

CHAPTER II

LITERATURE REVIEW

2.1 Tour Planning

In management functions, every organization needs to do the planning in the stages of organization activities. Planning is a basic in the implementation of activities, because with the right planning the purpose of activities can be achieved.

According to Sutarno NS (2004, p.109) Planning can be defined as a calculation and determination about an activity that will be conducted in order to achieve the purposes, which concerns the place, by implementers and how to proceed to achieve it. Similar to Handoko (1998, p.77) Planning is the selection of activities and the next decision of what to do, when, how, and by whom.

Meanwhile, Siagian (1997, p.108) Planning as all of thinking process and maturely determination of the things that will be done in the future in order to achieve the intended purposes. Similar to Suandy (2001, p.2) Planning is the process of determining the purposes of the organization (company) and then present (articulate) the strategies clearly, tactics (procedures for the implementation of the program) and operations (actions) which required to achieve the purposes.

A planning consists of a series of activities and processes that undertaken to achieve a predetermined goal for the future better to managing and optimizing the potential or existing resources as good as possible.

In doing a tour, many things that need to be planned and prepared for person or group who will be travelling such as plan or determine the tourism object which will be visited, tourism attraction which will be witnessed, transportation, accommodation and others. According to Yoeti (1997), the basic components of tourism development in the planning process are:

1. Tourism attractions and activities.
2. Facilities of accommodation and services.

3. Other tourist facilities and services, such as: operation of tour travel, tourism information, restaurants, retail shopping, banks, money changers, medical care, public safety and postal services.
4. Transportation facilities and services.
5. Other infrastructure includes water supply, electricity, waste disposal and telecommunications.
6. Institutional elements which includes marketing programs, education and training, legislation and regulations, private sector investment policies, structural organization of private and public as well as economic social programs and environment.

Therefore, the organizer or tour operator should be making a tour plan or packing the tour in such a way so that be attractive and it can makes the consumers satisfied to see it.

In a tour planning concept, tour planner should pay attention to all aspects of tourism support, because tourism is an activity that taking place on the surface of the ground and involves all forms of natural elements, water, air, wild life in it, landscapes, forests, climate, river , sea, beach and others. In addition, in natural factors there are also other factors that man-made factors such as markets, cultures and the characteristics of the local community. In this case, not everyone can be a good planner. A planner must have extensive knowledge to produce a appropriate planning as it is to be achieved for a specific purpose.

There are three important factors which should be considered by tour planner in designing a tour package are something to see, something to do and something to buy (Yoeti, 1985). Something to see is related to tourism object and attraction, something to do is related to the tourist activity in that area and something to buy is related to souvenirs which is purchased in that tourism destination.

The importance of tour planning in tourism because it is used as a tour operator guidance, as a means to predict the possibility of unexpected things and alternative to solve it, as a means to direct the implementation of tourism so that it can achieve the goal, namely to realize effective and efficient tourism, and as a

measure of the success rate of tourist as supervision or evaluation efforts in order to provide feedback for the next implementation tourism.

From the explanation above, the writer concludes that tour planning is a process of making decision that is related to the tourism destination and attraction and as the implementation guidelines for a tour.

2.2 Tour Itinerary

Tour itinerary is required in a tour before tour operator make a tour package. Tour itinerary or tour program is an important document that contains the agreement between tourist as a service user and a travel organizer which are contained within a globally about the basis of tourist visit plan, tour package price or conditions and tourism facilities that provided by organizer to tour service users.

According to Nuriata (1992), definition of tour itinerary is the collection of information list that contains about all of tourism activities. The term between tour itinerary and tour programme have the same meaning that is tour program. Meanwhile, Kodyat and Ramaini (1992) give definition about tour itinerary as follow; Tour itinerary is a list and schedule of tour program with the complete data on day, date, time, places (tourism objects), hotel accommodation, departure places, arrival places, programs are served to illustrate the implementation schedule and tour program from beginning to the end.

