

## CHAPTER II

### LITERATURE REVIEW

In this chapter, there are 7 items to support this final report theoretically. They are design, youth, tour, tour package, tour itinerary, tour price, and tour insurance.

#### **2.1 Definition of Design**

Eames cited in Casamayor (2010) states that, “Design is a plan for arranging elements in such a way as to best accomplish a particular purpose”. This definition means that design is used as a plan to arrange everything needed for the specific purpose. Based on the definition stated by expert above, the writer concludes design as a plan for arranging elements needed for the specific purpose.

#### **2.2 Definition of Youth**

According to United Nation (2018), for statistical consistency across regions, defines ‘youth’, as those persons between the ages of 15 and 24 years. While, d’Anjou (2004), “Youth have been defined as aged 16-30 years”. In parallel, Youth Law of Indonesia (Law No. 40 / 2009) defines youth as 16 – 30 years old. In short, the writer defines youth as person between the age of 16 and 30 years.

##### **2.2.1 Youth Tourism**

World Tourism Organization cited in Demeter and Bratucu (2014) has given definitions for youth tourism as follows:

“ Youth tourism is youth travel includes all independent trips for periods of less than one year by people aged 16-29 which are motivated, in part or in full, by a desire to experience other cultures, build life experiences and/or benefit from formal and informal learning opportunities ”.

In short, youth tourism is travel by people aged 16-29 which are motivated by a desire to experience other cultures and life experiences.

In the line with definition given by World Tourism Organization, Buffa (2015) explained youth are keen to discover and learn about different cultures and to be able to interact with local populations.

Moreover, Buffa (2015) also explains the youth choice for destination. The youth travel motivation consider most important to discovery of new cultures, discovery of new landscapes, contemplation of natural and artistic heritage, contact with local community, and contact with nature.

In parallel, Richards and Wilson (2003) explain that the most popular activities among young travelers is visiting historical site and monuments follow by walking and trekking as well as other leisure activities such as going to cafes/restaurant plus shopping.

Furthermore, Farahani and Sukmajati (2011) explain the most frequent activity for young people who make long journeys abroad is visiting the most popular tourist attractions and the cultural objectives (historic monuments and sites, museums, religious buildings, castles, cultural events, etc.), followed by meetings with the locals, spending time in restaurants, cafes and clubs, and the development of new skills.

Youth tourism have many types, however the following are the most often used: Educational tourism, volunteering, work and travel, cultural exchange, sports and adventure tourism and leisure tourism. In educational tourism, It is comprised of several sub-types including heritage tourism, rural/farm tourism, ecotourism, and student exchanges between educational institutions (Demeter and Bratucu, 2014).

In making the travel decision, the first two factors, namely the price of the product and the quality of the information, are considered the most important. Moisa (2010) explained the price is followed by the quality of the information and services provided by the travel agency or the provider of tourism services, the reputation and quality of the tourism product, its flexibility, the possibility to make online reservations, access to products specialized for young people and the range of available products.

On the other side, Horak and Weber cited in Farahani and Sukmajati (2011) mention although they have low budget but as far as they are highly motivated to explore different places, they stay in cheap accommodation and use public transportation when it is needed.

Besides the factor of youth travel decision, Moisa (2010) also finds out about the youth travel product as follows:

“ The youth travel product is a specific product (all packaged) whose main features are wide accessibility, safety and security of transport and tourism facilities, flexibility and service quality. The price sensitivity of young people is important because their budget is relatively limited and, as a result, their consumer behavior fits with the behavior of a demanding client who looks for the best value for money and, in numerous cases, they set certain minimum standards regarding their expectations”.

