



Master's degree thesis

LOG950 Logistics

**Title:Supply Chain Management for Tour operators
Selling Tanzania Package**

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Number of pages included the first page: 56

Molde, Date: 12 November,2009



Publication agreement

Title: Supply Chain Management For Tour Operators Selling Tanzania Package

Author(s): Samwel Sizya

Subject code: 950

ECTS credits: 30

Year: 2009

Supervisor: Heidi Hogset

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Acknowledgements

For the most difficult times in life, support and help from people makes things possible. First of all, I would like to thank God almighty, for giving me the courage and the strength to complete this thesis.

I would like to thank my supervisor Associate professor Heidi Hogset of Molde University College for her valuable guidance, inspiration and patience. I would like to thank all of my respondents that contributed vital information and made it possible to produce this thesis.

I am very grateful for the positive attitudes I have experienced, and the commitment and interest shown by my respondents.

I also wish to extend my appreciation to Associate professor Nigel Halpern and PhD student Bharat P. Bhatta of Molde University College for their ideas and advice.

Finally, I would like to thank family and friends for their support and cooperation, and for their contribution of ideas and comments, which has resulted in this thesis.

Abstract

This thesis reviews present research on supply chain management (SCM) within the context of tour operators selling Tanzania packages. SCM is a well known research area in the manufacturing industry. In spite of the importance of SCM in business studies the research of supply chains (SC) in the tourism industry is very limited. The objective of this thesis is to help tour operators to lower costs, improve quality of service and add value to travellers as well as the whole SC, thereby helping tour operators to maximize competitiveness and profitability. This empirical research investigates how tour operators implement SCM. In contrast, past research tends to focus on tour operators' business activities without directly considering their SC. This thesis investigates whether the full integration of tour operators and their SC network could lead to a lower cost of package, improved quality of service, added value to final customers as well as the whole SC network, maximize competitiveness and profitability for tour operators as well as the whole SC network. This thesis concludes that trust, serious relationships, and good communication between tour operators and other SC members could lead to more efficiency and effectiveness in tourism business. This thesis offers a systematic review of present tourism studies focused on tour operators from tourism SCM perspective and develops a literature review for future further studies.

Keywords: Supply Chain; Supply Chain Management

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1.0 INTRODUCTION

This chapter describes general travel and tourism industry trends around the world, and the travel and tourism industry in Tanzania focusing on tour operators selling packages to Tanzania, addressing the problem background, significance of the research, research problem, research objectives and research limitations.

1.1 BACKGROUND TO PROBLEM

As globalization of markets is going on around the world, the reduction of trade barriers and the development of information technology have contributed significantly to the internationalization of service industries (Knight 1999, Javalgi and White 2002).

In today`s world, the travel and tourism industry is among the world`s largest, key economic sectors, growing faster and predicted in the future to be one of the top super service industries apart from telecommunications and information technology (Wason 2001).

In Tanzania the tourism sector is important and contributes a major part of the economy, where the tourism business makes up 17.2 percent of GDP and directly employs about 300,000 people with an average growth rate of 20 percent per year (Shame 2008).

Tanzania`s inbound tourism market is diverse, with visitors coming from all over the world. Arrivals from Europe and America are dominating the market, particularly the United States, the United Kingdom and other European countries. In 2007, the number of visitor arrivals in Tanzania reached 719,013 (Tourism Statistical Bulletin 2008).

Intense competition forces companies to integrate SC to lower costs, improve quality of service, satisfy end customers, and increase the firm`s profitability and competitiveness (Harland 1996, Sigala 2004).

Tour operators play an important role in promoting safari packages, beach packages, and other Tanzania tour packages. The Tour operators distribute packages either directly to travellers or indirectly through travel agents locally or internationally and facilitate information exchange on prices, special promotions, facilities and services in tourism SC (Tepelus 2005).

Generally, tour operators can influence the tourists` choice of destination, the strategies of SC partners and the development plans of destinations. Also, tour operators can add more value to satisfy travellers. Tour operators have a strong incentive to influence, plan, control, and support quality development and the customization of their tour package to individuals and groups of travellers according to their needs and wants (Seuring et al. 2005).

1.2 THE SIGNIFICANCE OF THE RESEARCH

Tanzania is a developing nation that depends mainly on agriculture, minerals resources and tourism. The agriculture sector still remains the backbone of the economy. Through reforms in its foreign tourism policies, Tanzania`s government made a commitment to the liberalization of the travel and tourism industry. Currently, the tourism sector has increased to become the nation`s first leading foreign exchange earner.

Tanzania prioritizes to offer a low-density, high quality, and high-priced tourism experience. Several deficiencies, however, currently exist with regards to tourism products and services (Tanzania Tourist Board 2009, Shame 2008).

In order for the tour operators selling package for Tanzania to stay competitive they need to apply supply chain knowledge so that they can compete in terms of time, cost and quality. The supply chain of package holidays includes airfare, accommodation, car rental and relaxation.

This topic is interesting because the tourism industry in Tanzania has untapped potential to attract many tourists, since Tanzania contains some of the world`s greatest natural wonders, such as Serengeti National Park and the Ngorongoro crater. Therefore, it is interesting to investigate how the industry can lower costs, improve quality of services to satisfy tourists and add value to the overall SC participants from upstream to downstream of tourism business.

1.3 RESEARCH PROBLEM

Strategic adoption and implementation of SCM

SCM is an important branch of research in the business area. Normally the supply chain is applied in the manufacturing sector. In spite of the popularity of the SC concept in the business area, the applicability of SCM research in tourism has not yet been broader studied (Rauno et al. 2008, Sigala 2008).

Many companies are forced to implement SCM as an opportunity to stay competitive in today's world of globalised markets. Many firms formalize business relationships in order to avoid uncertainty and achieve survival in the international business environment where companies are operating (Faulkner and De Rond 2000).

Tour operators` benefits from adoption and implementation of SCM

A tour operator is a focal firm linking all the SC partners, acting as an intermediary between tourists and tourism service providers from upstream to downstream of a SC of tourism service. Tour operators are planning and controlling a complete holiday package of accommodation, transport and services, then market directly to tourists or indirectly to travel agents (Center for Environmental Leadership 2003).

A SC in the tourism industry can be complex, but there are many benefits of using it. For instance, in procurement it helps to promote better relationships between suppliers, the local community and other stakeholders. It may help tour operators to lower operating costs, improve customer service and add value to the whole SC, reduce risk and gain a competitive advantage.

Tour operators` costs from adoption and implementation of SCM

As Buhalis (2000b) comments, small tour operators are interested in selling the greater facilities and higher quality accommodation packages. At the same time the large tour operators are most interested in selling low price accommodation. For instance, British tourists, Scandinavian tourists and Dutch tourists are more price conscious while the American tourists and Japanese tourists are more quality conscious.

Buhalis (2000b) has concluded that the tour operators' influence on accommodation companies has led to inefficiency in the distribution of packages.

Usually, each partner of the tourism SC has different goals and objectives. This may lead to three kinds of conflict; first price strategy conflict, second vertical integration conflict, and third operation conflict. Price strategy conflict occurs when a medium tour operator attempts to increase profits by enhancing the market share and capacity through offering cheaper holiday packages, while the hotel has few rooms, if there is little excess capacity it will be difficult to lower the price of rooms, because it will lead to loss of revenue for the hotel.

A key to this coordination problem is an orientation toward strong relationships between the suppliers of tourism products and services. Moreover, firms in today's world compete in terms of time, cost and quality. Travellers are demanding packages in terms of a safe destination, cheap, high quality of service and lack of delays and cancellation of trips.

The core competencies and goals among the SC partners in a tourism industry are quite different. For instance, ensuring a high quality to the overall SC network requires that SC partners share common objectives. High quality for the airline business means safety and the avoidance of delays and cancellations whereas for hotels, high quality means offering good food, friendly staff, and good facilities, therefore, a successful tour operator will be one who is willing to share core competencies and goals with hotels and airlines (Tremblay 1998).

