Leisure travellers’ willingness to pay travel agents in a new revenue environment: a survey based in South Africa

B. Lubbe, B. Endres & J. Ferreira

ABSTRACT

The travel industry has experienced major changes and continues to do so. The airline industry is no longer paying commission to travel agents, and agents are now charging fees to clients for various types of services, as business and leisure travel become increasingly specialised. The role of the travel agent has changed from that of an agent for the supplier to an agent for the customer. For business travel, the travel agent has evolved into a travel management company serving the business and corporate travel market. Traditional travel agencies have started to focus more on the leisure traveller. The development of the Internet has resulted in a proliferation of channels that can be accessed by the leisure traveller, further eroding the role of the travel agent as a provider of travel information and a mechanism for reservations and transactions. The question that arises is whether the customers of a leisure travel agency are willing to pay for services that could feasibly be obtained elsewhere. In this study, customers of a travel agency franchise group were surveyed with respect to their willingness to pay for the services rendered by a travel agent. The results show that many leisure customers find that the services rendered by travel agencies are important, but believe that a distinction should be made between the type of service fee and whether the travel is international or local.

INTRODUCTION

The role of the travel agent has changed (Hatton 2004; Alamdari 2002; Andersen Consulting 1998; Vasudavan & Standing 1999). Traditional travel agencies have been the main distribution channel for suppliers such as airlines for many years, but have been under increasing pressure as a result of changes in the distribution system. These changes have been driven by two main forces: the growth of electronic channels such as the Internet, which has proved to be a direct and more cost-effective distribution channel for suppliers (Buhalis 2003; GAO 2003; Shon, Chen & Chang 2003; Alamdari

Professor B. Lubbe is an Associate Professor in the Department Tourism Management, University of Pretoria. Ms B. Endres and Ms J. Ferreira are postgraduate students in the same department. E-mail: berendien.lubbe@up.ac.za
2002; Gallager 2001), and changes in the characteristics and needs of consumers (Shon et al. 2003; Rayman-Bachus & Molina 2001; Legohérel, Fischer-Lokou & Guéguen 2000). Research over the last few years on the role of travel agencies has even raised some predictions of their demise as a result of changes in the industry (Yaman & Shaw 2002; Reinders & Baker 1998). For the potential traveller, there is a greater choice of channels through which travel business can be conducted. For the supplier, alternative more cost-effective distribution channels have become readily available for distributing their products. This has led to airlines cutting commissions to travel agents, forcing travel agents to start viewing themselves as agents for the customer rather than agents for the supplier (Lubbe 2005; Hatton 2004; Alamdari 2002). As a result, travel agents have started to charge service fees to customers for services rendered. The dilemma is that travel agents are now charging service fees to customers who are unaccustomed to this new arrangement, and given the increased choice of channels for making travel arrangements, questions can be raised regarding customers’ willingness to pay such fees. This issue forms the focus of the study.

In answering the research question, the study begins by providing a background to the position in which travel agencies currently find themselves. The discussion includes an overview of developments that have led to changes in the revenue model for travel agencies. The literature survey describes the services rendered to leisure travellers and provides a framework against which the empirical survey was designed. The sampling method is fully explained. This covers the selection of a travel agency franchise group (one of the largest travel consortia in South Africa) for the fieldwork and describes how leisure customers of this particular consortium were approached using a structured questionnaire. The formulation of the questionnaire is explained in terms of the main objectives of the research, which were to determine leisure travellers’ willingness to pay service fees for various services offered by the travel agency, as well as how much they are willing to pay for such services. Following this discussion, the data analysis is explained and the results are presented and interpreted. The paper ends with some conclusions and recommendations.

THE CHANGING ROLE OF THE TRAVEL AGENT

The generic and traditional chain of distribution as depicted in Figure 1 encompasses the principle of distribution, with intermediaries playing an essential role in making the tourism product available and accessible. Travel agencies are retailers in this chain.

