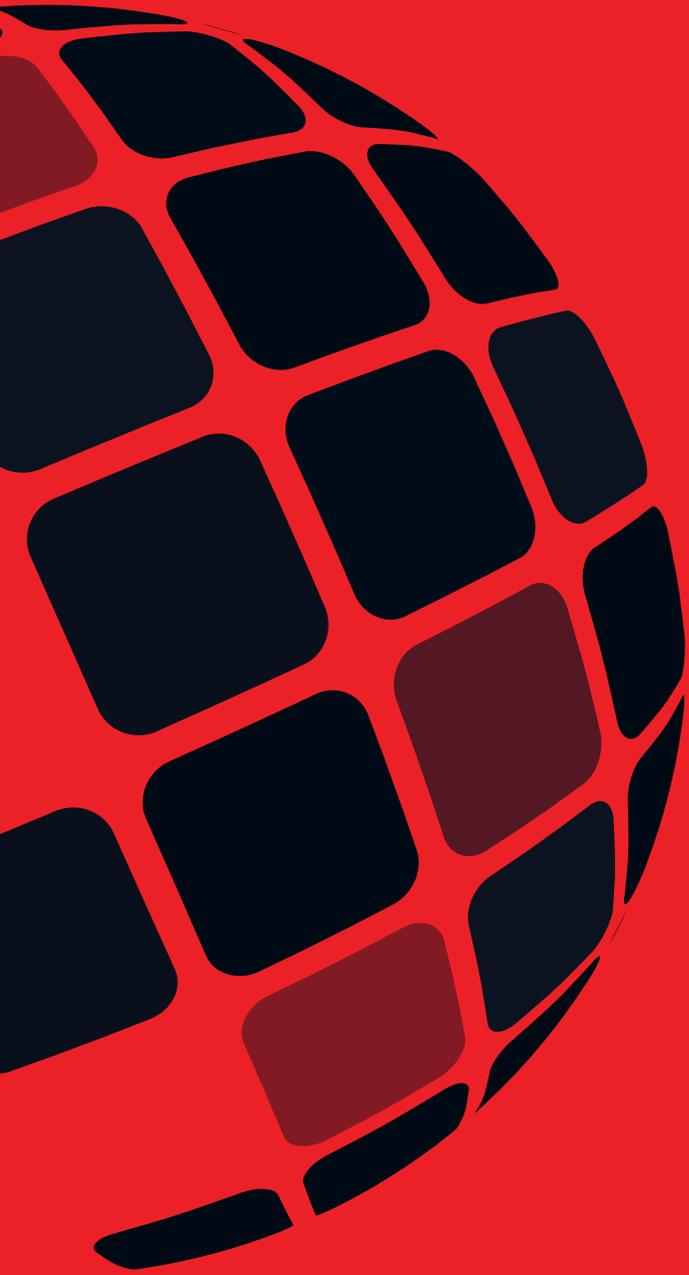


# THE 21<sup>ST</sup> CENTURY TRAVEL AGENT

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**ASATA**



*“In the modern world of business, it is useless to be a creative, original thinker unless you can also sell what you create.”*

*David Ogilvy*



## INTRODUCTION

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### **Emerging trends in the travel landscape and changing customer demands are dictating massive changes to the business and leisure travel landscape.**

Travel professionals have had to evolve to keep pace to meet travellers' expectations of flexibility, personalisation and consumerisation. The sharing economy, rise of the millennial traveller and the use of mobile are increasing traveller expectations of the user experience associated with travel.

Travel managers are looking for end-to-end solutions handling the entire lifecycle of a trip. Data consolidation and reporting are driving supplier negotiations and performance, as well as travel policy compliance. And all this is occurring within a standard environment that demands continued travel savings.

In leisure travel, customers increasingly have access to technology and are comfortable with booking online or directly with suppliers in the absence of perceived value being delivered by a Travel Agent.

These trends affecting the Travel Agent or TMCs' macro-economic environment have led to changes in the behaviour of key travel industry stakeholders, weakening the attractiveness of the Travel Agent's traditional transactional value proposition to customers and suppliers, and increasing the negotiating power customers and suppliers now have over Travel Agents.

Travel Agents, by their own admission, view their current business model as economically unsustainable without override commissions and, in time, despite override commissions.

The objective of this study is to support ASATA's objective to develop a framework for a sustainable and profitable business model for Travel Agents in South Africa in response to the travel industry scenario.

The study examines what the customer of travel retailers defines as true value and how the travel retailer and travel consultant of the 21<sup>st</sup> Century will have to evolve, not only to deliver that value, but also to gain their customer's trust and show enough true value for customers to see value in paying for a Travel Agent's service.

The paper further identifies key recommendations that the Travel Agent or TMC of the future will need to act on if it wishes to remain relevant in an evolving travel industry.

### **ACKNOWLEDGEMENTS**

ASATA wishes to thank the African Business Travel Association (ABTA), the Global Business Travel Alliance (GBTA), Kitso Consulting and Quadrant Five for their comprehensive assistance without which this thought leadership paper on the 21<sup>st</sup> Century Travel Agent could not have been compiled.



Written by BIG AMBITIONS

## METHODOLOGY



Research into the 21<sup>st</sup> Century Travel Agent study commenced in December 2014 with desk research collating the key trends in leisure and corporate travel in 2014 and 2015, and incorporating over 200 articles. The key areas identified within the desk research for further investigation included:

- Personalisation
- Specialisation
- Customer-centricity
- Technology (mobile)
- Travel intelligence
- Sharing economy
- Supplier relationships
- Duty of Care

Three online surveys were conducted. The first survey was distributed among corporate procurement managers incorporating questions derived from the trends reflected in the desk research was distributed to travel customers through the African Business Travel Association (ABTA), with 24 ABTA members surveyed across various industries, organisation sizes and age groups. Both local and multi-national organisations were represented with the majority of respondents (69%) denoting corporations with over R10 million spend.

Two further online surveys were conducted, among business travellers (47 respondents) and leisure travellers (177 respondents), to assess their views on topics that were highlighted in the desktop research including personalisation, sharing economy, technology and experiential travel.

The survey findings were analysed with reference to research objectives and further research questions devised for Strategic, Operational and Customer respondents to better understand key themes from the online survey.

One-on-one telephonic interviews were undertaken with each board member from the Association of Southern African Travel Agents (ASATA) to address the key themes identified in the desk research and customer survey.

Furthermore, separate focus groups, and telephonic and face-to-face interviews were held in Johannesburg and Cape Town with tour operators, Travel Agents, corporate procurement managers and business travellers, the results of which were analysed for further findings. Findings from all research were consolidated and analysed for key insights which have formed the basis of recommendations.

## INDEX

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Methodology	3
Executive Summary	5
Recommendations	6
Change your business value proposition urgently to survive financially in the future	7
Become more customer-centric and focus on services relevant to meeting customers' priorities	8
Build strong, intimate relationships with customers based on trust and credibility	16
Become specialist advisors or consultants to add tangible value to your customers	20
Invest in educating and motivating your employees to become true consultants	22
Manage supplier relationships carefully to balance your value proposition to customers with the value offered to and received from your suppliers	25
Change your remuneration model to focus on the perceived value you add to customers	27
Embrace technology-led innovation to disrupt those practices that are no longer adding value to your businesses	30
Employ courageous, visionary leaders to take charge of the change required to overcome the challenges you are facing	33
Conclusion	34
About ASATA	35

*“Today’s travellers want unique experiences tailored to their priorities and want to take control of their own itineraries. They expect to be seen as individuals and want to receive information and offers built on their preferences, delivered in a timely manner to their device of choice. And with the advent of social media, consumers are more transparent than ever so understanding them is now a real expectation.”* . . . . .



## EXECUTIVE SUMMARY

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**Placing the customer at the heart of their business and truly understanding their customers' context, circumstances and needs is the path on which the 21<sup>st</sup> Century Travel Agent or TMC should embark to prove their future value.**

Business travellers expect TMCs to understand fully their 'pain points' and to leverage their destination and supplier knowledge and relationships to ensure that their travel is not only painless, it is pleasant too.

