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## UNIT 28 LINKAGES IN THE TRADE

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### 28.0 OBJECTIVES

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After reading this Unit, you will be able to:

- know about the various constituents of the tourism industry which contribute in providing a total experience to the tourist,
- understand the interdependence of these constituents on each other,
- learn about the business relationships amongst these constituents,
- appreciate the need for joint promotion of the destination and the tourism products and services.

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### 28.1 INTRODUCTION

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This Unit takes into account the linkages within the tourism industry segments which are needed for the marketing of tourism products and services. You are already aware of the fact that for a tourist it is the total experience that matters. However, this total experience is dependent on the product and services produced and provided by various organisations and individuals. Inefficiency, bad quality or failure to provide the promised service by any one segment can have an adverse effect on the business of the other. Hence, it is essential that proper business relationships are established between the various constituents of the industry. The Unit starts with once again listing the different constituents of the tourism industry. It further demonstrates their interdependence, business relations and united efforts for promoting and positioning their products and services. Briefly, the Unit also mentions the linkages of tourism industry with other services and goods industries which have a bearing on tourism.

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### 28.2 CONSTITUENTS

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In Unit 5 of TS-2, you were familiarised with the various segments that constitute the tourism industry along with different tourism organisations. The ultimate tourism product is a package which includes:

- destination,
- transport,
- accommodation,
- food and beverages,
- entertainment, and
- shops and emporiums.

Along with these primary constituents, there are certain other aspects which form part of the tourists' experience at the destination and these include different types of services like :

- guides,
- escorts,
- facilitation at the entry points,
- ecology and environment,
- attitudes of the host population,
- health and hygiene conditions, and
- security, etc.

Today, a variety of other services also add value to the overall tourism products and these include:

- banking services (credit cards),
- insurance services (travel insurance), and
- postal and telecommunication services.

Keeping in view the above mentioned aspects, we can say that each of these has developed its own specialised areas of service to the tourists. For example, in the transport sector, we have airlines, railways, coaches, taxies and car rentals and in the accommodation sector we have different types of accommodation units ranging from star category hotels to paying guest accommodation. Similarly, in relation to food and beverages, we have restaurants catering to special types of cuisine, etc. Not only this among the intermediaries like travel agencies and tour operators, specialisations have emerged. Some tour operators specialise in the area of adventure tours, some in cultural tours or some in conventions. In spite of these specialisations, the various constituents of the tourism industry have to rely on each other and the nature of this relationship has a bearing on the marketing mix i.e. from product design to product delivery and promotion etc.

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### 28.3 INTERDEPENDENCE

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The constituents of the tourism industry are dependent on each other not only in terms of their business but also in relation to determining their marketing strategies. For example, a tour operator will be able to package a tour only with the help of accommodation sector, transport sector, destination attractions and guide or escort services etc. Hence, the service quality or design of the service has an impact on the product of the tour operator. In the same way if a destination is marketed for up-budget tourists, the airlines, in its product formulation, will introduce executive class in its services. We can go on adding such examples in relation to different types of tourism services. Hence, it becomes necessary for the provider of any one service in tourism to have a wider view of tourism and understand tourism services in totality. Very often enterprises fail because of their failure to adopt such an approach. A hotel might have developed its product very well and prepared itself to meet full occupancy during the season. But if the accessibility to the destination is affected by the breakdown of transport sector, the business of the hotel is bound to suffer. Thus, it is imperative that the marketing personnel of an organisation take into account the interdependence of the various constituents of the tourism industry while designing, developing and promoting their products.

The interdependence of the private and public sector has a major impact on tourism services. Condition of roads and airports, electricity and water supplies, law enforcement, etc. comes under the jurisdiction of the government or the public sector. Banks provide capital to tourism entrepreneurs for establishing their enterprises and credit card facilities to tourists. Insurance companies offer and provide insurance cover to all - transport operators, tourists, hotels, etc. The level and quality of these public utility services have a direct relationship with tourism development.

## 28.4 BUSINESS RELATIONS

The interdependent nature of the tourism products and services calls for well planned mutual business relationships amongst the providers of tourism services. Such business relationships have to be established not only with other constituents but at times also with those who are providing similar types of services which your own company is offering. This, in fact, is necessary for building your own image in the eyes of the customers. For example, take a situation when one of your regular customer fails to do advance booking in your accommodation unit. She arrives at your reception to get a room but your occupancy is full. You can not provide the customer with a room but at the same time you do not want to lose the customer for future visits. What do you do? Since you want to keep the goodwill of the customer, you can not just say no to the customer and ask her to look for another hotel. A better approach would be to politely explain the situation to the customer and then make efforts to get her a booking in another hotel unit. Here, you will have to contact other hotels. This will make an impression on the customer that you have cared for the customer who would remember this service. Many other examples can be cited in this regard. You are a tourist transport operator and you have a fleet of 10 coaches. You have got an order for a convention where 15 coaches are to be provided. Naturally, you will make up for these other 5 coaches by contacting other tourist transport operators in your area. In the same way, airlines also establish business relations with each other. If one airline is doing one sector and the other is doing another sector it would always be better that they link their arrival and departure timings so that the customers of one can be saved from the inconvenience of waiting besides both airlines doing good business.

