

# STRUCTURE OF ASSOCIATION OF BHUTANESE TOUR OPERATORS

Strengthening Tour Operator Associations in Bhutan and Costa Rica, a Bilateral Project Implemented by Association of Bhutanese Tour Operators and Ecole Experience under the Programme for South South Cooperation.  
2008-2010



## TABLE OF CONTENTS

1. INTRODUCTION	1
1.1 Report objective	1
1.2 Methodology	1
1.2.1 Case selection	1
1.2.2 Sources of Information	1
1.2.3 Result presentation	2
1.3 Report structure	2
2. BACKGROUND ON BHUTAN AND ABTO	3
2.1 Bhutan's tourism industry	3
2.2 Current ABTO structure	3
2.2.1 Organization	3
2.2.2 The Secretariat	4
2.2.3 Membership	4
2.3 ABTO's services and mandates	5
2.3.1 Current services	5
2.3.2 Liaison with other industry bodies and stakeholders	5
2.3.3 Training and capacity building for members	5
2.3.4 Research new products and packages for operators	6
2.3.5 Research and publication of information for members	6
2.3.6 Marketing its members and Bhutan	6
2.4 Summary	6
3. INTERNATIONAL EXAMPLES	7
3.1 ITOC	7
3.1.1 Mandates	7
3.1.2 Organizational structures	7
3.1.3 Services	7
3.1.4 Website and Publications	8
3.2 JITOA	8
3.2.1 Mandates	9
3.2.2 Organizational structures	9
3.2.3 Services	9
3.2.4 Website and Publications	10
3.3 IAATO	10
3.3.1 Mandates	10
3.3.2 Organizational structure	11
3.3.3 Services	11
3.3.4 Website and Publications	12
3.4 NATO	12
3.4.1 Mandates	12
3.4.2 Organizational structure	13
3.4.3 Services	13
3.4.4 Website and publications	13
3.5 BTIA	13
3.5.1 Mandates	13
3.5.2 Organizational structures	14
3.5.3 Services	15
3.5.4 Website and Publications	15
3.6 Summary of Cases and Additional Examples	16
3.6.1 Mandates	16
3.6.2 Organizational structures	16
3.6.3 Services	17
3.6.4 Website and publications	17
3.6.5 Summary	17
4. CONCLUSION AND RECOMMENDATIONS	18
4.1 Conclusion	18
4.2 Recommendations	18
4.2.1 Working groups	18
4.2.2 Membership structure	18
4.2.3 Memorandum's of Understanding	19
4.2.4 Research capabilities	20
4.2.5 Member's only website	20
4.2.6 Strategic planning	20
4.2.7 Quality certification for operators	21
4.2.7 Marketing and Brand Development	22
5. BIBLIOGRAPHY	23
5.1 Sources	23
5.2 List of Associations	23

# **1. Introduction**

The research work presented in this report was commissioned by ABTO as part of its capacity building exercise ‘Strengthening Tour Operator Associations in Bhutan and Costa Rica’ funded through the Programme for South-South Cooperation. This section introduces the research objective, presents the methodology, and outlines the structure of the report.

## **1.1 Report objective**

The research objective for the project, as specified in the Terms of Reference for the consulting engagement, is to conduct:

*Research on sustainable management of tour operator associations based on experience of at least 5 tour operators associations in other countries with recommendations that fit Bhutan’s working environment.*

The research will focus on the structures of the chosen cases as well as administrative and operational mechanisms. The findings of the research will lead to a range of readily implementable recommendations that will help ABTO to contribute further to the development of their members as well as the Bhutanese tourism industry at large.

## **1.2 Methodology**

The methodology for the research project employs secondary sources to gather information on the chosen cases. Case selection criteria, sources of information, and the presentation of results are covered in the following sections.

### **1.2.1 Case selection**

Case selection is an important part of any international comparison study. For the purpose of this research project the cases needed to fulfill the following criteria to be included:

1. The association represents inbound tour operators
2. Information about the association is available online
3. The association provides an example of good practice

In addition, cases from different geographical regions will be chosen in order to get a balanced view of how these associations are managed worldwide.

### **1.2.2 Sources of Information**

Information will be gathered about ABTO’s status quo, to determine a baseline for any recommendations, and about the international cases chosen to provide examples of best practice.

In order to determine the current status and structure of ABTO, existing internal documents and input from ABTO will be used. This will provide the foundation for the research. Information about the Bhutanese tourism industry in general will also be consulted to frame the research in a broader industry context.

The Internet will be the primary source of information for the international cases. Google searches for key terms will be the first step in creating a list of potential cases. These will then be reduced to five cases that best fit the abovementioned criteria.

### **1.2.3 Result presentation**

In this report, results will be presented in the form of detailed case studies of the international associations. A summary of the best practices that can be taken from the cases will be provided. In order ensure that the recommendations are implementable in the Bhutanese context, preliminary results will be discussed with ABTO management and presented to the ABTO Board of Directors prior to publishing the final report.

### **1.3 Report structure**

The Introduction has framed the purpose of the report and outlined the methodology for the report. Chapter 2 now provides some background on ABTO and the Bhutanese tourism industry. This is followed by the analysis of five international examples of tour operator associations (Chapter 3). Chapter 4 compares the cases on their key attributes to determine what aspects can best be applied in the Bhutanese context. Finally, the conclusion and recommendations (Chapter 5) present how the research findings can contribute to ABTO's future development. Further information is presented in the Bibliography (Section 6) and Appendices (Section 7).

## **2. Background on Bhutan and ABTO**

This section provides key figures and analysis on the Bhutanese tourism industry and the key players operating in the industry. ABTO's current structure as well as its services and mandates are then explored in more detail.