As indicated above, companies in the same SC have different business processes which may lead to inefficiency in the SC. Therefore, integration of these key business processes is significant for efficiency improvements in a SC (Lambert et al. 1998).

Companies that face unstable demand tend to carry an inventory buffer. This safety stock needs to be greater the greater the uncertainty about future demand. In a SC, observed variation in demand is greater the further away from the end customer the firm is, because each intermediary firm amplifies customer behaviour through its increase and decrease of safety stocks (Forrester 1961). This is known as the bullwhip effect (Lee et al. 1997). It can happen mainly due to a lack of trust and information exchange between SC partners (Simchi-Levi et al. 2000, Sterman 1989).

1.4 RESEARCH OBJECTIVES

This part discusses the research objectives this study seeks to address to solve the question or problem facing the Tanzania Tourism Sector from upstream to downstream partners of the SC.

Objective1. To investigate the level of integration of tour operators and other SC partners in the tourism industry.

Objective2. To explore if increased collaboration between tour operators and other SC members in the tourism industry leads to improved efficiency and effectiveness, and thereby improves competitiveness and profitability.

Based on the background presented and these objectives, the research questions for this study are:

How can tour operators apply SCM to improve efficiency and effectiveness?

1.5 RESEARCH LIMITATION

This research has been limited by a number of factors/circumstances, including a lack of class study in SCM on tourism, lack of proper website and information regarding the overseas tour operators selling Tanzania packages, and lack of statistical information which is related to tour operators selling Tanzania packages in Tanzania, Kenya, Europe and North America. It has been very difficult to collect data since most tour operators are very busy and the tourism industry is seriously affected by the global financial crisis. The research has also been limited by resources, facilities and support funds to conduct this study especially in data collection, the lack of relevant literature regarding the supply chain in the service industry especially in the tourism industry.

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter presents both a definition of SCM and of a tour operator. It also discusses previous practical research of the general applications of SC in the service industries and manufacturing. Moreover, it discusses possible ways to use SC in the tourism industry and lastly the implementation of SCM in tourism.

2.2 DEFINITIONS

2.2.1 SCM

A SC is a network of partners who collectively convert a basic commodity (upstream) into a finished product (downstream) that is valued by end-customers, and who manage returns at each stage (Harrison and Hoek 2008).

SCM is the combination of art and science that goes into improving the way your company finds the raw components it needs to make a product or service and deliver it to customers.

Many firms are forced to implement SCM as a great opportunity to stay competitive in today's world of globalised markets. Many organizations have business relationships in order to avoid uncertainty and survive in the international business environment where companies are operating (Faulkner and De Rond 2000).

Companies achieve economies of *scope* when they allocate resources optimally across products, markets, and businesses. As this occurs, producers integrate the overall key business processes for instance; demand planning, customer relationships management and procurement by forming alliances, partnerships and merger and acquisition with suppliers, distributors, and retailers.

Economies of *scale* as applied in SC leads to both cost savings and gains in market power. An economy of *speed* leads companies to quickly respond to customer needs in the agile market and improve the SC performance through exchange of information between supply chain members. Top firms in the world recognize the need for applying SCM to stay competitive in today's world of competitive markets.

2.2.2 TOUR OPERATOR

Tour operators are enterprises that combine two or more travel services (e.g. transport, accommodation, catering, entertainment and sightseeing) and sell them through travel agencies or directly to tourists as a package (Meyer 2003).

A tour operator is a focal firm that links all the SC partners acting as an intermediary between tourists and tourism service providers from upstream to downstream of a SC of tourism services. The tour operators plan and control a complete holiday package of accommodation, transport and services then market it directly to tourists or indirectly to travel agents (Center for Environmental Leadership 2003).

“Tour operators are the crucial link in the distribution chain, representing the central connection between customers and providers of services and therefore having the power to influence sides, the demand and the supply, according to their interests” (Meyer 2003)

“The principal role of intermediaries is to bring buyers and sellers together, either to create markets where they previously did not exist, or to make existing markets work more efficiently and thereby to expand market size. In all industries the task of intermediaries is to transform goods and services which consumers do not want, to a product that they do want.” (Cooper et al.1998, p.189).

2.3 GENERAL APPLICATIONS OF THE SC

The SC in the manufacturing sector consists of raw materials, processing, manufacturing, distribution, marketing and sale to the end user. SCM was originally limited to traditional concepts such as purchasing, distribution, and logistics. Recently, SCM has further developed into areas like supplier relationships, supply network structure and supplier coordination and distribution. Companies recognized that the success of firms doesn't depend on a single partner but depends on the overall performance of SC partners from upstream to downstream actors.

An important paradigm shift of business management is that an independent enterprise may not be competitive; therefore a business needs **collaboration, coordination and integration** of SC partners in order to stay competitive in today's world (Drucker 1998).

It is important to know the difference between service SC and the manufacturing SC. Services in the tourism industry have the characteristics of perishable products, the package cannot be inventoried, services are customized to meet individual customer needs and human resources play a significant role in the value delivery process.

People are in the frontline and this human involvement makes package delivery more uncertain. In this context efficiency is evaluated based on management, flexibility of resources, information flows, service performance and cash flows management (Urry 1990, Uysal 1998). In contrast, SCM of manufacturing industries has the characteristics of tangible products. Products can be inventoried in warehouse, physical handling of a standardized products and centralized procedures. Therefore, people are in the back office or factory, so there is less uncertainty in product delivery and there is no customer and process interaction.

However, there are also similarities between service SC and the traditional SC for instance, in demand management, customer relationship management and supplier relationships management (Ellram et al. 1990).

2.4 POSSIBLE WAYS TO USE SC KNOWLEDGE IN TOURISM

In tourism, the supply- delivery chain management integrates the scheduling and management of all the activities involved in the suppliers' provision and choosing the suppliers, the logistical management activities, as well as the coordinating and collaborating activities with all the partners.

Referring to the bale logistics domain, Balan (2006, p.19) comments that the logistician's main plan is to take the needed goods and services at the right place, at the right time in the required conditions.

When applying the logistics definition in the tourism sector, it can be defined as a plan to create and offer the tourist products and services needed by the tourists, at the right destination and make sure the tourists arrive there at the right time in the most beneficial way. Also, a SC should be efficient and effective. Efficiency means to minimize resource input and maximize output, while effectiveness refers to measurable output.

Efficiency is measured by delivery performance, product quality, whereas effectiveness is measured by service quality and customer satisfaction.

SCM is a popular branch of research in business studies; usually the SC is applied in the manufacturing sector, In spite of its popularity in the manufacturing sector, the applicability of SCM research in tourism has not yet been broader studied (Sigala 2008, Rauno et al. 2008). There are a few studies that adopt the SC concept and show the value of applying SCM knowledge of tour operators for integrating *economic, environmental and social* sustainability into tourism SC (Center for environment leader 2003).

The SC of tourism is illustrated in Figure 1. The first tier of the upstream includes direct suppliers (such as airlines, hotels and car hire) which directly supply tourism products and services to tour operator. Second tier suppliers, which supply products and services to first tier suppliers. From the downstream includes tourists or end customers, travel agents and tour operators have tremendous influence in whole activities involved in the SC network structure on tourism. Also a tour operator buy individual travel services for example transport and accommodation from tier 1 suppliers (such as airlines and hotels) and assembles them into a single package, which are sold to the travelers directly or through travel agents.

