

Best Practices for Tour Operators Serving the China Leisure Group Travel Market

For the purpose of enhancing the quality of China leisure group travel for Chinese citizens in the U.S., NTA has established and adopted these standards of business conduct (China Inbound Group Travel Best Practices), specific to tour operators serving the Chinese group leisure market.

Tour operators should take every possible step in order to provide a quality visitor experience for the China leisure group travel market. Many Chinese citizens in the U.S. for China leisure group travel are making their first trip to the United States and it is imperative that these visitors leave with a positive experience.

Areas of China Inbound Group Travel Best Practices:

1. Tour Operator and Supplier Qualifications
2. Itineraries and Visitor Experience
3. Tour Pricing and Tour Advertising
4. Payment, Refunds and Deposits
5. Crisis Management
6. Continuing Education

1. Tour Operator and Supplier Qualifications

The tour operator shall:

- (i) Use suppliers and subcontractors and business partners that comply with all local, state and/or federal laws and regulations, have all necessary documentation and licensing requirements, and maintain adequate insurance coverage.
- (ii) Employ, in a senior management position, an individual who has been actively engaged in the business of packaged travel for at least three years.
- (iii) Be in compliance with all applicable laws, rules and regulations and be duly qualified and licensed to do business in each jurisdiction which requires such qualification or licensing.
- (iv) Maintain proper insurance and reasonable insurance coverage as follows:
 - Comprehensive general public liability insurance, which covers the operations of a travel and tour company, with minimum limits of \$1,000,000.00 USD with reputable insurance underwriting companies; a comparable, proven self-insurance program may be considered for meeting this requirement upon submission of an annual independent audit.

- Professional liability, errors and omissions insurance with minimum limits of \$1,000,000.00 USD with a reputable insurance underwriting company.
 - Hired/Non-owned auto/motorcoach liability insurance with minimum limits of \$1,000,000.00 USD with a reputable insurance underwriting company. (Tour Operators that own their vehicles/motorcoach(es) should maintain a separate automobile liability policy. This policy should have minimum liability coverage of at least \$5 million for bodily injury and \$5 million for damage to property arising from any occurrence.
- (v) Be well-versed in transportation required licenses and safety regulations in order to select a reputable provider.
- (vi) Use motorcoach companies that are sufficiently insured for their business volume, comply with all applicable state and local regulations and standards for maintenance and service, and obtain from each such motorcoach company a certificate of insurance. Tour operator should be an additional named insured in contractors' policy.
- (vii) Make due inquiry and based on such inquiry, use tour operator partners, suppliers and subcontractors that are sufficiently licensed and maintain up-to-date registration and insurance relevant to their tour function.
- (viii) Review crash data, safety ratings (if any) and safety record of motorcoach subcontractors used for China leisure group travel from the U.S. Department of Transportation [here](#) and/or as may be otherwise obtained.
- (ix) Utilize motorcoach subcontractors properly licensed in the state(s) of operation and which are in compliance and act in compliance with applicable law, rules and regulations.

2. Itineraries and Visitor Experience

Tour operators shall attest that the itinerary provided to the Chinese leisure group is the true schedule of events for the group and that any significant itinerary changes (such as date changes, gateway city changes, lodging replacement, etc.) should be approved by the group and/or their travel agent.

Shopping is a vital component of the Chinese visitor experience. Coerced shopping, shopping conducted at substandard venues, and substandard goods and products offered as quality articles are a concern for the China market. For the U.S. tour operator, this means:

- (i) Itineraries shall only be substantially changed with the approval of the Chinese leisure group and/or its travel agent; and all changes should be submitted and accepted in writing.

- (ii) Shopping opportunities should be conducted at reputable shopping facilities, with quality products, with the greatest care for visitor safety and well-being.

3. Tour Pricing and Advertising

Tour pricing is a sensitive issue. Because the United States is only recently open for leisure Chinese inbound tour groups, many first-time Chinese travelers come to the United States for sightseeing, shopping and recreation. As seen historically with other markets, Chinese travelers are extremely sensitive to price and desire the best possible value. The competitive force of low prices may sometimes have negative consequences. Artificially low tour prices may tempt the use of unlicensed suppliers and contractors, shopping opportunities not in the best interest of the visitor, and deviations in tour itineraries substantially from that advertised. Tour operators shall:

- (i) Ensure pricing is reasonable, unambiguous, clear and as inclusive as possible; and included activities and any related charges should be clearly delineated in tour itineraries.
- (ii) Confirm final itinerary and pricing information with the Chinese travel agent in Mandarin and English in order to prevent any misunderstandings about the tour, pricing, and expectations.
- (iii) Not coerce any member of any China leisure group to participate in any shopping activity.
- (iv) Be in compliance with all state and local regulations relative to advertising their products and services.
- (v) Ensure that no aspect of the itinerary is misrepresented. Location and quality of lodging must be accurately represented in tour advertising and confirmations.

4. Payments, Refunds and Deposits

There is a differing expectation between Chinese and American tourism entities concerning payment for services and products. It is customary for Chinese companies to pay after service has been performed. This can create problems for U.S. companies. These problems may be alleviated by standardized set of practices for financial transactions and predictable payment schedules:

- Funds received by a Tour operator for Chinese leisure group travel should be held in a trust account, from which only suppliers and consumer refunds are paid; and such funds should not be co-mingled with the Tour operator's other accounts.

- The tour operator and its Chinese clients should have clear and concise written agreements that outline terms of payment and payment methods, cancellation policies, dispute resolution procedures and all other terms and conditions.

5. Crisis Management

Tour operators should be prepared in the event of an accident, terrorism or other event that disrupts normal operations of the Chinese leisure group. Given the special nature of the Chinese leisure group, a registered tour operator's crisis plan should take into account (among many issues) language differences and cultural sensitivities. Tour Operators Shall:

- (i) Maintain a Crisis Management Plan.
- (ii) Distribute its Crisis Management Plan to each of its subcontractors and business partners.
- (iii) Require and obtain a Crisis Management Plan from each of its subcontractors and business partners.
- (iv) Have its designated tour director provide his/her room number at each hotel to each tour participant in case of emergency.
- (vi) Require the tour director to accompany the tour participant to obtain medical attention and treatment in the case of medical emergencies.

6. Continuing Education

Tour operators should participate in educational sessions in order to keep up with the latest issues and trends concerning the China leisure group market.

Note: NTA will make educational programming available to participants through in-person sessions, webinars and in conjunction with other entities.