

Importance of transportation in tourism

Tourism sector is one of the main important sectors of the economy. Many countries take advantage of covering the budget deficit with the help of profits coming from tourism. That is why tourism sometimes is called a factory without chimney. But tourism has its own unique features that differentiate this sector from the others. Like in the other service industries, in tourism the customers, that is, the tourists come to the destination where the tourism services are provided.

As the matter of fact it is difficult to think of tourism sector without transportation.

Transportation is the main mean to carry passengers, that is, the tourists to the actual site where tourism services are performed.

The people have been using transportation in order to travel from one place to another since ancient times. At that time simple Transportation forms existed. But in the 19th century the steam Power engines, and lately diesel powered engines were invented, as the matter of fact the inventions changed the transportation notion. The speed became one of the most important factors in Transportation. In 1841 Thomas Cook realized the first organized Travel using train with steam power engine. From that time transportation became inseparable part of tourism.

Transportation in its simple meaning is to carry passengers from one point to another. When transportation is considered from tourism frame, it simply refers to carrying tourists from their place of living to the place where the touristic products is. The travel and tourism experience of tourists and the ideas about tourism products start and end with transportation. That is why it is impossible to consider tourism without transportation. The development of transportation, transportation vehicles, infrastructure and using new technologies in this sector speed up the development of tourism.

1. Transportation Modes

Whether transportation plays important role in enriching the travel experience of a tourist depends on the mode of transportation and the frequency of use. The effective factors in choosing the transportation mode in tourism are given below

- Time limit
- Distance
- Status
- Comfort
- Security
- Benefit
- Price
- Geographical position

- Competition

1.1 Air Transportation

Air travel has made significant changes in people's minds concerning time and distance. In order to meet the demand which increases every day, the airline companies spend billions of dollars and apply new technological innovations. Having matchless role in long distances the air travel industry develops very rapidly. The world's airline industry numbers 1,629 airlines, 27,271 aircraft, 3,733 airports, 29.6 million scheduled departures a year, and carries 2.7 billion of passengers a year. The major aircraft making companies to share the market will be Airbus and Boeing. The competition between them will lead to making technologically advanced planes in

The world.

The comfort, security of aircraft, and smiling service are very important elements of tourist travel experience. In this sense, many countries build new airports, buy new aircraft and train the personnel in order to develop tourism sector. The airports are very important in air travel. An airport is the first door to the country to open by the tourist.

New technologies like online ticket booking, online registration, and online check – in systems, And automatic luggage control systems reduce the time lost at the airport and make sure fast and secure Sight.

1.2 Automobile Transportation

In short distances automobile transportation comes forward in regard to other modes of transportation. The automobile transportation makes it easy to see local culture And nations. It presents great flexibility in contrast to other modes of transportation. The importance of this mode in tourism is also very important. When compared with the prices in air transportation, this mode of transportation is frequently used by Tourists because of low prices. But the main factor affecting this choice is time and distance.

But in contrast, in short distances tourists always choose automobile transportation. The reason for this is time loss in airports for short distances. It takes a lot of time to come to the airport, to check in and wait for the departure. Due to this reason, tourists choose automobile transportation rather than air mode in short distances. In order to develop the automobile transportation, it is vital to develop the infrastructure.

1.3 Railway Transportation

The other mode that affects tourism is railway transportation. This type of transportation is considered the oldest one. In 19th century the railways were frequently used. Currently in many countries the railways are used for transportation of loads. The reason for this is tourist

choice of air or automobile transportation. But nowadays application of technology and technological innovation gave birth to fast trains which compete with air and automobile transportation modes. Like in bus companies, in railway transportation the tickets are also sold online which make it easy for passengers not leaving their home, buy tickets and book places in train beforehand. This makes the railways work 24 hours in a day.

We can also include metro and tramway into this mode. The development of metro and tramway systems in the city play great role in transportation of tourists from one place to another. In order to take advantage of this the government provided financial support to metro and the existing stations were rebuilt and every year a new metro station is opened for public use.

