



## **USTOA: OVER 35 YEARS OF INTEGRITY IN TOURISM**

Since its founding in February of 1972 by ten wholesalers in California, the United States Tour Operators Association (USTOA) has grown to become a leading national voice representing quality tour operations. Based in New York, USTOA today numbers 46 Corporate Active Members, representing 150 brand names. Among these are some of the oldest and best-known tour operators doing business in the United States. USTOA was founded in response to two overriding concerns: The need to protect consumers from tour operator bankruptcies which had rocked the west coast at the time, and to represent and protect the interests of U.S. tour operators in the face of cumbersome federal requirements regulating charter and scheduled flights.

### **The Early Years: 1972-1980**

As the first U.S. organization representing tour operators to international destinations, USTOA had a formidable task ahead. By 1974, it became apparent that, in order to be truly effective, the organization would have to realize its original intent of becoming national in scope. To help achieve this goal, H. Don Reynolds, a former assistant director general of the Air Traffic Conferences for IATA, was retained as executive vice president. By 1975, USTOA had become a national organization with headquarters in New York.

In March of 1976, USTOA announced the travel industry's first consumer protection fund. Adhering to its motto of a "Integrity in Tourism," USTOA also set about formulating stringent membership requirements, defining the role of tour operator, and establishing ethical standards for the tour operator segment. These guidelines were codified in 1978 as "Ethics in U.S. Tour Operations, Standards for Integrity," that ensured professional conduct for the entire industry.

Nineteen-seventy-eight brought more changes to USTOA. Membership now included suppliers and related travel industry entities, and these "Allied and Associate" members participated in USTOA's first annual conference held that year. Additionally, the association increased its consumer protection plan contribution, requiring that individual Active Members post a \$100,000 indemnity bond and carry \$1 million of liability insurance.

Upon the retirement of H. Don Reynolds in 1978, Robert E. Whitley was retained as executive vice president, and then as the association's president, a position he holds today. Under Whitley's leadership the organization would grow to become a major force in the U.S. travel industry and an influential advocate of travel throughout the world.

## **1980s and Beyond**

During the 1980s, USTOA stepped up efforts in the arenas of government affairs, open borders, consumer and travel agent education, and tourism development. The association, through its government and industry affairs committee, helped encourage efforts to enact legislation preventing government tourist offices from selling travel directly to the public from their consular and government offices, a practice that had bypassed the agency distribution system. In 1990, the organization's stand on "Open Borders" was adopted as official policy of the U.S. government. Two years later, in 1992, following meetings with USTOA and TTGAC (Travel and Tourism Government Affairs Council), the State Department replaced its Travel Advisory Program with a Consular Information Program, which more accurately conveys the conditions in a given country.

While USTOA continued to achieve success and steady growth, by the late eighties it was evident that growing numbers of tour operators were vulnerable to a weakening economy and to terrorist events, which had occurred earlier in Europe. Searching for a better way to protect consumers, USTOA responded in 1990 by raising its bonding requirement for individual members to \$250,000; and then three months later instituting a \$5 million aggregate insurance plan.

In 1993, faced with unprecedented tour operator bankruptcies in the aftermath of the Gulf War, USTOA replaced its insurance plan with a program that required each individual Active Member company to post \$1 million of its own security to be held in trust specifically for consumer protection. In 1996 the USTOA membership acted to further ensure the organization's strength by increasing Active Membership requirements from 1,000 to 3,000 passengers annually, and from \$1 million to \$3 million in annual land volume sales. Also in 1996, California recognized USTOA membership as satisfying that state's Travel Seller Law requirements.

Conservation has also been in the forefront of USTOA efforts. The Travelers Conservation Foundation was formed in 1999, as the charitable arm of USTOA. The foundation identifies cultural, historical and environmental sites in need of conservation, preservation or restoration throughout the world, and provides funding either through USTOA-member and public contributions, or through philanthropic partnerships and matching grants. In order to qualify for TCF consideration, all projects must be related to tourism. TCF has proven so successful that it now operates as its own entity.

