Packaging Unwrapped
Outline of Presentation

- Overview of packaging
- What is a tour package?
- Tour packaging steps
- Evaluating a tour package
- Risk management
- Packaging examples
- Sources of information
July 1841 first package tour.
1851 five shillings for the Great Exhibition in London for an overnight and meals.
Paris Exhibition package.
1884 Nile Trip.
Growth of literate middle class.
World for pleasure and exploitation but NO drinking.
Overview of Packaging

- Caters to demand of tourist.
- Successful marketing tool for business.
- Adds value to good and services being offered.
Establishes partnerships and relationships between companies.

Provides opportunities to be associated with a particular brand or logo.

Combines resources to allow companies to reach beyond where they could go on their own.
What is a tour package?

- **Tour Package**
  - Pre-arranged tour that includes products and services, such as food, activities, accommodation, and transportation all sold for a single price.
  - Collaboration of products and services from a number of different businesses.
  - Sold to individual/group.
  - Single day/multi-day.
What is a tour package?

- Independent Tour
  - Guests are able to choose from a variety of options.

- Packaged Tour
  - All of tour components and time tables are pre-set.

- Tour Operator
  - Company that creates and sells package tours
What is a tour package?

BENEFITS FOR GUEST

- Easy to use
- Less research necessary
- Provides sense of value
- Creates perception of security
- Offers companionship with other guests
- Guests don’t have to worry about getting lost
- Guests may receive special services/products that they might not have access to.
BENEFITS FOR OPERATOR

- Partnering businesses may offer discount
- Joint advertising and promotions
- Referral systems with other businesses can increase sales
What is a tour package?

DISADVANTAGES FOR OPERATOR

- A disappointing element of tour can cause guests to become dissatisfied and you have no control over it
- Some businesses may be difficult to get along with
- Creating trust can be difficult
- If package is put together poorly it may reflect negatively on your business
- Dividing profits can be challenging
What is a tour package?

DISSATISFACTION FOR GUESTS

- They don’t receive what was promised
- Do not over promise and under deliver
- No flexibility
- Guide not properly trained
- Obnoxious guest is disrupting the group
- Too many activities in too short a time
- Too few activities in too much time
- Too much time travelling
When developing a package there are many aspects that should be considered to optimize the pleasurable experience for the customer.
What are the 8 components of tour packages?
Tour Packaging Steps

- Transportation
- Accommodation
- Meals
- Activities/entertainment
- Souvenirs
- Related services
  - Guides/instructors/equipment
- Extra services
  - Photo service, coffee, coupons
- Proof of Payment
Tour Packaging Steps – What to Consider

- **Theme**
  - Common theme throughout

- **Flow**
  - Smooth movement
  - Activities should not be rushed or lengthy to avoid stress/boredom

- **Preparation**
  - Well prepared with trial runs
  - Safety precautions
  - Need contingency plans
Tour Packaging Steps

- **Time Specific**
  - Follow a schedule to avoid confusion

- **Spontaneity**
  - Adds value and uniqueness to increase individual’s experience

- **Pricing**
  - Reflects quality of tour
Tour Packaging Steps – What you need to include?

- Reach into community
- Interactive activities
- Low cost/no cost
- Behind the scenes
- Learning/discovery
- Shared experiences
- Trained guides
- Local resource people
- Element of surprise
- Free time/flexibility
- Memorabilia
- Value added features
Tour Packaging Steps – How to get organised?

Asset Analysis

- Inventory of tourism related businesses and events in your area related to your business
- Understand options
- Identify what to showcase
- Build on an existing product
- What is available
- Helps in pricing and in bringing greater profits
- Crucial when linking to events
Tour Packaging Steps – How to get organised?

- Market Analysis
  - Identify your market segments that travels to your region.
  - Focus on who will buy your product/service
  - Select a target market
  - Understand what they will buy, what they will pay, and how you will promote the package.
Tour Packaging Steps – How to get organised?