### **2.1 Bhutan's tourism industry**

The Bhutan Tourism Monitor 2008 shows that tourist arrivals (up 31%) as well as tourism income (up 30.2% to \$US 38.8 million) increased significantly in 2008. Tourism is still considered a profitable industry with more hotels being built and new tour operators starting business. The primary constraint for the tourism industry in Bhutan is the limited capacity of Druk Air's two aircraft, which restricts the number of paying tourists that can be brought into the country during the peak seasons (March - May and September – November). Other infrastructure limitations are the condition of the roads, low hotel and food quality (in some parts of the country), and a lack of skilled staff<sup>1</sup>. Most people (89.3%) are very satisfied with their tour guides in Bhutan.

Various government and private sector organizations are involved in managing tourism in Bhutan. The most notable are the Tourism Council of Bhutan (TCB), the Hoteliers Association, and ABTO. A number of NGOs are active in Bhutan and some of these also support tourism. SNV's 'Pro Poor Tourism' arm is an example of this. The tourism operators in the industry are all private entities. Most are Bhutanese owned and operated, with some international hotels, like Amankora, Uma, and Taj Tashi, as the exceptions. All international travelers to Bhutan, apart from Indians, Bangladeshis, and residents of the Maldives, must book their travel through a Bhutanese tour operator. In association with the daily tourist tariff (\$US 200 peak season, \$US 165 off season) this makes tourism in Bhutan rather restrictive and highly controlled. It also gives extra importance to local tour operators, making ABTO's role very important to the industry as a whole.

### **2.2 Current ABTO structure**

This section provides a summary of the way ABTO's organization, secretariat, and membership are currently structured.

#### **2.2.1 Organization**

A Board of Directors and a range of different working groups provide input to the operations of the ABTO Secretariat. The board members are executives from all levels of Bhutanese tour operators. They are elected to their posts at the AGM for a term of three years. The current board members are listed below along with the working groups that they chair:

Mr. Yeshey Norbu  
President

Mr. Rinzin Ongdra Wangchuck  
Vice President, Chairman 'Procedure Streamlining' Group

Mr. Karma Lotey  
Executive Member, Chairman ‘Airline and Reservation’ Group  
Mr. Chencho Wangdi  
Executive Member, Chairman ‘Hotel and Services’ Group  
Mr. Namgay Tshering  
Executive Member, Chairman ‘Waste Management’ Group  
Mr. Sonam D. Dorjee  
Executive Member, Chairman ‘Media Management’ Group  
Mr. Hishey Tshering  
Executive Member, Chairman ‘Infrastructure and Product Development’ Group  
Mr. Gembo Tshering  
Executive Member  
Mr. Kinley Gyeltshen  
Executive Member, Chairman ‘Human Resource Development’ Group

The working groups are responsible for developing strategies to improve the capabilities and relationships of ABTO in regards to their thematic areas. Exact guidelines and goals for the individual working groups are still being developed.

### **2.2.2 The Secretariat**

ABTO secretariat in Thimphu houses all six permanent staff members and is the first point of contact for members and stakeholders. The current staff is comprised of:

Mr. Sonam Dorji, ABTO General Secretary  
Mr. Tek Bdr. Khatiwara, Public Relations/ IT Officer  
Ms. Tshering Lhamo, Administration Officer  
Ms. Tshering Wangmo, Finance Officer  
Ms. Lemo, Office Assistant  
Mr. Sonam Rinchen, Office Assistant

ABTO is looking to hire a ‘Research Officer’ in the near future to increase its internal research capabilities. In addition, some project work is outsourced to external consultants and contractors.

To improve the image of ABTO and to provide more room for growth of the association, the option of moving the secretariat to a traditional Bhutanese building is under consideration. However no fixed decision on this has been made.

### **2.2.3 Membership**

ABTO’s membership is comprised of a mix of operators providing tours and treks in Bhutan. They generally handle the in-country operations of overseas travel agents and are therefore primarily inbound operators. The operators all provide certain minimum levels of service, within the framework of the daily tourist tariff system.

There are currently five types of membership in ABTO<sup>2</sup>, but only two of them are active and only one type pays fees. The other three types are established in the Articles of Association, but are yet to be implemented in reality.

Total membership stands at about 300. However the NU 450,000 annual income from membership fees in the 2007/08 financial year shows that only half of the members are actually paying the NU 3,000 membership fee. This is cause for concern as this freeloader behavior is unfair towards the fee paying members.

A new membership structure, with the potential for multiple tiers of membership, is under development and will be informed by the outcome of the international cases presented in this report. Along with this, strict membership rules must be enforced to ensure that only paying members take advantage of ABTO's services.

## **2.3 ABTO's services and mandates**

This section reviews the services that ABTO provides to its members as well as the mandates that guide the development of further services.

### **2.3.1 Current services**

The following is a list of ABTO's core services to its members<sup>3</sup>:

- Representing its members in dealing with the government and other stakeholders
- Establishing a Code of Conduct between members, partners, and the general public
- Promoting fair trading amongst its members
- Protecting its members from malpractice of foreign operators
- Encouraging dialogue and social interaction between different stakeholder groups
- Conducting market research to support its members and the tourism industry
- Updating members on industry happenings and disseminating general information

The most important ones are now explained in more detail.

### **2.3.2 Liaison with other industry bodies and stakeholders**

ABTO represents the tour operators in dealing with the government, other industries (like the Hoteliers), and all other stakeholders. This is an important function, as it ensures that the tour operators speak with a unified voice.

### **2.3.3 Training and capacity building for members**

ABTO organizes workshop and training sessions for its members on a regular basis. The content of these is determined by the operators themselves, so that the training helps them with their most immediate issues.

### **2.3.4 Research new products and packages for operators**

Most of ABTO's members are very busy and sometimes do not have time to take lengthy exploration trips to develop new packages, treks, or tours. ABTO regularly investigates new options and shares this information with its members, so that they can build products to sell to their customers.

### **2.3.5 Research and publication of information for members**

ABTO gathers information on the state of the tourism industry and distributes this to its members. That way the tour operators are better informed and able to make better decisions.

