

1999 U.S. CONSUMER SURVEY

Agent Recommendations THE RIGHT CHOICE

By Laura Del Rosso, S.F. Bureau Chief

It is an hourly scenario in most leisure agencies: A client asks about travel to a particular destination. That happens most often when clients are traveling to new destinations — when, according to the American Traveler Survey, travelers are more likely to want recommendations on hotels, package trips or tours and cruises.

In fact, about eight out of 10 consumers use travel agents for planning trips to new destinations. But only half use agents to travel to places they have visited in the past.

"People will come to us, pick our brains the first time," says Nancy Richter of Uniglobe Creekside Travel, San Jose, Calif.

"Then, the second time [they visit a place] they'll maybe come back and pick our brains again, but not book with us because they think they can get a better deal without using a travel agent. I don't know why that is, because it's certainly not true."

The survey shows that travelers are more likely to turn to agent recommendations for cruises (72%), than for package trips or tours (42%) and for hotels (37%).

The need for agent input rises significantly when clients have never visited a destination and when using a tour operator that is new to them.

Agents say they qualify travelers for taking a tour or a package based on past travel patterns, how they feel about traveling in groups and how much free time they want to have on their vacation.

At that point, they decide on the best fit: An FIT program, a partial package, a full package or an escorted tour.

CHOICES PRESENTED BY TRAVEL AGENTS FOR LAST LEISURE TRIP

See Story Page 99	NUMBER OF OPTIONS PREFERRED					
	% TOTAL SAMPLE	MEAN NUMBER OF OPTIONS	PREFER MORE	PREFER FEWER	ABOUT RIGHT	AGENT RECOMMENDED SPECIFIC OPTION
USED TRAVEL AGENT FOR COMPONENT:						
Airline	49%	2.1	19%	1%	80%	38%
Hotel/lodging accommodations	31	3.2	18	2	80	41
Destination	27	2.3	15	1	84	34
Packages available to destination	24	2.5	24	3	73	34
Rental car	19	2.0	20	2	78	34
Travel insurance	17	1.4	11	7	82	31
Sightseeing activities	11	4.0	23	3	74	36
Cruise line	8	2.1	15	1	84	33
Purchasing foreign currency	3	1.6	8	0	92	40

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

TOP 12 DOMESTIC SATISFACTION INDEX: U.S. AND CANADIAN CITIES

	SATISFACTION INDEX SCORE 1999	SATISFACTION INDEX RANK 1998
1. San Francisco	51	4
2. San Diego	50	8
3. Monterey Peninsula	48	1
4. Honolulu	47	7
5. Orlando Area	47	2
6. New York City	43	21
7. Las Vegas	42	5
8. Seattle Area	41	6
9. Reno/Lake Tahoe	39	11
10. Washington, D.C.	39	16
11. Palm Springs	38	17
12. Vancouver, B. C.	37	9

Source: American Traveler Survey.

While the lion's share of consumers are satisfied by the number of travel-component options provided by their agent, up to a quarter of them would prefer more. Leisure travelers use agents more for airlines than for any other travel component. In general, agents present clients with the most choices for sightseeing and the fewest for travel insurance.

TOP 12 DOMESTIC SATISFACTION INDEX: U.S. STATES

	SATISFACTION INDEX SCORE 1999	SATISFACTION INDEX RANK 1998	SATISFACTION INDEX RANK 1997
1. Hawaii	66	1	1
2. Alaska	57	4	8
3. California	54	2	4
4. Florida	50	3	12
5. Nevada	46	5	NA
6. Maine	44	8	9
7. Colorado	44	7	3
8. New York	41	21	20
9. South Carolina	39	10	19
10. Oregon	39	12	6
11. Washington, D.C.	39	16	24
12. Vermont	38	9	2

Source: American Traveler Survey.

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Most clients are not familiar with tour operators and are happy being steered to a particular company, they say.

"Most of the time people know where they want to go, but not how they want to do it," says Vicky Masters of Conlin Travel/Carlson Wagonlit, Ann Arbor, Mich.

"Or they may know they want to take a tour but don't know which companies they want to book with."