Plan the tour schedule always inseparable from calculate an estimate of the time and the distance between the tourism object and one another. The things which should be a main concern for tour planner, among others are;

1. The distance of kilometers to be taken
2. the type of vehicles that will be used as a means of tourist transport,
3. Road condition, Traffic signs, Peak and rush hours.
4. Places such as gas station, rest room and tourism object.

Tour itinerary that planned by tour planner should be used as a guideline in implementation of tour activities for a tour conductor or tourists as tour participants. For that, a tour itinerary that has been developed should be have

relation with the interests of tour participants and description of the tour itinerary is regarding the schedule, much time, tourism destinations and equipments needed for make the trip.

Tour itinerary as a system is a series of several sub-systems that are related to another. Sub-systems are:

1. Tourists, as a user of the product

Tour itinerary that planned is a product which oriented to consumer. Because the factor profile and tourist motivation are very dominant influence factor on the product that planned.

2. Tourism attraction / Facilities

In general, It can be understood that the tourists will go to the tourism destinations because of the tourism attractions in the area. Thus, the importance of tourism attractions in preparation of a tour itinerary. Tourism attraction is something that can attract a people for doing a trip to achieve this place and give satisfaction to the tourist who visit the place. There are physical and non-physical tourism destination. For example, physical tourism destinations such as mountain, beach, plateau, valley and the historical monument. Otherwise, non-physical tourism destinations are dance, ceremony and spiritual ceremony. To put a tourism destination in the tour itinerary should be considered as follows:

- a. Point if the interest of the tourism attractions, whether the main attractions or additional attractions.
- b. Facilities available.
- c. Location, concerning the distance from the starting point and its relationship with other attractions.
- d. Costs incurred, and
- e. Accessibility, which is the ease to achieve the destination.

3. Formulation / Time

Time factor in preparation of tour itinerary is an obstacle, therefore time should be divided use according to the purpose, facilities, profile and tourist motivation. For example, time for lunch, in the preparation of the tour itinerary tour planner should be able to estimate that the tourists should be in the hotel or in a restaurant in the trip route (lunch enroute).

2.3 Types of tour itinerary

Any kinds of tour itinerary which are made by tour operator, in accordance with each desires and creativities. There are three types of tour itinerary that can be used in the preparation as follows:

1. Essay itinerary

Essay style is usually used in tour itinerary. It can facilitate the tour operator in offering the tour package.

2. Graphic itinerary

In making tour itinerary in the form of graphs, the places that will be visited (point) are numbered consecutively in the order of visit. Then, the points are connected to form a series of trips.

3. Tabulated itinerary

Kinds of tour itinerary that most commonly used is tabulation. The program is structured horizontally which consists of day, time and description of activities shortly.

Tour itinerary should be creative with follow the conditions based on tourists demand. Definite guidelines is all the information that related with the tourists demand. Tourists as participants will be satisfied if the program contains with a tour program in accordance with their request.

2.4 Tour Package

Tour package as a necessity is a product and service which interest the customers to be felt its benefits. Tour package which sold in accordance with the expectation on needs and desires of customers which is useful for their life, so the customers are satisfied with the products and services.

According to Suwanto (2004, p.14) Tour package is a tourism tour product that sold by a travel agent. Tour package is a plan of tourist activities which has been drawn up regularly at a specific price which includes transportation, hotel or accommodation, tourism objects and attractions as well as other supporting facilities are provided in the agreement of the tour package.

In planning the tour package, travel agent as a mediator and organizer of the tourism components which is needed by tourist during their trip. Travel agent should be able to put itself not only as an intermediary but also as a partner for tourists on their ability in managing the trip, especially tourists satisfaction in tourism activities.