### **2.3.6 Marketing its members and Bhutan**

As the umbrella organization for tour operators in Bhutan, ABTO plays a big part in marketing Bhutan as a tourism destination and its members as the best way to see the country. ABTO currently fulfills this obligation by printing and selling brochures on Bhutan, publishing the 'Discover Bhutan' magazine and 'Travel Directory', representing its members and Bhutan at international travel fairs, and by providing comprehensive information on its website. The website is currently being redesigned to improve its abilities to deliver on this mandate. A hotel directory is currently under development and will add to the list of publications available to members.

## **2.4 Summary**

ABTO already provides a significant number of quality services and has represented the Bhutanese tour operators for nearly 10 years. The cases discussed in the following section will help ABTO to learn from some international examples. These lessons can then be incorporated into the strategic plan and will provide a firm foundation on which ABTO can develop its organization and services more strategically.

### **3. International examples**

This section introduces the international cases chosen for the research project. They represent different geographical areas and different specializations.

#### **3.1 ITOC**

The Inbound Tour Operators Council of New Zealand is based in Wellington and has a total of 34 members. It represents both inbound tour operators as well as suppliers of tourism products. New Zealand is a long haul destination and many people only visit there once, due to the cost and time involved, making it similar to Bhutan.

##### **3.1.1 Mandates**

The ITOC website lists their mission as:

*“To unite all inbound tour operators for the purpose of marketing New Zealand as an internationally competitive tourist destination by promoting and arranging inbound travel of the highest standards through the encouragement of development of services, facilities, training and education.”*

This suggests that as well as servicing their members, they are also looking at promoting New Zealand as a whole as a destination. They provide training and education to build the capacity of their members. One of their primary activities is liaison with stakeholder groups within the industry.

##### **3.1.2 Organizational structures**

The operations of ITOC are managed by a CEO, supported by a ‘Membership Services Executive’, ‘Executive Officer’, and ‘Accounts Manager’. A board of directors, made up of high ranking managers from the New Zealand tourism industry, represents the interests of the members to ITOC management.

The board of directors is aided in its governance function by a number of ‘Strategy Groups’. These groups are similar to the working groups ABTO has initiated and focus on either technical areas, like ‘Membership and Marketing’ or ‘Standards and Performance’, or industry relations. These industry relations groups are either aligned with specific external organizations, like the ‘Tourism Industry Association of New Zealand’, or on specific international markets, like Japan or China.

The primary source of income for ITOC is the membership subscription, which make up 79% of all income<sup>4</sup>. In addition, they earn money from an annual conference, selling advertising in brochures, interest on investments, and other income.

##### **3.1.3 Services**

The services provided by ITOC depend on the type of membership. There are two membership classes; Full membership, which is granted only to Inbound Tour Operators,

and Affiliate membership, which is granted to suppliers to tourism products in New Zealand.

In order to qualify as a full member, a company must undergo rigorous testing of its operations through the Qualmark certification<sup>5</sup>. The cost of this certification is included in the annual subscription fee (NZ \$2,420) and must be renewed every year in order to remain a member. This system is a benefit to the operators, in that they can display the certification as a sign of quality, as well as ITOC, since they ensure that their members are only of the highest level. Affiliate members do not undergo this certification and pay a much lower annual subscription fee (NZ \$680). Additional benefits granted to the full members are attendance of the exclusive annual full member conference and automatic full membership of the Tourism Industry Association.

Full members must also have an annual minimum turnover of NZ \$500,000 and have been in business for over one year. Allied members do not have this restriction, but they must be suppliers of products to one of the full members of ITOC. All members must follow a set code of ethics and must certify their quality of service by some recognized testing program. These regulations ensure a high level of service from all members and allow marketing of ITOC members as premium providers, making them stand out from the competition.

Both types of members are listed in the annual ITOC directory, on the ITOC website, and attend the annual conference. All members have voting rights and are eligible to be nominated for appointment to the Board of Directors. ITOC sends out regular information to its members and provides them with representation in relation to other industry bodies. Members also get access to special discounts from partner organizations.

### **3.1.4 Website and Publications**

The ITOC website is very comprehensive and provides great information on its operation, its members, as well as some more general information. Annual reports and members' newsletters are available on the website for anyone to download. A detailed members' directory with contact information and links to their websites gives easy access to members. A picture gallery, links sections, partners section, and members' only (login required) area round off their internet presentation.

All publications available on the website, including the annual reports and members directory, are professionally presented. The members' directory is available in both digital and printed format. Advertisement in the directory is not limited to members and some partners' advertising is also listed on the website.

## **3.2 JITOA**

The Jordan Inbound Tour Operator Association represents 59 tour operators, tourism product suppliers, and individuals. Jordan, with its wealth of history, developed a new tourism strategy in 2003 to further enhance the positive impact of tourism to Jordan.

JITOA was set up in response to this and to represent the tour operators in national tourism discussions.

### **3.2.1 Mandates**

JITOA simply states its mission as wanting “*To raise the standard of practice in inbound tourism to Jordan.*” According to their website<sup>6</sup> they aim to achieve this through:

1. Professional conduct of JITOA members with all stakeholders.
2. Being a major player in the decision making process in tourism.
3. Being the Inbound tour operating reference in Jordan.

This mission suggests their ambition is to be involved in the tourism industry at large, not just with tour operators. They are looking to be the main contact for industry stakeholders as well as for international tour operators. They work closely with the national tourism body to work towards achieving Jordan’s tourism strategy.

### **3.2.2 Organizational structures**

The JITOA website lists a board of directors as well as an ‘Executive Director’, ‘Events coordinator’, and ‘IT Support’ person as the staff of the organization. It is not clear who manages the daily operations, but it can be assumed that it is the ‘Executive Director’. No further mention is made in regards to the responsibilities or specific objectives of the board representatives. They must be active members to be elected to the board.

### **3.2.3 Services**

JTIOA has three different membership types, which each enjoy different benefits and privileges. Active members are tour operators and form the most important membership group. They have voting rights and can be nominated for board elections. These members receive free advertising in one JTIOA newsletter, receive reduced rates on training and workshops, can take part in the annual ‘Operator of the Year Award’, and are entitled to post their company profile on the JTIOA website with a reciprocal link.