In conclusion, youth tourism is youth travel by people aged 16-29 which are motivated by a desire to experience other cultures, and life experiences. The most frequent activity for young people who make long journeys abroad is visiting the most popular tourist attractions and the cultural objectives (historic monuments and sites, museums, religious buildings, castles, cultural events, etc.), followed by meetings with the locals, spending time in restaurants, cafes and clubs, and the development of new skills. The youth travel product is a specific product (all packaged) whose have main features wide accessibility, safety and security of transport and tourism facilities, flexibility and service quality. The price sensitivity of young people is important because their budget is relatively limited. Although they have low budget but as far as they are highly motivated to explore different places , they stay in cheap accommodation and use public transportation when it is needed.

### **2.3 Definition of Tour**

According to Armin D. Lehmann cited by Yoeti (2006), “ Tour is any prearranged (usually prepaid) journey to one or more destinations and back to point of departure”. Moreover, Yoeti (2006) explained that tour as “ *Perjalanan*

*yang dilakukan untuk tujuan pariwisata, dari satu tempat ke tempat yang lain, baik didalam maupun diluar negeri”.*

The writer defines tour is any prearranged journey to one or more destinations, which has intensions for tourism.

### **2.3.2 Definition of City Tour**

According to Muljadi and Warman (2014), City Tour is a tour which is planned for visiting tourism destination or tourist attractions in a city. In the line with Muljadi and Warman (2014), the writer defines city tour as tour which is planned for visiting tourism destination or tourist attractions in a city.

## **2.4 Tour Package**

### **2.4.1 Definition of Tour Package**

According to Nuriata (2014), Tour packages are defined as a tour with one or more travel destinations that composed by various travel facilities in a fixed travel event, and sold as a single price for all components in tour. While, Yoeti (2006) explains tour package as tour planned and organized by a travel agent or tour operator where events, duration of the tour, places to be visited, accommodation, transportation, and meals and drinks are determined at a price.

In conclusion, tour package is a tour with one or more travel destinations that composed by various travel facilities in a fixed travel event, food, transportation and sold as a single price for all components in tour.

#### **2.4.1.1 Types of Tour Package**

Wardhani et al., (2008) explain there are two types of tour packages in general, they are ready made tour and tailor made tour. Ready-made tour is the tour package which has been made and ready to market to customer. While, Tailor made tour is a tour package which is made based on request or negotiation with customer.

. On the other hand, Yoeti (2006) divided kinds of tour package as follows:

- a. Tour Package is a tour planned and organized by a Travel Agent or Tour Operator where the event, the duration of the tour, places to be visited, accommodation, transportation, and food and drink have been determined in a price.
- b. Independent Tour is a tour package that is prepared for customers who want to travel freely without being led by the Travel Bureau which usually brings the group of tourists.
- c. Optional Tour is an additional tour outside the tour that has been planned or is being implemented where tour participants may follow or not. Optional tour costs beyond existing programs.
- d. Custom Tour is an independent tour designed according to customer needs (tourists).
- e. Regular Tour is a tour organized with time, object and price that have been determined in accordance with the planning compiled by a Tour Operator. Usually this regular tour price is relatively cheaper than other tours, and usually sold for individuals.
- f. Excursion Tour is a tour sold by a travel agency or travel agent using coach or taxi for city sightseeing, local tour, one day tour for round trip in one day (less than 24 hours). Implementation of this tour to visit local attractions with its own itinerary tour guided by a guide.

While, according to Nuriata (2014) divides type of tour based on time in one day is known by several terms, they are:

- a. Morning tour is a tour which fills with tour activities in the morning, then takes place after breakfast and ends before lunch.
- b. Afternoon Tour is a tour which runs in daytime/afternoon with daylight activities, then takes place after lunch and before sunset.
- c. Evening Tour is a tour which runs at dusk, see the natural silhouette of things, and the lights flickering then ends with meal time (dinner can be one with tour or separate).
- d. Night Tour is travel at night with excursions on nightlife activities and start with dinner or after dinner.

In brief, the types of tour package are ready-made tour, tailor made tour, tour package, independent tour, optional tour, custom tour, regular tour, excursion tour, morning tour, afternoon tour, evening tour and night tour. Ready-made tour or tour package and afternoon tour is employed in this research.