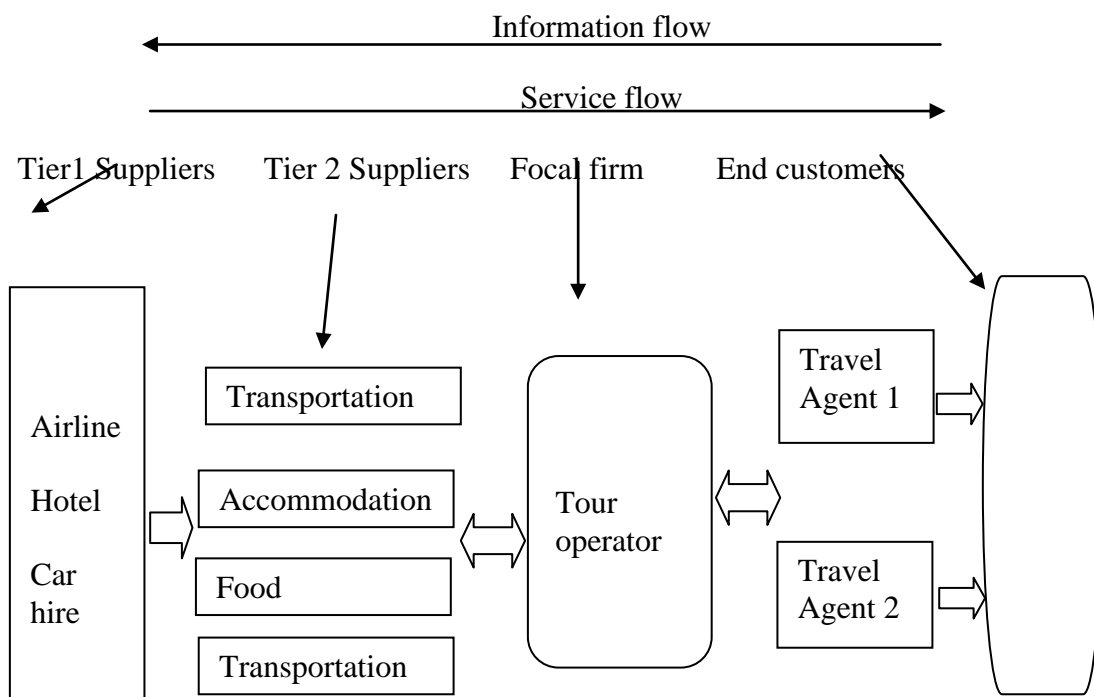


Figure 1. A SC Network Structure on Tourism.

2.5 DISTRIBUTION CHANNELS IN THE TOURISM INDUSTRY

The World Tourism Organization (WTO 1975) states that “a distribution channel can be described as a given combination of intermediaries who cooperate in the sale of a product”. Wanhill (1998) states that “the principal role of intermediaries is to bring buyers and sellers together, either to create market where they previously did not exist or to make existing markets work more efficiently and thereby to expand market size”. The tour operators are the central link in the distribution chain managing accommodation, transportation, catering and entertainment providers. Tour operators are the most influential partner in the tourism industry (Budeanu 1999).

Distribution channels are the most important tools in marketing, as they determine the efficiency and effectiveness of an organization (Christopher 1991, Gattorna 1990, Stern and El-Ansary 1992). In the tourism industry, the main distributors are the tour operators (wholesalers) and travel agents (retailers) who’s aims to provide information and selling the tourism packages to tourists (Middleton 1994, Bitner and Booms 1982, Welburn 1987, Holloway and Robinson 1995).

Airlines and tourists can enable operators to manage supply and demand of tourism products and services by sharing information. As tourism is a seasonal business of low and high seasons (Ytterhus 2000), demand forecast could help to avoid uncertainty. The main categories of members in a distribution channel are (Balaure et al. 2005, Stanciulescu 1998 and Toquer et al. 1999):

- a) Tourist services suppliers
- b) Tour operators
- c) Retail tourism agencies
- d) Customers (tourists)

Distribution is a frequently applied concept in tourism research (Buhalis 2000b, Pearce et al. 2004). Normally it is used in the booking of accommodation at the destination, for instance, at a park.

The large tour operators influence accommodation companies in terms of price and profit margins especially in Europe where they control the accommodation service providers such as lodges, hotels and resorts.

Large tour operators in Europe play a significant role in the international tourist market in selecting tourist destinations, accommodation and transport providers based on the global tourist demand. The main reason why tour operators have so much control over lodges, hotels and resorts is to increase a bargaining power and control of the marketing channel. As they can deliver many tourists, they need a standardize facilities and services in cheaper costs which is matching with their main types of package, for instance summer sun, safari in Tanzania and tropical shores (Klemm and Parkinson 2001).

Usually, each SC partner of the tourism distribution has different goals and objectives. This may lead to three kinds of conflict; first price strategy conflict, second vertical integration conflict, and third operation conflict (Buhalis 2000b). A price strategy conflict occurs when a medium tour operator attempts to increase profits by enhancing market share and capacity, through offering cheaper holiday packages, while the hotels have few rooms.

A vertical integration conflict takes place when a large tour operator develops oligopolistic behavior which decreases the bargaining power of hotels. Then an operation conflict occurs when a small hotel operator fails to fulfill rules and regulations of offering the standard service required by the Tanzania Tourist Board (TTB).

Some large tour operators and medium size tour operators, through a vertical integration they had managed to offer full SC tourism packages from transportation (charter airlines), hotel, catering and recreation services, and they are called a supply chain leader (Josephides 1993, Renshaw 1994).

In Tanzania, few tour operators outsource the transportation of tourists to transport service providers like car hire and charter. Most concentrate on the core business of recreation services providers, providing services of gaming, hunting and parks service.

Table 1 presents examples of SC members in the tourism industry and their services. As we can see, the tourism products and service providers, such as, hotels supply accommodation, airlines supply air transport, restaurants supply catering and food, car hires supply ground transport and national parks supply their safari and other services to the tourists. Therefore, a tour operator planning, implementing and controlling the efficient and effectiveness flow of products and services from point of origin to point of consumption is required to improve the quality of service.

Table 1: A distribution of products and services in tourism industry

Products	Suppliers of services
Accommodations	Hotels
Air transport	Airlines
Catering and food	Restaurants
Ground transport	Car hires
Destinations attractions	Tourist boards and National parks

This study has analyzed that close collaboration, long term relationships, coverage of contracts could enhance the distribution channels, equal distribution of power and avoid any possible conflicts of profit between hotels and tour operators. In addition, vertical integration is the best practice for large tour operators to control of the production and distribution of holidays and increase tour operator bargaining power over prices with hotels, resorts, airlines etc.

2.6 SC COORDINATION IN THE TOURISM INDUSTRY

Coordination can be defined as the agreement of SC partners to do a specific role in order to achieve SC goals and objectives e.g., to increase profits through contractual, arrangements negotiations and bargaining among members in a SC. Previous empirical research on tourism SC has explored, the integration of business within a tourism SC (Lafferty and Fossen and 2001, Theuvsen 2004).

The mutual dependence between SC partners on tourism (tour operator, airline, hotel and others) makes coordination within the chain important. Therefore, a coordination mechanism is needed for governing this mutual dependence. The coordination mechanism should offer a set of rules which will allow a fair sharing of profitability and competitiveness among the partners in the tourism industry (Xu and Beamon 2006).

The globalization of SC has forced firms to look for more efficient and effective ways to coordinate and distribute products and services inside and outside of the firm. A key to this coordination is an orientation towards strong relationships between the suppliers of tourism products and services.

Moreover, firms in today's world, compete in terms of time, cost and quality. Travellers are demanding packages in terms of high quality and cheap prices.

Different forms of coordination:

Merger and Acquisition is an integration of the assets and liabilities of two companies to form one corporate company. Acquisition is defined as a big company that takes over (buys) a small company and ends up in full control. While a merger occur when two companies are combine their assets and liabilities to gain competence (Quick MBA, 2009).

Strategic alliance occurs in many forms and size such as a *joint venture, partnership, merger and acquisition and outsourcing*. Companies coordinate to achieve, a competitive advantage, e.g., to increase profitability and lower transaction costs, firm collaborate in sharing expertise, sharing technology and accessing new market.(David S.et al,2005).