Leisure travellers expect the 21<sup>st</sup> Century Travel Agent to add value to the entire leisure travel journey. The Travel Agent must leverage their personal destination knowledge, supplier relationships and full understanding of the customer's needs during the inspiration and planning phase to deliver true value to the leisure traveller throughout the travel journey.

While customers are willing to pay for professional services, they are unwilling to pay for any cost inefficiencies. Their expectations are that TMCs or Travel Agents take actions that centre their business focus around understanding and meeting their corporate and leisure travel needs.

Travel Agents should therefore employ mature dialogue – a conversation of a different type and level than currently being conducted – with customers, and demonstrate an ability to apply travel knowledge, experience, expertise and supplier relationships to show the value that they can add to the customer and regain their customers' trust.



## RECOMMENDATIONS

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The following recommendations are some of the actions TMCs and Travel Agents must take into consideration to ensure the future sustainability of their travel businesses:

1. Change your value proposition urgently to survive financially in the future.
2. Become more customer-centric and focus on services relevant to meeting customers' priorities.
3. Build strong, intimate relationships with customers based on trust and credibility.
4. Become specialist advisors or consultants to add tangible value to customers.
5. Invest in educating and motivating employees to become true consultants.
6. Manage supplier relationships carefully to balance value proposition to customers with the value offered to and received from suppliers.
7. Change remuneration model to focus on perceived value you add to customers.
8. Embrace technology-led innovation to disrupt those practices that are no longer adding value to your businesses.
9. Employ courageous, visionary leaders to take charge of the change required to overcome the challenges you are facing.



## Change your business value proposition urgently to survive financially in the future

**Travel Agents' traditional transactional booking value proposition has become redundant with the advent of easy-to-use online booking engines, the improved ability of travel suppliers to service the needs of the traveller directly, and the ease with which travellers are able to source online information during the pre-travel stages of their journey. Google search has emerged as the highest-relied upon source of travel information for South Africans.**

Travel Agents are being forced to compete on price. Allegations of unethical pricing behaviours, competitive rivalry and undercutting 'fair' prices have emerged putting further downward pressure on profit margins to the extent that they are concerned about the future financial viability of their businesses.

*"I find that the TMCs are more expensive than other providers. They need to be flexible and ask where we're getting those prices if they aren't getting good prices. As a smart traveller I am educated enough to look at other websites and I can see that TMCs are always more expensive."*

*Source: South African business traveller*

The way that customers and suppliers behave towards Travel Agents has changed significantly because they are unable to differentiate their service or reduce the cost of their operating model. The negotiating power of customers and suppliers over Travel Agents has increased and this has led to lower commissions and a refusal by customers to pay for a service they can perform themselves for a lesser or no cost.

Travel Agents that continue to operate in a commoditised environment, sell on price and find it difficult to monetise the value they provide to the customer will find it difficult to navigate the changing travel space where travellers increasingly interact with omni-channel retailers and demand personalised travel experiences.

The opportunity for Travel Agents exists in being able to justify their value to the customer by identifying what services they would be willing to pay a premium for. For instance, sourcing information online is time consuming and the volume of information makes it difficult and stressful for the traveller to compare and choose between travel options.

Travel Agents therefore have an opportunity to use their travel expertise and experience to help travellers to make their best choice in a shorter period of time and with less purchase anxiety.

*"We must look at all the services that a traveller is going to need and deliver an end-to-end solution, including ancillary services such as visa services. Act as a professional business and not bring everything down to cost."*

*Bronwyn Phillipps, HRG Rennies Travel MD*

### Key Insights

- Travel Agents can help travellers navigate the plethora of online information to find a solution that meets their needs better in a shorter time.
- Travel Agents must justify their value by offering services customers are willing to pay a premium for.
- Stop pursuing sales on price only – it shows you are desperate and have no confidence in your expertise.

# Become more customer-centric and focus on services relevant to meeting customer's priorities

## *The supplier as the 'customer'*

**Previously, Travel Agents have provided a travel booking and management service to 'customers' while relying mainly on revenue received from travel suppliers in the form of commission and override commission payments. This practice resulted in Travel Agents focusing their businesses primarily around the requirements of suppliers.**

Aware of this practice, customers complain that Travel Agents' focus on the volume and/or mix of travel bookings they make because of the override or supplier incentive, means their economic interests are not always aligned with providing the traveller with the solution that best fits their needs and preferences, and this is to the detriment of the quality of the service they are provided.

Since the Travel Agents' business has been built around an economic model which has the supplier at its centre, the effort and cost of changing their business systems and process, and their human organisation and practices is an obstacle to them changing to focus on the traveller as customer.

*Predispositions are our enemy. You cannot serve two masters: You either serve the client or your agenda, and the latter alienates the former. This lack of integrity will force your clients to find another platform that offers integrity.*



This economic 'disincentive' for Travel Agents to see the travel consumer as their customer seems to be eroding as suppliers withdraw their commissions to the point where Travel Agents indicate they view themselves primarily as representatives of the customer (rather than a distribution channel for suppliers) and that the customer's interests are their main concern.

Despite this, research shows that the perception is that Travel Agents are not meeting the expectations of travellers today. Nor are they evolving their service offering to meet the traveller's priority needs and preferences, because the perception of travellers is that Travel Agents have not spent the time to know what they are because they do not value the traveller as the consumer.

Furthermore, constrained by their current revenue model, Travel Agents do not understand how to monetise the additional value created for the traveller, seeing it as involving additional effort and cost without financial reward.

Travellers are clear that the value Travel Agents can provide to them has shifted from the booking event, which they should nonetheless do as part of a total service package (but only if done seamlessly and accurately), to the travel journey itself.

They need to take actions that centre their business focus around meeting the travel needs of corporate and leisure travellers and, in the case of corporate travel, the travel-related business needs of their corporate customers.

As such, Travel Agents will need to improve the current business performance of their corporate partner so that corporates can concentrate on what they're good at, while Travel Agents will take care of what they're good at.

Until Travel Agents understand their customers' personal, business and economic contexts as fully as possible, they will be unable to help travellers improve their end-to-end travel experience, help corporate travel buyers/managers make good travel-related business decisions nor generate travel-related service fees at appropriate margins.

*In addition to knowing their customers' circumstances, including their pain points, they should provide services that meet their customers' priority needs and preferences so that business travel is not only painless but also pleasant.*

To achieve this customer-centric approach, TMCs need to understand the travel pain points of the business traveller, and the lifecycle and business environment of the corporate.

Travel is personal and TMCs are dealing with travellers' personal preferences along with the business goals of the corporate. So in addition to grappling with all the complexities that affect travel, TMCs must also deal with personal preferences and opinions, as well as their customers' corporate agendas, and balance these with making a trip hassle free so that managing their travel, and the overall travel experience, is not only seamless, it is pleasant.

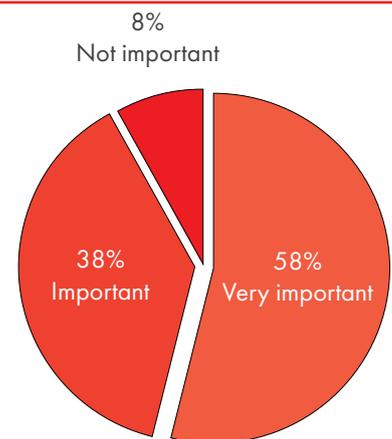
**Pain points that corporate travel buyers say impact their effectiveness in managing travel for their businesses include<sup>1</sup>:**

- **Data:** Buyers often feel frustrated that they lack concise, accurate data on actual expenditure.
- **Communication:** Concern over supplier-direct communication with travellers is commonplace, as well as the use of airline and hotel loyalty programmes, to facilitate supplier-traveller direct communications.
- **Distribution and Content:** Frustration with the content provided to their companies. Issues range from content being unavailable through indirect channels and available elsewhere to travellers, to the challenges surrounding fare and ticketing rules.
- **Intermediaries and Content:** Issues with the self-booking tool experience and concerns over the future viability of travel management companies and GDSs in their current form.
- **Traveller and Booking Experience:** Buyers are increasingly having to respond to the desires of the traveller rather than spend their time focusing on the needs of the corporation across sourcing, policy and compliance.
- **Costs:** In addition to significant increases in hotel costs and a focus on non-air costs, buyers also reference a reduced sense of leverage.

