



The Future Role of Travel Agents

**Interview for the Terminal U aviation travel newsletter with Rohit Talwar – CEO
– Fast Future Research and travel industry futurist**

September 20th 2011

As the online travel booking market continues to evolve with the launch of Google Flights, where has this left the role of travel agents today in terms of their importance?

There will always be a role for travel agents who can provide added value services – whether this is trip planning, finding complex routings or integrated travel booking of multiple forms of transport, accommodation and leisure activities. The ability to source and organise the more unique experiences and hard to book restaurants and shows will also be seen as added value.

One of the biggest opportunities lies in ancillary activities e.g. organising your visas, and inoculations. This should extend to negotiating discounts on related purchases such as insurance, ground transportation, travel shopping pre-trip, discounts at duty free and at the destination. The role of providing travel money could extend to offering purchase cards to aggregate all my spending in a destination.

Providing physical and digital destination guides, apps and augmented reality services could all help distinguish the travel agent of the future as could the provision of genuine 24/7/365 advice and help on demand – whether this be last minute tour bookings or helping a customer who's missed their flight.

For corporate clients there is also the continuing opportunity to provide added value information and reporting on travel trends, booking strategies to secure the best discounts and bulk flight and hotel negotiations. However, the online agents will increasingly seek to enter this space.

The best travel agents will start to draw from their online counterparts – offering text alerts e.g. to remind of your flight times or notify you of delays, highlighting special attractions and offers before, during and after your trip and genuinely supporting you throughout your travel experience.

Personal service will be highly valued – providing location specific advice, tailoring packages to your unique needs and guiding you on how to make the best choices for you. All agents would claim to do that today but the level of service will need to evolve to match that of the very best offline agents around.

The issue will be how much customers are willing to pay for these services and how many will be willing to pay. Travel agents will need to innovate constantly to keep generating new

value adding services from which they can earn a small commission. The majority of clients will be reluctant to pay an additional travel agents' fee for these services – they'll expect the travel agent to cover their costs through commissions. The online providers will continue to evolve their offerings to compete with whatever the physical agents have to offer.

If travel agents are to survive and even stay ahead at a time when people are used to booking DIY holiday packages online, in what ways might their role evolve in future? What trends do you predict in future, say in the next 10 years?

Discounting is a major trend – we are used to online sites offering low prices. Now aggregators such as Groupon have entered the market offering discounts of 50% or more if enough people sign up for a vendor's offer. The range of products and services being sold in this way continues to expand from meals and beauty treatments through to clothing, footwear and – increasingly – travel products such as hotel stays. In addition, hotel chains such as Joie de Vivre now increasingly use social media sites like Facebook and Twitter to build a following and then promote limited-time special offers to them to sell off unused room inventory. The switched on travel agents will see the value in identifying and promoting such offers to their own client base using email and social media.

A second key trend is towards personalisation – everyone wants the world tailored to their needs and increasingly we want it delivered to us via our smartphones. We'll want more and more seamless travel experiences, less hassle at airports and shorter processing times for whatever we do. For example Qantas have cut check-in time to 5 seconds for regular customers by using scannable chip enabled frequent flyer cards and permanent electronic baggage tags. Developments such augmented reality will offer ever more information that we can overlay on the real world to enhance our experience – for example providing us with images of life inside a pyramid when we scan our smartphone around it.

Online booking will become an increasingly popular option as access to technology grows around the globe and the smartphone becomes commonplace. In our research 95% of respondents said they were likely or very likely to book the bulk of their travel online by 2015. Social search is becoming ever more important. People are looking to the networks for advice, reviews and the inside track to special offers.

In our research, 90% said it was likely or very likely that customers will increasingly use social media and collective intelligence travel services (like Dopplr) to define the desired 'product' for a temporary self-forming group. These products would then be 'reverse auctioned' to providers. The innovative agents will pre-empt this trend by providing the tools to support these self-organising groups. In our research we found that 74% said they were likely or very likely to use the social media to research and find deals.

Advances in flight technology will enable broadband wireless access in flight. This opens up huge potential to provide an 'agent in the sky' service – enabling customers to book all of the things a travel agent could provide whilst in flight.

