

Learning subject: Management of tourism companies

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Chapter 5

Management of tourism transportation companies

Introduction

Transport contributes significantly to our socio-economic needs. Transport industry has acquired a fundamental place in the global network system by facilitating mobility of persons and goods from one place to another.

1. Concepts

Transportation

The word “Tourist Transport” means transport provided to a tourist. No tourism activity can take place without Tourist Transport. Admittedly, every tourist has to move from place to place and needs transportation for his or her movement.

Management functions in transportation companies

Transportation companies rely on four main management functions to ensure smooth operations and customer satisfaction:

Planning: Involves setting objectives such as routes, schedules, and pricing, while anticipating passenger demand and allocating resources efficiently.

Organizing: Focuses on structuring departments (operations, maintenance, ticketing, marketing, etc.) and defining roles to ensure effective coordination and workflow.

Leading: Concerns motivating and guiding employees, promoting a safety-oriented and customer-focused culture, and managing crises like delays or cancellations.

Controlling: Entails monitoring performance indicators, such as punctuality, sales, and customer satisfaction, and making necessary adjustments to improve efficiency and profitability.

2. Types of Transportation Companies

There are various types of transport available for a tourist, namely, Railways, Air, Motor Vehicle and Water Transport.

2.1 Air Transport Companies (Airlines)

Offer domestic and international air services.

Example: Air Algérie, Turkish Airlines, Air France.

Management includes flight scheduling, maintenance, passenger service, and ticket distribution through agents or online platforms.

2.2 Railway Companies

Operate trains for passenger and freight transport.

Example: SNCF (France), National Rail (UK), SNTF (Algeria).

Focus on safety, punctuality, and comfort.

2.3 Maritime and Ferry Companies

Manage sea and river transport for passengers and goods.

Example: Corsica Linea, Algérie Ferries.

Require port coordination and specific ticketing systems.

2.4 Road Transport Companies

Include bus, coach, and car rental services.

Example: FlixBus, local intercity transport companies.

Offer flexibility and accessibility for regional travel.

3. Tariff practices in air transport:

Air travel pricing is a complex process based on algorithms that take into account demand, seasonality and competition to determine ticket prices.

Airlines use Yield Management to adapt prices to maximize revenue, adjusting in real time based on booking flows and market conditions.

3.1 Definition

Air travel pricing refers to the methodology used by airlines to set ticket prices by taking into account several factors such as fixed and variable costs, flight distance, as well as market demand.

$$C_{total} = C_{fixed} + C_{variable} \times d + D \times f$$

C_{fixed} : Fixed cost per flight

$C_{variable}$: Variable cost per flight

d : distance

D : demand

f : factor based on demand

3.2 Factors influencing prices

-External factors influence the final cost of tickets.

-Operational costs

-Market Demand

-Competition

-Flight duration and distance.

3.3 Technical pricing

There are several pricing methods used in air travel, each with their own advantages and disadvantages. These methods are essential for airlines to remain competitive while ensuring profitability.

-Cost-based pricing: Based on detailed assessment of total operational costs.

-Dynamic pricing: Use of algorithms for real-time adjustment to demand.

-Premium pricing: Based on unique features or market positioning.

Methods	Advantages	Disadvantages
Cost-based pricing	Financial security, predictability	Not flexible
Dynamic pricing	Revenue optimization, fast adaptation	Complexity of implementation
Premium pricing	Brand enhancement	Few customers