<sup>1</sup> IATA (2015) Corporate Travel Buyer Study affirms need for NDC <http://bit.ly/1lsgz12>



*Extent to which the delivery of a personalised experience should be delivered by your Travel Agent*



Areas of personalisation within TMC services include:

- Touching the customer 24/7: Contact via phone, not just email
- Expert knowledge and advice as the customers become overwhelmed by the extent of information on the Internet
- Knowing customers' individual preferences and tailoring experiences to suit these
- Personal recommendations based on agent's knowledge of consumer and supported by Big Data tracking bookings
- Enabling travellers to have control over their itineraries

The business traveller's desire to be valued extends beyond their travel preferences to include an expectation that their Travel Agent will take care of them if they are in an emergency situation.

Business travellers expect Travel Agents to be aware of their company's Duty of Care policy insofar as it relates to business travel and to comply with it in booking their travel itinerary, know where they are while they are travelling, alert them to any potential travel risks in advance, be available to them in the event of an emergency, contact them in the event of a travel disaster to see if they are in trouble and to initiate their company's emergency response protocols if necessary.

*"Knowing your customer is mid-trip and needs immediate assistance when they call your customer service agents is not just a matter of geolocation but also demands sophisticated integration of platforms and CRM systems behind the scenes. The challenge in the travel market is overcoming fragmentation to deliver valuable insight."*

Source: Egencia<sup>2</sup>

2 Egencia (2013) The future of travel <http://bit.ly/1HxgEPm>

Most business travellers use mobile information technology and telephony, in particular laptops and smart phones, when they are travelling. The nature of their usage of these devices indicates that they are primarily used by business travellers to receive or obtain travel-related information that is useful for making their travel journey as efficient or 'pain free' as possible.

In addition, while the pervasive use of mobile communication technology by business travellers, and its effectiveness, has significantly enhanced the Travel Agent's ability to stay in contact with and take care of the business traveller's priority needs and preferences, it has at the same time heightened the business traveller's expectations of what constitutes a valuable service. It can be expected that expectations around Travel Agents being contactable and responsive will continue to rise as younger generations continue to embrace the possibilities that mobile communications technology opens up.

### *Knowing your customer*

The 'space' in which Travel Agents can add value has shifted away from the booking transaction (which has moved online) to the rest of the travel journey, with a particular immediate emphasis on the inspiration and planning stages, given their importance to designing a personalised trip that meets the priorities and preferences of the traveller.

Travel Agents should hence focus their capabilities, resources and effort on truly understanding the traveller's expectations so they can create an experience with perceived value greater than the sum total of the cost of the trip plus reasonable remuneration for the Travel Agent.

*“Travel Agents need to have different conversations with their customers. Conversations are no longer about: Where do you want to travel? And then booking a ticket... The conversation has to be around: Why they are travelling. That is true partnership.*

*Vanya Lessing, Sure Travel*

Customers are willing to provide personal and business information to Travel Agents if it will assist in delivering value. Their experience however is that Travel Agents are unwilling to invest time and effort in informing or educating themselves about these circumstances.



## Leverage data

Customers believe Travel Agents are not knowledgeable of, and may not be interested in, their personal or business circumstances. They refer to travel and related data Travel Agents could use to inform themselves about their customers' specific circumstances which can be used to adapt policy, encourage compliance and fulfil Duty of Care obligations, among other benefits.

*An example of how TMCs are working with corporates to better track and facilitate the safety and security of their travelling workforce is the use of a "mayday" function via mobile devices which would offer business travellers a direct link to a travel consultant for personal assistance when and if they need it.*

Source Skift<sup>3</sup>

	Baby Boomer (1945-1964)	Generation X (1966-1980)	Millennial (1981-2000)
Providing destination and travel alerts	50%	87%	60%
Offering assistance with travel plan change	87%	80%	100%
Offering useful Duty Of Care technological tools	25%	40%	20%
Providing travel insurance tools	75%	40%	40%
Being pro-active and advising of risks prior to travel	63%	87%	20%
Assisting with an emergency recovery programme	50%	47%	40%
Registering travellers on the Government's ROSA system	25%	27%	20%

By collecting and analysing this big data so that it becomes smart data, Travel Agents can provide a customised travel solution that suits the business traveller's needs, while taking into account the corporate's travel policy and overall business goals.

While Big Data can be overwhelming, the key is to start somewhere, even if that somewhere is limited to only collecting information about your customer initially so that you have a history of travel intelligence when it is clear what data needs to be interpreted for what purpose.

3 Skift (2014) 5 Reasons Why You Can't Ignore Personalization in Travel <http://bit.ly/1x95pXA>



## Get the basics right

At a minimum, all customers expect Travel Agents to meet fully their general or basic operational travel requirements relating to planning, booking, managing and issue handling, but to add perceived value to their customers Travel Agents must also meet their priority needs, including cost saving, business efficiencies, travel-related management information, travel policy definition and adherence and traveller safety and security for corporates and providing a valuable travel experience whether that is an unforgettable holiday or an efficient business trip.

The perception among customers is that Travel Agents have not evolved their services to meet their customers' priority, and in some instances, basic requirements. Also, customers believe that Travel Agents are not paying attention to some of the factors that are critical to the them successfully meeting their needs, such as skills training, the creative use of new technologies, obtaining feedback from customers about their needs, customer service quality management, being innovative, using benchmarking information and marketing their expertise, knowledge and the value they can add.

Success also requires the Travel Agent to get smart about client communication, including about the value of their own services<sup>4</sup>.

## Personalisation and priorities

Travel Agents' travel expertise, knowledge and experience, as well as the proximity of their historical relationship to the traveller, mean that they are well positioned to provide the traveller with a personalised experience, which is the main reason they would use a Travel Agent over booking online, according to ASATA's Leisure Traveller Survey.

Travel Agents should provide reliable advice and valuable recommendations that create a unique experience for the traveller that is in line with his/her personal expectations and fits his/her budget.

Personalised service is the main reason leisure travellers would book through a Travel Agents over online travel sites, with further motivators being the Travel Agents' knowledge of destinations and products, and their ability to save travellers time.

### REASONS YOU WOULD USE A TRAVEL AGENT OVER DIRECT ONLINE BOOKING?

Answer choices	Responses
They offered more personalised service	53%
They were more knowledgeable about destinations and product	50%
They were cheaper	29%
They saved time	50%
I'm not confident booking travel online	15%
They specialise in a certain area and are experts	36%
Knows my needs better than I do	13%
Value-added experiences	23%
Can put together complex itineraries	43%
I enjoy personal contact with my travel agent	25%
Other	9%

Source: ASATA Leisure Traveller Survey

Counter-intuitively, South African leisure travellers do not indicate that a concierge-style service or a Travel Agent's specialisation in a specific type of travel are important to them. This may be because the leisure travel sector is not as sophisticated in its requirements as the corporate travel sector and lags behind international trends.

#### WHICH OF THE FOLLOWING ARE IMPORTANT TO YOU?

Answer choices	Responses
Personalised customer service focusing on my needs	59%
Personal contact with a human	34%
In-depth knowledge and information about destinations and product	64%
Price	83%
Variety of travel experiences on offer	42%
Saving time	45%
Specialisation in a specific type of travel e.g. cruising	21%
Avoiding potential fraud	47%
Help sifting through all the information on the Internet	29%
Credibility through the company belonging to a professional body or association	34%
A physical address so I know the travel company is real	35%
Ability to find and book travel 24/7	35%
Simple search and booking functionality online	28%
Expert advice on insurance, safety, visas and other related travel matters	50%
A travel concierge-style service e.g. booking restaurants	14%
Ancillary services. e.g. insurance, luggage, lounge access	20%

Source: ASATA Leisure Traveller Survey

Furthermore, Travel Agents could provide added value by meeting the traveller's other priorities, including (among others) saving him/her time, providing financial security for the travel purchase or peace of mind about the quality of the product and servicing all of the traveller's logistical requirements.

