from the president to call center staff, explained Steve Born, vice president of marketing for Globus.

"Over the years, we've put this process into practice many times," noted Born. And, he added, "We've learned some key things along the way."

Some of the keys to managing a crisis, he said, are communication (between everyone involved: the company, the ground operator, the tour guides, the travel agent, the client, etc.); the ability to act quickly and efficiently in a fluid situation; and having some pre-established decision guidelines.

If an incident is particularly large or complex, Globus has a team specially dedicated to the incident and creates a hotline that goes straight to that team. In some cases, tour operators have to employ additional staffing so as not to cause any disruptions to their regular business operations.



Travel Risk and Crisis Management for Tour Operators

PLAN OF ACTION

At Trafalgar, when a crisis or potential crisis occurs, the staff follows an incident management manual that outlines step-by-step actions for everyone in the company in the event of an incident, Wiseman said.

The company also calls for a “communications teams” to be formed in each country in which it operates. Trafalgar has 12 offices throughout the world.

Travel agents are contacted first. “We identify which customers are affected and who their agents are,” Wiseman said. “We communicate first with the specific agent and agency, by phone and then email, and secondly with the consortium heads.”



Travel Risk and Crisis Management for Tour Operators

DEFINED ROLES

The Globus Family of Brands has “incident response teams” in each of its 32 offices worldwide, said Steve Born, vice president of marketing.

Team members have defined roles so that “when an issue occurs, it takes off the table any indecision on who's doing what or how to get a hold of people,” Born said.

“Having that in place makes such a difference; there's no need to re-invent the wheel every time something happens.”

A designated “incident manager” at the Globus operations office closest to the situation decides whether to re-route clients, change an itinerary or cut short a trip.

Globus' policy is to notify clients' agents first. However, Born said, “often, sometimes within the same day, we need and want to communicate to the customer; it could be something of urgency.

“If we can't get in touch with the agent, then we'll inform the agent we're contacting their client directly and then follow-up with the agent.”



Travel Risk and Crisis Management for Tour Operators

THE ALL-IMPORTANT AGENT

At General Tours World Traveler, the communications policy is also agent first, said Robert Drumm, president. “The agent is the representative of that customer, and their position is all-important.

Still, depending on the nature of the situation and the need for speed, the company may need to contact clients directly.

A “conciierge” in General Tours’ U.S. office is responsible for dealing with crises, and the firm’s five overseas offices are the “key point of contact,” Drumm said. Decisions on how to handle an incident are collaborative between the conciierge and top management.

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FACTORS AFFECTING TRAVEL

- ▶ Terrorism
- ▶ Political And Civil Unrest
- ▶ Natural And Man-made Disasters
- ▶ Changes In Economies
- ▶ Currency Fluctuations