

## The Fall and Rise of the Travel Agent

Stephen Jermanok

**I**n 1990, I left my job as a broker in Manhattan, booked an open-ended ticket to the South Pacific, New Zealand, and Australia, and wrote my first travel story, “Dining with the Descendants of Cannibals on a Fijian Island” for the Miami Herald. It would prove to be the start of a career in which I would write more than 1,500 stories, of which more than 300 were for the Boston Globe, and visit more than 80 countries. Then the recession hit. In 2008–09, I lost more than half of the editors for whom I was writing as magazines folded and newspapers either eliminated or greatly reduced their travel sections. Wanting to utilize my travel expertise, I convinced my wife to join me in a business venture and become an accredited travel agent.

Close family and friends scoffed at the idea, as if I just announced that I was becoming a blacksmith. After all, wasn't it President Obama who suggested in a town

hall meeting that travel agents were becoming obsolete? How could they possibly prosper against big-pocket online travel agencies (OTAs) like Expedia, Priceline, Travelocity, and Orbitz? There was just no need for them anymore; or was there? Since we opened our home-based travel agency, ActiveTravels.com, in May 2012, without the benefit of advertising dollars or a marketing department, there has been a steady stream of traffic. At a recent breakfast for travel agents at the Four Seasons Boston, many attendees we met said they had a banner year in 2013.

“Our sales are way up from 2012 and we're hiring,” said Susan Fitzgerald, National Brand Manager for Travel Associates USA, which plans to open its new Boston Travel Center in Downtown Crossing next month.

There's no denying that the advent of the OTAs had a great impact on the industry. According to the Bureau of Labor Statistics,

there were 64,680 full-time travel agents in 2012, down from 95,360 employees a decade prior. The American Society of Travel Agents (ASTA) claims that the Bureau of Labor Statistics figure does not include home-based travel agents, a growing portion of the business, and that the 8,000 American travel agency firms now employ 105,000 people. Both agree that employment of travel agents will continue to grow by 10 percent per year.

While employment might have decreased in the past decade, revenues are substantially higher. Travel agencies generated \$17.5 billion in revenue in 2011, up from \$9.4 billion in 2002. Pricing is higher, accounting for some of that increase, but technology has also led to greater productivity. Few clients go into a brick-and-mortar shop without a clue where they want to go, only to be handed a pile of brochures as they were in the past. Nor are travel agents in the back room printing out paper tickets.

“Travel agents are still the largest channel for airline, hotel, cruise, and car companies. They cater to every type of customer, from the time-starved executive that wants an

end-to-end travel management solution to the leisure traveler looking for an experience catering to his or her unique lifestyle,” said Zane Kerby, President and CEO of ASTA.

Here are some of the reasons why travel agents are still successful:

### **Personalized Customer Service**

Coverage on Fox News in early January about the horrific flight delays around the country due to inclement winter weather and new FAA regulations that reduced the amount of time a pilot and the crew can fly before a necessary break included a man at Logan Airport who missed his Caribbean cruise. Travel agents always advise their clientele to book flights directly with the cruise line so, in case of a flight delay, the cruise line will find a way to get them to the next port. But the man at Logan did not know that; nor did he feel the need to acquire travel insurance, so he was out of luck. Just as important, he was stuck in an hours-long line with the airline trying to re-book the next available flight, while fellow passengers with travel



agents at their disposal were sipping martinis at the Legal C Bar. Not to say flight delays aren't a huge hassle for travel agents as well, but agents do have connections at airlines that they utilize during worst-case scenarios. Customer service from OTAs is not nearly at the level it should be, forcing many travelers to, once again, use an agent.

Susan Fitzgerald, of Travel Associates USA, said, "We act as advocates for our clients in the event that things don't go according to plan." She added, "We are here to help them 24 hours a day, 365 days a year, before, during, and after travel."