![Figure 1: The traditional chain of distribution](image-url)
From a consumer’s perspective, travel agents provide travel-related information to prospective tourists and a mechanism that enables customers to make, confirm and pay for reservations (Pearce 2002). From a supplier’s perspective, a travel agent takes the products or services of that supplier and sells them to a tourist in exchange for some form of remuneration from the supplier. In the traditional chain of distribution, as depicted in Figure 1, the travel agent has been the dominant sales channel for airlines and tour wholesale companies in countries such as the United States of America and the United Kingdom (Alamdari 2002; Vasudavan & Standing 1999; Morrell 1998). This has also been the case in South Africa, where an industry review in 2003 showed that 89% of South African Airways (SAA) sales were being done through travel agents (Anon. 2003). However, this dominant position is changing as the Internet empowers customers to develop and purchase their own itineraries and enables differentiation of services and cost advantage to the supplier (Buhalis 2003; GAO 2003; Heung 2003; Tse 2003). While this basic model is still essentially valid, and Lovelock (2003) suggests that travel agents are still one of the most important influencing factors in the travel decision-making process, the focus has shifted to other channels in leisure travel distribution. In 1998, Andersen Consulting proposed a model looking at the future of leisure travel distribution. At present, this model, shown in Figure 2, can be regarded as a fair representation of the current distribution of leisure travel (Buhalis 2003; GAO 2003; Pearce 2002; Shon et al. 2003; Tse 2003).

Figure 2: Andersen’s model for leisure distribution
Andersen Consulting’s model suggests that the traditional retailer’s role is largely determined by the complexity and purpose of the travel. For simple point-to-point travel requirements and inclusive packages, direct channels are favoured, as evidenced by the increase in the use of supplier websites, from airlines to hotels to tour wholesalers (Marcussen 2005). In November 2004, SAA stated that the airline had built up its online bookings from 3% to 16%, with a target of 30% online bookings to be achieved by April 2005 (Marsh 2004). In this changing environment, travel agents are redefining themselves as advisers or, as Jonas & Frey (2003: 154) describe them, as “information-brokers, collecting and selling information that clients could also collect themselves if they were willing to invest considerable time and effort”.

TRAVEL AGENTS’ CHANGING REVENUE MODEL

Airlines started to cut commissions to travel agencies, with the first major commission reduction occurring in 1995 when Canada and the USA ‘capped’ commissions at $25 for a one-way ticket and $50 for a return. Between 1995 and 2001, a reduction in the percentage commission occurred every two years, culminating in zero commission in 2002. In 1999, European airlines started to follow suit, unilaterally cutting commissions (Hatton 2004; Alamdari 2002). In South Africa, the approach taken on the restructuring of the revenue base of travel agents was to prevent a situation in which travel agencies were forced out of business or into court, but at the same time to recognise the need for airlines to cut their distribution costs (Lubbe 2005). After a number of years of negotiations, SAA eventually cut its commissions on 1 May 2005.

While airlines have drastically cut the commission to travel agents, they are still obliged to pay travel agents some form of remuneration according to the International Air Transport Association (IATA) Passenger Sales Agency Agreement (PSAA), which stipulates that an airline must pay travel agents for the distribution of its product. In South Africa, the national carrier, SAA, has agreed to pay agents 1% commission on a sale. Hotels and car rental companies still pay commission to travel agents, although there has been discussion on cutting the commissions from hotels (Marx 2005). The process engaged in by SAA and the Association of South African Travel Agents (ASATA) as the representative body for travel agents resulted in a greater awareness by agents of the need to move away from being an agent for suppliers to being an agent for the consumer and to start charging customers fees for services rendered. To guide agents towards working on behalf of the consumer rather than on behalf of the supplier, ASATA, with financial support from SAA, embarked on the following process:

- A future scenario planning development programme for travel agents with a leading futurist in South Africa
A ‘cost of services study’, in which 1 008 travel agents participated, to analyse the agents’ costs of distributing the products of airlines, car hire firms, hotels and other service providers

- Consumer research to determine the level of preparedness of consumers to pay service fees to travel agents
- A promotional consumer education campaign on the value added by travel agents.

The research was aimed at increasing the internal efficiency of travel agents and emphasising the value-added nature of their services to both suppliers and customers (ASATA [S.a.]) At this point, a distinction must be made between business and leisure travel. In this paper, the focus is on leisure travel and service fees charged by travel agencies for this type of travel. The complexities of the business and corporate travel market are therefore not discussed. These complexities are not found in leisure travel. They relate to services that are specific to business and corporate travel, which is regarded as managed travel. Managing corporate travel includes the provision of management information to the corporation, assisting in travel policy compliance and development, formulating travel expenditure control processes and agreeing contractually on minimum service levels by the travel agent (more recently referred to as the ‘travel management company’ in this context). For these services, management fees are generally agreed upon in the contract between the organisation and the travel management company (Anderson, Lewis & Parker 1999).