Linda Lipman of Horizon Travel, Atlanta, says that clients usually have made up their minds about a destination before talking with an agent.

"It's up to me to recommend how best for them to visit the place," she says. "The travel agent is the one with the knowledge of tour operators, so we're in the best position to recommend one company over another for a particular type of trip.

"A lot of times we can narrow what they want to see down to a specific area so they are not trying to see 10 cities in a week," she says.

However, with the Internet making it possible for clients to do their own research on various tour companies and their offerings, more clients are coming to agencies armed with information and knowing what they want, agents say.

And affluent travelers are much more likely to name the tour operator they want to use because such upscale operators as Abercrombie & Kent, Tauck and Maupintour have sterling reputations in the business, says Lipman.

"Most people don't know much about tour operators, except the upscale ones that are known for their service," she says. "People have great experiences with them because the service levels are so high."

Jean Lodge of Supertravel, Austin, Texas, says many of her clients are "very loyal to tour companies," even those in the middle price range. Helping boost that loyalty are discounts and other incentives that tour operators such as Globus and Cosmos provide to repeat travelers.

The research also shows that consumers are less likely to use travel agents for repeat trips with tour operators, suggesting that travelers book directly with suppliers.

But agents say their levels of service to clients and their relationships with preferred tour operators — some of which discourage direct bookings — prevent losing clients very often.

"Our No. 1 priority is serving the customer with what is right for them," says Supertravel's Lodge.

She adds that while travel agents are eager to steer clients toward their preferred suppliers, making sure that the vacation product is a good fit is uppermost in her mind.

And Uniglobe Creekside's Richter says her clients return "to talk to someone face-to-face when they hand over their money. They want someone who is accountable for their trip, and that's us."

All agents say that packages and tours are increasingly important to their mix of bookings — and clients more readily accept them than in the past.

"A lot of older people want to go to a new destination and know they want an escorted tour, but there are more young people who also want to travel that way" and, says Lodge, those numbers are growing.

Consumer/Agent, Cruise/Package Booking Trends

Travel Weekly's Cruise Ship and Package Trip, Commission Caps and Service Fee Survey, conducted by Plog Research Inc.

Eighty-three percent of travel agents' cruise customers and 89% of agents' package trip customers are using retailers at the same or higher rate this year compared with last year, and nine out of 10 will use an agent for their next cruise or package booking.

The purchase of cruises by respondents is done almost exclusively (93%) through travel agents.

On average, cruise clients take 1.5 cruises every two years. Cruise clients from the West average slightly more cruises (1.7) than those from other regions.

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The study found that 82% of clients who bought package trips booked through agents.

Package trip clients from the Northeast and South average more trips, 2.4 and 2.3, respectively, than residents from the West and north central region, 2.0 and 1.8.

Along with booking trends, Travel Weekly's survey focused on four additional areas of

consumer knowledge, behavior and preferences: Commission cuts, service fees, frequency of travel agent use and reasons for using agents less often.

o Sixty-three percent of respondents were aware of the 1995 and 1997 airline commission cuts. Cruisers are slightly more aware (66%) than are package trip users (59%).

Additionally, older travelers are more likely to be aware than younger travelers; 75% of people over age 65 know about the cuts vs. 62% of travelers age 45 to 64. Less than half, 46%, of those under age 44 are aware.

The level of awareness is higher in the West, where 78% of travelers are aware of the cuts. Consumers in the north central region are least likely (47%) to be aware of the cuts.

Awareness of the most recent airline commission reduction, in 1998, is significantly lower. Only 39% of cruisers and 41% of package trip customers are aware of the 1998 reduction.

Consistent with the previous awareness pattern, older travelers are more likely (46%) to be aware of the most recent cuts; 39% of those age 45 to 64 are aware, and 33% of travelers between 18 and 45 know about the agent pay decrease.

o Just 5% of cruise clients and 10% of package trip clients indicated they have paid an agent service fee.

Forty-one percent of cruisers and package trip customers said they would pay a service fee. Of these respondents and those who said they already pay a fee, the average cruise customer would be willing to pay \$36, and the average package trip client, \$29.