Associate members are tourist product suppliers that receive similar benefits the active members and can actively take part in JTIOA committees. However, they are not given voting rights and can not be elected to the board. Individual members are persons that live in Jordan and want to play a role in the tourism industry or are students that want to gain access to networking opportunities with JTIOA members. Membership fees for the three types of membership are JOD<sup>7</sup> 500 for active or associate members and JOD 50 for individuals. A JOD 100 one time joining fee applies.

In the annual report, JTIOA lists its primary activities for 2007 as providing advocacy for members, organizing FAM trips, helping to develop new destinations and products, and hold PR events. Continuing education of members is one of their core services. They provide both short training courses and longer professional development programs, in Events Management and Destination Management for example. The training courses are

partially funded by USAID. JTIOA is also developing a Code of Conduct for the working relationship between hoteliers and tour operators.

### **3.2.4 Website and Publications**

The website is nicely presented and shows some spectacular images from Jordan, including pictures of tourist attractions and activities. The information provided is relevant, but sometimes difficult to find. There is no information for tourists, apart from a list of the member organizations and their websites. The website does not have a members' only area and no information on the financials for the association are provided. The annual report and the newsletters are professionally presented and provide a good insight into the activities of JITO A.

## **3.3 IAATO**

The International Association of Antarctic Tour Operators represents a group of 100 very specialized operators taking tours or operating vessels in Antarctica. These operators are taking tours to one of the most dangerous and remote areas on the planet. The management of their interaction with the environment there is critical for its preservation.

### **3.3.1 Mandates**

In their own words, the IAATO's objectives are to:

- “To represent Antarctic tour operators and others organizing and conducting travel to the Antarctic to the Antarctic Treaty Parties, the international conservation community and the public at large.
- To advocate, promote and practice safe and environmentally responsible travel to the Antarctic.
- To circulate, promote and follow the Guidance for Visitors to the Antarctic and Guidance for Those Organizing and Conducting Tourism and Non-governmental Activities in the Antarctic, as adopted by the Antarctic Treaty System (Recommendation XVIII-1).
- To operate within the parameters of the Antarctic Treaty System, including the Antarctic Treaty and the Protocol on the Environment and Annexes, along with MARPOL, SOLAS and similar international and national laws and agreements.
- To foster continued cooperation among its members and to monitor IAATO programs, including the pattern and frequency of visits to specific sites within the Antarctic. And to coordinate itineraries so that no more than 100 people are ashore at any one time in any one place.
- To provide a forum for the international, private-sector travel industry to share expertise and opinions and to uphold the highest standards among members.
- To enhance public awareness and concern for the conservation of the Antarctic environment and its associated ecosystems and to better inform the media, governments and environmental organizations about private-sector travel to these regions.
- To create a corps of ambassadors for the continued protection of Antarctica by offering the opportunity to experience the continent first hand.

- To support science in Antarctica through cooperation with national Antarctic programs, including logistical support and research.
- To foster cooperation between private-sector travel and the international scientific community in the Antarctic.
- To ensure that the best qualified staff and field personnel are employed by IAATO members through continued training and education. And to encourage and develop international acceptance of evaluation, certification and accreditation programs for Antarctic personnel. ”<sup>8</sup>

As well as the environmental management aspect, they are also focusing on integration with international laws, supporting their members, and providing ongoing training of operators to ensure the quality of their staff. They also list a number of specific international agencies that they liaise with in order to facilitate Antarctic tourism. The restrictions on tourism in Bhutan are somewhat similar to those in Antarctica and there are some interesting lessons that can be learnt from IAATO. Their objectives are very strategically chosen and are closely interrelated.

### **3.3.2 Organizational structure**

The organizational structure of IAATO is not clear from their website or documents. However the operations seem to be managed by an Executive Director. Contact details are listed for officers working with environmental and operational issues as well as policy and student requests.

IAATO employs a number of highly qualified ambassadors that accompany tour operators on their journeys and ensure that operational procedures are followed. This is both for the protection of the wildlife as well as the visitors. As the sinking of a 100 passenger ship in Antarctic waters in 2007 demonstrates, safety needs to be taken seriously and IAATO plays a role in ensuring that these sorts of accidents do not occur again.

### **3.3.3 Services**

IAATO has different membership types depending on the size of the operator and the specific activities they perform in the supply chain. Very stringent membership criteria and operator regulations are enforced to ensure the safety and quality of operations. Antarctica is a very dangerous place to operate in and so these measures make sense.

IAATO liaises with a large number of international associations, foundations, and political organizations that are related to tourism in Antarctica. Since Antarctica is part managed and governed by different countries, this high level of international interaction and cooperation is necessary to allow operations to function there.

Training is a big part of IAATO’s service to operators and ensures consistent operating procedures. Apart from workshops and forums, reports and guidelines provide guidance to operators. Detailed information on changes in legislation and travel trends to

Antarctica are provided to members. Scientific information is also part of the education, since operators are entering highly protected nature reserves and must ensure that damage to the environment is kept to a minimum.

### **3.3.4 Website and Publications**

The IAATO website is very informative and provides a lot of technical details and research related to taking tours to Antarctica. They set out very specific guidelines for operating in the Antarctic environment to ensure safety and quality for visitors and operators alike. Operational procedures are listed to which the members must adhere when taking tours to Antarctica. Some of these are specifically designed to protect the wildlife in the area as well as the people travelling there. The site is more functional than promotional and more aimed at operators, rather than tourists to Antarctica.

A picture gallery showcases the scenery from Antarctica and tourism statistics give a clear picture of how many people are travelling there each year. The statistics are up to date and broken down into different classifications. A membership directory, membership information, as well as press releases provide information for new members and interested parties. A members' only area is provided.

## **3.4 NATO**

The Nepal Association of Tour Operators represents 38 national and international members that either operate tourism businesses in Nepal or are affiliated with tourism in Nepal. Being a neighbor to Bhutan, it is interesting to examine how they organize their association.

