

hands. Customers are, as a result, more likely to make positive purchase decisions. Such face-to-face sales attract what can be regarded as premium prices, which are not reduced by online discounts.

Brochures are free to take away, and customers need to feel that they are able to just walk in to a travel shop and find what they want. Nevertheless, good customer service means that, while callers are allowed such freedom, travel advisors must still be welcoming, checking if there is any further assistance that can be given. Has the customer, for example, been able to collect the brochure s/he wanted? Importantly, so far as the company is concerned, has the customer collected the MyTravel/Thomas Cook brand equivalent brochure? It is also crucial that the potential purchaser of a holiday can act with ease, for example that s/he can easily contact the shop or feel that his/her return visit to make a booking would be welcomed.

Finance/funding

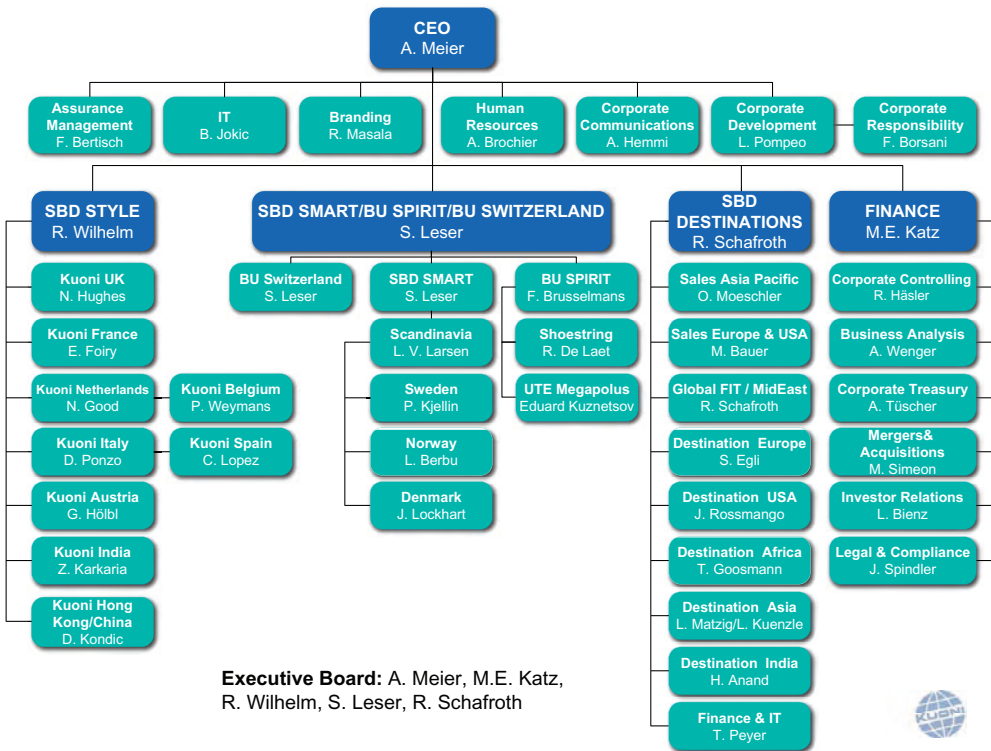
Going Places is part of the Thomas Cook Group, a large transnational (multinational) travel corporation. Thomas Cook is a commercial sector venture whose capital base is provided by its investors. KarstadtQuelle, a German retail company, is the principal and majority shareholder with a 52% holding in 2007, when the company as a whole had a capital value of £2.7 billion. Other major shareholders include financial institutions such as the UK's Standard Life and Legal & General.

The expectation of shareholders is that the group as a whole, and constituent businesses within it, will operate at a profit so that dividends can be paid to shareholders and investments made for the future development of the business. In retail travel, however, profitable operations all year round cannot be relied upon, with losses occurring at certain times of the year since demand is low.