In the leisure travel market and from a leisure tourist’s perspective, travel agents have two main functions: they are an important source of information and advice on many aspects of holiday planning and they also have a reservations and transactional role. According to Andersen Consulting’s future scenario on leisure travel (Andersen Consulting 1998), the complexity of the travel required must also be taken into account. Domestic travel is expected to be less complex as it generally requires point-to-point travel, whereas international travel may require complicated arrangements and more advice and expertise from a travel agent. The type of fee charged to the leisure customer is thus generally related to the type of service rendered. Fees can be charged for professional advice, reservations, actual transactions, cancellations and various other services such as itinerary development and organising packages, trips or tours comprising the different elements of the tourism product (Lubbe 2005; Lovelock 2003; Pearce 2002; Aryear 1993). When the majority of suppliers were still paying commission to the travel agent, customers had the convenience of getting their transportation, hotel or resort room, or tour reservations made for them at the same price that they would have paid had they approached the airline, hotel or tour operator directly. Only when more complicated services were required, such as independent itineraries, making reservations at international hotels or pensions that did not pay commission, or making last-minute phone calls on the client’s behalf, would the agent charge for its services. With the level of commissions paid by
suppliers now being something of the past, the challenge for travel agents is to effectively implement a new revenue model whereby income is generated from travellers through service fees. With customers becoming more comfortable with direct electronic channels, sophisticated in their information searches and selective on where they can purchase travel, however, travel agents need to know which services customers are willing to pay for and how much they would be prepared to pay. Industry research on this subject by ASATA in 2003, entitled Project Firefly, found a relationship between the amount charged for any specific service and the travellers’ willingness to pay that amount. The higher the amount, the less willing travellers were to pay. They also found that willingness to pay is influenced by a number of aspects, such as the professionalism, efficiency and friendliness of the travel consultant and whether the main purpose of the visit to the travel agency was achieved (ASATA 2003). Other than this industry-based research, it appears that scientific studies on customer willingness to pay service fees to travel agents have not been conducted. The study on which this paper is based addresses the need for further research into this area. The objectives of the study can be formulated as follows:

- To determine customers’ willingness to pay fees to a travel agent
- To identify the types of services for which customers are willing to pay
- To assess the monetary value that customers place on specific services
- To establish whether a relationship exists between certain types of customers and their willingness to pay fees to a travel agent.

METHODOLOGY

The study can be described as a descriptive study using a structured questionnaire. The questionnaire was based on the theoretical context in which the constructs of the role of travel agents and the services they render were analysed. To generate the specific items for the questionnaire, qualitative structured interviews were conducted with selected senior travel agents to determine the types of services they offer and the approximate fees associated with those services. To ensure that the research objectives were all covered, the questionnaire was divided into a number of sections: demographic characteristics of the target population, services for which they would be prepared to use a travel agency; services for which they would be willing to pay, and finally, the monetary value that they place on specific services.

A non-probability convenience sampling method was used, since the travel consortium would distribute the self-administered questionnaires electronically over a fixed time period to clients listed on their database as leisure clients, as well as personally in their outlets. This meant that the respondents to the questionnaire would be arbitrary (non-random). According to Page & Meyer (2000), a convenience sample or an accidental sample usually consists of a sample of available subjects or
volunteer subjects. While representation to the broader leisure travel public cannot be assumed, Cooper & Schindler (2001) state that a convenience sample is very useful for testing ideas or even gaining ideas on a particular subject of interest. Even with the disadvantages inherent in a non-probability sample, it was deemed the most suitable methodology under the circumstances, as 390 leisure travellers would be targeted. To increase the reliability of the results, an incentive was offered to achieve as high a response rate as possible. Two hundred responses were received, providing a response rate of 51%, which can be regarded as very high.