#### Key Insights

- Know your customers' circumstances and provide services to meet priority needs and preferences.
- Identify the traveller's potential 'pain points' along the journey and mitigate these so that travel is not only painless, it is pleasant.
- Show genuine care about your travellers when they are travelling, learn about their personal preferences and leverage their knowledge and relationships to make travel pleasant.
- At a minimum, fulfil travellers' general or basic operational travel requirements relating to planning, booking, managing and issue handling.
- Focus on the inspiration and travel phase, not the transaction phase.
- Travel Agents' direct interaction with the customer means they can 'get personal'.

## Build strong, intimate relationships with customers based on trust and credibility

The Travel Agent's perceived failure to provide services that meet their customers' requirements consistently, even though they are aware of what those requirements are, has resulted in there being a weak, difficult and, in some service areas, tenuous relationship between Travel Agents and their customers.

### *TMCs must understand the corporate's context and requirements*

In the corporate space, travel managers (and indeed travellers themselves) want TMCs to truly understand their contexts and requirements. This means understanding the customer's business and the role of business travel inside the business today and in the future. It continues with understanding what the customer's priority needs are and how the customer subjectively and objectively determines or measures how those needs are met.

A study by ATP1 advocates building relationships with various stakeholders within the corporate, to understand their business context, including:

- **HR and Risk departments:** Duty of Care to employees is high on the agenda for many organisations. These departments can help drive compliance to meet Duty of Care requirements.
- **Finance:** This department controls expense processing, and there is an increasing need to integrate this within travel programmes.
- **Procurement:** Sometimes their objective is to drive cost savings, which isn't always the same as maximising efficiency and getting the greatest return on investment.
- **Senior team:** The better buy-in from management, the more successful the travel management programme.

Because the perception is that TMCs are failing fundamentally to provide a service that meets the business traveller's requirements, and do not seem to be interested in changing, the business traveller not only has very low expectations of, but also a very low regard of the TMC.

That said, business travellers also feel that the corporate travel manager primarily has their company's interests in mind, which are not always aligned with those of the traveller.

Since the business traveller feels there is no single role player taking care of him/her, TMCs have an opportunity to build a positive relationship with the business traveller based on meeting his/her priorities and preferences.

In theory, TMCs are uniquely able, using their travel expertise, experience, knowledge and access to information, and appropriately positioned, given their potential to be the traveller's primary point of contact, to build strong, personal, concierge-style relationships with the traveller based on care and attentiveness.

*“Their perception is that if TMCs could offer a good-quality service that meets the needs of their company and travellers, there would be no need for a corporate travel manager separate from the normal procurement function.”*

TMCs that do come to recognise the importance of the business traveller as end consumer and are able to build credibility with the business traveller based on consistently providing a valuable service to them, are likely to be rewarded by the business traveller becoming the TMC's strongest advocate to the TMC's corporate customers.

TMCs that continue to provide a transactional service that the business traveller does not want will probably find the business traveller to be their harshest critic when their corporate customers are deciding whether they should consider alternative options to TMCs that would better serve the company's and the traveller's business travel needs.

*"We focus far less on the transactional component of travel management, even though it is still critical and 100% non-negotiable to get it right, and much more on creating real value for each customer based on their specific technological, data, knowledge, etc. needs. There is no one-size-fits-all approach when delivering real value."*

*Claude Vankeirsbilck, Tourvest Travel Services*

### *Leisure agents need to develop a strong, positive, close relationship with travellers*

It is well known that for Travel Agents to secure a higher percentage of holiday bookings and to improve the leisure traveller's level of satisfaction with their service, they need to have a strong, positive and close relationship with the leisure traveller based on trust and credibility.

Travel Agents should also build an intimate relationship with the leisure traveller around personalisation and care if they are to extract economic value from the leisure traveller as customer.

The immediate need of the leisure traveller is to have a unique travel experience that is based on his/her personal interests and preferences. The Travel Agent that spends time getting to know the traveller and his/her likes and dislikes, provides a personalised service and takes responsibility for looking after the leisure traveller while on holiday will differentiate their service proposition and build a strong relationship with them.

*"We try to make it all about them by offering a concierge-style service. We find a lot of leisure travellers don't know what they want, or what they are doing, so we pre-empt their needs and look at how we can save them money or time. We listen to them, truly listen, because they may have an idea of what they want, but we anticipate their needs and offer what makes the most sense to them based on their context."*

*Robyn Daneel-Spicer, Sure Stellenbosch*

Finally, it is worth noting that building a strong, personal relationship with the leisure traveller does not necessarily require Travel Agents to increase the frequency of face-to-face engagement with the leisure traveller.

Enabled by technological innovation, there is a generational shift in communication preferences away from in person interactions to telephonic, email and digital touch points that requires Travel Agents to consider what new skills they will need in order to build personal relationships and personalised, caring value propositions seamlessly and consistently across all communication channels with the leisure traveller throughout the travel process.

## *Trust is an issue*

Trust and credibility are the two hallmarks of a strong, intimate relationship between Travel Agents and their customers. Customers want to, and indeed need to, trust that Travel Agents are truly representing their best interests and without that trust, customers will query the independence of Travel Agents (from suppliers) and their objectivity.

In the corporate space, customers are distrustful of TMCs and TMCs are resentful of the level of transparency being requested by customers.

Customers view TMCs' transparency with respect to their commissions and override commission from suppliers as a litmus test for trust – the more transparent TMCs are with customers about the supplier payments they receive, the more trustworthy they are.

The more TMCs are willing to allow their customers to benefit from the supplier incentive payments they receive (to the extent that the customer's travel contributed to the incentive payment to the TMC), the more customers believe that TMCs have their best interests as their primary concern.

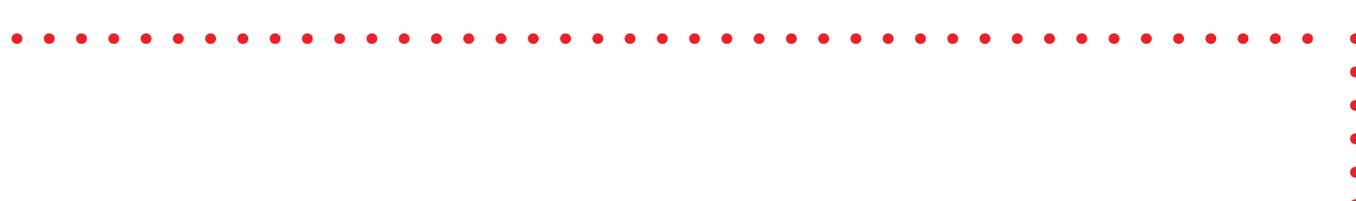
It is understandable that this subject is sensitive and even emotive for TMCs; however given the history of the industry it is a difficult conversation that must be had with customers if TMCs want to build a strong, trust-based relationship with customers.

In the leisure space, travellers want to trust that their Travel Agent is representing their best interests, especially with regard to providing them with the best-quality travel product possible for the money they are paying (i.e. best value for money). Trust clearly requires that Travel Agents are honest in their claims so that the service they provide is in line with the promises they make to the leisure traveller.

The research suggests that Travel Agents may not always be truthful in the claims and disclosures they make in this regard to the leisure traveller. Commission-based supply side agreements with travel wholesalers and suppliers create economic incentives for Travel Agents that are not always aligned with providing the leisure traveller with the best holiday options in terms of value for money. Yet, best value for money is one of the key value propositions that Travel Agents typically attribute to the service they provide to the leisure traveller.

While it is not obvious from the research that leisure travellers are distrustful of Travel Agents, it is clear that leisure travellers will 'shop around' to get competing quotations before committing to use the services of a Travel Agent.