1.4 Sea Transportation

Here we may include cruise travel, boat travel, yacht-ing, ferry travel and etc. The cruise travel has a special place in tourism. In table 3 we can see the world and North America's growing trend for cruise travel. From the table, we can infer that cruise travel has been much more developed in North America. The cruise ships named as sailing hotels provide tourists with indispensable travel opportunity. While travelling with a cruise ship, the tourists get the opportunity to see several countries at a time. This type of industry is one of the investment heavy Industries in the world. To gain access to profits pie of this industry the countries must build embarkation ports, and keep special fleet of boats for anchoring cruise ships. But unfortunately, this type of travel is always under danger. If we look at the history, we can see many tragic examples. One of them is Titanic. In 1912 April Titanic sank in the Atlantic Ocean. This cruise ship took away thousands of lives with it. Such accidents still happen till nowadays. The other example is Costa Concordia which struck a rocky reef notwithstanding the dangers, the cruise travel is considered a separate tourism kind thanks for its features. In cruising no type of tourism destination is supplied except the ship.

Marketing of passenger transportation

Transportation marketing seeks to satisfy the needs and wants of the traveler by providing the right mix of services. To appreciate the difficulties involved it is necessary to consider the characteristics of supply of, and demand for, passenger transportation.

Characteristics of demand

The demand for passenger transportation has a number of characteristics, all of which affect the way a company markets. First, demand is instantaneous. For carriers there is great uncertainty as to what the demand will be on a particular day at a particular time between two points.

While past trends are useful they cannot be totally reliable. When demand is greater than supply, travelers are unhappy. By the time adjustments are made to supply more capacity, customers may have changed carriers or found an alternate means of transportation. The

tendency, then, would be to provide more capacity than is needed. Overcapacity shows up in the load factor. In a perfect match of supply and demand, load factor would be 100 per cent. Anything less indicates the measure of overcapacity. The challenge in marketing is to create programs to fill each plane, train, ship or bus on each trip.

Overcapacity is the result not only of instantaneous demand but also of the variability of demand.

Demand for transportation is not the same each hour of each day of each month. It shows what is known as "peaks and valleys". At certain times of the day or week or month there is great demand; at other times the demand is light. Yet sufficient planes, boats, trains, buses and terminal facilities have to be provided to cover peak demand. The result is that excess capital has to be invested, and this means that operating costs are increased. How should demand be priced? Should the peak traveler pay more than the off-peak traveler?

Another characteristic of demand is that there is, in fact, more than one type or segment of demand for transportation. In its simplest terms, demand is either business demand or pleasure demand. The motivations, frequencies, and response to price are different. The motivation for the business traveler is derived; that is, the demand for travel exists because of the desire to do business in a particular territory.

Demand for pleasure travel is primary; the motivation is to travel to a vacation spot. The distinction is important because derived demand tends to be affected more by factors external to the transportation industry. No matter how good the service between New York and Detroit, if business is bad in Detroit, travel demand may go down. A reduction in fares, for example, may affect primary demand but may not affect derived demand.

The business traveler travels more frequently than does the pleasure traveler. This makes this person very valuable to the airline. Frequent-flyer programs, which offer rewards based on miles traveled, have been targeted toward the business travel in an attempt to capture customer loyalty.

As mentioned above, derived demand may not be affected by changes in price. The company may absorb a fare increase as a cost of doing business.

In some situations people can substitute one mode of transportation for another (train for plane; bus for train, etc.). This affects the way transportation is marketed.

Elasticity is the economic term for the sensitivity of travelers to changes in price and service. An elastic demand is sensitive to substitution; an inelastic demand is not. The extent of elasticity is dependent upon the price of the other mode of transportation and the type of demand. Pleasure travel is more price-elastic than is business travel; primary demand is more price-elastic than is derived demand.

Competition also exists within one mode between carriers. Generally, prices and the speed of the journey are the same or similar amongst competing carriers. Carriers must then market on the basis of the factors mentioned above: prestige, comfort, and convenience. Still another aspect of demand is that some transportation modes offer more than one type of service.

Demand for transportation is also affected by the relationship between the price charged and the income level of the traveler. Pleasure travel is income-elastic; that is, the demand for travel is affected by changes in the traveler's income. Economists say that demand is elastic when a reduction in price results in more demand that will result in more revenue. (Revenue equals price times number demanded.) The company gains revenue because the increased demand brought about by a drop in price makes up for the reduced price.