#### **2.4.1.2 The Components of Tour Package**

According to Yoeti (2006), to be able to arrange tour packages, the tour planner should know the components of tour package, such as:

- a. Tourist attraction. These objects should be match with the length of visiting time, making the best combination of tourism destinations, tourist attractions and entertainments that would be provided. There are three factors that need to be considered in a place or area to be visited, which is something to see, something to do, and something to buy.
- b. Events. In a tour plan, the event is very important to add attraction to the candidates, so hopefully will be complementary to the success of the tour to be held.
- c. Transportation. In determining the choices, the tour planner will need vehicle and also need to note the problems of transfer and local transport, because this factor will affect the price of the tour to be sold.
- d. Accommodation Hotel. To determine on a hotel or accommodation needs to be considered the desired facilities and prices, and the location of the hotel is in the city center or near the shopping center.
- e. Eat and drink. In making choices, consider the needs and tastes of the majority of group members. In addition, it is also necessary to note certain individuals who need special attention, such as a vegetarian.

In short, the components of tour package are tourist attractions, events, transportation, accommodation, and food and drink.

## **2.5 Tour Itinerary**

### **2.5.1 Definition of Tour Itinerary**

According to Yoeti (2006), Itinerary is used to identify the place of origin (departure), destination, and all places to rest or where to shop along the way undertaken.

While, Nuriata (2014), tour itinerary is a collection of information that contains everything about travel activities. A good tour program that has been compiled from the tour package's components must meet with interests of the customer and provided an overview of the program regarding the time / time schedule, the destination of the trip and its completeness, and the tools of the trip.

Similar to Nuriata (2014), Wardhani et al., (2008) explain tour itinerary is a description of the route along with the time distribution and a brief explanation of the point of interest passed, along the way or the location where tourists get off the vehicle and enjoy the attractions.

To sum up, the writer concludes tour itinerary as a collection of information that contains about the travel activities, destination, and all places to rest or where to shop along the tour.

### **2.5.2 Types of Tour Itinerary**

In designing tour itinerary, there are some types of tour itinerary which are made by tour operator based on tour itinerary usability. Moreover, Wardhani et al (2008) explain about types of tour itinerary based on tour itinerary usability, as follows:

#### **1. Summary Itinerary**

Summary Itinerary is tour itinerary's style which contains brief format of schedule, and design to inform, remind and persuade the customers.

Picture 2.1  
Summary Itinerary



(Wardhani et al, 2008)

## 2. Detailed Passenger Itinerary

Detailed Passenger Itinerary is kinds of tour itinerary which contains more detail information than summary itinerary. The detailed passenger itinerary in includes name of hotels, restaurants, and all other information on a daily basis that is necessary for passenger.

Picture 2.2

### Detailed Passenger Itinerary



(Wardhani et al, 2008)

## 3. Operational Working Itinerary

Operational Working Itinerary is type of tour itinerary which gives explicit instructions regarding routing, and timing. The purpose of operational working itinerary is for keeping Guides, Escorts, Tour Directors and Drivers well-informed.

Picture 2.3

### Operational Working Itinerary



<b>OPERATIONAL WORKING ITINERARY</b>	
<b>Aug 04 : JAKARTA-BANDUNG</b>	
08.00	Depart from Hotel Sari Pacific, Visit Taman Mini and Bogor Botanical Garden. Proceed to Bandung via Puncak Pass.
13.30	Lunch at Rest. Sederhana, Bogor Accommodation at Hotel PANGHEGAR
<b>Aug 05 : TANGKUBAN PRAHU-ANGKLUNG</b>	
08.00	Start to visit Tangkuban Prahur and Sariater
13.00	Lunch at restaurant Lembang
15.00	Observe Angklung at Padasuka village Accommodation at Hotel PANGHEGAR
<b>Aug 06 : BANDUNG-CIKAMPEK-JAKARTA</b>	
09.00	Depart for Jakarta via Cikampek
12.00	Lunch at local restaurant in Cikampek
	Tour ends at Airport for flight to Yogya GA 212 ETD 17.45

(Wardhani et al, 2008)

### 2.5.3 Designing Tour Itinerary

Tour itineraries should be arranged creatively, and contain clear information about the tour.