Going Places is part of MyTravel, which, along with Thomas Cook,



*Figure 1.3
– Going Places
is now part of
the Thomas
Cook Group*



Executive Board: A. Meier, M.E. Katz, R. Wilhelm, S. Leser, R. Schafroth

Figure 3.3 – Kuoni’s organisational structure

Kuoni Group’s Executive Board consists of the Chief Executive Officer (CEO), Chief Finance Officer and the three SBD Heads. The CEO directly oversees the management of a range of corporate functions, including the branding and marketing department, which works on developing Kuoni’s range of brands in partnership with the SBDs.

The Style SBD includes those Kuoni Group operations that focus on high quality, premium holiday products. The Kuoni own-name brand and all the group’s other specialist brands are also in this division. The Kuoni UK business unit became part of the ‘Style’ SBD as a result of the 2007 restructuring.

‘Smart’ SBD is concerned with those Kuoni products that aim at the budget end of the market. This includes some brands not marketed in the UK, for example Apollo, Helvetic Tours, Reisen Netto and Kuoni’s two airlines, Edelweiss Air and Novair. The products of the ‘Smart’ division are currently

Ownership and finance

Kuoni UK is owned by Kuoni Travel Holdings Ltd, a transnational corporation with its headquarters in Zurich in Switzerland. Figure 3.3 on page 24 shows the Kuoni Group's organisational structure. Kuoni's global turnover in 2006 was over 4000 billion Swiss Francs. Leisure travel operations accounted for 80% of this, the remainder coming from its in-destination activities. The Group's turnover showed a 15% increase in the first half of 2007, when compared to the same period in 2006.



Figure 3.4 – the Kuoni logo

Marketing

Marketing is used to bring about the sale of Kuoni's products by blending product, price, place and promotion – the four ingredients in the marketing mix. The leisure travel products that account for 80% of Kuoni's turnover are promoted in the UK principally via its varied suite of brochures (see Figure 3.1) and its UK website www.kuoni.co.uk. In 2007, Kuoni UK's brochure front covers carried the statement "Voted by travel agents 'best long-haul tour operator' for 24 years". Together with the restrained design of these covers, this helped convey a subliminal marketing message of quality, rather than cheapness (see Figure 3.5).

Kuoni's marketing aims to attract customers from a wide spectrum of interest groups. Varying brochure



Figure 3.5 – The Kuoni weddings brochure

tours to match specific needs. A small car may be nippy and turn quickly while a large truck may need more time and space to change direction. In the same way, a small tour business can quickly adapt to the particular demands of a client whereas a larger one may have more standardised products, which are less easy to adapt just to satisfy one customer or one small group of customers.

Lowell and David are equal partners. Each has his clearly defined role in the business (see Figure 4.3). Lowell is based in Lynchpin's office in Portrush. He deals with bookings, in both directions – from customers and dealing with the suppliers of package elements, such as accommodation and transport. Lowell discusses the planning of their tour with the client, usually over the telephone or by e-mail and develops the itinerary accordingly. He takes the customer's booking and negotiates accommodation, transport and attractions visits with suppliers. To maintain the quality of the product, Lowell seeks to ensure, for example, that hotel rooms (double or twin, ground floor or not, shower or bath) match what he now knows about the group and that his preferred driver will be at the wheel of the coach.

Price is important and is an issue that Lowell must keep under constant review. Clearly he needs to arrange to pay suppliers an amount that means

Lynchpin Tours – an equal partnership	
Roles	
Tour Manager (David)	Tour Director (Lowell)
On the road	At base
<ul style="list-style-type: none"> • Greet clients • Escort tours • Negotiate late changes with suppliers, according to client needs 	<ul style="list-style-type: none"> • Design itineraries • Liaise with suppliers and clients • Take and make bookings

Figure 4.3 – The structure of Lynchpin Tours

age bracket who enjoy exploring new places and trying new activities. Ocean Village shore trips are themselves sub-branded 'Action Ashore', to help create an image that will appeal to the chosen market segment. Informality is the keynote of Ocean Village promotions. The restrictions found on conventional cruises, such as set meal times and strict dress codes, do not apply to Ocean Village cruises, so the 'wear what you want and eat when the mood takes you' message is emphasised at all times.