### **3.4.1 Mandates**

The aim of the NATO members is to provide guest satisfaction in the areas of quality, choice, and service. The specific objectives are to:

- Promote Nepal as a tourism destination in overseas markets through joint public/private sector initiatives.
- Ensure better services and facilities to the tourists.
- Unite, supervise and coordinate the activities of the members.
- Adjudicate and settle any differences which may arise between members whenever its arbitration is requested by both parties concerned.
- Maintaining good relation with other associations in the travel and tourism industry for ensuring that the industry as a whole achieves a higher political profile.
- Make representations on behalf of members to Government and all organizations with which the Association has common interest.
- Discourage unfair competition without in any way interfering with initiative and enterprise based on fair trading.

NATO has a strong focus on marketing Nepal as a destination and improvement of service offerings in the entire industry. The other objectives are more of an advocacy and

facilitation role. What is interesting is their objective to act as an arbitrator, when there are differences between members. They also aim to liaise with other industry bodies and stakeholder groups, which seems to be a common theme amongst all associations.

### **3.4.2 Organizational structure**

Information on the secretariat resources or staff was unavailable. However a list of all Executive Committee members is presented on the website. No information is available on the voting procedures for board members or who is eligible for a board seat.

NATO has a strict list of criteria for members to be admitted into the association. By keeping operators to these criteria they can make quality assurances to the market in regards to what these operators provide. On their website they even list a number of reasons for why guests should only choose NATO operators.

### **3.4.3 Services**

The benefits offered to members regular networking events, listing on the NATO website, representation in relation to government, resolving issues with foreign travel agents who's national association NATO has MoUs with, and providing information to members.

NATO provides these services to all members, not differentiating between them in terms of benefits. The two membership levels are national and international, with national members paying 10,000 Rupees per annum and international members paying US \$100 per annum. A joining fee is also levied.

### **3.4.4 Website and publications**

The website is simple and in some places outdated, but provides a lot of relevant information for visitors and international agents alike. Information is not limited to tour operators, but also includes hotels, flights, and trekking information. There are news sections, giving information on what is going on in Nepal in general. Some information on the membership of NATO, the Secretariat, and other details are missing and the website does not function in some parts. There is a members' only area on the website and interested parties can subscribe to email newsletters from NATO.

## **3.5 BTIA**

The Belize Tourism Industry Association (BTIA) is the odd one out of the five cases as it represents not only tour operators, but all types of tourism businesses in Belize. It was included in the research since it provided good information on its structure and services and was very closely aligned with the Belize Tour Operators Association (BTOA)<sup>9</sup>. Belize, like Bhutan, is a nature destination and is very involved in environmental management.

### **3.5.1 Mandates**

The website states that

*“The purpose of the BTIA is to serve and promote the interests of its members, to develop and promote the Belize tourism product and to influence and secure the improvement of the industry.”<sup>10</sup>*

In order to achieve that objective, BTIA:

- “Continues to serve as the voice of the tourism industry in Belize.
- Promotes the sound development of local infrastructure and tourism.
- Provides a network and forum for addressing tourism related concerns.
- Endorses the growth of the tourism industry without damage to the environment.
- Represents and advocates the best interest of members and the industry.
- Lobbies for critical issues of interest to its members and tourism in general.
- Markets and promotes Belize as a destination.
- Assists members in improving their skills and services in order to improve professionalism and quality of the industry.”<sup>11</sup>

Since BTIA focuses on the entire tourism industry in Belize, their goal is industry wide and broader than for tour operator associations. Many of the activities they propose, like providing a united voice for tourism, providing networking events, endorsing sustainable practices, lobbying, marketing the destination, and assisting members through capacity building and quality improvements, are similar to the tour operator associations studied. The development of infrastructure and tourism as a whole is a larger goal and, in the case of tour operator associations, would need to be tackled in cooperation with other national bodies.

### **3.5.2 Organizational structures**

The organizational structure of the BTIA is interesting, since as well as having a secretariat and an executive committee, they also have an executive board of directors. This board is made up of representatives of all the more specific national associations (including the Belize Tour Operator Association) as well as representatives from each of the destinations within Belize. This gives them an industry wide and geographically diverse base for creation of good governance structures. With a total membership of 640 spread across the whole country, this type of regional representation is even more necessary and aids local decision making.

The daily operations are managed by a ‘General Manager’ supported by a ‘Marketing and Information Officer’, a ‘Membership and Administrative Officer’, as well as an ‘Office Assistant’. The association is further supported by a large number of internal and external committees that provide advice in all kinds of areas affecting the industry<sup>12</sup>. The committees are staffed by members of the board of directors or representative of other national tourism bodies. The internal committees include topic areas such as taxation, operations, investment, and membership retention. External committees refer to

membership in umbrella organizations, such as the 'Crime Control Council' or the 'Protected Areas Conservation Trust'. This approach ought to provide BTIA with a wide range of relevant information on issues that affect them and at the same time allow them to take influence over larger national issues. Regional chapters and representatives may not be necessary for ABTO, but could be very relevant for the TCB in order to professionalize and manage regional tourism development more effectively.

### **3.5.3 Services**

One of the main services the BTIA offers is marketing and promotion of its members. The national tourism marketing is officially managed through the Belize Tourism Board (BTB), but BTIA supports this effort through targeted marketing and PR on its members. The marketing is performed through brochures, magazines, as well as the visitor specific BTIA website. They conduct capacity and skills development training for small to medium sized business to improve their competitiveness in the market.

BTIA has a total of 39 different membership types, which are structured by the line of business that a company is operating in as well as the size of the company<sup>13</sup>. They represent every company form airlines to utilities, as well as hoteliers and tour operators. This diverse membership may make it more difficult to represent any one group in detail, but gives them a large representation on a national level and in all industries related to tourism. The committee structure, which represents BTIA members on external boards, as well as in topic specific internal groups, provide a mechanism for coordinating the different views of the diverse membership.