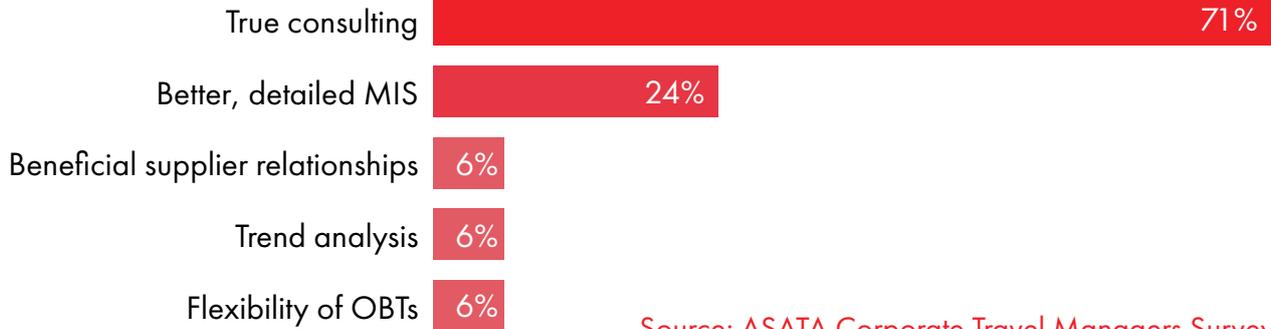
This may be attributable to the fact that leisure travellers are price sensitive and want to be sure for themselves that their holiday is best value for money. However, it is trite that should leisure travellers perceive that they cannot trust that Travel Agent are representing their best interests, especially with regard to value for money, it would be a major impediment to Travel Agents being able to build a strong relationship with the leisure traveller.



## Travel Agents must be the experts

Customers expect Travel Agents to be the operational subject matter experts in travel. Accordingly, Travel Agents' credibility relies on them demonstrating an ability to apply their travel knowledge, experience, expertise and relationships with suppliers to consistently meet their customers' expectations and add value.

### FACTORS OF IMPORTANCE TO CORPORATES IN 2015



Source: ASATA Corporate Travel Managers Survey

*“Clients are modernising and the world has become global so they have access to a great deal of information. Travel Agents should be acutely aware that their client more often than not knows more than they do.”*

In the corporate space, the research indicated that customers do not think that TMCs are a credible travel management partner. They rated TMCs' ability to provide a seamless and effective travel operations service at a score of between five and seven out of 10, citing inconsistent performance, variable commitment levels from consultants and constantly having to drive adherence to quality standards as some of the reasons.

They also rated TMCs' ability to provide a more strategic business service including providing valuable information based on travel data, travel policy formulation and adherence and traveller risk management at between two and three out of 10.

Furthermore, in the leisure space, Travel Agents themselves do not believe they are providing a credible service to leisure travellers. Travel Agents rate their own ability to meet the leisure traveller's expectations of what constitutes a valuable service as 5 out of 10.

They cite lack of professionalism and lack of professional skills as a key reason for this under performance on their part. In the first instance, Travel Agents lack passion for the purpose in their work, are not committed to making the leisure customer's requirements their main concern and are unwilling to go the extra mile to satisfy the traveller. Also, travel consultants' professional skills are poor because the quality of their tertiary travel education is sub-standard, they do not receive adequate industry or on-the-job training and they do not have consultative sales skills.

### Key Insights

- Customers want to trust that Travel Agents are truly representing their best interests.
- Customers expect TMCs to be the operational subject matter experts in travel management.
- Travel Agents have an opportunity to build a positive, intimate relationship with the traveller based on meeting his/her priorities and preferences.
- If TMCs could offer a good-quality service that meets the needs of their company and them as travellers, there would be no need for a corporate travel manager separate from the normal procurement function.
- Lack of professionalism and professional skills, and lack of passion are a threat.

## Become specialist advisors or consultants to add tangible value to your customers

**The legacy of Travel Agents as order takers is as a result of Travel Agents traditionally being educated, almost exclusively, in the area of GDS languages, in their capacity as the “distribution channel of airlines”; an extension of them if you will. In reality, today’s Travel Agents are expected to be an extension of the consumer.**

Customers are increasingly unwilling to pay Travel Agents to act as travel order-takers and are demanding that Travel Agents function as their specialist travel advisors or professional travel consultants (collectively “travel professionals”) to add discernible value to them in a corporate or leisure context.

The ASATA survey among corporate travel managers indicates that travel consultants are required primarily to make recommendations about routes or suppliers and be available 24/7. Furthermore, some 86% of respondents rated personalised recommendations regarding business travel services as being important.

**Further requirements cited by travel managers in the survey include:**

- "True consulting" which incorporates spend management and analysis by the TMC Account Manager;
- Everyday quality of service and value offered by the operational staff;
- Better, detailed Business Intelligence;
- Savings opportunities;
- Data accuracy for Traditional and / or Online transactions;
- Beneficial supplier relationships which incorporates better deal negotiation through TMC volume and relationship;
- Trend Analysis which incorporates relevant travel market trends; and
- Information analysis and communication.

*“TMCs have to offer a combination of services, technology and other value generators that will help the customer adhere to corporate travel policy, manage risk, facilitate transactions, etc. What technology the TMC can offer to provide secure and accurate data? What products and negotiating skills that TMC has to deliver on the supplier side? You have to look at all these drivers as a combination to define one value proposition.”*

*Claude Vankeirsbilck, Tourvest Travel Services*

Since leisure travellers’ main priority is a holiday experience tailored to their interests and preferences, they expect the Travel Agent to add value to the pre-travel stage of their holiday beyond merely making the travel booking. The research highlights some key attributes of a Travel Agents’ value proposition for the leisure traveller, who wants to be helped by a true specialist, at this stage in the travel process.

It involves Travel Agents applying their travel knowledge and expertise in the form of advice and recommendations to help travellers create a unique travel experience that matches their personal circumstances.

It starts with understanding truly the leisure traveller’s personal circumstances, including his/her personal travel interests, preferences and needs and his/her travel budget. It requires the Travel Agent to have specialist knowledge about relevant travel destinations, products and local activities or experiences that is more specific and detailed than the general information the leisure traveller can find on the Internet.

## Specialisation is key

Since it is impossible for Travel Agents to be knowledgeable about all travel destinations and products, they should consider choosing an area of travel knowledge specialisation relevant to the customer's circumstances and needs. The Travel Agent can become a true expert in and market that expertise, and in particular its value, to the customer, as well as informing and educating the customer on what it reasonably and necessarily takes for the Travel Agent to deliver that value.

Invest in and use technology to gather customer, supplier and other data from multiple sources in a format that can be easily manipulated, analyse it and provide useful insights that allow the customer to take meaningful actions and decisions. Apply that knowledge and information to the travel management process in an advice-based service form that meets the customer's needs and adds recognisable value to the customer.

## Measure your value

Measure and prove your value to the customer, working collaboratively with the customer in a way that respects and values each other's contribution to achieving an acceptable outcome for the customer and the Travel Agent. It typically involves building an enduring relationship where the customer relies on the Travel Agent to meet his/her changing and future needs.

*“The differentiator for Travel Agents is based on their understanding of and ability to deliver customer's needs, while at the same time achieving cost savings. If a client states they want one thing, and they believe in its value, they will pay for it. Corporates want to see real productivity combined with cost effectiveness.”*

*Lance Smith, Avis Rent a Car*

Finally, Travel Agents, as consultants, must be able to sell their value to the traveller added in the inspiration, planning and booking stage of their travel process. Travel Agents need to know how to ask the leisure traveller for a fee that is commensurate with that value. They must be able to justify a fee for their services that is fair and reasonable when compared to the experiential value they have added to the leisure traveller's holiday.

The travel journey begins on the Internet, the top source for both leisure and business travel inspiration and planning.



Some 69% of business travellers and 65% of leisure travellers turn to the web early on in their travel journey<sup>5</sup>, the phases of which include Inspiration, Planning, Booking, Experience and Post Travel.

Search engines are among the most popular online planning sources for leisure travellers.

5 Google (2014) The Traveler's Road to Decision <http://bit.ly/1DHRJ7u>

*“Travel Agents in the past were well-travelled. They knew about art, food and wine. They were well rounded and knowledgeable. We have to teach our consultants other skills so that they can connect with their customer on their level. They have to ask the right questions and understand why the person is travelling, not just that they’re travelling. You cannot be an order taker. You need to know your customer truly, persuade them that what you’re offering them is in their best interest and sell that to them.”*

*Geraldine Boshoff, Sure Travel*

### Key Insights

- Customers increasingly unwilling to pay Travel Agents to act as travel order-takers.
- Invest in and use technology to gather customer, supplier and other data from multiple sources, analyse it and provide useful insights.
- Enhance your specialist knowledge about destinations and product so that it is more than what a traveller can find on the Internet.
- Take care of all logistical requirements, which if not seamless, risk negatively impacting the travel experience.
- Demonstrate the value you have added to the inspiration, planning and booking stage of the travel journey.

