

2 <sup>nd</sup> year of Master Tourism and Hospitality Marketing	1 <sup>st</sup> Reading worksheet Dr. GOURI Meriem
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### ***Upcoming Trends in Travel Agency Business***

Today, the emerging business environment at global level offers numerous challenges and opportunities to grow and expand. The management of any organization is to analyse the drivers for change in the business from the tourists' point of view and at developing scenarios that will help travel companies to be prepared for the future challenges. On the other hand a travel company must understand structural changes in the tourism industry and should design and develop functions in the future as well as competencies needed to succeed. The travel agency must always be up-to-date regarding the current trends in the field of tourism, hospitality industry functioning. They must also know about the best and the most popular places of tourists' interest. Travel agents have accumulated knowledge, expertise and contacts with providers of services and is a useful and sometimes invaluable intermediary.

Even the travel agencies in the tourism industry have to realize it is more competitive and with the use of e-tourism they have to adjust themselves by creating new tourism arenas to build up their image and to be a feature of the tourism sector. Since travel agencies and tour operator generate profit from local/ destination resources which should be used to social benefits with improvement in infrastructure, conservation and promote more responsible tourism.

The followings are the main upcoming trends in travel agency business:

#### **1 New travel business environment**

Travel agencies are at a competitive disadvantage with regard to suppliers' direct websites where airlines are able to control seat availability and prices. Travel agencies face many systemic threats in terms of continuing to grow their businesses. The empowering of travelers with online booking sites, and the slew of destination information available online through sites like Trip Advisor and Yelp, have led agencies to think more strongly about how to stay relevant to their clients. Recently, travel agencies and consortia have been looking at ways to both bring younger workers into the business and ensure that older agents have the marketing ability to remain relevant in an increasingly crowded digital marketplace.

#### **2 Millennials**

Recently, new developments in the tourism industry have changed in the typology of tourist (Millennial). Millennial has emerged a largest generation in the history by beating out Baby Boomer tourist. Millennial, the youngest generation will emerge as leaders in tourism industry having disposable income and proved as a vital portion of clientele base for many travel agencies at global level. It is important to note here that this youngest generation will take their own travel decisions. Thus, when Millennials will plan their travel and will have their options conveniently available to them. They want to be able to research and book their trips and tours online. This has changed the product line as well as the business models of many travel agencies.

#### **3 Female Independent Traveller**

According to TrekkSoft Travel Trends Report (2017) today, 80% of travel decisions are made by women. Today's female travelers are bold, independent and looking to explore new and raw experiences. They have their own say of where to take a vacation, how to get there, and many are choosing to go solo. In 2014, 72 % of American women took a solo adventure tours. The report further forecasted that this number will double in the next few years. The travel agencies have to focus on this big market segment. Interestingly, it makes up a massive portion of potential clientele, especially when it comes to Millennial and Baby Boomers. Thus, the

travel companies have to diversify their products and service providers will have to ensure safety and security for solo female travelers.

#### **4 Travel Agent a bigger consortia in Travel Industry**

According to the American Traveller survey (2016) 19 percent of travelers used an agent in 2016, up from 13 percent in 2013. This increase has happened at the same time as a widespread move away from traditional storefront agencies towards agents working as independent contractors, usually joining up with a bigger consortia for training, marketing tools, and access to better travel content.

#### **5 Emerging new business model**

According to Travel Agent's Travel Industry Forecast for 2016, the travel industry has seen some of the most profound changes in modern business and it has taken just three words to emerge new business models: Airbnb- represents consumers assuming total control of what has traditionally been “left to the experts; Sky scanner-- Using online tools, consumers are empowered to search for deals, gauge layovers, and book complicated itineraries from the comfort of their lounge room and Uber. These technologies have empowered tourists like never before, yet as the old proverb goes, “with great power comes great responsibility”.

Moreover, these three platforms have transformed the way we think about domestic and international travel. However, they didn't emerge without warning, and reflect a broader change in how tourists are empowered to get what they want, when they want it. Yet the travel agency model persists, and those who see its digitalisation as an opportunity not a threat are flourishing. Travel agencies have to explore new business model in the changing travel industry and will have to safeguard their services for years to come. In fact, travel agencies have always leveraged personnel services as a selling point for their business. They

collaborate with suppliers, the traveller, in crafting a trip that is tailored to tourist wants and needs. They also leverage their existing personal relationships with suppliers, like hotels and airlines, to deliver this package to the tourists.

#### **6 Food Tourism**

Food tourism has become an emerging trend among travelers everywhere and tourism experts have taken notice. A rising interest in native food traditions and high-altitude cuisine are just a couple of culinary developments on the horizon for 2017. Food tourism has gained increasing attention over the past years. Tourists are attracted to local produce and many destinations are concentrating their product development and marketing accordingly. With food so deeply connected to its origin, this focus allows destinations to market themselves as truly unique, appealing to those travellers. According to Skift UK Editor Patrick Whyte at touRRoi 2016, food experiences are not limited to simply dining out. It includes cooking courses, farm tours and the classic food markets, which make up about 95% of these experiences. Therefore, the cuisine of the destination is an important aspect of total tourism product in the quality of the holiday experience.