Similarly, an inelastic demand is one where a reduction in price results in less revenue generated. More passengers may be attracted but not in sufficient numbers to offset the loss of revenue brought about by the reduction in price. Pleasure travel is discretionary; that is, the traveler has a choice of whether or not to travel. An increase in price may mean the traveler will postpone the vacation.

Business travel is also influenced by the income of the corporation. Much business travel is essential; but some is discretionary. Businesses may turn to teleconferencing as a way of reducing the travel bill if costs increase too much.

Finally, the demand for travel makes itself felt in a demand for non-price items. The frequency of departures, the condition of the equipment, the service of the employees, on-time performance: the entire package is often more important than the price.

Supply characteristics

Just as the marketing of transportation is affected by the characteristics of demand, so too is it influenced by the supply characteristics.

The supply of transportation is unique in several distinct ways. First, the transportation industry is a capital-intensive industry. Terminals and equipment cost a great deal of money. The costs are also "indivisible", airlines cannot put "half a plane" in the air if the plane is only half full. Because the industry is capital-intensive and because much of the capital is borrowed, most of the costs of running a transportation company are fixed. This puts a great deal of pressure on management to fill seats that would otherwise be empty. This may affect both promotional and pricing decisions.

Related to this previous point is the fact that transportation costs are "sunk" with few alternatives. This means that the cost of a plane is "sunk" in that the company has incurred the cost of buying it. It is up to the company to generate revenue to pay for the aircraft. It can fly; it might be possible to sell it as a unique type of restaurant, but essentially all a company can do with an airplane is fly it. This puts additional pressure on the company to use the resource (the plane) rather than have it sit idle. Hence, the large amounts of sunk costs also mean that there is a tendency to use old equipment rather than invest in more modern (and more expensive) equipment.

Another characteristic of transportation supply is that, although demand is instantaneous, supply is not. There is a long time between planning for a piece of equipment and placing the order for it; between placing the order and receiving it; and between putting it into service and

scrapping it. Thus, while demand can shift very quickly, it takes a great deal of time to adjust supply. A company must live with its mistakes for a very long time.

Because of the high level of fixed costs, the incremental costs of operation are small. Incremental cost is the cost of adding one more unit. The running cost of adding another passenger car to a train, another bus to a route, or even a plane between two points is small compared to the cost of the actual piece of equipment. If a plane is scheduled to fly anyway, the cost of an additional passenger is incredibly small with the mere charges of an extra meal and some services. This means that, above a certain point, it makes economic sense to reduce the price charged in order to get some revenue coming in.

Still another characteristic of transportation supply is that it cannot be stored for future use. A grocery store can sell a can of dog food today or tomorrow or next week. Every seat on a plane or train or bus must be sold only on that trip. The sale that is lost today is lost forever. This puts additional pressure on management to sell, sell, sell.

Transportation services must be available on a continuous basis. Travelers expect the same level of service whether it is day or night, summer or winter, whether the plane is full or almost empty. Because transportation is expected to be reliable on a continuous basis there is little opportunity to cut costs for inferior service at odd hours. This adds to the cost of providing the service.

Finally, there is the problem of labor. In transporting people the company takes on a great responsibility. Often the service, whether in operations or in maintenance, is offered 24 hours a day. Employees must be equally alert no matter what the time. Strict rules regulate the amount of time that pilots, drivers or operators can be on duty at any one stretch.

The FAA limits pilots to 30 hours of flying in any seven-day period. Airline pilots are also paid well for their skills. Thus, although the operating costs are small compared to the sunk costs, they can still be considerable. A further complication is that there is little opportunity for the substitution of capital for labor. This is, after all, a service business.

Marketing has the task of ensuring that there is sufficient demand to utilize fully the supply of equipment and facilities. It must also ensure that there is enough of the right kind of supply to meet the demands of the passengers. Just as demand influences supply, so too does supply influence demand. The demand for vacations to Jamaica will influence a decision to operate flights to Jamaica; however, the existence of flights to Jamaica at times and prices appropriate to the market will stimulate demand. Marketing brings supply and demand together.