Partnership is a formal or a informal relationships between two or more businesses. Usually, partnerships are based on agreed on contracts, rules and obligations, trust and mutual benefits to both partners agreed on contracts, rules and obligations. In a formal partnership there is a contract, while in an informal partnership there is no contract, the partners agreed by the word of mouth (Partnership 22 May, 2009).The fierce competition forces the firms to collaborate in SC to increase agility, flexibility and performance (Harland 1996).*Inter organizational collaboration* could help the firm to become more efficiently by achieving to lower costs, to improve product development, to improve quality of service to end customers, to respond quickly to customer needs and add value to end users (Nix et al. 2004). *SC integration* involves information sharing between the SC partners (Mc Laren et al. 2002).The tour operators and the airlines are the dominant partners in the tourism SC causing problems of asymmetric information and opportunism with other partners of the tourism SC such as hotels and car hire. The characteristics of tourism SC based on decentralised management which require resource exchange at the functional department.

There is no any single partner who has the power to control of other partners. It has been indicated that there is a low level of coordination within the tourism industry, which can lead to a high risk and uncertainty in the market environment due to external factors influencing demand on tourism sector, for instance, bad weather and financial crisis.

An unreliability of services among a SC partners, like overbooking of hotel rooms would affect a tour operator who wants to take tourists to the competing destinations.

Therefore, the information exchange on booking between suppliers of tourism service providers through application of information technology could help to enhance coordination and reduce uncertainty.

2.6.1 HORIZONTAL INTEGRATION

Tour operators apply this strategy when small firms doing similar business and sharing a common goal enter partnership, alliances and mergers to develop the destinations and to increase the tourist's value.

The purpose of horizontal integration is to eradicate competition, to increase economies of scale and to increase purchasing power (Meyer 2003). International airlines could alliance with domestic airlines to improve the quality of service like domestic flights to serve faster tourists to reach their destinations faster. Tanzania local's hotels (e.g., Kilimanjaro hotel and New Africa hotel) could be aligned in a partnership with international star hotels, for instance, Sheraton and Holiday Inn using their trademarks to gain a competitive advantage and improve the quality of service to the travellers.

2.6.2 VERTICAL INTEGRATION

Vertical Integration is coordination between firms within a specific business processes whereas a coordination needs investments, internal integration is a coordination between departments within a specific business processes.

Researchers have commented that a vertical integration in the tourism industry has led to several benefits such as to decrease transaction cost, market to best destinations and gain market power (Bull 1995, Sinclair and Stabler 1997).

For example, a Thomson Travel Group in the United Kingdom and TUI, a European market leader and the world's largest tourism company manages, 81 brands, owns 3700 incoming agencies, 285 hotels and resorts, operates 88 air planes, and manages the Mediterranean region. (Theuvsen 2004).

SC information tools (link in software such as ERP or EDI are useful to collect, analyze, and exchange of information. A SCM integration could possibly assist a tour operator to respond quickly to tourist needs, lower costs, improve quality of services and adding more value e.g. establish shopping centre near the destinations and providing healthcare services and insurance to tourists especially during the agile market (Cigolini et al. 2004).

The core competencies and goals among the SC partners in a tourism industry are quite different, for instance, ensuring a high quality to the overall SC network needs very different objectives. High quality for airlines business means safety, avoid cancellations of flight and avoid delays, whereas in hotels high quality means to offers good food, friendly staffs, and good facilities. Therefore, a successful tour operator will be one who's is willing to share common core competencies and goals with hotels and airlines (Tremblay 1998).

Moreover, the SC partners on tourism can be agree to improve infrastructure in the operating destinations, for example, by building a new hotel near the national parks and develop the airfield at the destinations they are operating. Due to safeguard a tour operator and airline could go for long term contract and investment in new hotel and develop air field at the parks. Trust among partners could lead to avoided conflicts, because, all partners can agree on the same goals.

Thus, coordination among the SC partners in a tourism business (airlines, hotels, tour operators, travel agents and car hires) is significantly for constructing a competitive advantage in a tourism industry and enhanced the coordination between SC partners (Kogut and Zander 1992).

This chapter of the study concludes that a successful tour operator is the one who is able to increase its level of coordination, trust, sharing information with over all SC members such as airlines, hotels, etc. Vertical integration is a way of reducing the difficulties of the coordination problem and thus enhances efficiency and effectiveness, and thereby improves competitiveness and profitability.

2.7 SCM BUSINESS PROCESSES

A SC business processes can be defined as a structure of activities designed to produce value from the sourcing, to coordination, and to distribution across the SC with a main focus on end customers (Lambert et al.1998, and Tyndall et al. 1998). As indicated in the previous research, the companies in the same SC have different business processes which lead to inefficiency in SC, therefore an integration of these key business processes is significant for the success of a SC (Lambert et al. 1997).The integration of key business process from upstream to downstream of a SC on tourism products, services and information can add value to tourists and the overall SC partners on tourism industry (Lambert et al. 1998).

The following are the seven key SCM processes that are included in the structure (Lambert et al. 1998): and shown on Figure 2. The customer relationships management, customer service management, demand management, service delivery management, service flow, procurement and customization. SC sometimes faces the rise and fall of demand from a downstream to a upstream of a SC (Forrester 1961) this is known as the bullwhip effect in SC concept (Lee et al. 1997). It can be happened mainly due to lack of information exchange between SC partners (Simchi Levi et al. 2000, Sterman 1989). Information sharing can lead to strong coordination between SC partners. A tour operator is a big player in managing the demand in tourism business. In addition, all partners collaborate in forecasting demand to prevent uncertainty. SCM knowledge facilitates cooperation and information exchange between SC partners to plan and control demand uncertainty.

A Figure 2 illustrates the SC integration business processes from the upstream includes suppliers to the downstream includes end customers. A tour operator has influence over all of the customer relationships management, customer service management, demand management, service delivery management, service flow, procurement and customization to ensure every supplier on focus on delivering a highly quality of products, services, and information that add value for end customers and other SC partners.

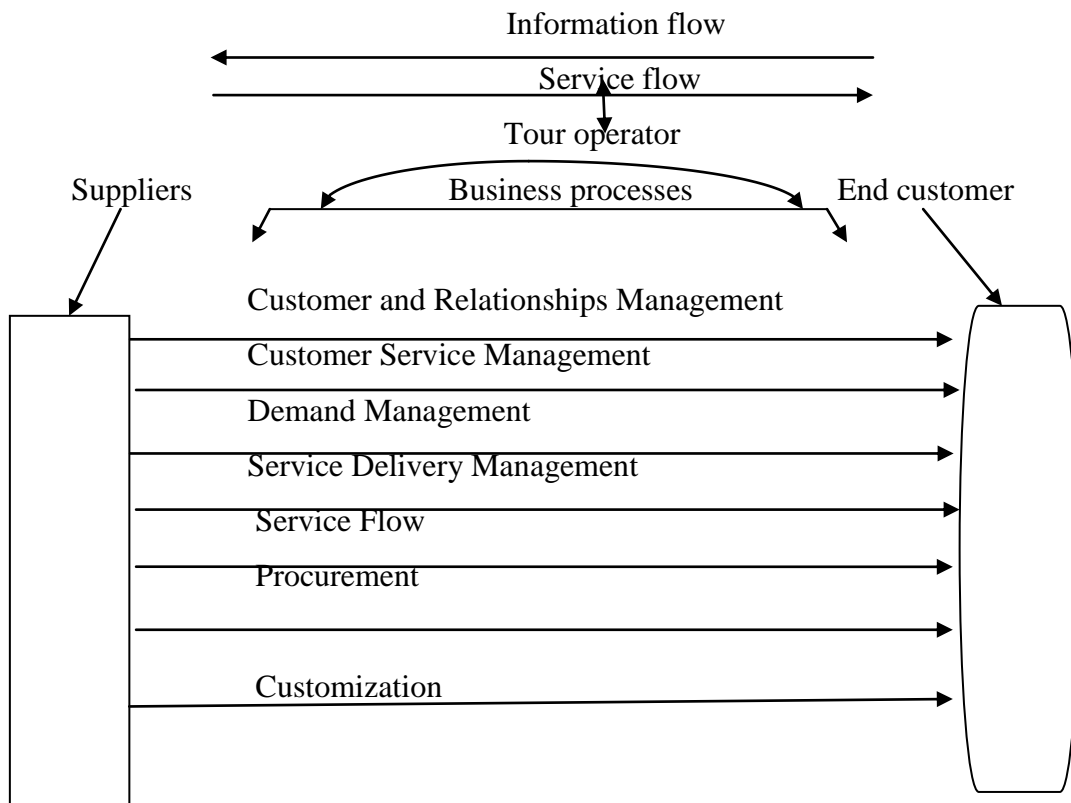


Figure 2. A SC on Tourism Business Processes

THE FIVE BASIC COMPONENTS OF SCM OR SUPPLY CHAIN OPERATIONS REFERENCE (SCOR).