## **The 21<sup>st</sup> Century**

USTOA entered the new century aggressively in terms of expanding its programs, tightening membership requirements and reaching out to the travel trade and consumers.

In 2002, USTOA strengthened its partnership with ICTA (Institute of Certified Travel Agents, now called the Travel Institute) by cooperating on various levels, including sponsorship of Certified Travel Consultant (CTC) scholarships to select individuals.

Following the attacks of September 11, USTOA moved swiftly and effectively to meet the challenge. Members provided millions of dollars of refunds to clients and helped those already traveling return home safely. In the aftermath, the organization remained strong.

Always in the forefront of ensuring the financial stability of its membership, USTOA entered 2003 with revised bylaws. The definition of a tour operator for purposes of membership was revised, stipulating that a company's main business must be focused on the packaging and marketing of multiple vacation elements. The bylaws also strengthened requirements for USTOA Active category membership, raising the minimum volume requirement for membership to 7,500 passengers or \$7.5 million in sales volume annually, up from the previous standard of 3,000 passengers or \$3 million that had been in place for almost 10 years.

And, in keeping with the electronic age's emphasis on the internet USTOA totally redesigned its web site: [www.ustoa.com](http://www.ustoa.com), to provide a complete source of information on package vacations, as well as an information resource for consumers and travel agents on USTOA members.

USTOA was tested once again in 2003 with the Iraq War, SARS, a weak economy and the Far&Wide bankruptcy. The association encouraged Americans to travel through media appearances and development of a Travel Comfort Quiz for consumers who were feeling insecure. USTOA also produced a radio public service announcement assuring the traveling public that tour operators are there to help in times of need.

When the Far&Wide bankruptcy hit, more than 35 USTOA Member companies offered affected travelers assistance, and USTOA became a clearinghouse for consumers, travel agents, and the press. The association went the extra mile by advocating for consumers who lost money, and moving to petition the bankruptcy court to place consumers ahead of secured credits in the distribution of Far&Wide's assets.

In 2004, USTOA renamed its consumer protection plan the Travelers Assistance Program, to better reflect the scope of its activities in helping to protect consumers in the face of a member bankruptcy or insolvency. The Travelers Assistance Program formalized a number of activities that USTOA undertakes in such circumstances, including continuing to require its members to post a bond of \$1 Million with USTOA to protect consumers in case the company becomes insolvent. Other activities include informing consumers on their rights of recovery, serving as a clearinghouse of information, apprising travelers and the press of options available, and providing a consumer information center through the USTOA web site ([www.ustoa.com](http://www.ustoa.com)) to keep travelers apprised of latest developments. The program also calls for USTOA to continue to ask all its member companies to provide assistance to affected travelers in whatever way they can, on a voluntary basis (i.e. issuing credits for future planning, providing free travel, or honoring deposits already paid).

### **Other Activities Through the Years**

Over the years, in addition to USTOA's work in consumer protection and freedom of travel, the organization has been instrumental in helping destinations develop their tourism product. As part of its annual domestic and out-of-country meetings, USTOA conducts workshops, site inspections, and brings tour operators in contact with local suppliers. Some destinations that have benefited from the professional expertise of the association's diverse membership include Germany, Hong Kong, and the ASEAN countries, Jordan, Austria, Finland, Spain, Costa Rica, Peru, India, the Netherlands, Turkey, Australia, Denmark and Canada.

USTOA has also worked tirelessly to educate the traveling public as well as travel agents on the benefits of vacation packages and tours, the importance of dealing with reputable companies, and on what to look for when selecting a vacation package or tour. An active public relations program combined with advertising activities have helped spread the word to consumers and travel agents alike. USTOA has also intensified its marketing and educational efforts through the development of corporate sponsorship programs, through sponsorship of a training module on selling tours and vacation packages in conjunction with the Travel Institute, and through the establishment of USTOA sponsored trade shows.

From its modest beginnings, USTOA has in 35 years become recognized as a leader of the travel and tourism industry.

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