

More Bang for the Buck

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It has now come full circle. If you would like to speak to a human being when booking a ticket on United Airlines, pay up! Have you ever heard of something so completely ridiculous? Imagine walking into Wal-Mart and picking up a few items only to be told that you have to pay for the privilege of having someone at the checkout counter. Wow!

I always knew the airlines had some serious customer service issues, but I never thought you would have to pay to speak to someone in order to give them your money. For the life of me I can't even think what might be next. Hold on a second. Maybe they'll ask you to bring your own seat next time.

Over a decade ago the airlines decided it was more efficient and cost effective to cut travel agents out of the booking picture so they could lower their costs. **Now the airlines have come to the conclusion that it actually costs money to take reservations, even when they aren't selling anything. They have to pay overhead, health insurance, etc. Regardless of whether the individual is busy making bookings, the overhead is literally hanging over them. Contrast that with the old model of paying a travel agent only when he or she actually sold something. Could the airlines be thinking about the "good old days" now?**

Here are some thoughts about how we got here. When a bunch of suits looking at spreadsheets talk about lowering distribution costs for their travel products. The airline industry example clearly shows the folly of this approach. **Anyone who has ever been in sales understands that paying less to the people who actually produce the revenue is a bad business idea.** Unfortunately it's a bit like ground hog day when we hear analysts on conference calls implore travel suppliers to lower their distribution costs. **Maybe someone will pipe up and let them know that lots of money going to commissions means lots of sales! How can that be a bad thing?**

That brings me to a speech that Steve Tracas, president and CEO of Vacation.com, gave at a recent conference. Steve referred to the "big elephant in the room" as the non-commissionable items on cruises that eat up precious sales time and lead to declining earnings on a per transaction basis. "Non-commissionable items are just the most visible and tangible evidence of the erosion of the partnership that will ultimately put the entire distribution channel at risk," Tracas said. He implored cruise line executives to truly partner with travel agents, the same agents who deliver higher yields per cabin and handle all of the post-sales follow-up on behalf of the cruise line. He referenced PhoCusWright's 2008 Travel Agency Landscape Survey, which shows that more than 77 percent of all cruise bookings come from travel agents.

In difficult times, it makes sense to focus on getting the highest possible returns for your business. What travel agents have consistently shown, through good times and bad, is the ability to literally "put heads in beds." The current downturn puts a laser focus on what works and what doesn't when it comes to buying or selling travel. **All you have to do is look at the recent Yankelovich Travel Monitor to see clear evidence that consumers are moving away from Internet booking and toward the traditional travel agency channel.**

Also look at the article in eMarketer entitled "Where Have All the Online Travelers Gone?" (www.htrends.com/trends-detail-sid-34298.html) if you need any more fuel for your trade marketing fire. Most of all, understand that travel agents have constantly changed and stuck with this business, even as some suppliers have turned their backs on them. **With consumers coming back to agents in record numbers, it's clearly time for those suppliers and destinations to re-embrace the agency channel with their marketing dollars. In this recessionary period, agents also clearly deliver the most "bang for the buck"!**

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