There are several organizations trying to set cross industry standard processes such as global supply chain forum (GSCF) and supply chain operations reference (SCOR) which can help members of a SC integrate efficiently.

GSCF defines SCM as “the integration of key business process from end user through to original suppliers that provide products, services and information that add value for customers and stakeholders” (Lambert 2005, p. 28).

SCOR is a process model design for effective communication among SC members. SCOR model is defined as a “From company`s supplier`s to company customer`s customer” (Supply Chain Council 2005). It is based on five distinct management processes or SCM basic components shown below:

1. PLAN

Firms need to plan and control the flows of products and services that move from upstream to downstream of a supply chain network for the aim of satisfying end customer demand of products and services. Usually, the main objectives of the SCM perspective are to be efficient, achieve lower costs, deliver high quality products and services and add value to end customers.

2. SOURCE

Companies are required to select suppliers who can deliver the materials needed to make final products, preferably the best supplier whose selection is based on characteristics of low price, quality assurance, and on time delivery.

3. MAKE

In the production processes, SC business processes such as; production, testing, packaging and preparation for delivery. This is the most important part of the SC, where firms assess the quality of products, production, and output and workforce productivity.

4. DELIVER

This is the logistics section, where firms coordinate the receipt of orders from customers, keep the product in the warehouse and deliver it to end customers and make an invoice for receiving payment.

5. RETURN

A SC needs to be able to respond to return products from end customers through SC networks due to excess products, damage, etc.

As a tour operator adopts the above concepts, for the purpose of this paper can achieve competitive advantage by lowering costs and simultaneously improving customer satisfaction. On the other hand, it is important for a successful collaboration among SC partners thereby sharing information about demand on the market, integration of key business processes and long term relationships as well as increasing trust.

2.8 SC IMPLEMENTATION IN TOURISM INDUSTRY

The SC implementation means the process of coordinating the overall SC partners in a tourism industry in an efficient and effective manner, *as SC management philosophy* is more accurately called *Supply chain orientation*. Generally, a real application of this orientation in an organizational is well known as *a SCM* (Mentzer et al. 2001).

The concept of a SCM approach views the SC as a single firm, composed of partners who differ in business competencies, each one doing its own function to manage the flows of products and services from the suppliers to the travellers (Ellram et al.1990, Houlihan 1988 and Tyndall et al. 1998).

As SCM is a set of beliefs that every partner in the tourism SC, including the travellers, are directly and indirectly interdependent on the SC effectiveness (Cooper et al. 1997).SCM as an integrative concept considers on customization of package to create a unique value to the individual traveller (Langley et al. 1992) In this situation, a tourism marketer needs to know the travellers` needs and wants (Ellram et al. 1990, Tyndall et al. 1998).

SCM VERSUS SC ORIENTATION

The concept of SC focusing on coordination from upstream to downstream systems perspective and with the tactical activities of distribution channels in a broader strategic viewed which is called SC orientation or SCM philosophy.

SC antecedents and results needed coordination strategic level as shown on the Figure 3.

ANTECEDENTS TO SC ORIENTATION AND SCM

Antecedents to SCM are the factors such as SC Orientation (trust, commitment, interdependence, organizational compatibility, vision and key processes and leader) and SCM factors such as (information sharing, cooperation, share customer goals, integrate

key processes and long term relationships) that encourage the coordination and integration along the products and services flows, strong relationships and end customers focus or tourists.

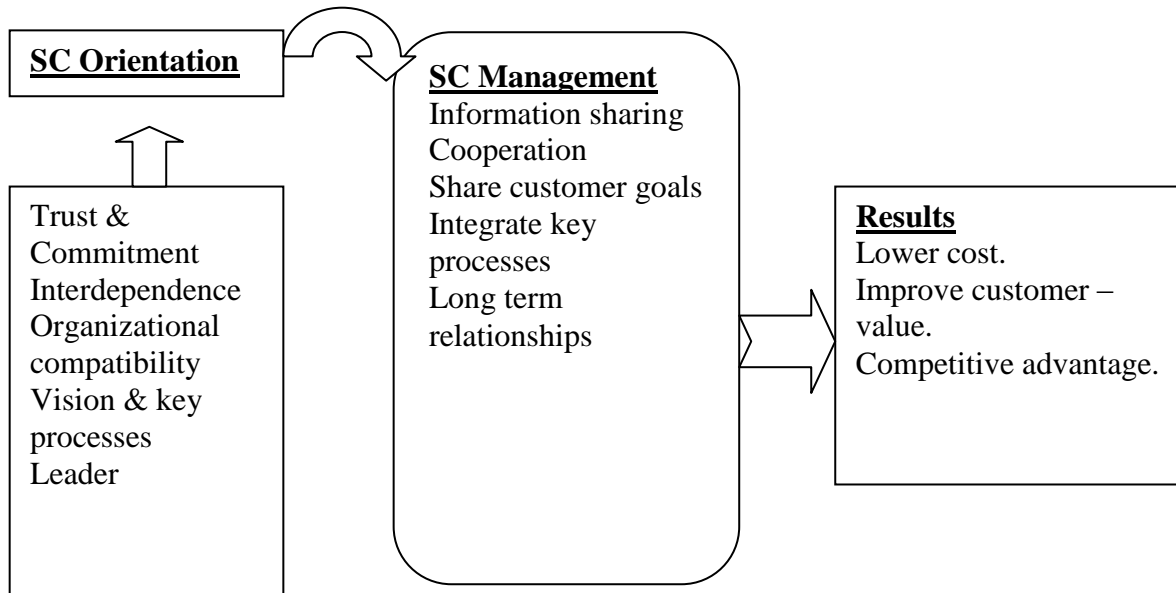


Figure 3. SCM Antecedents and results

According to Morgan et al (1994) they had suggested that **trust** and **commitment** could lead to cooperation and prevent conflicts, while commitment could lead to the success of long term relationships.

Interdependence means SC partners require a strong and close relationship to achieved goals. **Organizational compatibility** meant sharing common goal and objective e.g., alliance and merger and acquisition could lead the SC to become more efficient and effective.

Vision and Key processes, according to Lambert, Stock and Ellram (1998) have commented that there should be a consistency to both vision and key processes in order to win a competitive market.

A **leader** among SC partners is like a controller or tour operator in the distribution channels of tourism products and services (Stern and El-Ansary 1992). A tour operator plays a significant role in the coordination and distribution of a package to the overall SC.

RESULTS OF SCM

The main objectives for the implementation of a SCM are to gain a competitive advantage. Increasing a company's competitive advantage and profitability through SCM can be completed by improving the overall customer satisfaction (Giunipero and Brand 1996).Also, (Lalonde and Bernard 1997) has suggested that SCM improves customer service and adds value to the whole SC in tourism, to build a competitive advantage for a SC (Cavinato and Joseph 1992, Lee et al. 1992, Novack et al.1995 and Tyndall et al. 1998).

As SCM is concerned with the improvement of both efficiency (such as cost cutting) and effectiveness (for example customer service) in a strategic context (e.g. adding traveller value and satisfaction) through integrated SCM to gain a competitive advantage that gives profitability (Performance Management Group, 2001).

3.0 METHODOLOGY

This chapter describes the research design and research method used in this study.