## Invest in educating and motivating your employees to become true consultants

**A critical dependency to Travel Agents becoming true travel professionals and delivering a differentiated value proposition to the traveller is the travel consultant role. Research indicates that, despite what the job title suggests, the travel consultant role is designed to deliver a transactional booking service to the customer.**

As a result the personnel recruited into the travel consultant position are ill-equipped to be true travel advisors due to the technical nature (only) of their qualifications, inadequate skills training, lack of travel experience and a lack of real-world or virtual travel exposure. In addition, the personnel hired do not necessarily have the aptitude or the internal (and quite possibly external) motivation required to deliver a customer-centric service.

**According to corporate customers, TMC Management Practices exacerbate the problem by:**

- Focusing travel consultants on the quick handling of transactional volumes to the neglect of understanding the customer’s requirements and providing useful information, paying attention to the accuracy of booking details and their level of commitment to providing an end-to-end, good-quality service.
- The lack of dedicated travel consultants to corporate customers and the frequent turnover of travel consultants on corporate accounts prevent travel consultants from getting to know the corporate customer’s business or building strong customer relationships.
- Internal organisational structures or divisions that may make sense to the TMC’s business, make it impossible for corporate customers to deal with a single responsible travel consultant on their account.
- The perception among customers that TMCs have withdrawn educational trips for their travel consultants to save costs and/or are not using available technologies to send their travel consultants on virtual tours.

A GBTA report says travel buyers require a new travel management programme to come equipped with access to a dedicated team of “highly qualified customer service consultants” who would be available to help them and their travellers with bookings and other concerns around the clock.

Travel buyers often prefer a team of professionals who are specifically assigned to work with their company so that there is a personal, established relationship with the customer service team so that there is a “concierge type of feel” and customer service representatives will be more familiar with travellers and their needs.

*“By assessing the customer’s true needs, Travel Agents need to look at what staff changes need to happen. You can have all the technical skills you want, but if you’re not educated in the financial field and your client is, it will not help. Account executives need to speak at the level of their client and understand their business.”*

*Vanya Lessing, Sure Travel*

Travel buyers, according to GBTA, also stress the importance of customer service that is not restricted to standard hours of operation. Especially taking into account global companies operating in various different time zones and companies with non-traditional schedules, reliable after-hours support from dedicated agents seven days a week is a crucial aspect for some.

Meanwhile, in the leisure space, there are four issues that are important for Travel Agents to address if the travel consultant is to truly become a true specialist advisor:

1. The quality of the consultant’s basic travel skills is sub-optimal.
2. The travel consultant does not have sufficient specialist, let alone first-hand, travel destination and product knowledge to create personal holiday experiences for leisure travellers.
3. The travel consultant does not have the consultative selling skills needed to design holiday experiences that are valuable for the leisure traveller or to build trust-based relationships with travellers.
4. Management rules and directives, which are based on supplier commission incentives, about which travel product travel consultants can sell, are placing a very real constraint on the travel consultant’s flexibility to create the best travel option for the leisure traveller.

## Management's Role

TMCs' operations managers need to be willing and able to understand the customer's context, and in particular the business context of the corporate customer even though there may be different customer stakeholders (e.g. travel, HR, procurement, management) that complicate service delivery.

They need to be able to have business-relevant conversations with corporate customers. Operations managers need to be customer account managers too with the maturity and experience to have business-context-relevant conversations and the skills to translate the customer's requirements into internal service delivery, while negotiating operational service levels and marketing, cross-selling and up-selling the TMCs' services to the customer.

Travel Agency management should recruit talented young travel consultants and provide them with induction and ongoing travel skills training to equip them to be more effective in their roles.

In the leisure space in particular, Travel Agency management should invest time and money in developing their travel consultants' consultative selling skills and detailed destination and product knowledge as the key drivers of value for leisure travellers.

Travel Agents should be quite well travelled and invest in educationals as there is no substitute for experiencing the destination or product first-hand. That is something that Google cannot do. Travel Agents cannot sell a destination or product with confidence without having experienced it.

Travel Agency management should provide travel consultants with appropriate incentives that are aligned with them becoming trusted advisors to leisure travellers.

Travel Agency managers should pay attention to retaining and developing their best talent by mentoring, motivating and inspiring them. Finally, to the extent that Travel Agency managers are unable to perform these responsibilities, they should receive training in the skills needed to do so, and be mentored and supported themselves by Travel Agency executive management.

Unless and until Travel Agencies invest in addressing the human resource issues that are evident at the travel consultants and operational management levels in their organisations, they will not be able to provide a valuable service that meets the leisure traveller's requirement for trusted, specialist advice.

### Key Insights

- Traditionally, travel consultant role is designed to deliver a transactional booking service to the customer.
- The personnel recruited into the travel consultant position are ill-equipped to be true travel advisors due to the technical nature (only) of their qualifications, inadequate skills training, lack of travel experience and a lack of real world or virtual travel exposure.
- TMC operations managers need to be willing and able to understand the customer's context, and in particular the business context of the corporate customer.
- Travel consultants need to be empowered to consult and sell travel through skills development and opportunities to experience destinations and product first-hand.
- Travel consultants need to be incentivised to become trusted advisors.

## Travel consultant talent should be mentored, motivated and inspired

**Manage supplier relationships carefully to balance your value proposition to customers with the value offered to and received from your suppliers.**

Customers and Travel Agents recognise that a good, value-enhancing relationship with travel suppliers is important if they are able to provide a valuable service to their customers.

This is not always easy for Travel Agents, distrustful of travel suppliers who have shown a willingness to bypass Travel Agents to market and sell their product direct to the corporate and leisure customer, which is upsetting the equilibrium in the relationship between the Travel Agent and the wholesaler.

Preferred wholesaler relationships may have been more convenient and cost effective for retail Travel Agents and lucrative for wholesalers in the past, but they now reduce the product scope and flexibility Travel Agents need to meet the personalisation requirement of the leisure traveller.

There is also an increase in the level of competition between the retail Travel Agent and Tour Operators for a greater share of the leisure traveller's spend. For instance, retail Travel Agencies are demanding higher upfront commissions and more product training and other support from wholesalers to improve their profitability, whereas wholesalers want to cap upfront commissions (and increase override commissions) while limiting the scope of support they provide to retail Travel Agencies to improve their own profitability.

As this disruption to the industry value chain causes both retail Travel Agents' and wholesalers' revenues and margins to decline to unsustainable levels, they are forced to respond resulting in traditional business practices no longer serving the business needs of each party equally well.

What is clear is that online and mobile technologies have disrupted the leisure travel process, placing transacting power in the hands of the travel consumer. Increasing competition from online new entrants and from traditional travel suppliers, quick to take advantage of the opportunity to transact directly with the consumer, has seen profit in the travel industry value chain shift away from retail Travel Agencies and Tour Operators.

To survive, retail Travel Agencies and wholesalers will need to reframe their relationship to find sufficient reciprocal economic return on their effort, failing which they will be compelled to move from considering mutual disintermediation to acting on it.

Travel Agents and Tour Operators will need to choose customers, suppliers and partners with whom they can build strong, mutually beneficial relationships if they are to restore their businesses to sustainable levels of profitability.

They will need to add differentiated and demonstrable value to their suppliers' product (e.g. sourcing preferred travel suppliers that will meet their customer's requirement and 'guaranteeing' their service quality) to compete effectively for their customers' travel spend against alternative and direct distribution channels.

They will also need to be flexible in how they add value to their customers, including being willing to work with the customer should the customer choose to have a direct relationship with travel suppliers.

## *Good supplier relationships are key*

To ensure value to their end-customer, it is imperative that Travel Agents use suppliers that are credible and can support them with exceptional product and destination knowledge and security in the event something goes wrong.

The suppliers' products lie at the centre of the Travel Agent's service offering and good supplier relationships assist Travel Agents to know the products they are selling, which is an imperative.

