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Sales & Marketing

Travel Agents: Don't Ignore Them

By [Robert King](#), General Manager, Travel & Hospitality, ClickSquared

Weren't travel agents supposed to have disappeared by now, gone the way of the dinosaur and the VCR? At least that's what travel experts have been prognosticating for the past decade. After all, how can a travel agent compete against the likes of Orbitz, Travelocity, Kayak, Trip Advisor, and other "do-it-yourself" sites? To be sure, the number of agencies has declined during this past decade – close to 50% based on ARC retail locations.

But to a travel industry marketer it's far more meaningful to determine what portion of the market this channel still represents. In Phocuswright's 2008 Travel Agency Distribution Landscape, travel professionals still accounted for a substantial portion of the market, including:

- 85% of cruises
- 70% of all tours and packages
- 50% of all airline tickets
- 30% of all hotels
- 25% of all car rentals

Source: 2008 PhoCusWright Travel Agency Distribution Landscape Report

While the percentage of indirect bookings can vary by organization depending on geography, target market, business/leisure mix, and brand strength, the travel agency segment still matters. Their impact is even more substantial when you include group and meeting planners. In fact, for many travel & hospitality providers, travel agencies still

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represent a major – if not the largest – channel for guest bookings. Your indirect bookings may be larger than you think.

Buyer Influence

For many travelers, the travel agent still has an enormous amount of influence. Agents are a key piece of the planning process and can ultimately determine where their clients choose to vacation, how they'll get there, where they'll stay, and what they'll do.

Travelers who work with agents represent more lucrative clients in terms of average spend....not only room rate, but in ancillary services as well. These travelers are serious about creating the most unique and compelling experience; they count on travel agents expertise and judgment, and are willing to pay for it. So not only are agents influencing customers, they are influencing the right ones. You no doubt know the commission and global distribution system (GDS) cost for indirect bookings, but do you know if there is a difference between the average total revenue you derive from a customer booked directly versus indirectly? Look at both the relative revenue and costs when assessing channel profitability.

But only our grandparents still utilize travel agents, right? Wrong! According to a study by Yesawich, Pepperdine, Brown and Russell, 43% of Travel Agent customers are Baby Boomer travelers (35-54), and 33% are Generation X and Y travelers (18-34). Despite all of the do-it-yourself tools available online, and a populace that is increasingly internet savvy, many still opt for the expertise, access and high-touch service of the travel professional. While the travel agent may be slow to rebound, borrowing from Mark Twain, the reports of their death are an exaggeration.

In these difficult economic times, successfully engaging travel agents is more important than ever. Many successful hospitality companies (your competitors!) are aggressively working the agent channel, not just from a traditional sales standpoint, but also with integrated and innovative marketing techniques. Therefore, it's imperative for travel providers to include travel agents as a key constituent in their marketing strategies.

Familiarity Does NOT Breed Contempt (in this case)

Travel marketers are well versed (or should be!) in the tools and methods to aggressively pursue creative, innovative, direct-to-consumer marketing campaigns across all stages of the traveler life cycle. Customers are routinely segmented using sophisticated analysis of demonstrated behavior or propensities, and communications are made relevant to each individual with dynamic content and event-based triggering.

You should treat travel agents with the same care you use to build end-customer engagement and loyalty. Think of travel agents as a key constituency and treat them that way. Communicating with travel agents individually, with relevant and timely information tailored to their unique needs, is critical to building and maintaining travel agent engagement -- translating to increased bookings. Do you personalize your communications to agents based on their expressed interests or demonstrated behavior? Do they specialize



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in certain markets or traveler profiles? How about if you haven't had a booking from them in six months? Do you recognize your best performers with a personal phone call after a substantial booking? You communicate with your direct customers this way, don't you? Why should travel agents be treated any differently?