2.5 Types of Tour Package

Tour package is divided into two kinds based on the characteristics of preparation and tour program. They are ready made tour and tailor made tour (Nuriata, 1992, p.36). Ready made tour is a tour package products where the components have been defined by travel agent, it can not be changed and it can be purchased by tourists directly, in other words, the product can be held at any time. The process can be illustrated as below:

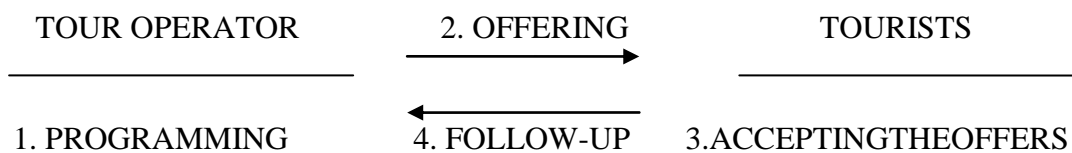


Chart 2.1 Ready made tour

Meanwhile, tailor made tour is a tour package products which the components can be changed according to the needs and desires of consumers. This tour package has three possibility, that are:

1. It prepared from any kinds of tour components become one product
2. It is combination of ready made tour
3. Price Combination in Confidential Agent Tariff (CAT) with other facilities.

The process of planning tailor made tour can be illustrated as below:

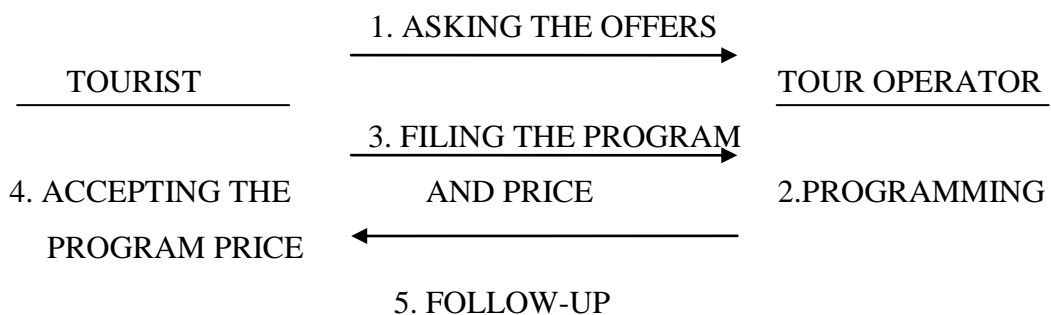


Chart 2.2 Tailor Made tour

2.6 The Calculation of Tour Package

An interesting tour package can influences the tourists with the tour price itself. The people will calculating the costs which should their spend before join the tourism activities. According to Suyitno (2001, p.47) Tour price is a number of costs which should spend to manage the tourism, added with the profit.

In making a tour package, the preparation of tour price assembled at the expense from all components cost of tour package preparation, because it is the determination of the component costs that are expected will be excluded is crucial in the preparation of the tour price.

In outline components characteristic of the tour cost consists of costs and as follows (Suyitno, 2001):

1. Fixed Cost

Fixed Cost are the costs that are borne by all of the tourists such as:

a. Transportation Rent Fee

In the implementation of tour package, usually tour operator rent vehicles that will be used to support the activities of the tour package. It can be done by company or travel agent itself. The rental cost has been declared to charge per-hour or per-day.

b. Guide Fee

The company is setting the guide fee based on the classification of languages which mastered by the tour guides.

c. Driver Fee

Automatically, if we use the car as a means of transportation for the tour, so it would be appears the costs to be incurred for the services of a driver who was driving the car. It is very important to establishing a good cooperation between the participants, the tour guide and the driver itself, so that the tourism destination can be achieved.

d. Parking Fee

Parking fee also to be a burden together for all of participants. How much the total cost of parking in the tour which will be borne by all the participants of the tour.

e. Donation

Donation is usually given to the areas or tourism objects which have not managed professionally or it managed by local society. To promoting, preserving the tourism objects and increasing the income of local people, so the travel agent / tour operator is excluding the cost to be donated to the manager of the tourism objects.

f. Entrance Fee for Car

The car is also charged an entrance fee. The amount of this fee depends on the type of vehicle which used.

g. Toll Fee

For a tour which conducted in big cities and already have a lot of classes and categories road, so one of fixed costs that will be appear is the cost of toll fee.