Cruise passengers and package trip customers from the South indicated a willingness to pay the highest amount, \$41. Those from the north central region would pay \$22 only.

o The study asked respondents about the frequency of travel agent use now vs. one year ago.

Seventy-seven percent indicated they are using agents at about the same rate, and 8% more often now than one year ago.

Seventeen percent of cruisers and 11% of package tour customers are using travel agents less often now compared with one year ago.

o Reasons cited for using agents less often are: The respondent is traveling less, 23%; she feels she can get better information elsewhere, 20%, and/or she believes she can get better prices elsewhere, 20%.

Respondents were able to indicate one or more of the above reasons.

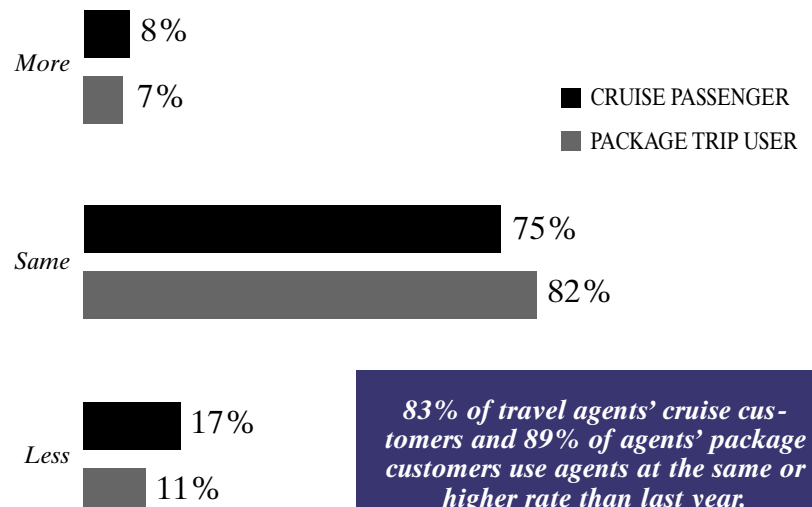
Nine out of 10 cruisers and package trip clients said they would be somewhat or very likely to use an agent for their next trip.

When asked which source they believe provides the best prices, 54% of cruisers and 53% of package trip clients said travel agents.

Other responses were: Calling the cruise line or tour operator directly, visiting a supplier's Web site or visiting the Travelocity.com Web site.

KEEPING CUSTOMERS

TRAVEL AGENT BOOKINGS THIS YEAR VS. ONE YEAR AGO



Source: TW cruise ship and package trip commission caps and service fee study.

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Seventeen percent of cruisers and 16% of package trip customers said they would call the supplier direct.

A total of 251 respondents were interviewed.

They met the following criteria: travel by cruise ship or participation in a package trip in the past two years, and used the services of a travel agent for one or more of the trips.

Respondents' gender breakdown was 65% female, 35% male. The average age of respondents was 57; average household income was \$98,000.

Vacation Planning

RATING THE OPTIONS

By Gilbert Gjersvik, Contributing Editor

How do agents put together the various elements of a travel package and make both the sale and a satisfied customer? Traveler satisfaction was measured in the American Traveler Survey on the number of options provided by travel agents for 10 separate components, such as destinations, accommodations, car rental and the advance purchase of foreign currency.

The results indicate that the majority of travel agents are giving clients the right number of choices. But each component, of course, has its own right number, so that while the majority were happy with only one or two choices for travel insurance, sightseeing activities required the most options — averaging four — for satisfaction.

Travel Weekly spoke to several travel agents about their strategies in working with clients on the various components detailed in the survey, and to see how they decided how many options to offer a client.

"I'll try to simplify it and say you either have somebody who is a very experienced traveler or someone who has not really traveled much at all," says Walter Durso, president and owner of Brookfield, Wis.-based Travel Dynamics.

"The biggest challenge the travel agent has is not to overcommit and say 'we can do everything,' because we can't. We make it clear to [clients] that our role is as an advisor."

But the most important thing before advising a client, Durso says, is that the agent "has to ask a lot of questions."

"We look at every client as an individual," says Jon Hersh, vice president at Columbus, Ohio-based World of Travel. "We'll generally go through some preliminary questions and we'll decide on a destination or a cruise or a tour that will fit their budget and needs."

