

1999 U.S. CONSUMER SURVEY

Client Satisfaction

KEEPING CLIENTS LOYAL

By Bob Stalbaum, Travel Consultant

When Mike Putman, president of Putman Travel in Greenville, S.C., started to hear predictions of the eventual demise of travel agencies because of the increasing use of the Internet by consumers, he decided to embrace the Web instead of panic.

Today, Putman Travel has one of the travel industry's most successful Web sites (11thhourvacations.com). It's so popular, in fact, that it has been recommended to consumers in publications such as Ladies Home Journal, The Wall Street Journal and The New York Times.

"Having a Web site," says Putnam, "has not only brought us new incremental business. It has also made it easier to do business with existing clients. Many of the things we used to provide to clients manually can now be accessed by them on the Web. This saves time and money."

Bob Campbell, CEO of corporate-oriented Campbell Travel in Dallas, agrees. "The Internet has now made it possible for us to offer our corporate accounts and their business travelers the opportunity to make their own travel reservations right from their PCs." Campbell Travel offers a leisure travel Web site to its customers as well.

"We specifically designed our Internet product for the new breed of travelers that prefer to make their own reservations," says

Campbell. "When our corporate clients book via Campbell On-line, we both save time and money. Our Internet access has enabled us to save them thousands of dollars and we save on manpower. It's a win-win situation for those clients who do not value the personal-touch service we also offer."

While not every agency owner sees the Internet as the primary solution to the problem of the erosion of his business, most wholeheartedly agree that it is increasingly important for an agency to offer an Internet option to its clients.

Plog Research Inc.'s 1999 American Traveler Survey clearly

USE OF INFORMATION SOURCES TO MAKE BOOKING/RESERVATION: LEISURE TRIPS BY FREQUENCY AND MODE OF TRAVEL

	% POPULATION	TOTAL AIR	LIGHT (1-2 TRIPS)	MODERATE (3-3 TRIPS)	HEAVY (6+ TRIPS)	TOTAL CAR	LIGHT (1-4 TRIPS)	HEAVY (5+ TRIPS)
Net any sources	65%	83%	82%	86%	72%	66%	65%	71%
Net in-person/print	63	80	80	83	68	65	63	69
Net travel agent	33	54	52	56	44	32	32	34
Airline	27	48	47	50	33	26	25	27
Hotel	15	25	25	25	25	14	14	14
Car Rental	11	19	18	25	16	11	11	10
Net 800#	32	41	41	49	45	34	32	42
Hotel 800#	25	29	27	35	32	28	26	35
Airline 800#	18	32	32	39	37	18	17	23
Car Rental 800#	15	24	23	34	30	15	14	19
Friends and Relatives	15	13	14	14	12	16	16	15
Net technology	13	20	18	33	26	14	13	19
Internet/WWW	10	14	12	23	18	11	10	13
E-mail notification of discounted fares/specials	3	6	5	12	10	3	3	5
Electronic ticketing	6	11	9	20	16	6	5	8
Disks or CD-ROMs	1	1	1	4	2	1	1	1
Hotel brochures	8	7	7	7	10	9	9	12
Auto Club	9	10	9	12	12	10	10	11
Airline timetables	8	14	13	16	17	8	7	9
Tourism offices	5	6	6	6	3	5	5	7
Travel guides	4	6	5	8	6	4	4	6
Travel club materials	4	5	4	7	2	4	4	5
Travel magazines	4	5	4	8	9	4	4	7
Cruise brochures	3	5	4	5	4	2	2	4
Tour company brochures	2	4	3	4	4	2	2	4
TV travel programs	1	1	1	1	2	2	2	2
Printed flight guides (OAG)	1	2	1	3	4	1	1	1

*Less than 0.5%. Source: American Traveler Survey.

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showed a marked increase by consumers in the use of the Internet as a resource for travel information. Twenty-four percent of leisure travelers used the Web to gather information compared to only 17% last year. The survey also showed that, as technological sources increase in importance, fewer travelers (40% vs. 44%) used (800) number sources to gather information. The use of tourism offices, travel guides and hotel brochures as a source of information was also down.