### **3.5.4 Website and Publications**

BTIA splits its website into two separate sites, the membership information area and the visitor information area. These are distinctly color coded and provide information relevant to the target segment. The visitor site lists general details about Belize, its destinations, as well as practical travel information. Deals and specials are also advertised. This part of the site is in line with BTIA's objective to proactively market its members and provide information to tourists. No picture gallery is provided and the visual appeal of the site is limited.

The membership website is professionally presented and provides relevant information on BTIA, its members, as well as the industry at large. The industry news section provides information on tourism related events and a comprehensive archive allows searches of past news. The information is well organized and up to date. The interesting fact about this website is that it is the only one studied that provides paid advertisements. This form of income generation may be an option for ABTO as well. A members' area is provided, but no information is available on what is posted there. Since no annual reports or other documents are available on the main site, it can be assumed that these are posted in the secured area. Rates for advertising in BTIA brochures, magazines, and on their website are listed along with relevant advertising information and benefits<sup>14</sup>.

## **3.6 Summary of Cases and Additional Examples**

### **3.6.1 Mandates**

Apart from liaison with outside groups and supporting their members, most associations are also proactively involved in marketing and promoting the destination they operate in as a whole. The ITOC works very closely with the Tourism Industry Association to promote tourism internationally and the tour operator members are presented as best practice ambassadors of New Zealand tourism. MATTA provides another good example of this in Asia. They work very closely with the Ministry of Tourism, the Malaysian Tourism Promotion Board to market Malaysia as a destination. They raise the profile of their members and tourism in Malaysia as a whole through trade fairs, seminars, conventions, and other events. TURSAB even has obligations, such as to provide market research, perform studies on the travel agency profession, and others, written into Turkish law. The overall objective of this is to develop the travel agency profession and tourism in line with Turkey's economic development goals. These two examples show that close cooperation with the national government can be beneficial to both the association and the national tourism body. Outsourcing of research and professional skill development to the private sector are efficient ways for government to develop industry relevant capacity in tourism.

Although all associations aimed to manage stakeholder relationships on behalf of their members, the number and intensity of these relationships varied. MoUs with different organizations or placing representatives on other associations' boards are formal ways of showing mutual support. At the same time, bringing in external directors to a tour operator association's board can help in improving industry understanding and relations.

Training and capacity building was also a common objective, which supports not only the members but the entire local industry. In addition, arbitration, event management, and quality control are objectives that an association can strive for as part of their mandates to add more value to their members. The services required depend on the operating environment in the given country or region and need to be adjusted accordingly.

### **3.6.2 Organizational structures**

Even though information on some associations was limited, a secretariat seems to be the main operational centre. Different associations staffed these with different specialists, from marketers and event managers, to IT support persons and CEOs. A board or executive committee is generally behind these managers to look after governance issues and to represent the association at a higher level. Depending on the size of the membership and the geographical spread of the members, some associations choose to establish regional representations (BTIA and MATTA for example).

The use of strategy groups seems to be a proactive strategy to manage stakeholder relationships or areas of special interest to members. These are similar to ABTO's working groups and can provide valuable lessons for members and other outside organizations. In fact, information from these working groups could be shared with other

tourism umbrella bodies, since the implementation of large scale changes in a country's tourism system cannot be performed by one association individually.

### **3.6.3 Services**

Apart from the standard association services of representation and networking, some associations go much further by providing training, promoting their members actively, and providing research to them. Some associations find funding to develop services for members, where others fund themselves through more business like, profit seeking operations. Specific high level skills, like training development, or research expertise can be outsourced or developed internally. Internally developed skills can then once again be used to provide services to other organizations for a fee.

Services and benefits are generally different for various types of members. The fees charged for these membership types and the related services vary greatly. So it seems there is room to charge higher fees or charge users for training, as long as the perceived and added value of these services is comparable to the price. Tangible financial benefits can be obtained through collective purchasing, group negotiations, or member-to-member discounts. However, it seems as though the social benefits of membership, through networking and association, are a significant factor for companies. In order to ensure the quality of members and increase the 'brand value' of an association, strict membership criteria must be developed for different membership types.

### **3.6.4 Website and publications**

The websites differ in the level of professionalism and presentation. The information provided is also very different, from very technical (IAATO) to very basic (NATO). The sites also differ in whether they provide information only on the association or also on the destination they are promoting. The promotion of the destination and the associations' members seems to be most common and also makes the most sense from a marketing perspective. This type of marketing is an additional benefit to members and the industry as a whole. Providing detailed information on destinations within the country as well as general travel information for potential visitors could entice more visitors to the site and increase an association's exposure.

Members' areas are present in most websites and are most probably used to share more sensitive information with members. Newsletters and reports are often also posted for the general public to see, but this does not seem necessary.

### **3.6.5 Summary**

It seems as though there are more similarities than differences between the associations studied. ABTO is already implementing many of the initiatives examined in the cases, but could possibly still learn some lessons. Recommendations for what to adopt from the cases are provided in the next section.

## **4. Conclusion and recommendations**

### **4.1 Conclusion**

The research for this report studied five different cases of international tour operator associations to find best practice examples and lessons that can be applied to ABTO, in the Bhutanese context. Many of the findings showed that ABTO already had similar organizational and operational practices to the international examples. However, some refinement is needed in order to provide the best possible services to its members, the industry, and the wider community. The primary recommendations for ABTO are provided in the following section, along with details for their implementation. In order to ensure that the recommendations are applicable to ABTO, a draft version of this report and its recommendations was presented to ABTO board members and managers. An important point made by the ABTO Executive Committee was the necessity to consider the capacity required to implement these recommendations. Hence the resources required for each recommendation, both financial and human, are discussed.

### **4.2 Recommendations**

#### **4.2.1 Working groups**

The forming of working groups to support the executive committee members and secretariat in its decision making is very forward thinking. However, to get the most benefit out of these working groups, they must develop clear mandates for what their role is and what they are aiming to achieve. This will make the best use of the time and energy tied up in these groups and provides additional capacity for other activities.