The specific questionnaire that was used is known as an intercept study. Intercept studies use a traditional paper questionnaire. The respondent participates without interviewer assistance, usually in a predetermined environment such as the selected travel agency office. Some of the advantages of a self-administered questionnaire are that it allows contact with otherwise inaccessible respondents; incentives may be used to increase the response rate; it is often the lowest-cost option; it can reach an expanded geographic coverage without an increase in costs; it requires minimal staff; it is perceived as more anonymous; it allows respondents time to think about the questions; and finally, data collection can be rapid. Some of the disadvantages of self-administered questionnaires are the low response rate in some modes (this proved not to be a disadvantage); the absence of interviewer intervention for probing or explanation; the fact that the questionnaire cannot be long or complex; anxiety among some of the respondents and the directions and instruction needed for progression through the instrument (Cooper & Schindler 2003). The use of self-administered questionnaires seemed to be the most appropriate choice, because the costs are not too high and the sample that the questionnaires could reach is larger than with personal interviews. As an incentive was provided to leisure customers who filled in the questionnaire, they were also able to benefit from the study. The study involved searching for the perceptions of customer’s willingness to use a travel agency for certain services and their willingness to pay service fees, so no explanation was needed. Lastly, the respondent remained anonymous and thus felt more confident when filling in the questionnaire.

The questionnaire was pre-tested over a period of two weeks to make sure that respondents would understand the questions, that the flow and sequence of the questions worked, that the skip instructions were clear and that the questionnaire could be completed in a reasonable time. A total of ten questionnaires were pre-tested on ten people that had previously used a travel agency. According to Cooper & Schindler (2003), two different approaches can be taken when pre-testing questionnaires. The first approach is where the respondents are aware that it is a pre-test and are essentially being enlisted as collaborators in the refinement process. The other approach is when the researcher does not inform the respondent that the activity is a pre-test. In this study, the respondents were aware that they were participating in a pre-test, because under these conditions, detailed probing of the parts of the questions, including phrases and words, was felt to be important.
In the study, the main measurement scales used were the nominal, ordinal and ratio scales. For example, demographic characteristics were classified according to nominal scales. Ordinal scales were used to determine how much the participant was willing to pay for a service. Ratio scales were used for certain open-ended questions. Since this was primarily a descriptive study in which no hypotheses were presented, the data were analysed using SPSS to depict the findings as well as to identify interaction effects. The descriptive statistics focused on the travel patterns, booking patterns, services, willingness to pay service fees, demographics of the sample and a comparison between the amount that customers were willing to pay and their age, gender, place of residence and income.

RESULTS

The results were categorised into five sections: (1) respondent demographics, (2) travel patterns, (3) booking pattern behaviour, (4) value-added services and (5) approximate amount customers are willing to pay. In presenting the results, a summary is provided of frequencies related to the demographic characteristics and travel patterns of the respondents, as well as of the value-added services and approximate amounts that customers’ are willing to pay the travel agency for those services.

Demographics. Of the respondents, 54.5% were male and 45.5% female. There was a fair spread in the ages of the respondents, from young people to retirement age. The majority of the respondents were English speaking. Approximately half of the respondents were married. Half of the respondents were resident in Gauteng province and the rest in other provinces. The list of specific occupations was coded into broader industry-type categories, which showed that the two largest categories were made up of retired people and those in the financial sector. Other industries and occupations represented were sales and marketing, self-employed, medical, information technology, tourism and education. The majority of the respondents were at managerial or director level. Of those that were prepared to divulge their income, this ranged from a medium to a high income level.

Travel patterns. The results showed that the majority of respondents had travelled within South Africa (90%) and outside South Africa (84.5%) over the past 12 months for leisure purposes. Table 1 shows the average number of times travelled.

Table 1: Travelling for leisure purposes within the past 12 months

<table>
<thead>
<tr>
<th></th>
<th>n</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within South Africa</td>
<td>156</td>
<td>1</td>
<td>18</td>
<td>3.40</td>
<td>2.678</td>
</tr>
<tr>
<td>Outside South Africa</td>
<td>142</td>
<td>1</td>
<td>6</td>
<td>1.85</td>
<td>1.040</td>
</tr>
</tbody>
</table>
**Booking pattern behaviour.** Given that the sample were clients of the travel agency, it was not surprising that their preferred method of making travel arrangements, for both domestic and international travel, was the travel agent. Of those that made use of a travel agency for their travel arrangements, 91% used the same travel agency repeatedly, although 64.5% of respondents stated that they had considered using other travel agencies. The average number of times that a travel agency was used over the last 12 months was 1.42 times. Payment by credit card is the most frequently used method of payment, with 81% of respondents paying in this way. Interestingly, approximately one third of the respondents indicated that they prefer to go online to make their travel arrangements, either directly through the supplier or through an online intermediary.