## Travel Expertise

If you Google "Italian villas" you will find more than 59 million results. Have fun with that research. According to Mark Orwell, editor at Travel + Leisure magazine, the average traveler is spending nine sessions on the web and visiting 21 websites before they book their travel. That number will surely increase with the deluge of travel content. A recent client came to my wife and me explaining that he had "analysis paralysis" after spending close to 30 hours trying to find a *pension* in Provence.

Adding to consumer research exhaustion is that many of the top-rated hotels on TripAdvisor and Travelocity are geared toward the low-end or middle markets. According to Larry Olmsted, travel columnist for Forbes, "It's a numbers game and the luxury segment is very small. So when they are giving the airport Radisson a four and a half star rating, on that scale how can premier Hong Kong hotels such as the Mandarin Oriental or Peninsula be differentiated in a meaningful way?" This could explain why affluent travelers are seeking out travel agents. A study from the Harrison Group found that 20 percent of consumers with a household income greater than \$100,000 used a travel

agent in the past year. That's up from one in seven affluent households in 2009.

Travelers are looking for first-hand expertise and the travel agent has evolved to fill that void. No longer are agents sitting behind desks all day researching trips from afar; they are often on the road gaining valuable expertise. For example, take Paula Hoffman, the Cruise Specialist at Wayland Travel. At last count, she's taken 51 cruises to 41 countries. She knows a thing or two about which cruise line to recommend based on your interests.

Today's traveler is well-versed on a destination before he or she arrives on a travel agent's doorstep. Many times, they come with a list of properties they've found on TripAdvisor or Frommer's. They simply want someone with expertise to give their stamp of approval, someone who has personally stayed in these lodgings or who knows clientele who have.

## Contacts Around the Globe

Many people like to travel independently to the far corners of the planet. It's simply unrealistic for any travel agency to have expertise on all countries. So agents rely on contacts made around the globe. These include a travel firm in New Delhi that provides transportation and guides to the Taj Mahal and Jaipur, a New Zealander who designs detailed self-guided driving itineraries to his favorite sites and B&Bs in the country, a naturalist in Sumatra who will help locate the native orangutans, and an art expert in Rome who will take you behind the scenes to talk about Michelangelo. Whenever a client returns with a rave travel recommendation for a guide, lodging, or local outfitter, we add them to a growing list.

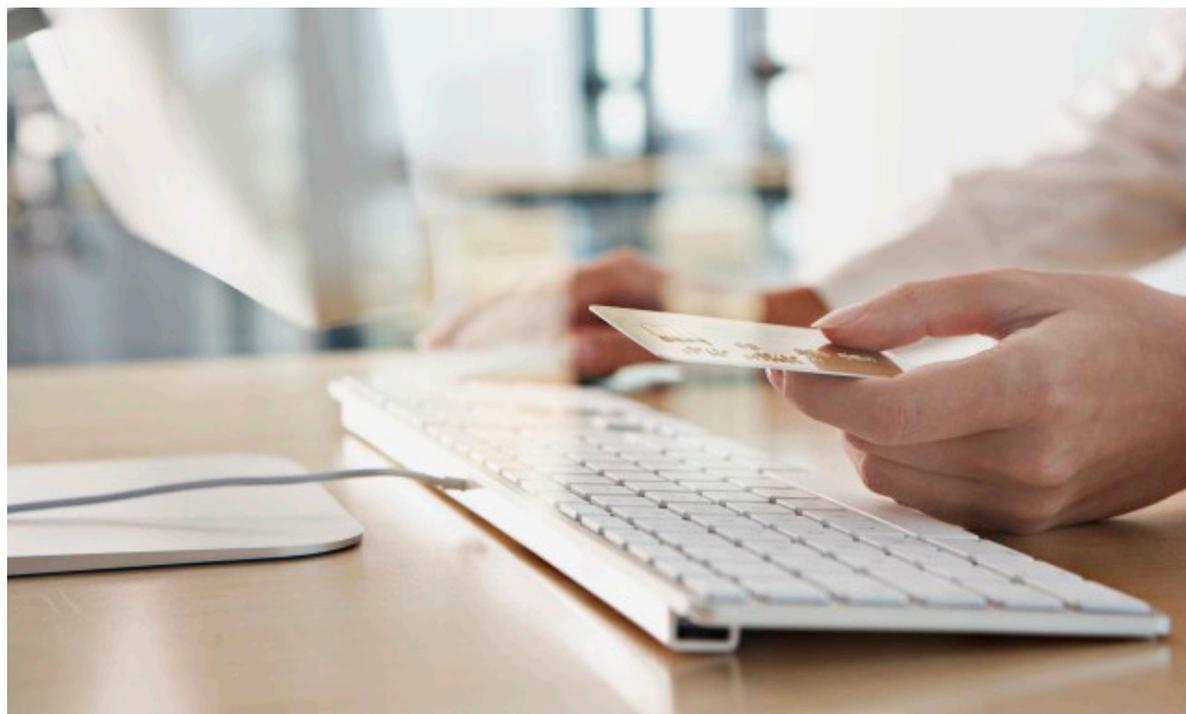
Travel agents also have excellent contacts with hotel employees that can help clientele attain better rooms and service. In