- Who are your markets?
  - Age?
  - Geographic location?
  - Gender?
  - Level of income?
  - Family status?
  - Activities?
  - Length of stay?
  - Group size?
  - Daily expenditures?
75% over 45 years of age.
59% female/41% male.
34% Ontario, 23% USA, 12% NL, 6% Quebec/Alberta
72% first time visitors.
Motivations: LAMNHS (culture), Scenery, Wildlife.
Average length of stay on Viking Trail: 3.36 days
93% of visitors engaged in interpretation activities:
- informative, educational, interesting
Evaluating a Tour Package – How to get organised?

- **Supplier Analysis**
  - Select companies you would like to work with
  - Go in person
  - Identify your needs
  - Get discount
  - Ensure policies match up – ie cancellations
  - Get everything in writing
Break even analysis

- Determine costs
  - Fixed vs. Variable
  - Profit margin
  - Sales commission

<table>
<thead>
<tr>
<th></th>
<th>Single</th>
<th>Double*</th>
<th>Triple*</th>
<th>Quad*</th>
<th>Family/Group*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult (12+ yrs)</td>
<td>$394</td>
<td>319</td>
<td>289</td>
<td>279</td>
<td>1006</td>
</tr>
<tr>
<td>Web Discount</td>
<td>$384</td>
<td>309</td>
<td>279</td>
<td>269</td>
<td>996</td>
</tr>
<tr>
<td>Student/Child</td>
<td>$374</td>
<td>299</td>
<td>269</td>
<td>259</td>
<td>n/a</td>
</tr>
<tr>
<td>Web Discount</td>
<td>$364</td>
<td>289</td>
<td>259</td>
<td>249</td>
<td></td>
</tr>
</tbody>
</table>

Internet Savings $10

*Additional passengers required. Shared rooms are not dormitory style.
What to think about when pricing your package?

- Target market
- Willingness to pay
- Level of quality
- Level of convenience
- Physical capabilities
- Rest time/active time
- Interests
- Age
- Language
- Number of participants
### How To Price Your Package? Variable Costs Per Participant

<table>
<thead>
<tr>
<th>Attraction/Experience #1</th>
<th>Retail Value per Participant</th>
<th>Net Cost per Participant/Discounted Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attraction/Experience #2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attraction/Experience #3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refreshments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Souvenir/Gift/Guidebook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax on taxable items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Variable Costs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# How to Price Your Package?

## Fixed Costs per Package

<table>
<thead>
<tr>
<th>Cost per Package</th>
<th>Capacity - # of Participants</th>
<th>Allocated Cost per Participant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorcoach/Van</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Driver</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Experts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax on taxable items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Fixed Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Load Factor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grossed Up Cost per Participant</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### How to Price Your Package?

**Overhead and Marketing Costs**

<table>
<thead>
<tr>
<th></th>
<th>Cost Allocated to Package</th>
<th>Number of Departures</th>
<th>Cost Allocated per Departure</th>
<th>Number of Participants</th>
<th>Net Cost per Participant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Overhead</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Load Factor Gross Up</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grossed Up Cost per Participant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# How To Price Your Package?

## Total Costs/Proposed Price

<table>
<thead>
<tr>
<th></th>
<th>Gross Costs Per Participant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Variable Costs (Page 1)</td>
<td></td>
</tr>
<tr>
<td>Total Fixed Costs (Page 2)</td>
<td></td>
</tr>
<tr>
<td>Total Overhead/Marketing Costs (Page 3)</td>
<td></td>
</tr>
<tr>
<td>Total Variable, Fixed, Overhead Costs</td>
<td></td>
</tr>
<tr>
<td>Gross-Up Factor for Profit</td>
<td></td>
</tr>
<tr>
<td>Proposed Price Per Participant</td>
<td></td>
</tr>
<tr>
<td>Total Taxes Included in Price</td>
<td></td>
</tr>
</tbody>
</table>
Tell customers what is included and what is not
No hidden fees
Any additional costs
Retail, promotional, profit, commission, fees
Are costs same or lower than original costs
What is the competition doing?
Create a detailed plan for a packaged trip. It includes a list of places to visit, plan of travel, activities, etc.
Make sure visitors understand:
• what type of business you are,
• what services you offer, and
• how they can find you