**Value-added services.** Table 2 lists services that are regarded as value-added, and respondents were asked to indicate whether they make use of a travel agency for that particular service and whether they would be willing to pay for that service and if so, the approximate amount that they would be prepared to pay. A distinction was made between domestic and international travel services. The results show that the majority of respondents expect to use (and will actually use) a travel agency for almost all the services listed. However, generally only approximately half of the respondents were willing to pay for the service; of the rest, most indicated a fairly low service fee as the amount that they would be willing to pay.

<table>
<thead>
<tr>
<th>Service</th>
<th>Domestic (D)</th>
<th>International (I)</th>
<th>Domestic Fee Range</th>
<th>International Fee Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation (professional advice, knowledge, experience, quote fares, rates, schedules, low fare searching)</td>
<td>85.5</td>
<td>98</td>
<td>R50–R100 (42%)</td>
<td>R100–R200 (44.5%)</td>
</tr>
<tr>
<td>Booking/Issuing of flight documents</td>
<td>89.5</td>
<td>97.5</td>
<td>R50–$100 (44%)</td>
<td>R100–R200 (53.5%)</td>
</tr>
<tr>
<td>Booking/Issuing of other transportation documents</td>
<td>77.5</td>
<td>89.5</td>
<td>R50–R100 (37.5%)</td>
<td>R100–R200 (46.5%)</td>
</tr>
<tr>
<td>Arranging transportation at a destination</td>
<td>62.5</td>
<td>79.5</td>
<td>R50–R100 (31%)</td>
<td>R100–R200 (41%)</td>
</tr>
<tr>
<td>Preparing itineraries</td>
<td>59</td>
<td>83</td>
<td>R50–R100 (29.5%)</td>
<td>R100–R200 (35.5%)</td>
</tr>
<tr>
<td>Booking accommodation</td>
<td>65</td>
<td>82</td>
<td>R50–R100 (33%)</td>
<td>R100–R150 (42.5%)</td>
</tr>
</tbody>
</table>
Further tests were done to determine whether there were any significant differences in the type of traveller that would use travel agencies for certain services and in the amounts that they would be willing to pay. For this, nonparametric tests were done using the Pearson Chi-square test for significance. The variable was deemed significant when it had an alpha value of less than 0.05. The test was used to determine whether a significant correlation could be found between various demographically categorised groups in terms of gender, age, residence, occupation, level of seniority, marital status, and:

- Services for which respondents would use a travel agent
- Services for which respondents were willing to pay
- The amount that respondents were willing to pay.

The results of the comparison between the various services for which respondents would use a travel agent and demographic attribute, based on the Pearson Chi-square
test and deemed significant at an alpha value of less than 0.05 are shown in Tables 3 to 5. Gender, age and place of residence proved to be the only attributes for which significant differences could be detected on certain services only.

Table 3: Comparison of gender and services for which respondents would use a travel agent

<table>
<thead>
<tr>
<th>Services</th>
<th>D/I</th>
<th>Males using service %</th>
<th>Females using service %</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changing a booking</td>
<td>I</td>
<td>95</td>
<td>88</td>
<td>0.016</td>
</tr>
</tbody>
</table>

Changing an international booking proved to be the only service that showed a significant difference between the willingness of males and females to use a travel agency. Even so, the high percentages of both indicate a strong willingness to use a travel agent for this service, and differentiation in management strategy based on this result would not be necessary.

Table 4: Comparison of age and services for which respondents would use a travel agent

<table>
<thead>
<tr>
<th>Services</th>
<th>D/I</th>
<th>Younger than 35 %</th>
<th>36–45 %</th>
<th>46–60 %</th>
<th>Older than 60 %</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Booking/Issuing of transportation documents</td>
<td>D</td>
<td>36</td>
<td>51</td>
<td>45</td>
<td>23</td>
<td>0.020</td>
</tr>
<tr>
<td>Preparing itineraries</td>
<td>D</td>
<td>22</td>
<td>43</td>
<td>39</td>
<td>14</td>
<td>0.000</td>
</tr>
<tr>
<td>Arranging loyalty programme tickets</td>
<td>I</td>
<td>45</td>
<td>48</td>
<td>41</td>
<td>20</td>
<td>0.041</td>
</tr>
</tbody>
</table>

Significant differences were found to exist between the various age groups and whether they would use the services, as indicated in Table 4. It is apparent that the groups younger than 35 and older than 60 are less inclined to use an agency for booking and issuing transportation documents and preparing domestic itineraries than are the other two groups. Interestingly, for arranging international loyalty programme tickets, the group older than 60 is the least inclined to use an agency.
Table 5 shows that the comparison between the place of residence of the respondents and the use of a travel agency for services proved significant in terms of where respondents lived.