For travel agents the challenge will be stay abreast of these developments and build them into their services. For example, we can already choose our seat on the flight. Soon we'll be able to choose they type of entertainment, food and services we can consume – wherever

we sit on the plane. Similarly, developments in hotel technology should enable customers to choose their room, specify the food in the minibar, pre-book the channels, films or sporting events they want to watch on TV during their stay and even select the linens, bathroom products and pictures they'd like in the room. All of these will provide additional service and revenue opportunities for agents.

The most innovative agents will experiment with new revenue models – such as auctions. In the consumer goods field in particular, sites such as Auctionair and Madbid have become successful by auctioning off products. The model is simple but powerful. Each time someone bids, the price goes up by one cent. Bidders typically pay 50 cents or more per bid they make. So, if an IPAD is sold for \$100, this implies 10,000 one cent bids have been received – giving the vendor at least \$5,100 for a product that can be purchased for around \$500. There have been a few examples of airlines and hotels running occasional auctions – we think innovative travel agents will see the potential and experiment with auctions and other new revenue models.

What services might they offer? And how would their services be accessed? i.e. would they be home-based, available online through a computer screen, inside airports etc?

The viable agent of the future will need to think multi-channel with a knowledgeable human touch available 24/7/365 as the key differentiator. The best agents will offer a seamless service wherever we are – at home, at the airport, in-flight or at our destination. Some customers may be willing for agents to visit their home in order to tailor and personalise the experience.

In what ways might travel agents have an advantage over the fast-evolving online travel sector now and in 10 years time?

The key differentiators have to be the human touch, personal service, convenience and end to end booking management. Many still find reassurance in talking to another person and knowing that they are being taken care of by an expert. When I book online I have to search, book each element and spend time sorting out each aspect of the trip. The best agents will take total responsibility for the elements the customer wants to outsource, provide clear choices, find the best prices and provide information, service and support through the customers' preferred channels.

Will online travel booking sites ever take over the travel agent by being able to manage our complex itineraries i.e. multiple stopovers and round-the-world trips that currently can't be done without an agent?

Multi-leg flights can already be booked online and the software is continuing to advance through developments in artificial intelligence. Over time, the online services will be able to deliver more and more of the complex trip management services that we traditionally look to travel agents to provide. The online services will add speech recognition interfaces, remember your past trips and searches and provides the ability to search vast arrays of options far faster than a human agent can. For those who want to be in total control, the

ever-advancing functionality of the online agents will be of great appeal.

In your opinion, will meta-search travel booking engines like Kayak and travel sites/booking search engines such as Expedia and Google Flights exist side by side in future, or will we see consolidation online in future?

As with every other sector online and offline, we'll probably see consolidation and some dominant providers will emerge. Google's sheer scale, inventiveness and search capability will make them a powerful player wherever they choose to play in the travel sector. They have a wealth of data about the travel related searches we make and this can be used to provide powerful insights on traveller interests and behaviours. For example, they could monitor real time enquiries, spot trends and tailor special offers with the travel providers to respond immediately. Imagine searching for holidays in Las Vegas and finding an instant Google offer pop-up for a combined flight, hotel and leisure experience booking that can be purchased at a 10% discount to regular prices if you book in the next 30 minutes.

How strong is the outlook for online travel (booking) sites? What functions might these sites be able to offer us in future in terms of booking holidays? i.e. could they expand to offer more than just flights, car hire and hotels?)

As mentioned, we expect to see growth in online travel bookings. There will continue to be fierce competition in the online space and margins will remain tight. The competition will intensify. If Google decided to join the fray then sparks would fly.

Everyone in the travel booking sector could expand the range of ancillary services they offer – selling services such as insurance, offering shopping discounts pre-trip, at the airport and at the destination. After your trip we could enable you to purchase the type of linens or bed you slept on, the amenities you used or even the coffee you were served at breakfast. This would enable the relationship to be extended long after the trip. Charging for personalisation options such as booking a 3D TV for your room, arranging for specialist treatments such as Osteopathy and unique dining and leisure experiences would all provide additional service options and revenue streams. These are open to you whether you are a physical travel agent, an online provider, an airline or a hotel.

