

# **The future of the travel agent**

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# Travel Agents



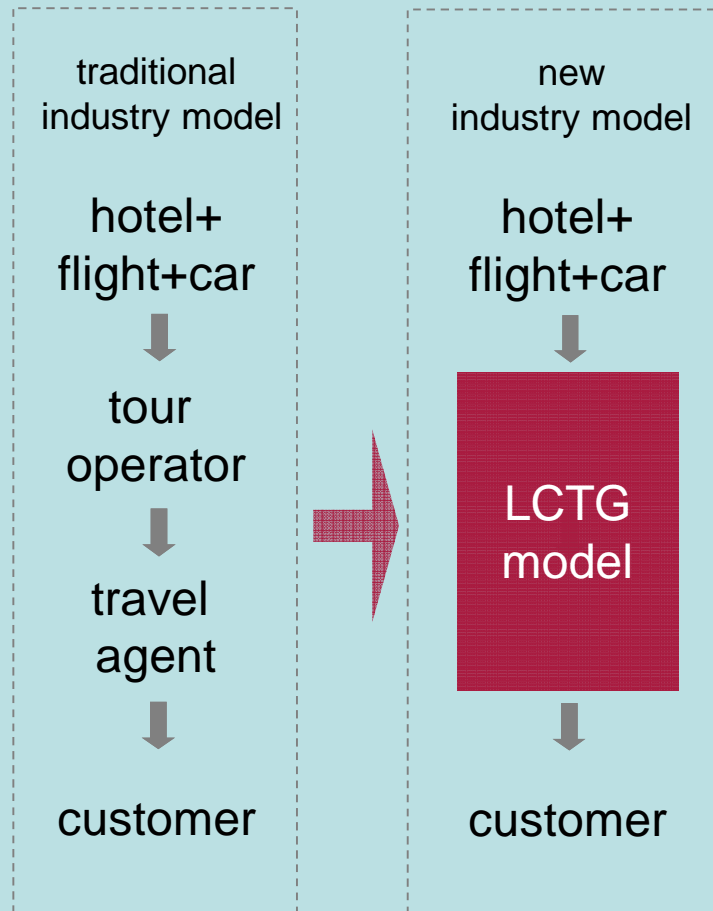
# Background

- Multiple/ independents shops closing
- Internet research & booking growing
- Call centres thriving
- Traditional commission model changing
- Travel Agents charging for services
- Diversification of offering- property/ loans/ cars etc

# Travel Agents

- High street bigger issues -than call centres
- Closure of many traditional agents
- Replacement by new “travel providers”
- Multiples selling in house with one margin
- Big consortium starting to build own capability
- Investment required in technology by all
- Challenge to replace the brochure with interactive desktop or real time brochures