Implementation steps:

1. Ask each working group chairman to proactively initiate and manage the development of a draft 'Mission statement' for the working group, in discussion with the group members. Specifically:
  - a. What is the purpose of the group?
  - b. How does it support ABTO's overall purpose and that of its members?
  - c. Which key stakeholders is the group responsible for liaising with?
2. Discuss all the 'Mission statements' at a board level to ensure that there is no overlap between the working groups and that each group knows its own responsibility.
3. Compile a compendium of the 'Mission statements' and circulate this amongst members, so they know which group is responsible for what.
4. The groups should meet regularly and have set agendas on the issues that the group is to resolve at each meeting, in line with the 'Mission statement'.

#### **4.2.2 Membership structure**

Five membership types are listed in ABTO's Articles of Association, but only two of these are currently active and only one type is paying membership fees. A membership system must be developed that outlines each membership type, keeps accurate records, and ensures that members pay for the benefits they receive. The capacity required for

implementing this recommendation is provided by the employment of the new research officer for ABTO. A part of his/her position in ABTO will be to conduct internal research on the current membership of ABTO, which will lay the groundwork for the system development. In this step he/she will be supported by an external consultant that will oversee the development of the membership and its implementation.

Implementation steps:

1. Design comprehensive membership levels for ABTO. Specific factors to be considered are:
  - a. Eligibility criteria for different levels.
  - b. Subscription fees for different levels.
  - c. Benefits/services provided to different membership levels.
2. Design operational membership system and assign an ABTO staff member to maintain and update the system. The system will consist of:
  - a. A database to record current members' details, including fee payments, contact details, and operational profile.
  - b. A matching database of members on the website, which visitors to the site can browse to get information.
3. Implement a system to ensure members are reminded of their fee payment obligations. This could be done by sending out reminders to all current members one month before subscriptions are due.
4. Recruit new members as they become eligible for membership at certain levels.

#### **4.2.3 Memorandum's of Understanding**

Some organizations studied, as well as other international examples<sup>15</sup>, have signed multiple MoUs in order to solidify relations with outside agencies. ABTO has already signed a MoU with NATO, but there are further opportunities to align with other associations for mutual benefit. These could be with national or international associations and should benefit not only ABTO, but Bhutan's tourism industry as a whole. The executive committee members as well as tour operators are constantly in contact with outside organizations. Any recommendations for MoUs could come from these members and can then be developed by the secretariat. No additional internal capacity would be necessary. However, it would be wise to consult a contract lawyer to make sure that any MoU contracts are binding to both parties.

Implementation steps:

1. Determine which associations would be beneficial partners for ABTO.
2. Approach them with proposals and build relationships, where these are not already in existence.
3. Draft and sign MoUs.
4. Review over time.

#### **4.2.4 Research capabilities**

Many of the international associations have at least some internal research capabilities and provide information to their members. This is of great benefit to members and makes their membership more valuable. The data gathered through internal research can be circulated to members in the form of report, newsletters, or posts on the members' only area of the ABTO website. Capacity for the recommendation is gained through the appointment of the new research officer. External consultants will be required over time to support and train ABTO's research officer.

Implementation steps:

1. Decide on what information is not readily available to tour operators, and other stakeholders, in Bhutan that would be of benefit to their business decision making.
2. Hire skilled staff to develop, implement, and maintain a research system that can provide this information on a regular basis.
3. Add new research areas as they become necessary or just interesting to operators.
4. When the research is of high enough quality and relevance to outside stakeholders, start selling the information in the form of reports.

#### **4.2.5 Members' only website**

All associations studied as part of this research have a members' only area on their website. It seems as though this is a cost effective and secure way to give members access to resources, to information, and to allow them to communicate with each other<sup>16</sup>. Therefore ABTO should also develop a members' area on their website. The draft will be developed as part of this project and ABTO's web designer and staff can facilitate the further steps.

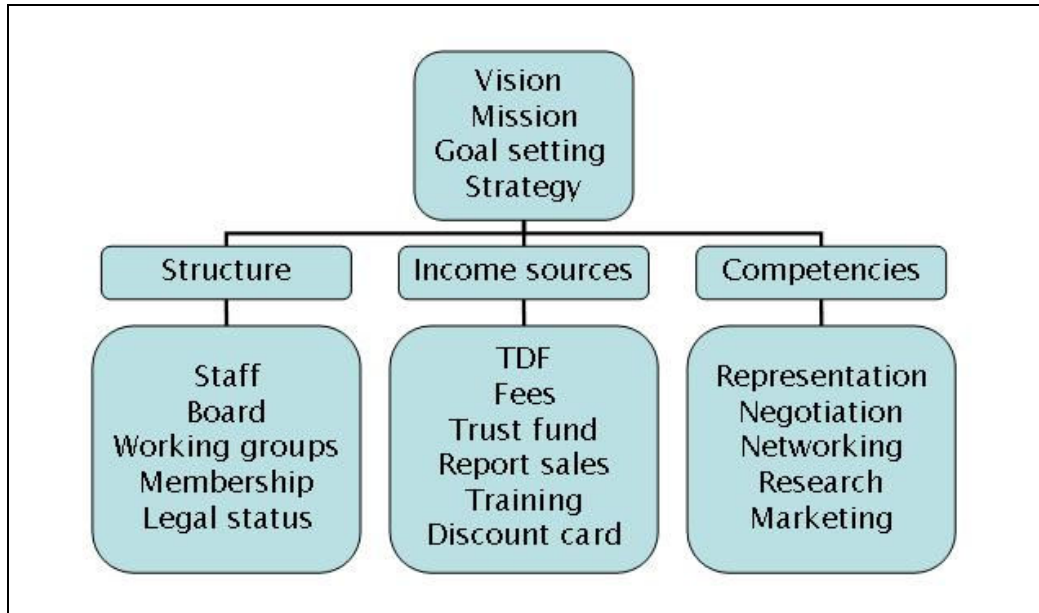
Implementation steps:

1. Create draft version of members' area for website.
2. Test and revise with the help of a few selected ABTO members.
3. Give all existing members access to the site and monitor usage.
4. Update and provide more services as required.
5. Give new members access to the site only after they have registered with ABTO and paid their fees.