2. Variable Cost

Variable Cost are the costs that are borne by individual. These costs usually are already declared for the cost per person by the owner of the products used in the tour package that is designed by the travel agent.

a. Entrance Fee Pax / Admission Fee

Admission Fee is an entry fee per person, so we do not need to calculate such as on the type of entry fee vehicle.

b. Meal

Meal cost consists of breakfast, lunch and dinner. The cost of meal is expressed for cost per person.

c. Accommodation

The cost of accommodation will appears if the tourists doing a tour more than 24 hours or the tourists follow the tour package.

d. Refreshment

Refreshment is a snack or drink that provided during the trip.

e. Public Transportation

Public Transport Fee is a cost for each passenger which uses the transportation services.

f. Porterage Fee

Baggage handling fee will appears when the tourists are at the airport and check-in / check-out in the hotel.

Looking for the total cost / pax can be done by using the formula:

Changing the fixed cost into variable cost such as:

$$\text{TCP} = \frac{\text{TFC}}{n} + \text{TVC}$$

TCP : Total Cost Per Person

TFC : Total Fixed Cost

TVC : Total Variable Cost

n : Number of participants

Changing the variable costs into fixed cost such as:

$$\text{TCP} = \frac{\text{TFC} + (n \times \text{TVC})}{n}$$

TCP : Total Cost Per Person

TFC : Total Fixed Cost

TVC : Total Variable Cost

n : Number of participants

3. Quoted Based On

Quoted Based On is divisor number which determined by the travel agent to divide the fixed costs to be borne by each pax.

4. SurCharge / Mark Up

Surcharge is the total percentage of profits which desired by travel agent on every tour product which they made. The size of the percentage is wholly dependent on the travel agent itself. Travel agent can gets the profits from this Surcharge/Mark Up.

$$\text{TP} = \text{TCP} + \text{SC}$$

TP : Tour Price

TCP : Total Price Per Person

SC : SurCharge / MarkUp (%)

5. Agency Commission

Agency Commission is the total percentage of commission which calculated in the tour price and reserved for the other agents which sell product which made by tour operator / travel agent. Illustration of chart as follows:

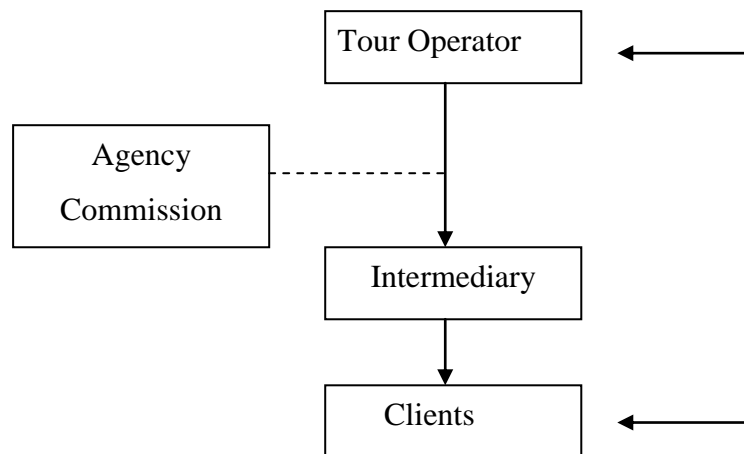


Chart 2.3 Illustration of Agent Commission

The percentage of The commissions given by tour operator / travel agent as the owner of products to the agents about 5% to 10%. But it is possible if the number of percentage is greater than 10%. The number of commission percentage which calculated in tour price as follows:

$$SP = \frac{100}{100-AC} \times PP$$

SP : Selling Price

AC : Agent Commission

PP : Previous Price

6. Complimentary

Complimentary is the clearance of payment for pax by the number and requirements set by the wisdom of a travel agent. For example a minimum of 15 pax which participated get one compliment, then every multiple of 15 get

1 complimentary. Other terms of complimentary is FOC (Free Of Charge). Giving the compliment is intended to stimulate the number of tour purchases.

$$PC = \frac{n \times NP}{(n-c)}$$

PC : Tour Price with Complimentary (FOC)

NP : Net Price

n : Number of participants

c : Number of participants which get FOC

7. Rounded-Up

Rounded-Up is rounding of numbers that have been calculated in a tour calculation. There is no specific policy about this rounding, this rounding is done to facilitate payment for consumers and allows us to refund the overpayment consumers.