3.1 INTRODUCTION

This section explains briefly the research design, research method, research instrument, sample selections, ethical considerations and analysis method

3.2 RESEARCH DESIGN

Research design is the means by which researchers plan the collection of data in order to answer research objectives or research problems. Usually, there are descriptive, causal and explorative designs (Zikmund 2003, Gripsrud et al. 2004). Descriptive design is used to present information about the current condition of the population, events and situations and it can be either qualitative or quantitative or both (Creswell 1994). Causal design deals with how one variable affects or responds to changes in another variable. Explorative design deals with a deeper understanding of problems and then investigating a better solution.

This study mainly used descriptive research in order to observe whether the tour operators selling Tanzania packages in Tanzania, Kenya, Europe and North America are applying supply chain knowledge to lower cost, improve quality of service and satisfy end customer or tourist.

3.3 RESEARCH METHOD

Generally, there are two main choice methods of doing research: either qualitative or quantitative or both methods could be applied in research. A researcher needs to make a choice for herself/himself in view of what he/she wants to achieve with a study and by doing so, select the best suitable approach.

The use of qualitative or quantitative methods depends on the topic you want to research. Sometimes researchers are biased. Some will prefer qualitative to quantitative data or vice versa. In the view of Yenza (2009), a combined method is advisable to avoid error in the interpretation of data, in the data processing and analysis.

3.3.1 RESEARCH INSTRUMENT:

My study has used primary data collected from 26 tour operators or respondents selling Tanzania packages located in Tanzania and overseas.

PRIMARY DATA

This is data collected for the first time and can be customized for the specific problem. Primary data can be collected direct from observation or survey (Jacobsen 2002, Zikmund 2003). Primary data was collected through a survey.

3.3.2 SAMPLES AND SAMPLE SIZE

Sampling is the last step in the research process before data is gathered, and is concerned with recognizing objects for primary data (Zikmund 2003). This study has an original focused on the population of 46 local tour operators based in Tanzania. However, the response rate was so low, this study has decided to expand the population frame by including overseas tour operators selling Tanzania packages located in Kenya, Europe and North America. This study has contacted 54 overseas tour operators, and this study got a total of 26 responses. The 46 Tanzania and 54 foreign tour operators were found through the website of (google.com and Tanzania Tourism Board) the total number of tour operators I contacted was 100.

All the respondents were first contacted by e-mail. Then waited for 3 to 7 days give the tour operators time to respond and if they didn't respond they were second time contacted by telephone and asked whether they got the questionnaire or not if not the questionnaire were resent to them and if they got the questionnaire they were requested to fill the questions whenever they have free time, but the researcher requested them to fill questionnaire as soon as possible. Then, the respondents were reminded about the survey for at least three times. The researcher called to motivate the respondents to fill the questionnaire in order to help this research succeed but I think that the remaining 74 locals and overseas tour operators didn't respond because they were more busy and lacked interest. I compiled my list of respondents using information I found at the website of (Tanzania tourist board.com, and <http://www.travel-lists.co.uk/lk1eaf.html>).

In the data collection process the respondents were explained briefly the aim and objectives of this research. The nine survey questions were designed in the questionnaire (see appendix). Questions number one through seven were close ended qualitative and quantitative questions, while questions number eight and nine were open ended and purely qualitative questions. By explaining these important details, respondents were able to understand the importance of their role in the completion of the research.

The respondents were not forced to participate in this research and they were assured that their responses were confidential. The survey is anonymous in order to ensure the confidentiality of the participant.

3.4 ANALYSIS METHOD

Survey respondents were employees of tour operators, like Chief Executive Officer, General Manager, Marketing Officer, Travel Consultants, Managers, Product Manager, Director, Consultant, Managing Directors, Marketing Coordinator, Reservations Manager, Sales Consultants, Accountant and Travel Consultant.

After collecting the completed survey questionnaire from 26 tour operators selling Tanzania packages from Tanzania, Kenya, Norway, Sweden, United Kingdom, Switzerland, United States of America and Canada, total responses for 9 questions were obtained, tabulated and analyzed in text.

This research method used was statistical and descriptive analysis for data interpretation. Due to small number of 100 population of tour operators, there is only 26 respondents from the population of tour operators selling Tanzania packages locals and overseas then, I couldn't used T-test to analyze my data. Respondents' replies were analysed to investigate the 2 research objectives and to answer the research problem. Moreover, after the respondents replied questions 1 up to 7, from questions 8 up to 9, the researcher asked the respondents for any comments (A Sample of Thesis Methodology, 2009).

4.0 EMPIRICAL FINDINGS

4.1 INTRODUCTION

This chapter will present the results of the empirical study. A researcher conducted a survey of 26 tour operators selling Tanzania package from these countries: Tanzania, Kenya, Norway, Sweden, United Kingdom, Switzerland, United States of America and Canada.

4.2 FINDINGS

The data analysis in this research was done by descriptive statistics due to the small population of tour operator selling Tanzania package. The result is a discussion of how tour operators can improve efficiency and effectiveness through collaboration and integration with the whole SC network to lower cost, improve quality of service, satisfy end customers or tourists, and maximize the competitiveness and profitability of the overall supply chain.

4.3 DESCRIPTIVE DATA ANALYSIS

Data analysis

In this section the results of analyzing responses to the survey questions are provided. There were nine questions in the questionnaire (see appendix). Questions number one through seven were close ended qualitative and quantitative questions, while questions number eight and nine were open ended and purely qualitative questions. First, the analysis started with the average cost of the main package. Second, the average numbers of day's tourists spend in Tanzania for holidays. Third, SC integration of tour operators. Fourth, whether tour operators cooperate with other SC members. Fifth, tour operators' beliefs about the relationship between SC members' sharing of information and efficiency in the distribution of package. Sixth, tour operators' expectations about possible gains from cooperation. Seventh, a measure of how strong tour operator's beliefs and expectations expressed above are.

Average price and number of days for the main package

As observed there are three main packages the tour operators are selling to tourists visiting Tanzania. According to survey responses these packages are Safari, Beach and Mountain climbing.

The breakdown of average price of packages in this research show that 34.8% of the respondents are selling the package at average prices of US\$ 2000 for 1 week, 39.13% are selling the safari, beach and mountain climbing packages at average prices of US\$ 4500 for 2 weeks, and 26.08% of tour operators are selling the main packages at the average price of US\$ 7000 for 3 weeks. The cheapest average price for the main package was US\$ 2000 per week and the most expensive was US\$ 9000 for one month.

Descriptive statistics for average price and number of days for the main packages data has been summarized in table 2.

Table 2: Average price and number of days for the main package.

Number of days	Average price	Total Respondents
1-7	2000	13
8 – 14	4500	21
15 – 21	7000	12
> 21	9000	2

The Supply chain integration for Tour operators

There are 25 respondents in total for this question. It is found that, 33.33% tour operators have short term contracts with airlines, 33.33% tour operators have long term contracts with airlines and 33.33% have no contracts with airlines.

At the same time, among 25 respondents 29.17% have short term contracts with hotels, 54.17% tour operators have long term contracts with hotels and 16.67% tour operators have no contracts with hotels.

Regarding partnerships with restaurants, 13.04% tour operators have responded to have short term contracts, 13.04% tour operators have responded to have long term contracts and 73.91% tour operators have responded that they have no contracts with restaurants.

No tour operators responded to have short term contracts with car hire companies, 29.41% tour operators were found to have long term contracts with car hire companies and 70.59% tour operators have responded that they have no contracts with car hire companies.

Table 3: Statistical rate of SC integration for tour operators

Partners	Short contract	Long contract	No contract	Total respondents
Airline	33.33%	33.33%	33.33%	24
Hotel	29.17%	54.17%	16.67%	24
Restaurant	13.04%	13.04%	73.91%	23
Car hire	-	29.41%	70.59%	17

Tour operators cooperation

The following table shows the percentage of cooperation in tourism businesses. Only 3.85% of tour operators have merged with or acquired a partner company. 30.77% of the tour operators were in alliances. The most common form of cooperation was partnership, which 46.15% of respondents reported. Hence, 19.23% of the tour operators have no formal cooperation with other tourism businesses.