Ocean Village has adopted innovative approaches to promoting its brand. It is specifically targeting customers who do not normally buy its core product – a cruise holiday – and so, to grab their attention, it needs to stand out from the crowd. To back up the promotion of its 'for people who don't do cruises' strap line in media advertisements, Ocean Village accompanies direct home mailing of its brochure with a high production value promotional DVD. People seen in the DVD are firmly within the target age group and activities and relaxing spa facilities are strongly featured with an upbeat soundtrack.

Some 60% of Ocean Village customers have indeed been 'people who don't do cruises', in that their Ocean Village holiday was the first cruise

home holidays on the boat action ashore latest offers how to book already booked brochure

ocean
VILLAGE the cruise for people who don't do cruises

the cruise for
people who
don't do cruises

If the usual hotel break just doesn't float your boat any more and you're looking for something a bit different - an Ocean Village cruise could be the answer.

Whatever does it for you, chances are you'll be able to do it on one of our Caribbean or Mediterranean cruise holidays. For starters, with Ocean Village you won't find any of the stuffiness that goes with traditional cruises. Leave the UK behind and fly to the sun to join one of our cruise holidays – they are as action-packed or laid-back as you like and as dressed-down as you choose to make them. An Ocean Village cruise is as much about exploring ashore as being on board – perfect for trying things you've never done before.

See our new TV ad >

wint > order a brochure > sign up for special offers >

Book online and save 5%

Any Destination
January 2008
Any Duration
Any Airport
Or - enter holiday code

TravelMole Winner! Ocean Village Holidays

BRITISH TRAVEL AWARDS 2006 Winner!

Travel Agents 2006 Winner theguardian.com TheObserver

ALLIANCE 19764

TRAVEL MOLE

Figure 5.3 – The Ocean Village website

Issues to consider

1. Expedia intends to continue to grow as an online travel company.

CONSIDER: How continued expansion may be possible now that easy internet access is so widespread.

2. Expedia faces competition from other travel and tourism organisations.

CONSIDER: (a) the range of Expedia's online competitors in the UK market place; and (b) the degree of threat posed by organisations which are not online specialists.

3. Secure online booking arrangements and robust confidentiality arrangements are important in maintaining customer confidence in the internet as a means of buying travel and tourism products.

CONSIDER: What Expedia can do to persuade potential customers that its website is safe and secure.

4. Expedia has a wide product range, but is looking for ways to expand its portfolio.

CONSIDER: Possible expansion of the range of products and services available through the expedia.co.uk website.

5. The internet is becoming increasingly interactive.

CONSIDER: The opportunities that are likely to arise for Expedia as the internet becomes increasingly interactive.

4. The UK government provides a subsidy to Virgin Trains, as it does to other train operating companies (TOCs), to help them operate their services. The terms for repaying this money are part of the franchise agreement between VT and the Department for Transport.

CONSIDER: Whether the UK government should subsidise private companies like Virgin Trains to operate trains on the country's passenger rail network.

5. Railway tickets currently remain largely in paper form. Many airlines no longer issue paper tickets at all. The technology for selling electronic tickets, for example by text to mobile 'phone users with a bar code that can be read by automatic ticket barriers, is under development.

CONSIDER: How appropriate it would be for a TOC such as Virgin Trains to provide ticketless travel.

Discussion questions

(differentiated by level)

1. Compare the advantages and disadvantages for different customer types of using Virgin Trains West Coast Main Line rail services to those of other means of travelling between the north-west of England and a major London airport (Level 3/GCE AS).
2. Suggest how a train operator such as Virgin Trains can use 'place' to help market its products and services (Level 3/GCE A2).
3. How do the environmental impacts of rail, coach and air travel within the UK compare? (Level 3/GCE A2).
4. Assess the benefits to travel in the UK of the rail franchise system (Foundation Degree).