

erator. A tour operator prepares tours, a folder, and sells partly to the public and partly to retail travel agents. Sometimes a retail travel agent can also be a tour operator, by preparing a folder and by operating a certain tour, but generally there is a differentiation between them. A retail travel agent is a general store of travel, while the tour operator is a specialist.

Mr. BYRNES. Most of these travel agents are the travel agencies in most communities?

Mr. GRIMES. That is right, they are retail travel agents.

Mr. BYRNES. You have them here in Washington, you have them in my hometown. Foster's is an example. Which is it?

Mr. GRIMES. You named the name of one. They are both.

Mr. BYRNES. What do you mean both?

Mr. GRIMES. They are retail agents as well as tour operators. Most small agents that are individually located all over the place are just retail agents.

Mr. BYRNES. They obtain from the tour operators the literature and so forth that they have on their counters about various tours to Europe and elsewhere?

Mr. GRIMES. That is right.

Mr. BYRNES. They then can sell me one of those tours?

Mr. GRIMES. Right.

Mr. BYRNES. They get a commission from the outfit that is managing it?

Mr. GRIMES. Right, the tour operator.

Mr. BYRNES. The tour operator, what does he do? Does he receive his income from commissions paid by the hotels and so forth, that are used as part of this tour?

Mr. GRIMES. He packages the tour. He gets special rates from the hotels, special rates from the rail and bus companies and then packages the whole tour, puts it all together and gives 10 percent, or whatever, to the retail agent.

Mr. BYRNES. So I would assume that a good share of your tour operators also act, in whatever their main community is, as a travel agent, handling tours for other people, getting ship reservations, and so forth?

Mr. GRIMES. In our business we have sometimes problems of dual distribution, yes. But on the whole tour operators, most tour operators, shall we say, with certain exceptions, sell only through the retail travel agent. It is easier that way, actually, for them.

Mr. BYRNES. If you were operating as a travel agent here in Washington and you also had a couple of buses and ran some tours around the Capital, that would not make you a tour operator, would it, in the sense that you use it—or would it?

Mr. GRIMES. If you make up a tour package of Washington which then is available to other retail travel agents, then of course you are a tour operator.

Mr. BYRNES. Most of this does not have anything to do with the issues before us.

Mr. GRIMES. No, it does not.

Mr. BYRNES. But I was interested in understanding the overall picture.