Good supplier relationships may allow Travel Agents access to better information about the suppliers' products (than the customer can find), better access to product possibly at better prices, all of which they can use to creatively offer value to their customers. Also, good relationships help Travel Agents to provide good quality operational fulfilment and in particular to deal with travel issues and traveller complaints about suppliers.

Travel Agents must acknowledge that customers are generally wary of the nature of the relationship that Travel Agents have with travel suppliers for historical reasons (where 100% of the Travel Agents revenue came from suppliers) and will remain wary for as long as Travel Agents continue to receive incentive payments from suppliers that are undisclosed.

Corporate customers are uncomfortable with Travel Agents receiving supplier payments, and certainly volume incentives (e.g. override commissions) as they feel it compromises, or at least has the potential to compromise, the TMC acting in their best interests in all instances.

In addition, where they have internal procurement capabilities they prefer to have direct supplier relationships for valid business reasons, including that they may change their Travel Agents for poor performance and don't want to lose their travel supplier relationships.

### **Key Insights**

- Having strong supplier relationships is critical to a TMC's ability to deliver a valuable service to their customers.
- TMCs must acknowledge that customers generally are wary of the nature of the relationship that TMCs have with travel suppliers for historical reasons.
- TMCs will need to add differentiated and demonstrable value to their suppliers' product.
- Good, value-enhancing relationships with suppliers are important if you are to add value to your traveller.
- Retailers and wholesalers must reframe their relationship to find sufficient reciprocal economic return on their effort to stop disintermediation.
- Travel Agents should work with only credible Tour Operators who can provide them with credible information, exceptional product and enhanced destination knowledge.

## Change your remuneration model to focus on the perceived value you add to customers

**Until recently, the booking transaction has been at the centre of the Travel Agent's universe traditionally. Gillespie (2012), says Travel Agents have organised and priced their business around this function and everything else has been essentially an ancillary service.**

While corporates take a dim view of the highly visible transaction fee, Travel Agents believe clients expect everything to be included within it, for free: Mid-office quality control; data reporting; mobile tools; advisory services, etc.

Travel Agents do however realise that as travel professionals they will need to charge their customers for the services they render, and will only be able to charge according to the value that their services add to their customers.

They also know that they cannot compete sustainably on price alone against online competitors for the booking transaction or on offering the maximum choice of travel destinations and product options.

In this travel management space, Gillespie predicts that the TMC's focus will instead be redeployed on to traveller safety and service. TMCs should forget about relying on a transaction fee and instead focus on knowing how to protect and serve travellers through the trip cycle.

Under this model, TMCs compete on their safety and service capabilities. What will count is their ability to acquire booking data from a variety of consumer sites, and their ability to serve travellers regardless of where they booked.

Customers in turn don't expect to receive a professional service for free, but are also unwilling to pay for any cost inefficiencies in the Travel Agent's operating model, rather expecting Travel Agents to adapt their business model to what is reasonably necessary to support the services they offer.

Customers will allow Travel Agents to retain a share of the value they create for them as long as Travel Agents charge them a reasonable, fair and transparent price for their services.

To compete effectively, Travel Agents will have to differentiate themselves by using their travel expertise, knowledge and experience to do something that their online competitors can't do, namely provide a personal service that meets the leisure traveller's unique needs, interests and preferences.

### *Delivering value to leisure travellers*

In the leisure space, the research indicates that the price of their holiday is always an important purchasing consideration for travellers. However, it also revealed that leisure travellers are not motivated to book a holiday with a Travel Agent because it is cheaper than an online holiday. Furthermore, leisure travellers do not consider the widest choice of travel options to be significantly important. Leisure travellers' key priority is for a personalised service that is focused on their needs.

This correlates with a further finding that leisure travellers are motivated to use the services of a Travel Agent mainly because they perceive that Travel Agents, as travel experts, are able to use their in-depth knowledge of travel destinations and products to help them book a holiday that is tailored to their personal interests and preferences.

The clear implication is that leisure travellers will pay Travel Agents a fair and reasonable proportion of the experiential value that they create for them as a service fee as long if they feel that the total cost of the holiday is good value for their money.

Also, Travel Agents could create additional perceived value for the leisure traveller by using their expertise to meet other of the traveller's important pre-travel requirements such as saving the traveller time, providing financial security for the traveller's purchase, building complex travel itineraries and providing information, advice or services on travel logistics including insurance, visas and personal health and safety.

By extension, Travel Agents should consider how they can broaden their value proposition to meet the leisure traveller's needs during the travel and post-travel stages of the travel process too. For instance, some leisure travellers may see value in a Travel Agent caring for or looking after them while they are on holiday, while other travellers may see value in a Travel Agent offering services that enable them to share their holiday experience with others.

**There are certain critical success factors that Travel Agents will need to meet if they are to meaningfully monetise the value they create for the leisure traveller:**

1. They must have specialist knowledge, and preferably first-hand experience, of the travel destinations, products and experiences they recommend to the leisure traveller.
2. Some Travel Agents may need to focus their value proposition on meeting the specific needs of a target segment of the leisure traveller market that they can serve profitably.
3. All Travel Agents would benefit from building customer loyalty by establishing a professional connection with their customers so that they retain them and are able to optimise their life-time value.
4. Travel Agents will need to learn how to sell consultatively so they are able to sell valuable travel experiences instead of travel bookings and can convincingly communicate (i.e. market and sell) the value of their expertise to the leisure traveller.
5. Travel Agents need to review agreements with travel wholesalers and suppliers, in particular the existing commission-based remuneration model, to avoid practices that may undermine the leisure traveller's trust in Travel Agents, to provide them with greater product or pricing flexibility and/or increase profit margins.
6. Travel Agents will need to be creative in developing service fee models that the leisure traveller feels are justified because they are aligned with the benefits to the leisure traveller.



## *Travel Agents must charge*

Customers acknowledge Travel Agents charges to distinguish between the actual costs of travel and the additional fixed service fee charged by the Travel Agents either monthly or per transaction for services rendered.

It is fair for Travel Agents' performance to be tied to agreed service levels in return for financial penalties and rewards (and for customers themselves to be bound to increased fees or financial penalties for behaviours that impact the work effort or performance of Travel Agents). It is fair even for Travel Agents to share in the economic benefits that they help generate for their customers (e.g. travel cost savings).

In the leisure space, Travel Agents know they cannot continue to rely on travel supplier and wholesaler commissions as their main source of revenue. They accept that they will have to increase significantly the service fee revenue they receive from the leisure traveller, even though today the leisure traveller is resistant to paying service fees.

## *Disclosure of supplier commission*

Transparency requirements vary from medium/large corporate customers to SMEs and further to leisure customers, but in general corporate customers require supplier commissions and override commissions relating to their travel to be disclosed and potentially shared with them.

For TMCs, transparent disclosure of supplier commission and override commission payments is a thorny issue. They hold the viewpoint that generating other revenue or income from suppliers is an acceptable and legitimate business practice in not only the travel industry but other industries too and that in those industries transparency, or full transparency, is not required.

Apart from being sure that customers are not entitled to this information, TMCs are fearful of what customers might do with it. The difficult issue of transparency of supplier payments needs to be resolved through mature dialogue in the interests of building trust between TMCs and their corporate customers in particular, which is a precursor to a professional services relationship.

### **Key Insights**

- TMCs will need to charge for the services they render, and will only be able to charge according to the value that their services add to their customers.
- It is fair for TMCs' performance to be tied to agreed service levels in return for financial penalties and rewards.
- It is fair for TMCs to share the benefits they help generate for customers.
- Corporate customers require supplier commissions and override commissions relating to their travel to be disclosed and potentially shared with them.
- Travel Agents need to increase their service fee revenue from the leisure traveller.
- Travel Agents cannot compete sustainably on price against online competitors.
- Differentiate through travel expertise, knowledge and experience to do something online competitors cannot do - personalised service.
- Leisure travellers' key priority is for a personalised service focused on needs.
- Broaden value proposition to meet travellers' needs pre, during and post travel.

# Embrace technology-led innovation to disrupt practices no longer adding value to businesses

**Travel Agents, constrained by their historical physical retail store operating model, see themselves as being in competition with online travel booking engines and travel service providers for the travel booking transaction.**

As a result, they have responded defensively to the online and mobile communication technologies that are disrupting the travel industry value chain and are failing to see the opportunities that these technologies present to add value to their customers, who are embracing them with an increasing openness to the possibilities they bring.

