1. The Tour Packaging Process: From Planning to Sale

Tour packaging is the process of combining multiple tourism components—transportation, accommodation, activities, and meals—into a single, comprehensive product sold at one price. The process follows a structured sequence from initial planning to final customer sale.

Initial Planning and Market Research. The process begins with market research to identify a target segment and its desires. The operator assesses available local inventory—attractions, services, and support infrastructure—to determine what can feasibly be bundled. A package concept is then developed, defining the theme, market position (economy, standard, or deluxe), and the specific experiences that will appeal to the target market.

Component Negotiation and Sourcing. The operator negotiates with suppliers for each component. This typically includes transport providers (airlines, coach operators), accommodation establishments, activity/attraction suppliers, and meal providers. Rates are negotiated at net or gross levels, with commissions built into supplier agreements. Familiarisation (FAM) trips are commonly used to assess service quality first-hand before committing to contracts.

Pricing and Package Construction. Pricing involves calculating variable costs (per-person expenses like meals, admissions, accommodation), fixed costs (chartered transport, guides), and overhead/marketing costs to determine a break-even point. A mark-up of typically 10–30% is applied depending on distribution channels used. The operator then assembles the itinerary, ensuring logistics are workable and timing avoids customer fatigue.

Marketing and Distribution. Promotional strategies include email marketing to past customers, social media showcasing, SEO-optimised package pages, partner cross-promotion, and customer review generation. Distribution occurs through direct channels (operator's website) and intermediaries such as retail travel agents, who sell on commission.

Sale and Tour Operation. The final stage involves the actual transaction: confirming reservations, collecting payment, issuing documentation, and handling customer queries. The operator coordinates with ground suppliers to deliver services, monitors feedback, and manages any contingencies during the tour.

Main Components. A typical package includes: transportation (flights, transfers, coach travel); accommodation; meals (often specified by meal plan—BB, HB, FB, or All-Inclusive); activities and excursions; and often additional services such as guides, insurance, or entrance fees.

2. TUI Group: Distribution Channels, Intermediaries, and Tour Packaging

TUI Group is a vertically integrated tourism company operating across the entire holiday value chain. Its approach to distribution and packaging illustrates how a major tour operator leverages multiple channels and intermediaries to develop and sell packages.

Distribution Channels. TUI employs a multi-channel distribution strategy. It operates approximately 1,200 travel agencies, primarily in the UK and Germany, and also sells through third-party retail agents. Despite retail not being the most cost-efficient channel, TUI's CEO has emphasised that it delivers strong margins and attracts customers who "book earlier and higher quality". TUI is also inv esting heavily in digital distribution, continuously enhancing its app with features like AI search and personalised recommendations; app conversion rates grew 12% year-on-year in Q1 2026. The comp any maintains a "central customer ecosystem," streamlining the digital experience with a single account and common payment process to enable cross-selling across all TUI products.

Tourism Intermediaries. Beyond its own retail network, TUI collaborates extensively with third-party travel agencies. For the Latin American market, TUI launched a dedicated digital platform enabling local travel agents and their customers to book both pre-defined packages and dynamically produced itineraries. In Eastern Europe, TUI is opening 50 new travel agencies annually to strengthen stationa ry distribution. TUI Musement also partners with other travel companies—Jet2holidays, Booking.com, and easyJet—to distribute excursions and activities, expanding its B2B intermediary reach.

Tour Packaging Approach. TUI utilises both traditional package construction and dynamic packaging. Traditional packages combine flights, hotels, and transfers into a single ATOL-protected booking. Increasingly, TUI is growing its "dynamically sourced packages," which allow flexible combination of components rather than fixed charter-based bundles. This approach caters to customers seeking greater freedom while still benefiting from a single booking point.

Practical Example. A representative TUI package is the "Sharm El Sheikh – 7 nights – with transfers" offering. Priced from €1,632 per person, this package includes: return flights from Lisbon to Sharm El Sheikh via Istanbul (Turkish Airlines); private airport transfers; seven nights at the Rixos Sharm El Sheikh Adults Only 18+ hotel on an All-Inclusive basis; and the convenience of a single booking reference. This package is distributed through TUI's retail agencies, the TUI app, and third-party agen ts, demonstrating the company's integrated packaging and multi-channel sales model.