Table 4: Tour operators' cooperation

Cooperation	Frequency	Valid Percent	Cumulative Percent
Merger & acquisition	1	3.85	3.85
Alliance	8	30.77	34.62
Partnership	12	46.15	80.77
No cooperation	5	19.23	100
Total	26	100	-

Tour operators' performance

Question 5 in the questionnaire was about how respondents could improve their performance by sharing information on prices, special promotions, facilities and services. 32.56% of tour operators responded that it could lead to reduced cost, 46.51% of tour operators thought it could help to improve quality of service and 20.93% of tour operators responded that it might help to avoid conflict between partners.

Thus, the most widely held belief about benefits from sharing information is that it will improve the quality of their services. 46.51% of respondents expressed this belief.

Table 5: Tour operators performance

Sharing info	Frequency	Valid Percent	Cumulative percent
Reduce cost	14	32.56	32.56
Improve quality	20	46.51	79.07
Avoid conflict	9	20.93	100
Total	43	100	-

Customer satisfaction and value added

Table 6 shows the gains tour operators expect to achieve through cooperation: 20% of the tour operators respond that they expect to lower cost. Improve quality of service 28.6% responds. Added value to tourist 28.6% tour operators agreed. Avoid competition in business 5.7% responds increasing profitability 17.1% of tour operators agreed.

Then, it can be concluded that the responses given with the highest frequency are “improve quality” (28.6%) and “added value to tourists” (28.6%).

Table 6: Customers satisfaction and value added

Gain in cooperation	Frequency	Valid Percent	Cumulative Percent
Lower cost	14	20	20
Improve quality	20	28.6	48.6
Added value	20	28.6	77.2
Avoid competition	4	5.7	82.9
Profit	12	17.1	100
Total	70	100	-

Tour operators efficiency and effectiveness

Likert ranking the importance of 5 statements of 26 respondents.

First statement, serious relationships between tour operators, hotels and airlines could lead to efficiency and effectiveness in tourism businesses 80.77% of tour operators agreed and 19.23% of tour operators somewhat agreed with the statement.

Second statement, trust between tour operators, hotels and airlines could lead to improve quality of service, lower cost and adding more value to tourists. The SC partners in tourism 65.4% of respondents agreed, 26.9% of respondents somewhat agreed and 7.7% of respondents are neutral.

Third statement, good communication between tour operators, hotels and airlines could lead to efficiency and effectiveness in SC of tourism business 84.61% respondents agreed, 11.54% respondents somewhat agreed and only 3.85% respondent is neutral.

The fourth statement, tour operators forecast demand of low and high season is important to avoid uncertainty, 19.23% of tour operators agreed, 50% of tour operators somewhat agreed, 23.08% of tour operators are neutral and 7.69% of tour operators are somewhat disagreed.

Hence the statement, “tour operators who are full service providers (who do everything from accommodation, food, restaurant and transport) are making higher profits than tour operators who outsource (who do not do everything)”. 15.4% of the respondents agreed, 26.9% of respondents somewhat agreed, 34.6% of respondents were neutral, 15.4% of respondents somewhat disagreed and 7.7% of respondents strongly disagreed.

Table 7: Tour operators' efficiency and effectiveness

Statement	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree	Total respondents
Serious relationships	80.8%	19.2%	0%	0%	0%	26
Trust	65.4%	26.9%	7.7%	0%	0%	26
Good communications	84.6%	11.5%	3.9%	0%	0%	26
Forecast demand	19.2%	50%	23.1%	7.7%	0%	26
Full service versus outsource	15.4%	26.9%	34.6%	15.4%	7.7%	26

SC collaboration of tour operators and other SC members

Question 8 asks for the challenges and benefits of collaboration in tourism value chains. Responses are summarized below, sorted by whether they were benefits or challenges.

Benefits of collaboration in tourism business between tour operators and other supply chain members selling Tanzania package:

Tour operators sharing the same goal and objective with other SC members could lead to efficiency and effectiveness in tourism businesses

Tour operators who concentrate on core business and don't do everything (who outsource) decrease competition between SC partners.

Challenges of collaboration in tourism business between tour operators and other SC members selling Tanzania packages:

There are cultural differences; the different beliefs, values, ways of thinking, of doing business, communication barriers and time differences between local tour operators and overseas tour operators are challenges for them.

High prices in Tanzania parks and for hotels, flights and a visa, as well as the economic crisis and exchange rate turbulence have led to an increase in prices of tourist packages, which is challenging them.

Tailoring services to offer a cheap package is difficult. So is to collaborate with suppliers to lower the cost of a package and improve performance. Different missions and visions are challenging the tour operators.

Last minute changes to flight schedules, over booking of hotels and lodges, making last minute bookings, reluctance to share information, lack of trust between each member, and competition in internet marketing are also challenges.

5.0 DISCUSSION AND CONCLUSIONS

5.1 INTRODUCTION

In this chapter, the empirical data collected, literature review, research objectives, and research questions are going to be discussed and analyzed. A deductive method has been selected and the objectives will be the foundation for the discussion and analysis in this chapter. In addition, this chapter applies the empirical findings in close relationship to the literature review. The chapter is divided into sections directly related to the research objectives. Then, the conclusion and future research suggestions are given towards the end of this chapter.

5.2 ANALYSIS

From the empirical results, the number of questions regarding each objective in this research investigates the level of integration of tour operators and other SC partners and explores if an increase in collaboration between SC members in selling Tanzania packages could lead to improved efficiency and effectiveness.

First, it should be noted that the implications of this research tend to be indicative rather than conclusive due to the small sample sizes and the focus on both locals and overseas tour operators selling Tanzania packages of; safari, beach, and mountain climbing.

Objective 1. To investigate the level of integration of tour operators and other SC partners in the tourism industry.

The empirical findings showed that the tour operators have a fierce competition in getting customers, as tourism businesses depend on seasonal demand, there are many customers during the summer time as compared to other seasons, therefore it is advisable to collaborate, coordinate and integrate in SC from upstream to downstream of tourism businesses

The research survey indicated that 66.66% of tour operators have contracts with airlines, while 83.34% of tour operators have contracts with hotels (table 3).

The questionnaire survey showed that 80.77% of tour operators have merger and acquisition, alliance, and partnership in selling the Tanzania package (table 4).

This shows that the tour operators are partially integrated in their tourism business, then, if they can apply supply chain knowledge and fully integrate production, processes and distribution of products to end customers, tour operators could increase agility, flexibility and performance (Harland 1996).

Moreover, the research shows that most tour operators are outsourcing distribution of the product. As indicated in the survey questionnaire a majority of tour operators have contracts, whether short term or long term, with airlines, hotels, restaurants and car hire companies and few of them have no contract.

This research has shown that SC coordination enables SC members to decrease information asymmetry by sharing information on prices, special promotions, facilities and services between SC members of airlines and hotels. Tourism businesses are complex and the low level of collaboration between partners has led to incompetence and reduced profitability of SC partners. This subsequently increases the cost of packages to travellers (Mc Laren et al. 2002).

Objective 2. To explore if increased collaboration between tour operators and other SC members in the tourism industry could lead to improve efficiency and effectiveness, and thereby improve their competitiveness and profitability.

From the survey questionnaire, most tour operators indicated that if they could fully collaborate with other business partners they could improve the efficiency and effectiveness of selling Tanzania packages.

It has been observed that if the tour operators use their SC there is a possibility to lower costs of packages and improve quality of service to tourists. As indicated from data collected from the questionnaire survey 52.56% of tour operators agreed that SC integration may enable them to lower cost and 75.11% of tour operators agreed it may help them to improve quality of service (Nix et al. 2004).

According to Klemm and Parkinson (2001) and Buhalis (2000) the vertical integration of tour operators and other SC partners for instance, the top tour operators in U.K. Thomson and Airtours, both own major travel agencies and airlines they increase market power, control the production and distribution of packages. Also, they have made it increasingly difficult for small and medium tour operators to offer the cheaper package; this has lead small and medium tour operators to become more quality conscious.