#### **4.2.6 Strategic planning**

Strategic planning and purposefully developing an association like a business is important in order to generate maximum benefit for members. The strategic plan ABTO is currently developing is a good initiative to bring ABTO in line with best practice. Clear objectives must be developed for ABTO's operation and could be based in kind on IAATO's. The operational objectives must be closely aligned with marketing and branding goals of ABTO (see Section 4.2.8). As shown in Figure 1, all structural changes must be aligned

with income sources and ABTO’s current competencies. Over time, new competencies can be developed, like research for example, which can then lead to new income sources, like the sale of research reports. The capacity to develop the plan has been outsourced to a local consultant, who, under close supervision from ABTO management, needs to complete the plan professionally.



**Figure 1: Relationship between structure, income sources, and competencies in strategy.**

Implementation steps:

1. Align strategic planning with ABTO’s Vision, Mission, and Objectives.
2. Revise strategic plan.
3. Develop specific implementation schedule.
4. Review annually and adjust to changes in the operating environment.

#### **4.2.7 Quality certification for operators**

The development of a quality certification would help ABTO to ensure that its highest quality operators are rewarded for their efforts. Like the ITOC’s alignment with Qualmark, ABTO could either align itself with an internationally recognized certification program or develop its own in Bhutan. This would give credibility to those operators that are part of the program and give them a marketing tool that sets them apart from others. These benefits would give other operators something to aspire to and to aim for in their service levels. The increase in service would be a benefit to the whole tourism industry in Bhutan and would give international agents more confidence in selecting their partners. The operators certified to this high standard should be recognized under a special membership category, as ‘Premium Members’<sup>17</sup>. Capacity for this recommendation could either be outsourced to an established, international certification provider or be developed internally. In both cases, this will take some time to organize, but will provide valuable benefits to members and the wider community.

Implementation steps:

1. Conduct research on international quality certification programs in tourism and other industries to determine if:
  - a. One can be adopted or joined
  - b. One must be developed here in Bhutan
2. Select a few members to be part of a pilot program to be tested for certification and to set standards in line with international best practice
3. Roll the program out to all members willing to pay for the service
4. Annually re-examine the certified operators to ensure consistency of service standards over time.

#### **4.2.7 Marketing and Brand Development**

As seen in the cases, as well as in additional examples<sup>18</sup>, marketing and promotion of its members as well as the country as a whole are important objectives for a tour operator association. ABTO already promotes its members and Bhutan through various publications, its website, trade fair attendances, and international association memberships (UFTAA), but there are opportunities to do this in a more efficient way. In order to make the most out of the marketing ABTO does on behalf of its members and the Bhutanese tourism industry a more strategic approach is required. This should involve branding ABTO and developing a strategic plan for its marketing activities, so that all materials send the same message. Marketing goals and objectives need to be integrated into the strategic plan currently being developed, so that operational and marketing goals support each other. This could be done by an external consultant, in cooperation with ABTO management and the local consultant writing the strategic plan. Proper marketing will help to increase ABTO's profile nationally and internationally, allowing ABTO to more easily attract new members and build better relationships with outside stakeholders.

Implementation steps:

1. Develop brand statement of what ABTO stands for
2. Set clear goals for marketing
3. Integrate marketing goals into strategic plan
4. Measure the effectiveness of different marketing approaches and adjust accordingly
5. Build marketing capacity amongst ABTO staff and members through training

## **5. Bibliography**

### **5.1 Sources**

Viewed websites are noted throughout the report, in footnotes, where they are referred to. It can be assumed that all the operators' websites, in Section 5.2, were viewed. These are all the published sources that were consulted for this report.

ABTO's Annual Reports (2005-2008)  
ABTO Position Paper –Sonam Tobgay  
ABTO Articles of Association (2009)  
Bhutan Travel Directory (2009).  
Bhutan Tourism Monitor (2008).  
Discover Bhutan, Issue 1 (2008)  
Discover Bhutan, Issue 2 (2008)  
Organizational Assessment of ABTO report (2009)  
Strengthening Tour Operator Associations in Bhutan & Costa Rica – project document (2008)

### **5.2 List of Associations**

This is a complete list of all associations studied as part of the research for the report. In the report these are referred to in their acronym form.

ACOT – Costa Rican Tour Operator Association

ASEANTA – ASEAN Tourism Association

ATOAI – Adventure Tour Operators Association of India

ATOI – Agricultural Tour Operators International

BNTOA – Belize National Tour Operators Association

BTIA – Belize Tourism Industry Association

BTOA – Brazil Tour Operators Association

CATO – Canadian Association of Tour Operators

CATO<sup>19</sup> – Council of Australian Tour Operators

HLITOA – Holy Land Incoming Tour Operators Association

IAATO – International Association of Antarctic Tour Operators

IATO – Indian Association of Tour Operators  
IGTOA – International Galapagos Tour Operators Association  
ITOA – Irish Tour Operators Association  
ITOC – Inbound Tour Operator Council  
JITOA – Jordan Inbound Tour Operator Association  
MATTA – Malaysian Association of Tour & Travel Agents  
NATO – Nepal Association of Tour Operators  
PATA – Pacific Asia Travel Association  
SLAITO – Sri Lanka Association of Inbound Tour Operators  
TATO – Tanzania Association of Tour Operators  
TOAB – Tour Operators Association of Bangladesh  
TOAPNG – Tour Operators Association of Papua New Guinea  
UFTAA – United Federation of Travel Agents’ Associations  
USTOA – United States Tour Operators Association



P. O. Box: 938  
Thimphu : Bhutan  
[www.abto.org.bt](http://www.abto.org.bt)