Wardhani et al (2008) explain in arranging the itinerary, there are several things need to be considered, as follows:

a. Distance and Geography

Distance and Geography are related to the mileage and time required for visiting the tourism destinations, and also the overall time that the prospective tourist has.

b. Route

Route is the direction and order of travel, which in its determination should not be arranged in exactly the same path between departing and returning in order to the route will not cause tourist's boredom and complain.

c. Shopping

In shopping, pay attention to events for shopping as part of the attraction of the trip also.

d. Location of Accommodation

In selecting accommodation needs to be considered location factor which suits the tastes and desires of tourists.

e. Break time

The travel events should not be too heavy, it should be considered break time and also lunch or dinner time.

f. Tour Participants

The number of tour participants need to be considered to determine the price, facilities which are going to be used, food and drinks, and tour guide.

On the other side, Nuriata (2014) explained that there are several things need to be considered while arranging tour itinerary, as follows:

a. Inventory

The Inventory which is needed to be considered is the inventory of tourist attractions, tourism facilities, and tourist attractions' facilities.

b. Time.

In designing tour itinerary, designing the time distribution of travel package tours, based on time needs (time above vehicle, visit time at tourist attraction, remaining time of other activities, and total time of program) is need to be considered.

c. Language.

The language used in the preparation of a travel event should use words that can describe tourist destinations and facilities prepared with the ministry.

d. Activities

Travel varies in terms of tourist attractions, modes of transportation, and scheduled time of free events. Pay attention to leisure, tourism activities, time, and physical strength.

Furthermore, Yoeti (2006) mentions about the steps in planning tour itinerary.

In planning a tour itinerary, Yoeti (2006) recommends these following steps:

- a. First, determining the exact tourist destination to be visited and attractions that will be seen or witnessed.
- b. Second, determining the hotel where the guest will stay and have dinner or lunch.
- c. Third, determining the vehicle to be used (aircraft, trains, ships, buses) and how far the trip will take place and is estimated to be within hours of the vehicle being used.

- d. Fourth, determining the location and schedule of the tourist destination and attractions.
- e. Fifth, determining the entertainment which could be seen after dinner or run free program only.

In short, there are several things need to be considered in arranging tour itinerary such as distance and geography, route, shopping, location of accommodation, break time, tour participants, tourist attractions, tourism facilities, tourist attractions' facilities, time, language and activities. Moreover, there are some steps for arranging the tour itinerary, they are: determining the exact tourist destination and attractions, determining the hotel, determining the vehicle and the estimated time, determining the location and schedule of the tourist destination, and determining the entertainment or free program.

## **2.6 Tour Price**

### **2.6.1 Definition of Tour Price**

Wardhani et al (2008) mentioned that the tour price is the calculation price of a tour by calculating all expenses incurred for the conduct of a tour. In the line with Wardhani et al (2008), the writer defines that tour price is the calculation proce of a tour by calculation all expenses incurred for the conduct of a tour.

### **2.6.2 Components of Tour Price**

In calculating the cost of tour, the tour planer needs to pay attention to some cost components. According to Nuriata (2014), there are some components of tour price such as, transportation costs, hotel / accomodation fee, meal cost, the cost of excursions or sightseeing fees, transfer fees, attraction fee, porter fee, and insurance fee.

On the other hand, Yoeti (2006) explains that there are some elements that construct the price of a tour package such as: transportation fee, transfer from airport to hotel time (arrival and departure), advertising or promotional costs to attract planned tour participants, the cost of hotel accommodation during the tour,

restaurant, local tour in accordance with the agreed itinerary tour, entry fee to enter the tourist objects to be visited, entry fee to witness the tourist attraction and Mark-up (10%).