Marketing strategies

In marketing, the offerings of the company are known as the four p's: product, promotion, place and price. In tourism it is appropriate to change the "product" to "service" and "place" to "distribution".

Service. Service refers to getting the ideal mix of services to satisfy existing or potential customers. This means offering transportation at the right times, in the right kinds of

equipment, while giving a level of service before, during, and after the journey that will meet the needs of the customer, while making a profit.

Most carriers use a linear route structure; that is, the equipment travels from one point to another, turns around, and travels back. In the airline industry most fuel is used at takeoff and landing. Also, the speed of travel by plane is only appreciated on longer flights. Thus, for reasons of cost and customer benefit, jet aircraft operate in the most efficient manner when they fly on long hauls. A piece of equipment may, however, make an intermediate stop. The airlines also operate what is known as a hub-spoke concept. Airlines have identified several major cities that serve as hubs (as in hub of a wheel) for them.

Smaller towns serve as the spokes of a wheel connected to these hubs. Service must be provided on the right kind of equipment. Equipment has two facets that must be matched: identifying the operating costs of one piece of equipment over another while offering equipment that will attract the traveler. One example is the Concorde. Scheduling is a major marketing weapon for carriers. Traveling from point A to point B leaves little opportunity for differentiating one company or carrier from another. Offering departures at times most convenient for the passenger is one way to do this. Unfortunately, everyone wants to do this.

Service can also be altered by such things as upgrading the quality of the interior of the vehicle. Tie-ins with other modes are possible, such as fly/cruise or rail/drive.

Promotion. The subject of promotion will be dealt with in greater detail toward the end of the book. However, several points can be made now. Promotion can be seen as the communications link between carrier and passenger.

It is the responsibility of the carrier to communicate its message effectively. If the passenger has not understood the message, it is the fault of the carrier. To this end, it is important that clear promotional objectives be defined. These objectives should identify which target markets are to be reached, what tasks have to be done to reach the markets, who is to perform the tasks, and when they have to be completed. It is vital that the promotional theme be synchronized with the marketing plan, which, in turn, must be consistent with the overall objectives of the carrier.

Distribution. Distribution involves the mechanisms by which passengers can obtain the information they need to make a trip choice and, having made that choice, that they can make the necessary reservations. *Direct* distribution occurs when passengers get in touch with the carriers directly.

Indirect distribution is when the sale is made through an intermediary.

This latter procedure takes four forms.

First is the emergence of independent companies to handle all aspects of travel. It might involve a wholesaler who arranges the specifics of a tour, for example; or it might be a retail travel agent who serves as an independent distributor for a wholesaler or carrier; it may even be a wholesaler-retailer who packages its own tours or who buys packages from other wholesalers for distribution.

A second method of distribution is the marketing of tourism either regionally or nationally. Countries, provinces and states promote travel to their particular destination. This effort supplements the marketing plans of the carriers. In some cases the marketing effort of the carrier can dovetail with that of the destination.

A third method is the coordination of marketing plans by various private-sector companies. Tie-ins between airlines and hotels, or bus lines and various attractions, are becoming more prevalent.

Finally, there is the movement toward vertical integration. Airlines have moved in to take control of hotels and car-rental agencies. This has been an attempt to develop a "one-stop travel shop" experience for the traveler. The strategy recently backfired for United Airlines, which formed Allegis, an amalgamation of airline, hotel and car-rental companies

Price. When the majority of airline passengers once consisted of people traveling on business and those who were rather wealthy, the airlines felt that the demand for travel was inelastic. That is, if prices were reduced, any increase in number of passengers would not produce more revenue. Because of this and a fear that open pricing would lead to price wars that might result in bankruptcy for smaller airlines, airline pricing was closely controlled.

Pricing was a reflection of operating costs. The average costs of carriers serving particular markets were calculated and a reasonable return on investment added to come up with the price that could be charged. With deregulation a new era has come to pricing in transportation in general and in the airline industry in particular.

Three economic concepts are important when looking at pricing alternatives. These are the ideas of "differential pricing", the "contribution theory", and the "incremental concept". Differential pricing is the concept that there is not one but many demand curves. A separate demand exists for coach than does for first-class; separate demands exist for travel from Denver to New York than from New York to Denver. As such, carriers can calculate how price-sensitive demand is in one particular class or on one particular route and price accordingly. The demand for business travel, for example, is probably less sensitive to price changes than the demand for pleasure travel on that same route at that same time. A higher price can be charged where demand is inelastic.