What are your promotional materials?
Conduct Evaluations

- Provides an impression of tour from visitor perspective
- Identifies good and bad elements
- Identifies what changes need to be made
- Identifies how to improve packages
Risk Management

- Risk – exposure to the chance of suffering or harm
- Liability – when business is held legally accountable for their actions
- Negligence – when reasonable legal standards are not met to protect individuals from harm
- Risk Management – Reduce potential consequence of risk
Manage risk in 4 ways:

• Eliminate the risk – do not offer
• Accept the risk is present
• Transfer risk to another through insurance policies
• Reduce the risk by taking actions to limit negative risk
PACKAGING EXAMPLES

COMMUNITY PACKAGE #1: Fairpoint at LaCasa Lakeside Cottage Resort

This resort offers three tours that are clearly designed for specific target markets.

The core components are the same for all three packages, but each tour is slightly different according to which market it is being targeted towards.

Consistent Components:

- Two nights in a fully furnished cottage with fireplace and lake views
- Wine and cheese platter for two
- Continental breakfast delivered to your cottage on the first morning
- Dinner for two (Items ready to stir fry or BBQ in your cottage)

<table>
<thead>
<tr>
<th>Luxury Escape</th>
<th>Nature Escape 1</th>
<th>Nature Escape 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Includes champagne and strawberries</td>
<td>Features 2 hour horseback ride</td>
<td>Features 2 hour ATV tour</td>
</tr>
<tr>
<td>$325</td>
<td>$415</td>
<td>$465</td>
</tr>
</tbody>
</table>
COMMUNITY PACKAGE #4: ‘eh’ Canadian Mountain FAMILY Cowboy Package for 4

Package Theme
Family time in the wilderness

Companies Involved
‘eh’ Canadian Lodge
Goldenwood Lodge
Rocky Mountain Buffalo Ranch
Northern Lights Wildlife Center

Services Included
Two nights accommodation
Full breakfast each morning & picnic lunch both days
Two hour horse back ride
Buffalo tour
Wolf viewing

Price(s)
$750 plus tax (based on double occupancy)

Exclusions (explicitly stated)
Package does not include transportation to and from Golden, BC
COMMUNITY PACKAGE #5:
Coast Kayak Adventure
Companies Involved
Kayak British Columbia
Coastal Spirits Expeditions & Lodge
Sea kayaking Adventures & Lodge

Services Included
High Quality Tents
All meals, snacks and beverages
Transport to launching site
Professional naturalist sea kayak guides
High quality sea kayaks, doubles and singles, all safety equipment
Dry bags for personal gear protection
Sea kayak instruction
Solar showers

Service Excluded
Personal equipment
Transportation to and from Quadra Island before and after the trip
Sleeping pads and sleeping bags (can be rented)

Extra Features
None

Prices
$875 Can
$740 US
Deposit $150
Based on per person
REGIONAL PACKAGE #1: Rocky Mountain Hike, Bike and Raft

Communities Involved

Package Theme
Hiking, biking, and rafting in the Rockies (outdoor based, camping)

Companies Involved
GAP Adventures
Banff Gondola
Kakwa Rafting tour

Services Included
Professional Guide
Transportation
Accommodation
Rafting arrangements

Price(s)
$2315 CAD per person based on double occupancy

Exclusions (explicitly stated)
Package does not include transportation to and from Golden, BC

Additional/unique information
A lot of the accommodation is camping so this company would not require companies to use their rooms
REGIONAL PACKAGE #2:
Self drive exploration

Companies Involved
West Coast area, Victoria

Companies Involved
Harbour Air Seaplanes
Car rental Company
Magnolia Hotel
A waterfront resort (either Tofino or Ucluelet

Services Included
Car rental
2 nights hotel
Seaplane flight from Vancouver

Service Excluded
Meals
Prices exclude GST

Prices
$369/ person
Based on double occupancy
Subject to change

Extra Features
Extra person: $30 a night plus flight
Extra night accommodation available on West Coast, add $110/person
Extra night accommodation available in Victoria, add $75/person
Extra day car rental, add $35/person
Sources of Information

- EPG Canada. Packaging Worksheet.