2.7 The Calculation of Tour Package Based on CAT

Confidential Agent's Tariff (CAT) is a list of tour price which drawn up by tour operator, it is for travel agent who sell their products to be used as a guideline establishes the tour price which are sold to consumers (Suyitno, 2001, p.61). There are tour price based on CAT:

1. Original Price

All of component costs is taken from CAT and added handling fee. Calculating the component costs from CAT (price per pax), the formula:

Tour Price / transfer (CAT)	=	a
Handling fee	=	b
Tour Price / transfer	=	a+b

2. Combination price

Total price is a combination between price which contained in CAT and other component costs. There are additional component costs of Confidential Agent Tarif as follows:

1. Public Transport Cost.

In general, the cost of public transport is a tariff that has been declared per person.

2. Accommodation / Hotel Cost.

Usually the cost is calculated based on a twin room which filled by two persons. To determine the cost of accommodation should be calculated from the price per person or cost per bed.

3. Meal Cost.

We need to calculate the meal cost that are in a hotel or outside the hotel.

4. Station transfer.

5. Interhousehold transfer.

6. Intercity sightseeing transfer.

7. Excursion or sightseeing.

8. Tour package.

The formula:

Tour Price / transfer	=	a
Additional Cost	=	b
Total cost	=	c = a + b
Handling fee x % x c	=	d
Tour Price	=	c + d

2.8 Tour Package Production Process

Tour package evaluated from an economic perspective can be considered as a product. Product of tour package is a packaging of tourism objects and attractions, accommodation, transportation, food and others. Tour operator is planning the components will be chosen and packaged to satisfy the tourists. Packaging and preparation of components of tour which conducted by tour operator is intended to meet the needs of tourists who embodied in a product.

To produce an attractive tour packages suggested by Hoyle (2006: 15-16) need to pay attention to the background so that want to implement a tour, the benefits of the product and its uniqueness. In order to produce a tour package which planned carefully, then Suyitno (2001, p.12) suggests it would need to look at the production process, such as the following:

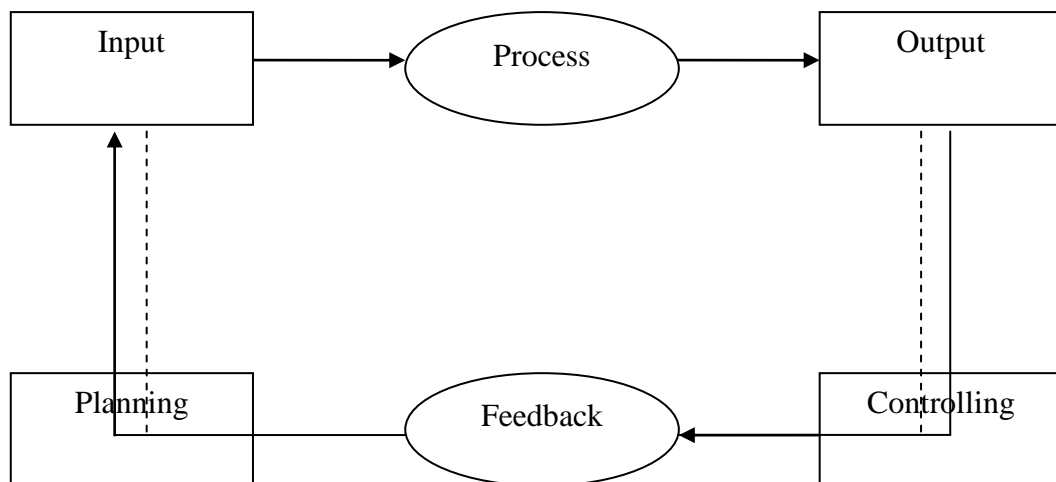


Chart 2.4 Tour Package Production Process

From the chart above, as a whole tour package production process includes components of input, process and output. Input is product planning activities. Process is organizing and mobilization activities, namely to consolidate, divide the tasks and responsibility to each component and the factors which planned involved in tourism. Output is product (tourism). Furthermore, realizing the plan such tour organization and Feedback comprises the evaluating activities.