Table 6: Comparison of gender and the amount that respondents were willing to pay

Comparisons done to determine whether there was any significance between age and services for which respondents were prepared to pay were also done. Three services proved significant in terms of age group. The complexity of the number of columns prohibits the use of a table to report these results for this paper. A brief discussion of the findings is thus provided:

● Booking tickets for international travel: \( p=0.014 \). The most interesting result here is that there is a greater propensity to pay for this service in the age group younger than 35 than in the older age groups.
• Organising insurance: \( p = 0.032 \). While the majority of respondents in all age groups were unwilling to pay for this service, again, those younger than 35 were more inclined to pay.

• Arranging visas: \( p = 0.048 \). The majority of respondents in all age groups were willing to pay for this service, again with most falling in the category younger than 35.

In comparing services for which respondents were willing to pay and their income bracket, two services proved significant:

• Consultation for domestic travel: \( p = 0.039 \). When comparing the respondents’ income to the amount that they were willing to pay for a consultation for domestic travel, those that were most unwilling to pay for the specific service fell into the group that were not prepared to divulge their income. Respondents earning between R5 000 and R15 000 and an equal number (25) of those unwilling to divulge their income were prepared to pay between R50 and R100.

• Consultation for international travel: \( p = 0.000 \). The respondents who were not prepared to divulge their income were the income group most willing to pay between R100 and R200 for the specific service, followed by the income group R5 000 to R15 000. Far fewer respondents from all income groups were unwilling to pay for this service.

**SUMMARY AND CONCLUSIONS**

The most important findings of this paper relate to the services for which leisure travellers would use a travel agency and the amount that they would be willing to pay. From the results, it is clear that while respondents are willing to use a travel agency for almost all the services identified, their willingness to pay for these services is not as clear. This study was conducted during the period when negotiations between the South African national carrier and travel agents on a new revenue model were being conducted. Negotiations between the parties started in 2002 and were underway when this study was undertaken. The airline did not wish to implement a new revenue structure unilaterally without consultation on the far-reaching effects for the travel industry. SAA has committed financial support for research on the impact of commission cuts on the travel industry and projects such as customer education on the value that travel agents add. These negotiations have been ongoing for a number of years, giving agents a window of opportunity to prepare themselves for the changing environment. It would seem from these results that not all agents are using, or have used, this opportunity to educate customers on the value that they add to their travel arrangements, hence the relatively low response on the willingness to pay service fees to the travel agent. The results showed some interesting findings in terms
of gender, age and income as related to use of services and willingness to pay. Females appear to be more willing to pay for services rendered than do males. Age was particularly important in terms of certain services and willingness to pay. While it would seem that the younger generation is less inclined to use a travel agency for some services, they are also the group that seem to be more willing to pay when they do use an agency. While income was a significant factor in respondents’ willingness to pay for services, it was the group that was not prepared to divulge their income level that had the most significant results. It is therefore difficult to draw any conclusions from this result.

RECOMMENDATIONS

The results of this study cannot be generalised to the broader travelling public but certainly do provide an indication that much can still be done by travel agencies to educate customers on their role. This has two implications. Firstly, travel agents should consider their own role, particularly as agents for the customer rather than for the supplier. This means that travel agents need to objectively isolate those services that add value to the customer in order to measure the value in terms of their own costs and the fees that should be charged. Travel agents should therefore view all distribution channels, what they offer the customer and what, if any, the charge to the customer is. Travel agents should assess the services they offer in terms of what other channels are doing, should understand what their unique role is and should charge market-related or competitive fees for the services. Secondly, travel agents must educate customers, particularly leisure travellers, on what their role is and what they offer to the customer as a unique intermediary. The continued existence of travel agents depends on whether they can compete with other channels, both directly and indirectly, on the basis of value-added services and competitive charges for services.

REFERENCES