Mary Peters, president of Alexandria, Va.-based Friendly Travel, says that about 80% of her clients were savvy travelers and about 20% inexperienced.

"I wouldn't offer five [options] to any person," says Peters, a 35-year veteran of the travel industry. "They might pick up five brochures," she adds, "but you could eliminate half of them right away. They're repeating the same thing within the same price range and you would know the best tour company to carry out their desires."

Qualifying the client, she says, is becoming more important every day. "Sometimes you can't get all the answers but you really need to do that."

Hersh says that when planning a travel package one of the first questions he asks is where have the clients been before.

"Did they go to Mexico and hate it because they got sick or [did they] fall in love with Casa de Campo? There are a number of questions about their previous travel history, and we start out that way.

"Usually somebody comes in with some concept of where they want to go," Durso says.

That can be very specific or it can be as vague as in "It's cold outside, there's snow on the ground, get me anywhere there is sun," he says.

"Now, they really don't mean that, and it's the agent's job to find out what they really want, even if they might not know themselves.

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Durso says that unless the client comes in knowing where he wants to go, he limits the number of destination choices to two or three. "If you offer them more than that you confuse them."

Hersh adds, "We don't want to overwhelm them and give them every brochure in the catalog. We'll do a lot of the preliminary research and give the client just a few choices."

In conjunction with cruise packages, he says, "We have an obligation to tell them that the [air inclusive] package the lines offer is usually the most cost-effective, but we will always check the cruise-only rate and if they are a frequent flyer or if there's a special fare."

The agent must be careful when talking about options, says Durso, because there's always the potential for miscommunication.

In one case, he says, clients said they wanted a condominium, but when Durso asked them whether they didn't mind cooking every day, he found that they wanted "all the services and amenities of a hotel."

"Why did the client ask for a condominium? They heard that that is the best deal."

Deals come up in conversation with Peters as well. "Some people are only interested in deals, no matter how much money they have. It doesn't have to be the least expensive but it has to be the best value for their money."

Such components as providing foreign currency were seen as a courtesy to the clients and did not merit choice of financial institutions to provide the service.

With insurance, however, the agents gave clients the option of third-party insurance in addition to that provided by the travel suppliers.

On the back of Durso's invoices is a form that clients sign, either rejecting or accepting travel insurance.

"We try to convey to them that if something goes wrong, whatever they pay for insurance suddenly doesn't seem like a lot of money."

He recalls the insurance company president who had to be convinced to take travel insurance, and then, when he unexpectedly had to cancel his trip, was so grateful he insisted on sending a check to Durso for the lost commission.

And sometimes, the agent is so confident in the needs of a client that there is only one choice.

"If somebody walks in and says 'I'm 23 years old, I want to go on the most fun ship on the water with the most action and the most young people, you send them to Carnival,'" says Peters.

She adds that she has turned business away to another agency when the client insisted on using a tour operator with which Peters has had bad experiences.

Hersh says he is most confident in recommending a specific product when he has experienced it for himself. "I can with all my heart recommend a cruise on the QE2 because I've done it."

The agents agree that even if they haven't been to a particular destination, there are many resources and a network of people they can tap so they can still offer it to their clients if it seems to be the right choice.

"There's one theme that runs through everything I've talked about," says Durso. "You have to have product knowledge. The hard part is establishing the confidence factor where [clients] will take your suggestions."

That knowledge, Durso says, comes from a variety of sources. Very important are "real educational trips, not 'let's go party' but focus and see what a destination has to offer."

Of course, few agents have the chance to experience all destinations firsthand. Durso tells about an Indiana travel agent who astounded him with his vast travel knowledge, only to later learn the man had never been outside the borders of Indiana. That agent was simply an avid reader.

Peters says she wishes she could travel more, but she says that she and her associates make a point of reading and sharing interesting articles and ads they see in trade and consumer travel magazines.

Hersh says his agency gets a lot of feedback from the clients on their return.

"If they really liked something, I want to find out why, and conversely, if they disliked something, [I want to know] why? Every client is different and if you know the reasons behind it, it's a little easier to know the product and sell it to somebody else."