*“Where technology will be the influencing factor in travel management, it will be the travellers who will define their requirements and how those are met.”*

*Source: Amadeus Managed Travel 3.0*

The Connected Traveller will move from channel to channel, expecting the same offers, prices and service whatever channel they choose<sup>6</sup> throughout the traveller’s purchasing path – before, during and after purchase.

The research suggests innovative technology enabled options for Travel Agents to consider that will add value to their businesses. Travel Agents could leverage technology to pursue an ‘omni-channel’ strategy that delivers a personalised, 24/7 experience to the leisure traveller from the start of the travel process to the end.

New mobile communication technologies give rise to opportunities for Travel Agents to generate additional revenue from new offerings that meet the needs of the traveller across the entire travel process.

Furthermore, these technologies, including social media, provide low-cost channels for Travel Agents to market, promote and sell their services to new and existing leisure travel customers.

Travel Agents could use existing technologies to equip their travel consultants with detailed product and destination information, to provide them with virtual ‘educational’ or enable them to use ‘Big Data’ to build customised holiday experiences for the leisure traveller.

## *Mobile Managed Travel in South Africa*

Surveyed corporate travel managers indicate that the trend of allowing business specific “personalisation,” or safe and existing procedures to be managed utilising smartphones / tablets is prevalent, with 90% - 100% of the respondents permitting travellers the following functions:

- receiving their travel documentation and booking confirmations
- requesting travel authorisation
- check-in procedures
- pre-seating
- managing their booking

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<sup>6</sup> Amadeus Corporate Blog (2015) A cross channel strategy is vital to connect with today’s leisure traveler <http://bit.ly/1mgmmfX>

Interestingly, only between 5% and 17 % of respondents think that checking-in, pre-seating and booking management are functions of the TMC, negating perceptions by TMCs that these are “value-adding” services.

Some 72% of respondents say they will permit booking travel through mobile tools. This is in line with global research signifying that the use of mobile apps is the number one priority for Travel Managers to increase traveller efficiency. The remaining 28% of respondents indicate that booking travel via these devices would be unlikely or would remain the function performed by the TMC.

67% believe that utilising these devices to personalise the experience is very likely which is very positive as research compiled states that smartphones have had an impact on traveller experience.

Only 39% of the respondents indicate that using the devices to shop for travel options would be likely with the majority of 61% stating that this would be unlikely or remain a TMC function. What seems to be reoccurring is that Travel Managers globally and locally are comfortable for travellers to enhance their experience, or increase their efficiency as long as it does not interfere with policy, procedure or data.

According to the ASATA Business Traveller Survey, the predominant use of smartphones in South Africa is to receive travel documents and booking confirmations, receive travel alerts and emergency response and to check-in online. The use of tablets when travelling is fairly low, except for millennials who are the greatest users with 71% saying they use one when travelling.

#### WHICH OF THE FOLLOWING FUNCTIONS DO YOU USE YOUR SMARTPHONE/ TABLET FOR?

	Not at all	Sometimes	Always	My Travel Agent should do this
Shopping for travel options	36%	27%	12%	24%
Requesting travel authorisation	52%	15%	9%	24%
Booking travel	41%	21%	9%	29%
Receiving your travel documentation and booking confirmation	21%	24%	44%	12%
Receiving travel alerts (Duty of Care)	21%	26%	47%	6%
Emergency response	22%	21%	52%	6%
Receiving information according to your location	26%	35%	35%	3%
Personalising your travel experience	42%	24%	21%	12%
Managing your booking	21%	27%	27%	24%
Check-in	24%	29%	35%	12%
Download travel apps	29%	24%	38%	9%
Destination information	26%	29%	32%	12%

Downloading travel apps is popular among all generations with GPS or map-related and general travel apps being the most downloaded by South African business travellers.

*“Development of corporate travel-related apps [will be the biggest fundamental change]... Taking the travel booking process directly to employees and their mobile devices. If our TMC does not adapt to this change, then as a company we have to make the steps to look for another provider.”*

*Source: ACTE Research Paper*

This list of options for Travel Agents to use technology innovatively to improve their businesses is not exhaustive. Nor can it be in an industry that has changed a great deal and where the pace of change will accelerate in the future.

Travel Agents that intend to succeed in the travel industry of the future will have to be constantly thinking of using technology to do things in new, better ways, terminating or adapting business practices that are hampering value creation and adopting new practices that will create future value.

#### **Key Insights**

- Innovative technology enabled options add value to Travel Agents' business.
- Adopt an omni-channel strategy that delivers a personalised, 24/7 service experience from the start of the leisure travel process to the end.
- Equip your consultants with detailed product and destination information using technology, e.g. virtual educational.
- Use data about your traveller to help personalise their leisure travel experience.



# Employ courageous, visionary leaders to take charge of the change required to overcome the challenges you are facing

**Given the significant challenges facing Travel Agents, the negative impact these challenges have on their sustainability, and the large levels of resistance to change, it is critical that leaders take charge of and champion the change needed if they are to survive and compete effectively in the emerging industry landscape.**

Courageous leadership is required that acknowledges the competitive threats facing Travel Agencies and the insufficiency of their current business model to meet these threats. Strong leadership and effective communication is required to bring about a positive attitude to change that reduces organisational resistance and gives rise to a willingness to learn and try new things that are the key to developing a competitive strategy for today and the future.

Inspirational leadership is necessary to create a vision for a sustainable Travel Agency that is focused on meeting the priority needs of its customers and other stakeholders. Leaders need to use this vision to motivate for change that is based on a future opportunity that is better and that employees can be passionate about.

Along with the vision, a culture needs to be built that is based on those values that matter most to Travel Agents' customers, employees and other stakeholders, such as (by way of example only) care, trust and expertise, so that the attitudes, behaviours and actions of Travel Agency employees support achieving the vision.

Inclusive leadership is necessary to develop a concrete plan to manage the transformation of Travel Agency businesses and to build a management team that can implement the plan. Decisive leadership is needed to make rational decisions about the allocation of scarce resources between business activities that are urgent today and investment priorities important for the future viability of Travel Agents.

Those Travel Agents that succeed will cope best with the complexity of their businesses today, while simultaneously changing their businesses to compete effectively for tomorrow's customer in tomorrow's industry landscape.

## Key Insights

- Travel leaders must champion change to survive and compete effectively.
- Build a culture based on the values that most matter to your customer: care, trust, expertise.



## CONCLUSION

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**Not since the end of supplier commissions has the Travel Agent needed to reinvent itself quite as much as it has to now, to remain relevant in a rapidly evolving macro-economic environment.**

This evolution is not only in the sphere of service offerings through customer-centric service and personalisation in leisure and business travel, but also through reengineering their business value proposition and reliance on suppliers for their survival.

Trust, specialisation, personalisation and technological advancement are the hallmarks of the 21<sup>st</sup> Century Travel Agent; the focus very much being on ensuring the journey is not only painless, but also pleasant throughout the entire travel journey, and not just at booking stage.

Evolution through technology and training, but also through the development of visionary leaders to lead the change will ensure Travel Agencies' continual survival and their ability to overcome the challenges they are facing.



## About ASATA

Established in 1956, the Association of Southern African Travel Agents is a representative forum that aims to promote professional service in the travel industry for both members and their clients. Representing over 85% of the travel industry in terms of market share including most of the major travel brands, ASATA's membership is entirely voluntary and includes South African retail Travel Agents, travel management companies, wholesalers and suppliers of travel-related products and services. Employing a strategy of compliance, consensus and confidence, the association's focus is to ensure the sustainability and profitability of our members as well as the delivery of a professional service to the travelling consumer service to the travelling consumer. This is achieved, inter-alia, through strong relationships and an open dialogue with all stakeholders, including key opinion leaders in the industry and senior government officials.

## Vision

To champion ASATA members as the consumer's channel of choice when buying travel products and services.

## Mission

To support our members in meeting consumers' needs of value and security through developing and maintaining the highest level of expertise and professionalism.



[WWW.ASATA.CO.ZA](http://WWW.ASATA.CO.ZA)