What challenges do you see ahead for online travel booking sites?

Perennial challenges include staying abreast of competition on and offline, keeping up with the pace of technology development and addressing new entrants – everyone is fascinated to see if and how Google and Apple might enter the direct travel sales space. A number of online agents will get annoyed at Google if it becomes a direct competitor – but reliance on Google's search capabilities will probably mean an uneasy truce prevails. The 'product providers' such as airlines and hotels will go through several iterations of their strategies – removing and adding themselves to the online agents' sites on a regular basis. Airlines in particular will try to drive people to book directly from their sites and offer agents zero commissions. However, most will eventually return to the online providers and provide some form of payment for bookings received.

A growing challenge will be to provide for the customer's desire for increasing personalisation, management of complex bookings and handling end to end trips including multiple forms of transport. Social media engagement will become ever-more important in the next 2-3 years. Finances will remain tight as margins will be pressured – hence there will be a growing need to experiment with business models such as aggregated buying and auctions.

In 10 years time, will the DIY holiday booking still exist or could it be one for us automatically/interactively online perhaps by pressing a button? (How will the process evolve?)

We will have the full spectrum, some will still see the DIY process as part of the whole travel experience. There will be a lot more tools to support them. Many sites will offer a full service to manage even the most complex bookings. Some – possibly most - of us will also have intelligent personal assistants or avatars operating for us in the cyberworld. These assistants will be comparing and contrasting options to create trip designs tailored to our needs. Some will trust their online assistant to compile and book the trip while others will still want to have the final say. Travel agents may provide us with the tools to build our own assistants – but more likely they will offer tools that our assistant can make use of.

What do you think will happen to local travel agents? Will they still be around in 10 years time/will there be enough demand compared to those working for major travel companies?

I think they will still be around – the question is in what form. Maybe they will be part of multi-service centres that offer banking, insurance, travel and even wedding and funeral planning from a single service centre within a high street supermarket. They will have to keep innovating on their service offerings and revenue models to survive. The challenge will be ensuring that they can remain profitable in the face of advancing functionality and price competition from the online world.

Agents may well form into networks which provide some shared services such as the 24/7 customer support and online tools – whilst still maintaining their brand identity and physical presence. Equally we could see the growth of home based agents offering a very personal service to clients. These players may specialise in particular destinations, airlines and hotels rather than offering whole of market solutions.

Inevitably some local travel agents and agency chains will die out or be taken over. Those who fail to spot the warning signals and respond will struggle to maintain viability. The survivors are most likely to be those who make a deliberate choice to devote time and attention to understanding the changes taking place in the market place, who are willing to develop an enhanced service offering, experiment with alternative revenue models and, above all, 'give themselves permission' to innovate and change.

About the Interviewee and Fast Future

Rohit Talwar is a global futurist and the CEO of Fast Future Research. He has a particular interest in the future of travel, tourism, aviation and the meetings industry. Rohit is a regular speaker and advisor around the world on the future of tourism and aviation strategies and business models - exploring the impact of economic, consumer, technological, environmental and commercial forces. He is the author of the Hotels 2020 study and project director of the Convention 2020 research programme.

Rohit's clients include 3M, Aeroports de Paris, Aerovista, Amadeus, Astra Zeneca, E&Y, GE, GSK, IBM, Intel, Intercontinental Hotels, ITB, KPMG, Nokia, Novartis, O2, Orange, Panasonic, PATA, Pfizer, PwC, Preferred Hotels, Qatar Airways, SABRE, SAP, Schiphol Airport, Siemens Airport Services, Travelport, Vancouver Airport Services, World Tourism Forum and the OECD. He also works with a range of city and national level government agencies, convention centres and tourism and convention bureaus around the world.

Fast Future is a global foresight research and consulting firm that helps clients understand, anticipate and respond to the trends, forces and ideas that could shape the competitive landscape over the next 5-20 years. Fast Future's work draws on a range of proven foresight, strategy and creative processes to help clients develop deep insights into a changing world. These insights are used to help clients define innovative strategies and practical actions to implement them.

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