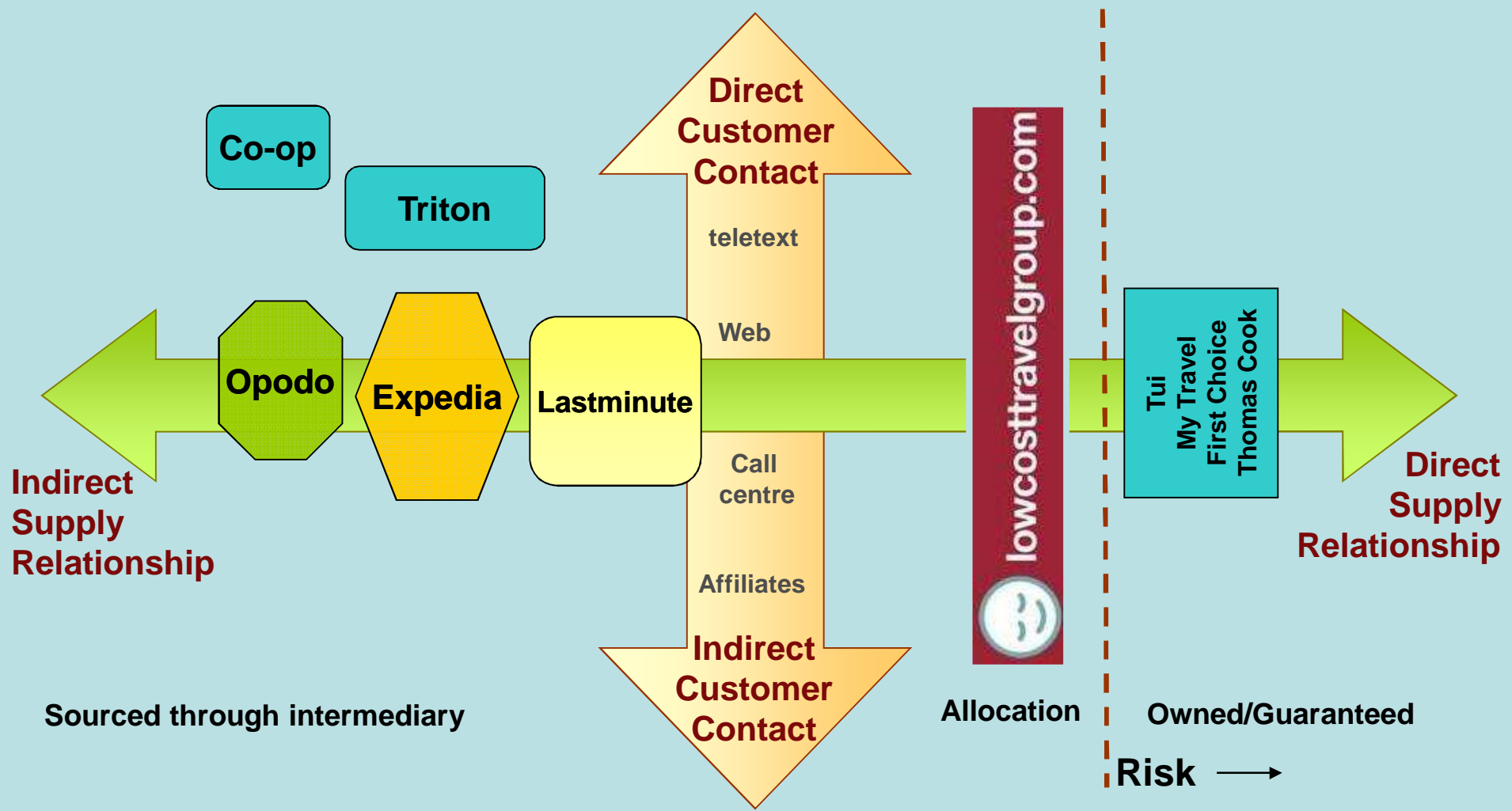
# Travel provider Model



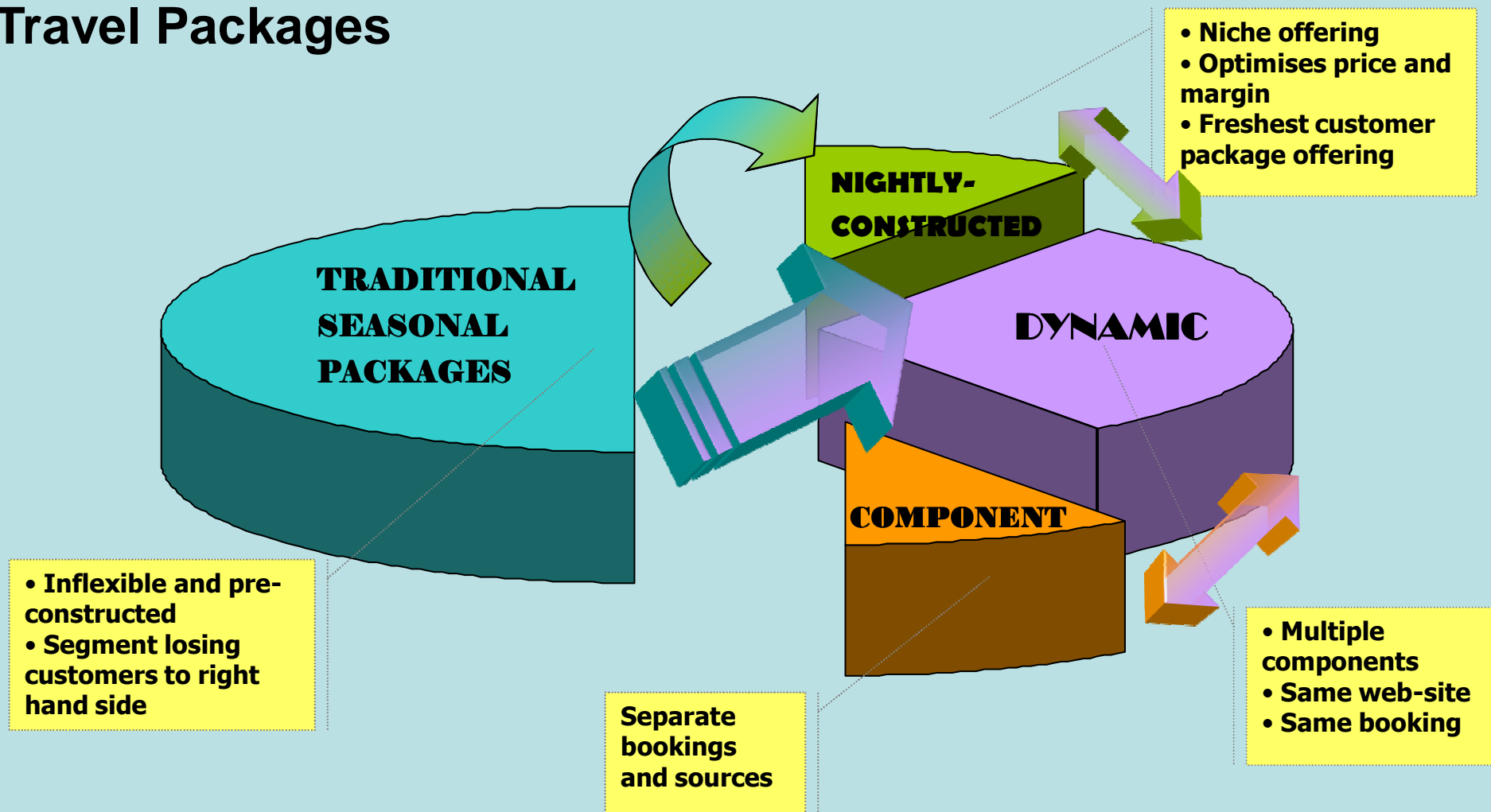
The winners will:

- ✓ **Be the lowest cost producers**
- ✓ **Offer the lowest prices**
- ✓ **Have the widest possible distribution**
- ✓ **Have the best brands**
- ✓ **Be the easiest to use**
- ✓ **Have own stock**

# It is all about access to customers and stock!



# Travel Packages



# Airlines





# Airlines

- Little change for schedule / low-cost
- Big change for charter - commission cuts to compete underway
- New online/phone model now working
- Booking fees added by intermediaries with customers seemingly willing to pay

# Tour Operators



# Tour operators

- Biggest threat to traditional model
- Commissions cuts - big 4
- Will all go to net or direct soon
- Growth of Virtual call centres
- Increase in unbonded seat only / accommodation
- Avoidance of ATOL / TOMS margin
- Concern for agents that cant adapt



# Cruise Companies





# Cruise Companies

No Commercial imperative to increase already strong margins – why change?

- Slower to reduce commissions or sell direct
- Margins strong for asset holders - market growing
- XML / dynamic cruising coming
- Technological change will drive component packaging



# Hotels





# Hotels

- Asset holders to control of pricing
- Hotels enjoying wider distribution channels
- Transparency of rates commoditising hotels
- Forced increased of flexibility
- Increases in rates to reflect commitment reductions and more flexible duration

# Paulo's Predictions

- Pace of change will accelerate
- Agents will become “travel providers”
- Technology will drive the change
- Asset holders & Customers will win
- Margins will be reduced for intermediaries
- Internet will grow
- Call centres will flourish
- Multiples will become virtual call centres
- High street Agents will reduce
- Old school tour operators will go bust