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Applying Customer Relationship Marketing to the Travel Agency Channel

There are a number of organizations applying proven direct-to-consumer tools and techniques to travel agents. Their goal is to improve agent engagement, and translate that engagement into increased bookings. There is ample evidence that it's working; below are some examples and ideas:

- A multi-property destination hotel chain has a robust travel agent loyalty program whereby an agent becomes "certified" through online education programs. Certified agents receive tailored communications about special offers or recent news, and earn points for client bookings that can be redeemed for cash or other benefits. While agent communications are not limited to those who are certified, there is a substantial difference in engagement between certified agents and those that are more casual bookers; as a result, it's easy to identify the best agents and tailor messages and offers accordingly.
- Another multi-property hotel chain has a successful program where a welcome amenity is provided to arriving guests on behalf of the hotel and the booking agent. This is an excellent way to reinforce the relationship with the agent that to the benefit of both parties.
- One resort identifies frequent agent booking activity through business rules that interrogate its marketing database and, based on pre-set criteria, automatically sends a triggered thank you message to the booking agent. For the most productive agents, an email is sent to the resort's field sales rep notifying the rep of the sale, and the rep follows up with a thank you call. Personalized, timely recognition is a sure way to enhance agent engagement and increase loyalty.
- Travel agent and meeting planner communications are customized based on previous booking patterns. This includes specific updates and offers regarding properties for which the agent has a demonstrated interest, or a personalized message if there has been a recent fall off or spike in booking activity. Personalization pays. Travel agents are customers too and will appreciate that you are making their life easier with messages targeted JUST to them.
- A destination resort sends out pre-arrival and post-departure communications, co-branded with agency logo and information, as a way to engage the guest without threatening the agent relationship. By employing co-branded messaging, you're giving the travel agent additional exposure at no additional cost. This engenders agent loyalty and increases the likelihood that they'll continue to recommend your property.

Some key actions to consider as you start planning your travel agent marketing plan include:

- **Size-up the Opportunity:** How significant is the travel agent channel to your organization? How does the true profitability of this channel compare with direct bookings? How much would you have to increase this segment for it to be a “home run?” Knowing these answers is key to determining the appropriate investment level to maximizing ROI.
- **Collect and consolidate travel agent data:** Start with email addresses and build from there. Create preference centers to capture agents’ needs, property interests, and a profile of their clients. This profile data should include both what they tell you, and what you can learn from them based on their interactions with your website, click-throughs on your emails, and the characteristics and dynamics of their bookings. Be sure all the relevant information has been consolidated from each available data source to give you a complete view of the travel agent, and to better plan your strategy.
- **Know your agents:** What type of clients do they serve? What properties and markets are they most interested in? What kind of offers do they respond to? What generates the most activity and most revenue? Analyzing this information will allow you to segment them and target your messages and offers accordingly. The more relevant your communication, the higher likelihood of response and action.
- **Automate as much as possible:** Whether it’s an amenity program, a thank you program or getting out relevant communications, the more you automate your processes, the higher the likelihood of communicating “just-in-time” to optimize impact. And automating communication programs enable you to deliver highly personalized content in a far more cost-effectively manner.
- **Recognize and Reward:** Make sure your program enables you to identify the best producing agents and say “thank you. ” This applies not only to the agencies or the consortia, but the specific agent making the bookings. It might be as simple as an automated thank you email, or an activity trigger that tees up a personalized phone call.
- **Evaluate and Improve Continuously:** Just like with any good CRM program, you have to measure results, determine what is and isn’t working and refine programs to make the most impact. Is the agent base becoming more or less engaged? Which communications achieve the highest open rates and click throughs? Results need to be scrutinized on an ongoing basis to identify opportunities to improve and make appropriate investment decisions.

Travels Agents are a Key Piece of the Puzzle

To reiterate, it may be time to rethink your assumptions regarding the travel agent channel. While this channel has undergone dramatic change over the past decade, to many organizations, it’s more critical than ever. Travel professionals can be strong advocates for your property and an effective engagement program can make a significant impact on bookings. Don’t ignore them.

With more than 20 years of experience in the travel and hospitality industry, Robert King has held marketing, sales and senior management positions at a variety of organizations. Mr. King works with ClickSquared clients throughout North America, Asia and Europe to develop and implement highly targeted, timely, interactive customer relationship programs that result in increased ROI. Mr. Robert King can be contacted at 480-603-9403 or bking@clicksquared.com

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