#### **7 Responsible Tourism**

Globalization has imposed numerous challenges and issues on the environment and these changes have a profound impact of the society as well as the destination. Today, more travelers are aware of the impact of their experiences on the planet earth and as a result, more are opting for sustainable measures in their travel. According UNWTO Secretary- General "2017 has been appointed The International Year of Sustainable Tourism by the UN “as a unique opportunity to advance the contribution of the tourism sector to the three pillars of sustainability – economic, social and environmental, while raising awareness of the true dimensions of a sector which is often undervalued.” Thus, this has focused to promote sustainable form of tour package. Even travel industry professionals should expect a great shift in the mindset of travelers everywhere. They will be more interested in the environmental, economic and social impact they're making at the destination they visit and are likely to support companies that embody these values. Moreover, travel businesses with a

strong awareness of the tourism impacts they're making will benefit greatly from their already established ecotourism practices and will need to develop a strong social focus to sustain for long period.

## **8 Business Tourism Trends**

With the changing business environment, practices, management, operation, strategies and clientele size, the organizations have become conscious and more sustainable over the globe.

Business tourism has emerged a new dimension in the product line of tour operators in industry. International trade shows and conferences attract hundreds to thousands of delegates from many countries. Tourism and convention planners often include tourism addons for delegates. These events may include local city tours, golf and sightseeing as a regular part of their conference programmes. A recent study by the National Golf Foundation in the United States found that golfers travelled more frequently and stayed longer than non-golfers.

In an effort to fit golf into their business trips, business travelers lengthened their stay or took additional business trips in order to golf while entertaining clients. Recently, a growing number of business travelers bring families on business trips. Some hotels have introduced programme for children with diversions including a playroom, country club and participation in sporting activities and some hotels offers "Mary Pop pins package" including trained nanny to take children on sightseeing trips while parents are working.

## **9 The Travel Agency Business-Mix**

Today, the travel agency business mix has changed many folds for example a typical travel agency in the India, making 75% of its revenue from the leisure business, has seen its business mix change over recent years. Indeed, most of the travel agencies try to reduce their reliance on air ticket sales, they are constantly moving towards non-air bookings. Recent,

Industry trends indicate that travel agencies diversifying their business lines to other travel segments like resort sales Cruise sales etc. This development is very clear that the air ticket sales were not the main component of travel agency sales whereas tour package sales exceeded air sales figures.

## **10 Personal Digital Mobile**

The personal digital mobile has brought a revolution in the mindset of tourists. Every tourist has his own Smartphone with different apps, helping him to find out more options in the travel industry. Interestingly, due to ongoing technological advancements, the explosion of new customer interaction channels and changing customer behaviours most of the travel companies require a new set of essential business enablers that will be vital to achieve future success. Of course, integrated information systems will determine the 'next best offer' for travelers by cross-referencing travel, holiday, hotel and food searches and so on. They will use predictive algorithms to make original suggestions tailored to the preferred prices range, peers and gender needs. Travelers will receive personalized information during travelling from data aggregation services (such as Google Now). They will tell travelers when to leave, how to drive and where to park in order to be on time for their flight.

## **11 Innovations in Transportation**

Innovations in any field have brought a remarkable success and transportation industry is no exception in this context. The future trains will get a lot faster, whether it's based on hyper loop, steel tube or air-tight vacuum tube technology. Travelling from one city (and even continent) to another has never been easier or faster than this time. Further, commercial flights to outer space will become reality in the near future, as Virgin Galactic plans to launch its first commercial space trip in 2016. Space travel technology will also show potential to shorten intercontinental flights. Moreover, Door-to-door aerial transportation without the need for roads, runways or other operates systems/ areas. True 'flying cars' will lack any visible means of lift, which allows them to be operated in urban areas and close to buildings, people and other obstructions. It sure sounds like

science fiction, but progress is already being made. This will be a miracle in the history of transportation and travel industry will have to cope with such developments.

## **12 The Growing Independence of Airlines**

This is an era of gigantic competitiveness and every business is looking for new business model(s) to sustain and grow. Airlines have been suffering huge losses since 2011 and they are searching new approaches to gain and sustain. The amount of commission paid by airlines has a direct impact on corporate travel buyers. This is because travel agencies usually pass their commission receipts on to larger clients. The clients have in turn effectively treated the fee as a subsidy for their travel management programme, with a profit remaining even after paying the fee. Today, many airlines have been forced to cut distribution expenses, petrol costs to recover the operating losses in different areas. In terms of distribution costs, airlines are employing three different strategies like reduce GDS fees and progressively find agreements with the global GDSs; disintermediation: go direct and bypass the established distribution chain by developing their own websites and reducing or removing commission paid to travel agencies. Thus, the decision to cut travel agencies' commission clearly indicates that airlines wanted to decrease their reliance and dependence on travel agencies as a distribution channel. This has also forced the travel agencies to identify different area of their operations to show their presence in the changing business environment.

