

Leadership
in
Hospitality

Foundations
and
Practices

.....
Second Edition



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Richard E. Chambers
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.....

Leadership in Hospitality

FOUNDATIONS AND PRACTICES

Second Edition

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travel agent rrvations for a

many individual agencies to combine marketing and negotiating clout as a channel member. As a channel of distribution, the travel agent is second to none. Table 16-1 shows the status of travel agents in 1993.

In the less-recent past, the travel agent was primarily oriented toward the individual traveler, be it for business or pleasure. This practice has been changing, and agents are handling more meetings and group itineraries each year. The travel agency also is more of a full-service channel whereby hotel-booking may be incidental to the airline and ground transportation already arranged. Because of this, travel agencies are actively soliciting corporate meeting accounts, especially when they have previously handled the company's individual business travel. By promising more clout in negotiating

times, collectively, are reported to change fa as many as 80,000 times a day. To recomme a hotel, the agent needs knowledge of locati rates, amenities, dining, entertainment, pa ing, ground transportation, recreation faciliti and more. The technology of the industry changing at a furious pace in an attempt to ke up with all this information. Thus, the tra agent relies heavily on systems we have p viously discussed, plus some others.

Agencies that were on manual systems o a short time ago, now have sophisticated da base equipment to manage their bookings. (most 100 percent in the United States, but i so in Europe and Asia, as shown in Table 16- Figure 16-23 shows one example of such soph tication. Other automated systems are, in fa largely reservation terminals provided by t airlines (e.g., Apollo by United Airlines and S

TABLE 16-1 A Brief Review of Travel Agencies

There are 32,000 travel agencies in the United States and 3,000 in Canada. The vast majority are single-location offices accounting for two-thirds of travel bookings. The mega-agencies account for just 25%. In the United States, 96% of all agencies are automated. They make \$10.5 billion yearly in hotel bookings, half of which are CRS transactions.

The European agency market consists of 40,000 agency locations, producing \$9 billion in hotel bookings. Six countries account for 75% of these agencies: the UK, Germany, France, Italy, Spain, and Sweden. Mega-agencies dominate and tend to specialize in either business or leisure/passenger travel. Only 40% of agencies are automated. In the UK, 22% of agents are automated. Germany has one of Europe's most technologically advanced—70% are equipped with Amadeus' Start System. Over 13% of hotel bookings in Europe are made via CRS.

The Asia/Pacific market consists of 13,000 agencies doing \$20 billion in hotel sales. Four central markets—Japan, Hong Kong, Australia, and Korea—account for 80% of all travel activity. The Japanese market is dominated by mega-agencies. Four account for half of the travel business. Japan's Travel Bureau is the world's largest travel agency, followed by Kintetsu, Nippon Travel Agency, and Japanyo Travel. Automation is clearly on the rise, yet few hotel bookings are conducted through CRS. While 97% of Japanese agencies have CRS systems, only 30–40% outside Japan have access to CRS.

Chris Schulz, *Hotels*, November, 1993, p. 82. Courtesy of *Hotels*.

TravelLOGIX GUI technology accesses databases that can be coupled with visual presentation that educates the user by providing information described in the "thousand words" of a picture.

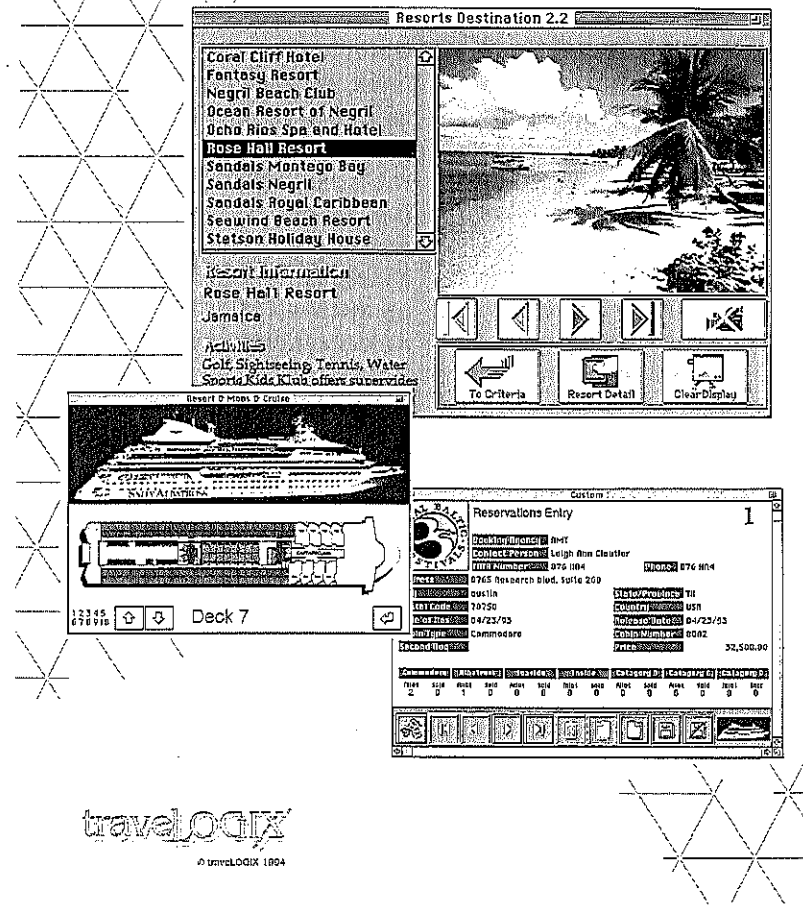


FIGURE 16-23 TravelLOGIX's CRS technology

bre by American Airlines), creating a direct link between travel agents and the airlines controlling this distribution channel. Figure 16-24 is a sample directory page from the Sabre system. Like the hotel systems, these have been called central reservations systems (CRS), but are now being called global distribution systems (GDS). Table 16-2 shows GDS computer screen data that travel agents would view for the Roger Smith Hotel in New York City.

Rates change at an unparalleled frequency in the history of travel. The proliferation of hotels

offering thousands of packages, incentives, and varying rate structures to varying people at varying times, makes booking a difficult task at best.

The rental car industry has followed suit with the airlines and hotels, offering special promotions and incentives every day. Many of these promotions have conditions attached to them, such as booking an airline seat 30 days in advance, with cancellation penalty clauses. Add to all this the overlapping frequent-traveler awards (and the traveler's perplexity over a

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