The writer concludes that there are some components of tour price such as, transportation costs, hotel/accommodation fee, meal cost, the cost of excursions or sightseeing fees, transfer fees, attraction fee, porter fee, insurance fee, advertisement fee and mark-up (10%).

### **2.6.3 Types of Tour Price**

Wardhani et al., (2008) explain there are several types of tour price, they are:

a. **Fix Cost (Fc)**

Fix Cost is the fees which are unchanged and have no effect with the change (increase / decrease) of number of passengers / guests such as, donation, parking fee, fee charges, guide fee, etc.

b. **Variable Cost (Vc)**

Variable Cost is the cost which the amount would be changed whenever the number of passengers/guest change. For examples, bus ticket, train ticket, Entrance Ticket, etc.

c. **Total Cost (Tc)**

Total Cost is the total all expenses incurred for all passengers.

d. **Cost Per Pax**

Cost Per Pax is the price of each passenger/guest.

e. **Rounding up**

Rounding up is the price which has already rise up due to the results of the calculations that obtained the number of "less good". For example Rp.125.423,33. For that it needs to be rounded and generally rounded up Rp. 125.450,00 or Rp. 125.500,00.

In parallel, Nuriata (2014) mentions there are two forms of cost in the calculation of tour price, namely:

a. **Variable Cost** is all costs incurred depend on the number of participants.

- b. Fixed Cost is all costs incurred are not dependent on the number of participants.

To sum up, there are some types of tour price such as fix cost, variable cost, total cost, cost per pax, and rounding up.

#### 2.6.4 Tour Price Calculation

According to Nuriata (2014), Cost Plus Pricing is used to calculate the tour price. Cost Plus Pricing is tour price calculation which sum up the cost of tour package components, and add margin/mark-up.

$$\text{Total Cost/Pax} = \frac{n.V+F}{n} + \text{Margin}$$

n = number of people

v = variable cost

f = fixed cost

On the other hand, Wardhani et al., (2008) explain the steps to calculate the tour price are as follows:

- a. The first step, defines the tour cost component into fix cost and variable cost. For examples, all costs incurred for the implementation of the tour such as transportation fee, guide fee, entrance fee, and parking fee. Those cost components should be denined as fix cost or variable cost.

- b. Then, calculating the total cost by using this formula :

$$TC = FC + (VC \times n)$$

FC = Fixed cost

n = Total Passenger

VC = Variable Cost

TC = Tour Cost

- c. After that, calculating the cost per pax by using this formula:

$$\begin{aligned} \text{Cost per pax} &= TC : n \\ &= (FC + VC.n) : n \end{aligned}$$

FC = Fixed cost  
 VC = Variable cost  
 TC = Tour Cost

n = Total Passenger

- d. After calculating the cost per pax continue to add the surcharge or mark-up 10% by using this following formula :

$$\text{Surcharge } 10 \% = 10 \% \times \text{cost per pax}$$

- e. Finally, calculating the net selling price by using this formula :

$$\text{Net Selling Price} = \text{Cost per pax} + \text{Surcharge}$$

## 2.7 Tour Insurance

Insurance law of Indonesia (Law No. 40/2014) explains definition of insurance as follow:

“Asuransi adalah perjanjian antara dua pihak, yaitu perusahaan asuransi dan pemegang polis, yang menjadi dasar bagi penerimaan premi oleh perusahaan asuransi sebagai imbalan untuk memberikan pengantian kepada tertanggung atau pemegang polis karena kerugian, kerusakan, biaya yang timbul, kehilangan tanggungan atau tanggung jawab hokum kepad pihak ketiga yang mungkin diderita tertanggung atau pemegang polis karena terjadinya sesuatu peristiwa yang tidak pasti”.

Insurance as an component which has a favorable impact on the safety of all participants in tourist travel and protect the passengers from potential travel risks. Therefore, travel companies should treat insurance as an important aspect. Since, both travelers and tourism agencies have the common goal, to achieve and maintain the safety and satisfaction of travelers of the planned trip (Stojaković, 2016).

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