Interestingly, while consumers are using the Web as a source of information, only 13% actually used technological sources to book or reserve their travel. Whether this is a function of the novelty of being able to book on the Web or a statement of the loyalty of consumers to their travel agent is a question that is currently being debated in the industry.

The survey also showed that the use of a travel agency as a source of information rose with the increase of household income. Only 32% of those with household incomes under \$40,000 used a travel agent while 55% of those in the \$100,000-plus category relied on agencies.

In contrast, use of friends and relatives for travel information declined with increased income. Only 31% of those who earn more than \$100,000 used friends and relatives as a source of information for leisure trip planning, compared to 41% of those with an income under \$40,000.

Not surprisingly, venturesome travelers and frequent travelers were more likely to embrace technology while members of older age groups demonstrated greater resistance to technology than those of younger age groups.

The American Traveler Survey also revealed that air travelers are somewhat more likely than car travelers to use a variety of information sources for planning their leisure travel (87% for air travelers vs. 79% for car travelers). These differences are especially notable in the use of (800) numbers (40% vs. 32%); travel agents (53% vs. 32%), and technological sources (31% vs. 25%).

An even greater disparity exists between air and car travelers when it comes to actually making and booking reservations. Eighty-three percent of air travelers used a variety of information sources when booking a trip compared to only 66% of car travelers.

According to most agents queried, the greatest source of their business clearly comes from repeat customers, although many of these same agencies indicated that it was getting increasingly difficult to maintain the loyalty of their clients. The survey showed that the vast majority of leisure travelers who use a travel agent (83%) remain loyal to the agent they use most frequently. However, those who spend the most on travel exhibit slightly less loyalty than others.

USE OF INFORMATION SOURCES TO MAKE SELECTION: LEISURE TRIPS BY FREQUENCY AND MODE OF TRAVEL

	% POPULATION	TOTAL AIR	LIGHT (1-2 TRIPS)	MODERATE (3-3 TRIPS)	HEAVY (6+ TRIPS)	TOTAL CAR	LIGHT (1-4 TRIPS)	HEAVY (5+ TRIPS)
Net any sources	76%	87%	86%	89%	89%	79%	79%	81%
Friends and relatives	36	33	33	35	32	39	39	43
Net travel agent	33	53	53	55	40	32	31	35
Airline	27	46	47	46	26	25	25	27
Hotel	15	24	24	23	18	15	15	14
Car Rental	11	18	17	23	14	10	10	11
Net 800#	30	40	38	50	45	32	31	38
Hotel 800#	23	27	24	38	31	25	24	30
Airline 800#	19	33	31	43	39	19	18	23
Car Rental 800#	14	23	21	34	29	14	14	16
Net technology	24	31	29	40	48	25	24	29
Internet/WWW	22	29	27	38	29	24	23	27
E-mail notification of discounted fares/specials	7	12	9	20	32	7	6	10
Disks or CD-ROMs	2	4	3	6	5	2	2	3
Hotel brochures	19	17	17	18	16	21	21	21
Auto Club	19	21	21	23	16	21	21	21
Tourism offices	14	14	13	16	9	16	15	17
Travel magazines	13	17	15	26	23	14	13	17
Airline timetables	12	21	20	28	21	11	10	15
Travel guides	11	15	13	22	17	11	10	14
Travel club materials	9	9	9	13	5	9	10	8
Cruise brochures	8	13	12	15	13	8	8	9
Tour company brochures	7	9	9	12	10	7	7	10
TV travel programs	5	6	5	11	6	6	6	5
Printed flight guides (OAG)	2	4	3	7	7	2	2	2

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On average, those who used a travel agent have maintained their relationship for more than five years. The tenure of the relationship increases with the age of the traveler. Ninety-two percent of those over 65 years of age took a trip in the past year and used an agent to book it while only 50% of those under 44 used a travel agent to book their trip.

Fifty-one percent of heavy travel spenders indicated that they would be much more likely to change their agency than to eliminate the services of a travel agent (15%). When asked why they would make a change, they most often cited the availability of better information and better prices elsewhere. Only 8% blamed service fees.

To combat any potential erosion of business because of new technologies, Jim Whillock, president and CEO of 50-year-old Patterson Travel/American Express has made a concerted effort to educate and train his agents to become true product experts.

