

Online booking or the personal touch - the travel industry's future?

Stand in line at any Canadian airport and see just how many travellers are clutching a sheet of paper printed from the internet, an e-ticket. And one wonders about the traditional travel agency and its ability to withstand the online activities of all of the airlines and internet travel conglomerates like Expedia and Travelocity. A trip to the local agencies to talk to the operators reveal that they are still in business, but selling into niche markets and an expanding travelling demographic and doing it well.

In a recent report from Forrester Research; *US Online Travel Forecast, 2008 To 2013*, it was predicted that 46% of leisure and unmanaged business travel will be sold online, by 2013, and that 39% of managed business travel (the kind organised via a mandated company policy) will be booked online. Other seemingly bad news for the agents are the predictions that more than half of airlines bookings, about a third of hotel bookings, and almost two-thirds of car rental bookings will be done online. So how do the storefront operators handle this opposition and potential loss of business, what do they have going for them?

Fortunately, for the agencies, the online bookers are not growing as fast as they used to, in other words the main onslaught, and loss of business, appears to be over. Forrester predicts that by 2013, the number of travellers directly researching and booking part of their trip online will have grown—but only by a relatively modest 16%. Past research also shows that the number of online users has grown in spurts - it hasn't been a steady growth. the number of online travellers both researching and buying travel online has fallen from 68% in 2005 to 62% in 2006. In addition that 63% of leisure travellers that looked online booked online in 2005, rising to 67% in 2006 but dropping to 55% in 2007. The main reason that number won't grow faster, Forrester argues, is that travel sites aren't good enough for many users, thanks to a combination of poor design, inflexible options, and unclear security.

Indeed, one of the growth areas will be in what Forrester describes as "leisure lookers", people who use the Web to research and price their travel plans but then make their final bookings and payments offline. By 2013, one in five online travellers will fall into this category.

This research confirms what Business Times has found in conversations with local agencies.



Carol Farren, a co-owner of Marlin Travel at Northumberland Mall (one of three Marlin Travel agencies in the Lakeshore area (the other two being 9 King St W., Cobourg and 48 Walton St. Port Hope)

, told *Business Times* that the main reason that they still handle travel is that most people come to her agency because of the security and peace of mind that it provides. "We are fully insured with TICO (the Provincial Agency that handles travel claims for stranded and discontented travellers), we are professionals and most people want to deal with a person. I have been in this business for a long time. I started with oldtime travel agent Bill McGuire and he impressed upon me that my business started at the customer's front door and finished there too - a full service is what we deliver" Asked about the competition from self-administered internet bookings Carol acknowledges that some people will always want to do the bookings themselves. "They, (the online bookers), will always be there - most have the time and the interest to do it themselves, but if they are thinking that they pay more by coming to us they are wrong. We can match nearly all of their prices. The days of deals on the internet have almost gone. The major airlines and travel companies have redesigned their commission structures to eliminate online discounting. And now the general public is doing the same work for the same price! The bottom line is that some of our customers will research everything on the 'net and then come and ask us, 'can we match this?' and we do. They like to have someone to deal with the details, and the problems that may arise"

The formula of personal service and repeat customers comes around again when Mrs Farren is asked about her future plans. "We are going to remain consistent and work to retain the faith of our customers. We love to educate new customers into the world of travel and between us in this office we have decades of experience. That's what so great about working in a storefront office, I don't know everything but someone in the office will know the answer. Our customers obviously like what we are doing as they keep coming back." Mrs Farren pointed to a pile of files on her bookcase and said, "There is a wedding in there, down South, a very popular thing these days, most online bookers do not even tackle that, we do it as a matter of course! Hotel arrangements, licenses, shuttle transportation, air fares the lot!"



TPI Travel By Bruce Pickett ACC, CTC
Your Personal Travel and Cruise Consultant

Talking to Bruce Pickett, of TPI Travel, *Business Times* discovered a

different type of travel agency - a home-based full service travel consultancy. Bruce lives and works in Camborne but provides a full service travel service. Bruce, formerly a retired frontline paramedic, started a second career in Brampton, at the CruiseShip Centres, seven years ago, but had to give it up for medical reasons. Moving to Camborne to recuperate, he became well enough to get back into the travel business, Relying on networking and extensive advertising he arranges travel, either on the phone or in person. "I will arrange to come to your home and provide the full service demanded by customers. My advantage is that full service agencies rarely stay open evenings and weekends" Bruce repeats what Mrs Farren has said - that it is just as economical when booking through him as it is doing it yourself. He is TICO registered by virtue of his affiliation with Travel Professionals International (TPI) and well qualified with top travel industry qualifications. "People will research on the internet and then phone me to conclude the booking - they want the security I, TPI, and TICO provide." Bruce's business model is to provide exceptional personal service using a low-cost delivery system with no loss in quality of the travel product. "I have a professional website that includes a booking engine, I use the SABRE reservation service and backed by TICO. I am also competitive with storefront operations and the internet."



Expedia CruiseShipCenters, Cobourg
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Some time ago the online travel agencies discovered that the most lucrative parts of the travel market - tours and cruising - were not being picked up by the online bookers. Forrester research concluded that "Both sectors' complexity and high degree of emotional involvement lend themselves to being purchased offline, primarily through travel agents." with each accounting for about 10% of the market. In both cases, considerable amounts of money are involved, consequently travel agents like the multiple commissions structures involved in these activities. So enter into the travel market "Expedia cruiseshipcenters".

"Since Expedia first invested in CruiseShipCenters in March 2007, we have recognized the benefit of leveraging the two brands to benefit our home based agents, our Franchise Partners and our consumers," said Michael Drever, president and CEO of CruiseShipCenters. "With the combined power of the Expedia and CruiseShipCenters brands and backed with our propriety CruiseDesk technology, our agents are better equipped to grow their business." These were the words spoken

at the introduction of the combined Company in Las Vegas on December 7th 2007.

This form of travel agency married the Expedia name into a franchise operation used by both storefront operators and home-based consultants. Being a franchise, allows "Expedia cruiseshipcenters" to have access to the full Expedia booking engine and other resources as well as that important TICO protection. The Cobourg franchise, is located at 531 Division St, 905-373-7818.

The question is: will the travel business fade away into unprofitability as "online bookers" grow? Probably not but as Carol Farren, of Marlin Travel -Northumberland Mall, told the interviewer after he had let it slip that he hasn't booked travel for many years through an agency, "Perhaps you are comfortable with spending hours putting itineraries together and then being prepared to handle travel emergencies in a foreign land on your own and just think you are saving a few dollars - most people aren't."

One of the many conclusions drawn by talking to these travel agents is that the prediction of the failure of the storefront travel business is premature, especially in the Lakeshore area as the travelling demographic of the general population is growing as the retiree group enlarges and these folks who have retired in this area are more affluent, according to Statscan, than other areas of the province. The age of convenience coupled with the urge to travel guarantees a continued existence.