an upcoming story I wrote for the Boston Globe on “The Key to Getting a Better Hotel Room,” I interviewed Jacob Tomsy, author of the best-selling *Heads in Beds* (Doubleday). Tomsy, 35, spent a decade in the hotel industry; seven of those years were spent manning the front desk at an upscale midtown Manhattan hotel. When asked whether it was better to book a room via a travel agent or to reserve through websites like Hotels.com or Priceline, he replied, “From a business standpoint, people who book through third-party travel sites are looking for a discount. The likelihood that they’ll return to your hotel is close to nil. So discount reservations are our last priority. Also, those third-party sites often don’t know the property. I once had someone checking into a midtown Manhattan who wanted a beach view. A good travel agent knows to call the hotel 2 to 3 days before you arrive to speak to the front desk or general manager. It’s a business of people serving people. The more you can connect with the hotel, the better your stay.”

Barry Kushner, director of business travel and industry sales at The Fairmont

Copley Plaza, agrees. “Travel agents provide a safety net during a trip that guests simply don’t get by booking on their own or through an OTA,” he said. “Having a top travel agent can also help guests receive room upgrades, special amenities, or a welcome from a GM.”

It also doesn’t help that OTAs are reaping exorbitant finder fees from lodgings, up to 25 percent of the cost per room from independent properties, compared to the average 10 to 12 percent commission for travel agents. The fiscal model has certainly changed for travel agents since the 1990s, when airlines started offering little or no commission. Fees for booking airline tickets are now standard as are as trip planning fees. We charge households an annual \$60 membership fee to help supplement our income and fees for designing detailed itineraries that feature lodging, recommended restaurants, sights, activities, and guides. We are also aligned with a host agency in New York that allows us to offer benefits from the travel consortium Virtuoso. When booking one of the upscale properties in that network, we can



offer free upgrades, complimentary spa services and breakfasts.

Need an affordable flight direct to Fort Lauderdale and a 3-star property near the beach? You can figure that out online. If you prefer 4- and 5-star properties in the Carib-

bean, want a private guide in Europe, are unsure which safari company to use in Africa, or can't distinguish between the countless cruises to Alaska, it would be wise to talk to a travel expert, also known as your local travel agent. ■



**Steve Jermanok** is Co-Founder of Newton-based ActiveTravels.com with his wife, Lisa Leavitt. He is considered one of the most prolific travel writers in America, having explored more than 75 countries and written more than 1500 articles on a broad range of subjects, from art to adventure. He has lectured at numerous travel symposiums across the country, including keynote address at the New York, Maine, Vermont, Nevada, North Dakota, Nebraska, Louisiana, Mississippi, and Montana Governor's Tourism Conference. He is a graduate of chemical engineering from the University of Michigan.