"When the first commission cuts came along, we did the reverse of what most agencies did," says Whillock. "Instead of cutting back on our training expenditures, we invested a ton of money in our employees. We sent our agents on-site to see the destinations and properties they sell most frequently. We also developed an incentive program which rewards them for their commitment to learning and increased product knowledge."

The result: "Our agents are really experts in their field and business is better than ever."

On The Go Travel, a Carlson Wagonlit Associate agency based in Santa Ana, Calif., also took an aggressive posture, training all 80 of its leisure agents on how to use the Web. While agency owner George Kingston acknowledges that most of his clients still prefer to book their reservations with an agent, "consumers like the fact that we are out there on the cutting edge of technology. That perception is very important to us."

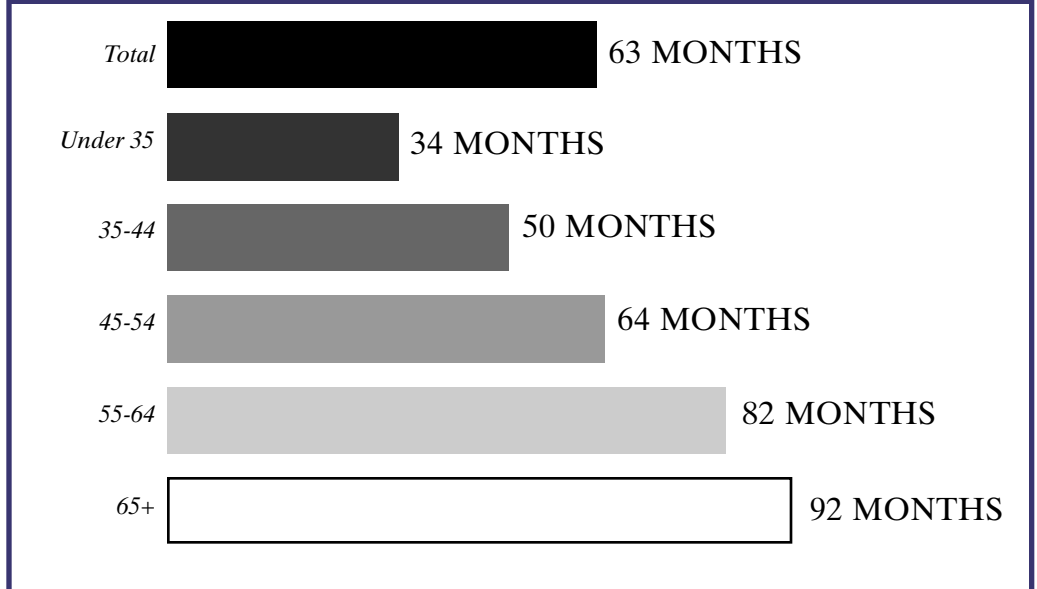
In contrast, Sara Krutsinger, owner of Consulting Travel in Springfield, Mo., says that most of her clients don't believe that they can get the service expertise her agency offers "from a machine."

She has taken steps to teach her agents "how to be more resourceful and to look for ways to wow their customers by going the extra mile."

She insists that every agent make a service call to a traveler shortly after their return from a trip. Consulting Travel's agents also provide suggestions on dining or short sightseeing excursions even for business travelers.

"These are little things," says Krutsinger, "but they let our clients know that we care about them."