Many a times, two or more constituents of the tourism industry establish business relationships to offer joint product or service. For example, the ITDC and Indian Airlines made arrangements that any LTC traveller who flies by Indian Airlines will be given 20% discount if he/she stays in an ITDC hotel.

Whether it is a question of deciding on commissions, offering discounts, negotiating discounts and commissions, deciding on the quality of services to be offered, etc. In all such situations, the interacting companies have to hold formal business relationships. This is also necessary to maintain business ethics.

## 28.5 JOINT PROMOTION

The interdependent nature of the tourism product and service makes joint promotion of the products and services of the various constituents a necessity. For example, Air India, in-bound tour operators and the various hotels pool their resources for promoting India as a destination in the tourist generating markets. The Department of Tourism, Government of India, provides the umbrella for such activities. The brochures prepared by the Department of Tourism are made available to tour operators and travel agencies etc. for promotion purposes. However, this does not mean that the individual producers of services should not carry their own efforts in this regard. They too have their own independent promotional strategies and plans. But wherever possible, joint promotion is carried out as it is beneficial to all.

There are occasions when two organisations who have entered into a business relationship go for joint promotion. This is not the case only at the macro level but even in micro level operations small business partners enter into such ventures. For example, when a small hotel unit establishes links with a taxi service, they both are not only interdependent in terms of the business they are procuring for each other but they also promote each other's services. Such examples can be multiplied by citing many other tourism operations.

In crisis situations, joint promotion is the only tool left for the tourism industry segments to save their business. One can cite here the example of the so-called plague epidemic in India which badly affected international tourist inflow into the country. It were the joint efforts of the tourist industry segments under the direction and guidance of the Department of Tourism that an attempt was made to do away with the misconceptions and fears about coming to India and a joint image building promotional campaign was launched. You are already aware about the conduct of fam tours (see Unit 18, Block-5) and the way the various tourism industry segments participate in them.

## 28.6 JOINT ACTION

Various constituents of the tourism industry are not only related to each other through interdependence, business relations or joint promotion but they also go in for joint actions. Such actions are initiated primarily to safeguard their own interests. Various associations like **IATO**, **TAAI**, **FHRAI**, **ADTOI**, etc. play a dominant role in this regard. Besides these associations at the national level the small players organise themselves at the local levels be it a region, city or a small destination. A variety of issues like tariffs, local taxes, local regulations, maintenance of public works, etc. are jointly taken up because they have a bearing on the business operations of each segment. Joint action is also useful to put social pressure in case any organisation adopts wrong practices or fails to honour agreements.

Of late, practically all the constituents of the tourism industry have realised the importance of HRD. In order to provide better quality of service to satisfy the customer's requirements, they have been jointly urging upon the Government to enhance the quality of professional and skilled manpower by introducing more professional courses.

### Check Your Progress

- 1) Give some examples of the interdependence of the various constituents of tourism industry in relation to procuring business.

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- 2) Why is it necessary to go for joint promotion ?

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- 3) Discuss the importance of joint action.

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## 28.7 LET US SUM UP

After familiarising you with various marketing concepts and operations, this Unit attempted to demonstrate the linkages among the various constituents of the tourism industry. The very nature of the tourism product establishes interdependence among the providers of different tourism products and services. This interdependence leads to the establishment of business relationships which very often culminates in taking up joint promotion and joint action. It must be noted here that no individual segment of the tourism industry can flourish in its business single handedly. No doubt, every organisation has its own mission statement, plans, policies and operations but in order to ensure efficiency, quality, timely response and customer satisfaction, establishing linkages is a necessity.

**28.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES****Check Your Progress**

- 1) The tour operator depends on the services of tourist transport operators, guides, escorts and hotels, etc.; the hotel depends on the services of the tour operator for business; the convention planners depend on the services of hotels and transport operators etc. Think of some other examples also and list them.
- 2) Read Sec.28.5 for your answer. Basically, it is the nature of the tourism product which not only is a combination of different services but is also meant to provide a total experience to the tourists. Moreover, to increase the inflow of tourists, joint promotion is a must.
- 3) Develop your answer after reading Sec. 28.6.

**SOME USEFUL BOOKS FOR THIS BLOCK**

M.A. Khan (ed.)	:	VNR's Encyclopedia of Hospitality and Tourism, New York, 1992.
Dharamrajan and Seth	:	Tourism in India, New Delhi, 1994.
Rob Davidson	:	Tourism, London, 1993.
Colin Michael Hall	:	Hallmark Tourist Events, London, 1992.

**ACTIVITIES FOR THIS BLOCK****Activity-1**

Visit the nearest travel agency and try to find out the business relations they have with a hotel.

**Activity-2**

Find out the types of alternative and supplementary accommodation units you have in your area.

**Activity-3**

See some programmes on the T.V. that promote tourist accommodation. Analyse their quality.

**Activity-4**

Collect newspaper advertisements of hotels and analyse the informations.