In today's world of globalization, the travellers may like the high quality of service, but, generally the cheaper package offered is the best choice for many travellers. As indicated in the survey, tour operators who are full service providers (who do everything from accommodation, food, restaurant and transport) are making higher profits than tour operators who outsource (who do not do everything). The survey questionnaire showed that 34.6% of tour operators neither agreed nor disagreed with this statement. Based on previous research Buhalis (2000) and Cooper (1998) have commented that closer collaboration among the tourism business partners could lead to increased competitiveness and profitability among SC partners in tourism businesses.

Serious relationships in merger and acquisition, alliance, partnership between tour operators, hotels and airlines could lead to efficiency and effectiveness in tourism businesses, 80.77% of tour operators agreed based on the survey conducted, trust between tour operators, hotels and airlines could lead to improved quality of service, lower cost and adding more value to tourists, 65.4% of tour operators agreed based on survey conducted, good communication between tour operators, hotels and airlines could lead to increase profitability among SC partners in tourism businesses, 84.61% of tour operators agreed based on survey conducted. Also, the researchers like Buhalis (2000), Cox (2001), Munoz and Falcon (2000) have supported that trust, good communication, and close relationships is the best practice for effectively managing the distribution channel and balancing their relative power dependence between SC members in the perspective of increasing profit and avoiding conflict of interest.

As the survey questionnaire showed, there are possibilities for the tour operators to manage the demand of tourists. Therefore, the tour operators could forecast the tourism market by observing the summer, winter, autumn and spring seasons before distributing the package. However, tourism analysts could help to predict economic crises such as the credit crunch and other financial crises which could affect tourism markets. Hence, tourism analysts could cooperate with tour operators to supply packages according to need of the season whether it is high or low in order to avoid the unknown risk. Also the survey questionnaire indicated that 50% of tour operators agreed that the tour operator forecast demand of low and high season is important to avoid uncertainty (Forrester 1961, Lee et al. 1997).

The main reason for them to outsource is to lower cost, improve quality and to concentrate on their core business, e.g. most local tour operators are concentrating on hotels and transporting tourists to the destinations while the overseas tour operators are concentrating on marketing to tourists and airlines. Then, the study showed that only 15.4% of tour operators agreed that the tour operators who are full service providers are making higher profits than tour operators who outsource. Obviously, most of tour operators have been shown to rely on outsourcing on doing their business in order to increase their profitability and stay competitive advantage.

5.3 CONCLUSIONS

This study has explored the opinions and beliefs of tour operators selling Tanzania packages from these countries; Tanzania, Kenya, Norway, Sweden, United Kingdom, United States of America, Canada and Switzerland. As the statistical and tabulation mathematics calculated, the best packages to sell to the travellers are safari, beach and mountain climbing packages for the average price of US\$ 1000 to 3000 for 1 week and US\$ 3000 to 6000 for 2 weeks.

SC coordination plays an important role for tour operators, airlines and hotels to achieve their goals and objectives. If SC members agree to share the common goals and objectives, there are high possibilities to increase their profitability and competitiveness in long term contracts, negotiation and bargaining among members.

It is possible to have coordination through contractual relationships among the tourism SC members. *SC coordination* decreases the asymmetry of information between partners which could avoid price conflict and operational conflict. Then by achieved coordination the SC partner could lead to add value to the travellers such as offering free medical services and providing medical insurance to the final customers (Muhcina and Popovici 2008).

SC integration of tour operators, airlines and hotels if they have trust, serious relationships, and good communication between SC partners could lead to efficiency and effectiveness in the tourism business and succeeded to lower cost, improve quality of service, and satisfy the end customers. Also there are possibilities of safeguard due to trust between SC partners they can invest in human assets for instance train the tourist guiders to serve tourists better or they can go for long term relationships such as constructing a hotel or

developing the airfield near the national parks to serve travellers to reach quickly the destinations.

Sharing information on prices, special promotions, facilities and services could lead the tour operators, airlines, and hotels to distribute their products and services efficiently and improve the performance in the tourism business. Improved financial performance could lead to cost reduction of package distribution. Improved operational performance could enable tour operators to quickly respond to end customers and offer better quality assurance on the products and services distributed, while in the overall supply chain it would lead to SC flexibility and customers satisfaction (Cigolini et al. 2004, Harland 1996).

SCM knowledge facilitates cooperation in the customization of products and services supplied during the economic crisis between SC partners to managing the situation, such as to cut the cost of packages and reduce the number of day's the travellers spend on holiday.

Outsourcing, as found in this study the majority of the tour operators were aligned on partners, alliances and mergers and acquisitions. This tourism business is a complex business facing with a lot of uncertainty such as market uncertainty and economic uncertainty. Therefore, it is advisable to integrate the SC network in order to avoid risk, at the same time this research showed that local tour operators are concentrating on hotels, restaurants and the transportation of tourists to the destination. While overseas tour operators are concentrating on airlines and marketing and sales of travelers overseas.

This evidence that the tour operators agreed that outsource is better for them to cut costs and increase their profitability and maximize their competitiveness in the tourism business.

The motive for collaboration can include the desire to internalise the core competencies of other members, achieving economies in advertising and intelligence-gathering, and joint development of new facilities making a stronger case for the acquisition of resources.

5.4 SUGGESTIONS FOR FURTHER RESEARCH

From this study, some interesting topics are explored, however, it was impossible to further penetrate into all these new aspects. This research is limited only for the SC of tour operators selling Tanzania packages. Further research within this context is recommended on the following topics:

How can tour operators apply outsource to improve efficiency and effectiveness in the tourism industry?

How can tour operator manage demand during uncertain market conditions?

How can small tour operators who become bankrupt merge with and acquire other tour operators?

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APPENDIX

A SURVEY OF TOUR OPERATORS SELLING TANZANIA PACKAGE

My name is Samuel Sizya. I am a student at Molde University College in Norway, pursuing a MSc in Logistics and Supply Chain Management. I am a Tanzanian national and want to do my MSc thesis on the tourism sector in my own country. The title of thesis is “The supply chain management for tour operators”. The aim of survey is to collect data which could help in my analysis of how to lower cost, improve quality of service and adding more value to tourists through inter-firm cooperation or integration within the sector. The objective of my research is to improve the general performance of tour operators for Tanzania package.

NAME OF FIRM:

LOCATION OF HEAD OFFICE:

NUMBER OF EMPLOYEES NATIONWIDE:

APPROXIMATE NUMBER OF YEARS IN TOURISM BUSINESS:

NAME OF RESPONDENT:

POSITION OF RESPONDENT:

1. What is the main package holiday that you sell in Tanzania?

Please state:

The name: _____

Location of the package: _____

How many days? _____

2. What is the average price of the package holiday mentioned in question 1 above?

Please state currency.

3. For each category of partner, can you please tick (✓) what type of contract you have with them?

Contract	Short term Contract	Long term Contract	No Contract
Partner			
Airline			
Hotel			
Restaurant			
Car Hire			
No partnership			

4. How do you cooperate with partners in tourism business?

Merger and acquisition () Franchising () Alliance () Partnership ()

No cooperation ()

5. By sharing information on prices, special promotions, facilities and services how can Tour operators, Airlines, and Hotels improve performance in tourism business?

Reduce cost () Improve quality () Avoid conflict ()

6. What do you expect to gain through cooperation?

Lower cost ()

Improve quality of service ()

Added more value to tourist ()

Avoid competition in business ()

Increasing profitability ()

7. To what extent do you agree/disagree with the following statements? Please tick (√)

Statements	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Serious relationships between Tour Operators and Hotels and Airlines could lead to efficiency and effectiveness in tourism business.					
Trust between Tour Operators and Hotels and Airlines could lead to improve quality of service, lower cost and adding more value to tourists.					
Good communication between Tour Operators and Hotels and Airlines could lead to efficiency and effectiveness in tourism business.					
Tour Operator forecast demand of low and high season is important to avoid uncertainty					
Tour operator's full service providers (who do everything from accommodation, food, restaurant, and transport) are making higher profits than tour operators outsource (who do not do everything).					