LENGTH OF TIME USING CURRENT TRAVEL AGENT

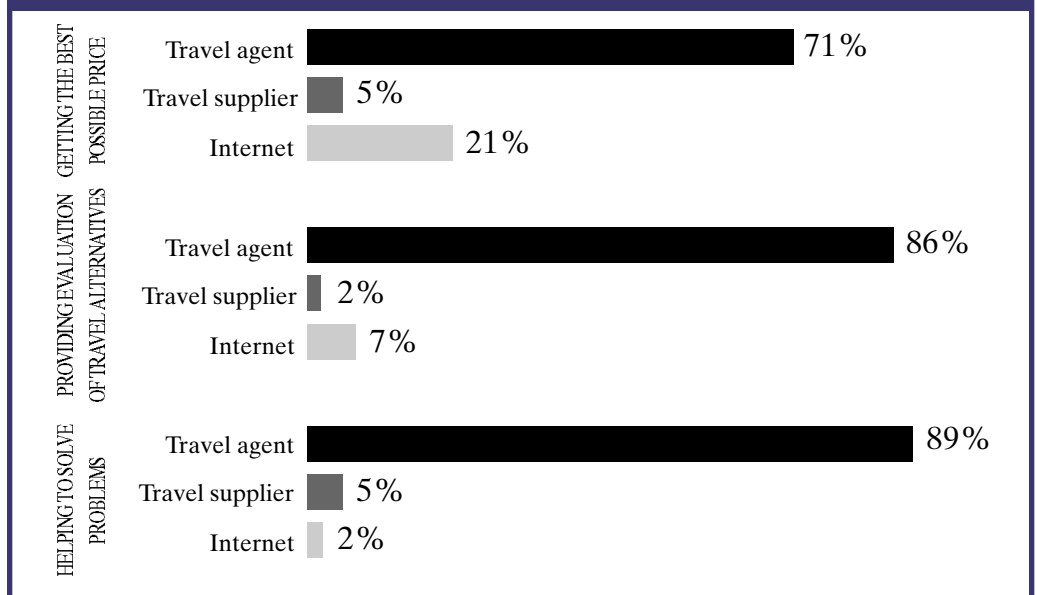


Base = Took a trip and used a travel agent in past year. Source: American Traveler Survey.

Those who use an agent tend to maintain the relationship. The average of such ties is five years. In general, the older the client the more loyal he or she is likely to be. Most of those who made a change in travel agent service did so because they believed they could get better information or prices elsewhere.

CONSUMER CONFIDENCE

CLIENTS ENDORSE AGENCY SERVICES



Source: Travel Weekly's Dimensions of Travel Agency Loyalty and Usership Among Leisure Travelers.

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Billy Caldwell, owner of Caldwell Travel in Nashville, Tenn., has taken measures to discourage certain types of travelers from using his agency.

"We do not want one-time shoppers calling us and taking up our time. To discourage this, we have actually taken our ads out of the yellow pages. Our better customers have our telephone number on their speed dials and those are the folks we want to focus our attention on."

Caldwell uses his consortium's quarterly newsletter as one means to stay in touch with these clients.

Tipsheet

- Differentiate your agency from your competitors. Offer superior service, quality, convenience and price. Deliver on your promises.
- Try to relate to your customers in a personal way. Make a special effort to develop a genuine rapport with them.
- Look for little ways in which you can wow or delight them.

INFORMATION SOURCES USED IN LEISURE TRIP PLANNING FOR EITHER MAKING SELECTIONS OR BOOKINGS/RESERVATIONS: DEMOGRAPHICS AND PSYCHOGRAPHICS

	ANY SOURCE	TRAVEL AGENT	FRIENDS/ RELATIVES	800 NUMBERS	ELECTRONIC SOURCES
Total	81%	40%	38%	40%	26%
Income:					
Under 40,000	76	32	41	31	15
\$40,000 - \$59,999	82	40	36	40	26
\$60,000 - \$84,999	85	44	37	48	36
\$85,000 - \$99,999	88	53	33	50	42
\$100,000 +	87	55	31	54	45
Age:					
Under 35	81	32	54	41	34
35 - 44	81	33	39	44	31
45 - 54	82	46	28	46	31
55 - 64	84	48	27	34	20
65 +	76	49	31	29	6
Frequency of leisure air travel:					
None	73	25	39	32	20
1 - 2 trips	93	63	35	49	33
3 - 5 trips	92	63	39	61	46
6 + trips	94	51	34	55	55
Psychographics:					
Very dependable	80	35	38	39	22
Somewhat dependable	81	38	40	38	23
Somewhat venturesome	83	44	38	46	32
Very venturesome	82	42	37	40	41

Source: American Traveler Survey.

LOYALTY TO TRAVEL AGENTS BY TRAVEL SPENDING

	TOTAL	SPENT UNDER \$2,000	SPENT \$2,000 - 4,999	SPENT \$5,000 AND OVER
No change in travel agent services	83%	83%	83%	80%
Made recent change	17	17	17	20
Type of change (among those making a change):				
Changed agency	45	44	43	51
Use less frequently	33	31	35	33
Stopped using services	21	25	23	15
Reasons for change (among those making a change):				
Better information elsewhere	32	29	33	38
Better price elsewhere	29	27	35	26
Use internet more	23	19	29	22
Poor service	19	25	15	18
Low expertise	14	21	9	14
Service fees	8	8	10	4

Base = Took a trip and used a travel agent in past year. Source: American Traveler Survey.