## **13 Greater Traveller Independence**

Today, most of the travellers want to travel independently. In fact, tourists will enjoy isolation and explore more and more untapped areas. Moreover, in certain parts of the world travellers are keen to get out and explore with a little independence. The tourists are aware and savvy enough to know what they want and how to get it, and no longer need to have everything arranged for them. This attitude of tourist will develop new concept of tour as 'self-drive tours', and will have to reduce the reliance on travel services/ products providers in the industry. The travel agency will have to explore new product/ service to attract this emerging tourist typology –“Traveller Independence”.

## **14 Decreasing Customer Loyalty**

Customer Loyalty plays an important role in the quality of travel agency product viz-a-viz satisfaction of tourist. Many travel agencies are still operating in the market with the repeat clients. The customer loyalty plays a pivotal role in the future success of travel industry.

Every travel agency wants to win customer loyalty to sustain in the competitive business environment. With more holiday bargains on the internet/ websites than you can imagine, along with a host of small agencies and big hitters vying the attention of potential travellers, loyalty is a rare thing in today's market. Thus, every company has to offer something original, authentic and worth returning to the tourists, they will have no problem taking their business elsewhere.

## **15 The Rise of the Sharing Economy**

Today, the sharing economy is the need of international integration, collaboration and international relationship beside international peace and harmony. Obviously, potential travellers are certainly not short of options when it comes to researching and arranging their trips. Today, a tourist has more deals, travel agencies and service offerings than you could ever fully consider, shopping for travel services has become about cutting through the noise rather than discovering something authentic. The massive competition in the travel industry has been the mechanism for many bold claims, and it may well be that travellers appreciate the authenticity of peer to peer services more

## **.16 Trained Human Resources**

Today, more emphasis has been put on the professional expertise. Only trained and efficient employees can make difference between two travel companies. Therefore, human resource development occupied top priority

of any travel company. Travel operators usually attend courses or training programs that are related to product/design and development, sales and marketing of tourism services and customer services. These are popular training programs that are aimed at improving sales and services levels operations. Unfortunately, programs that required some analytical knowledge or the applications of quantitative techniques do not seem to be favoured among the travel operators. This gap, however, has to be addressed in order to assist the travel operators in understanding the impacts of economic environment and to improve their decision making process.

## **17 Too Many Players**

Since the economic reforms, tourism industry has been growing at a rapid rate in the country. Moreover, this young industry has attained socio-economic significance in the overall planning of the country. Thus, due huge growth & development of this industry many midsize travel retailers are flourishing in cities and towns. They cater mostly for domestic and outbound travels. In northern India, these travel retailers specialize in religious travel, mostly for religious packages and since the region has a majority pilgrimage destinations, there is a perception that this is a lucrative travel market segment. Unfortunately, there are too many travel retailers for this market segment.

## **18 The Cost of Travel**

Today's highly unpredictable and competitive environment is having a profound impact on the travel industry. The increase of fuel prices had prompted airlines to impose a fuel surcharge in addition to airport charges. These additional charges had further increased the cost of travel. As long as the price of oil remains stable, airfares are expected to remain flat in 2017. On the other hand, hotel rates, meanwhile, are pegged to rise by 5 – 10%. Look for more interest in customized private day tours as mid-market clients realize the value of sightseeing itineraries that match exactly what they want to see. Moreover, the cost of each ingredient of a tour package has increased many times to cover the operating costs of the concerns.

## **19 Choosing Destinations Based on Culture, special offers**

Today's travellers choose destinations for a number of reasons, including special offers from accommodations. A recent survey report reveals that:

- Globally, 50% of travellers say they have visited a destination because of the culture and people of the specific country.
- 3 in 8 travellers (40%) have chosen a destination because a hotel had a special offer or package.
- “TV tourism” is on the rise: 1 in 5 global travellers have visited a destination because they saw it on a TV show.
- Globally, 63% of travellers said that air conditioning is a must-have when choosing a place to stay. That makes it more of a deal-breaker than breakfast (40%) or a swimming pool (26%).
- 46% said free in-room Wi-Fi is a must-have amenity – meaning that, if an accommodation did not provide it, they would look elsewhere.
- 26% of travellers said that they require an accommodation that has super-fast Wi-Fi; 11% are willing to pay extra for this service.
- 59% travelers visit destinations due to having eco-friendly environment including local population.