The idea of contribution theory is that prices should be set at the level that contributes most to paying off fixed costs while still allowing traffic to move. The fare charged might be low on a route where the demand is elastic; higher where demand is inelastic. In effect, segments of the market that are price-inelastic are subsidizing others that are price-elastic.

Tied to the ideas above is the incremental concept. Incremental costs are those incurred by running an additional service. The operating costs of a particular plane or train are its incremental costs. Each fare should cover its incremental costs while contributing as much as possible to fixed costs and also ensuring that the traffic moves. It is up to management to analyze each route and each segment of the market and set prices accordingly.

Transport mode selection methods

Factors That Play a Key Role in Selecting Mode of Transport Are

1) Cost of Transport

When selecting the best and most suitable transport for exportation of products, the budget is the most important consideration. Costs vary based on the type and amount of goods needed to be transported. It is important to keep in mind that the cost of transport influences the cost of goods.

If heavy or bulky products are being transported over a long distance, inland, then rail transport is the most economical. Land transport, typically by trucks, is best suited for small amount of goods being transported over short distances, as it also saves packing and handling costs. The cheapest mode of transport is water transport, albeit the slowest too, but most suited for heavy or bulky goods that need to be transported over long distances, where time is not an important factor. Air transport is the best option for transportation of perishable, fragile and valuable goods, even though it is the most expensive.

It is important for importers and exporters to consider the overall cost of transportation, keeping the “hidden costs” such as insurance premiums and finance charges in mind.

2). Reliability and Regularity of Service

The reliability and regularity parameters of different transport modes, differ from each other. The urgency and speed by which the goods are to be delivered, influences the decision as to which mode of transport to use. All modes of transport, land, ocean and air, are affected by bad weather such as heavy rains, snow, fog and storms, which may cause delays.

3) Safety

Another crucial factor influencing the selection of a mode of transport is the safety and security of goods in transit. Land transport is more preferred to railway transport because the losses are less.

From the safety point of view, sea transport is the most risky, as water transport exposes the goods to the perils of sea, and the long duration of travel adds to the risk factors. Certain types of packaging also helps in safeguarding the goods in transit and are highly recommended, but they do influence costs as well.

Some goods also require special facilities such as refrigeration or special security measures that need to be taken into consideration when selecting a mode of transport.

4) Characteristics of goods

When selecting the mode of transport, the size and weight of goods play a crucial role. Land and air transport primarily cater to fragile and small shipments. Rail and sea transport are a more suitable option for heavy shipments.

How dangerous, fragile or high value the products are, also influences the selection of the transport mode. For breakable and fragile, high value products, air and land transport are the best option.

5) Budget

Transportation costs are add-on cost on the sale price of a product. The transport costs add to how much the goods can be sold for, to make a profit. Hence budget requirements need to be considered accordingly. The volume or weight of the goods play a key role in determining which method of transport is the best value. Also the type of good in terms of urgency of delivery, such as how perishable the goods are, and how quickly they need to arrive, influences the choice of mode of transport.

Typically, water transport is the most cost effective, and is mostly suitable when there is no hurry, and the goods are bulky or heavy, and need to be carried a long distance. Rail transport is relatively inexpensive for these types of goods. The advantage of road transport, in terms of cost is that there are savings to be made on the costs of handling and packaging. Air transport is one of the most expensive modes, but has the benefit of being fast, so is best suited for perishable and fragile goods.

6) Timescale

Air transport is the best option for long distances requiring urgent and speedy transport, to meet deadlines or because the goods are perishable or fragile. Motor transport is faster than rail transport for short distance deliveries. However, for longer haul journeys rail is faster and more economical.

Water transport is often not suitable where time is a factor.

7) Flexibility

The most flexible mode of transport is Motor or road transport, as it is not constrained by factors such as flight times, shipping routes or pre-scheduled timetables. Motor transport can operate day and night, at personal convenience, to suit all time frames, and has the added advantage of door-to-door delivery.