RELATIONSHIPS: NUMBER OF YEARS THAT CLIENTS HAVE USED THEIR TRAVEL AGENCIES

	TOTAL
0-3 years	31%
4-6 years	20
7-10 years	26
11-19 years	11
20+ years	11
Not sure	1
Total	100%
Average	8.0%

Source: TW Dimensions of Travel Agency Loyalty and Usership Among Leisure Travelers.

WHAT HOPPERS BUY: PURCHASES FROM TRAVEL AGENTS ON PREVIOUS TWO VISITS

	TOTAL
Air ticket	41%
Domestic package trip	37
Cruise	34
International package trip	29
Hotel reservation	6

Source: TW Dimensions of Travel Agency Loyalty and Usership Among Leisure Travelers.

FAMILIARITY: CLIENT'S KNOWLEDGE OF MANAGER'S OR OWNER'S NAME

	TOTAL
Know owner's name	35%
Know manager's name	21%
Know either owner or manager's name (net)	43%
Know neither owner nor manager's name (net)	57%
Total	100%

Source: TW Dimensions of Travel Agency Loyalty and Usership.

WHY CLIENTS 'HOP AROUND': REASONS FOR USING MULTIPLE TRAVEL AGENCIES

	TOTAL
Better price	33%
Choice made by someone else	26
Agency specializations	11
Dissatisfied with previous agency	6
More knowledgeable travel agents	5
Availability	4

Source: TW Dimensions of Travel Agency Loyalty and Usership Among Leisure Travelers.

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- Send a thank you card to every customer who has booked with you, letting them know that you appreciate their business.
- Reward those customers who buy from your agency frequently by developing a frequent buyer program.
- Send out newsletters on a quarterly basis.
- Hold special customer events. Host an invitation-only cocktail party. Conduct a private sale.
- Follow up with every vacation client a few days after they return from their trip to see how they enjoyed themselves. Use this opportunity to determine where they want to go next year.
- Make an attempt to recover lost customers. Call or arrange to meet with them to determine what you need to do to restore their confidence in you.
- Create an advisory board for your agency and place your important customers on it.
- Ask your loyal customers what services they value from you. Ask past customers what they didn't like about your services.
- Treat important customers in a special way. Invite them to play golf or to dinner. Let them know they are very important to you.
- Call or drop a note to any current customer who refers business to you expressing your appreciation.

Clients who are a major source of referral business should receive flowers or some other small gift as a geture of appreciation.

USE OF INFORMATION SOURCES FOR LEISURE TRAVEL

RANK ORDERED BY MAKE SELECTION 1999

	1999 MAKE SELECTION	1999 MAKE BOOKING/ RESERVATION	1999 TOTAL SOURCES USED	1998 TOTAL SOURCES USED
Net any sources	76%	65%	81%	80%
Net travel agent	33	33	40	39
Airline	27	27	33	NA
Hotel	15	15	19	NA
Car Rental	11	11	14	NA
Net 800#	30	32	40	44
Hotel 800#	23	25	31	36
Airline 800#	19	18	24	26
Car Rental 800#	14	15	18	18
Friends and relatives	36	15	38	43
Net technology	24	13	26	23
WWW/Internet	22	10	24	17
E-mail notification of discounted fares/specials	7	3	7	6
Electronic ticketing	*	6	6	4
Disks or CD-ROMs	2	1	2	2
Hotel brochures	19	8	20	22
Auto Club	19	9	21	21
Tourism offices	14	5	15	17
Travel magazines	13	4	14	15
Airline timetables	12	8	14	14
Travel guides	11	4	11	13
Travel club materials	9	4	9	10
Cruise brochures	8	3	9	11
Tour company brochures	7	2	8	8
TV travel programs	5	1	6	6
Printed flight guides (OAG)	2	1	2	2

*Less than 0.5%. Source: American Traveler Survey.