

2013 ASTA Travel Agency Industry Overview

American Society of Travel Agents

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2013 ASTA Travel Agency Industry Overview

Written for the Marketing Outlook Forum

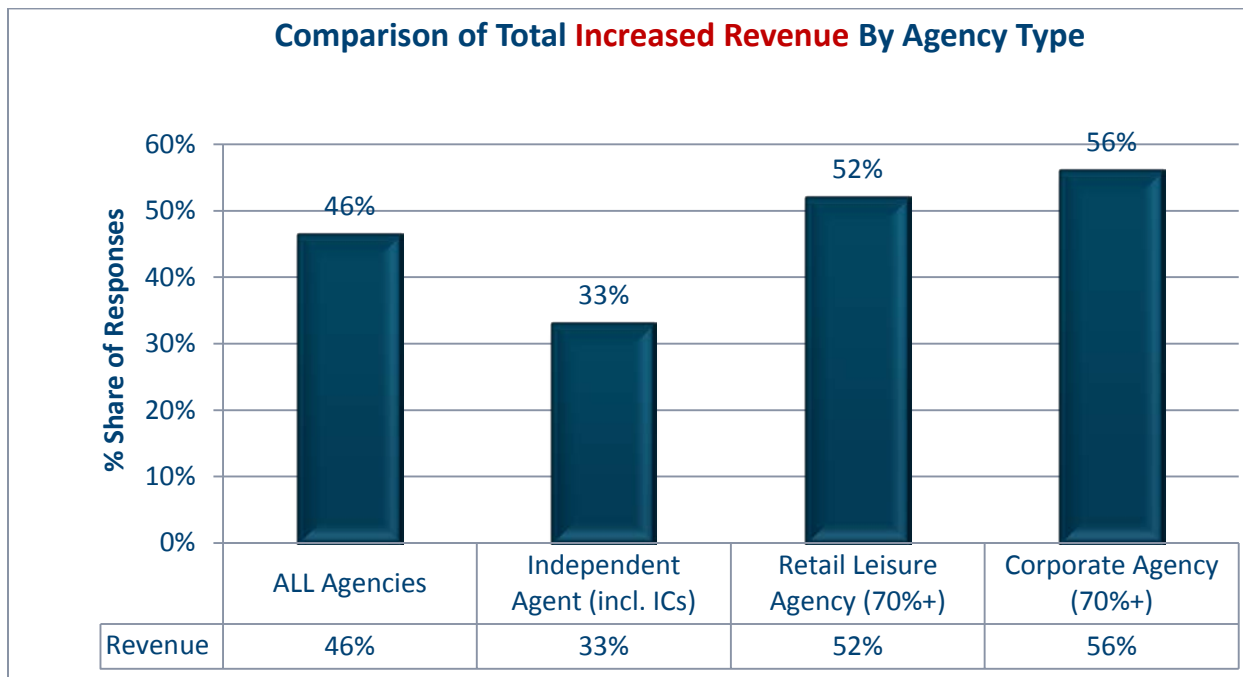
October 2013

Introduction

The travel agency industry in the United States is a vital part of the transportation infrastructure. Travel agents today are more than intermediaries; they are full service travel managers and counselors. Some work as travel managers at Travel Management Companies (TMC) and help corporations manage travel costs, while others work as travel counselors helping leisure customers realize their travel dreams.

The advent of the Internet and its usage by travelers as well as travel suppliers (airlines, hotels, etc.) has significantly changed travel distribution and challenged agencies to evolve, especially leisure agencies. Most ASTA agencies are in growth mode again with the majority of ASTA members saying their first half 2013 performance was the same or better than the first half of 2012.

Exhibit 1: Agency's First Half 2013 Performance versus First Half 2012 Performance



Source: ASTA's [2013 ASTA Agency Sales & Revenue Trends](#) - using the ASTA Research Family, a panel of ASTA agencies

The percentage of agencies reporting increased sales has slowed as agency sales normalize post-slowdown. The amount of decrease or increase in sales is obviously affected by the relative strength or weakness of the previous year. As the market normalizes, we will see the amount of “Same” increase. There are concerns that the government stand-off will have a negative effect on full year 2013 revenues and we’ll see a return depressed growth.

Exhibit 2: Agencies’ First Half-Year Performance Compared, 2008-2013

Total Increase

	1st half 2009/1st Half 2008	1st half 2010/1st Half 2009	1st half 2011/1st Half 2010	1st half 2012/1st Half 2011	1st half 2013/1st Half 2012
Revenue	12%	47%	53%	50%	46%
Transactions	12%	45%	48%	47%	47%
Number of Clients	11%	38%	43%	43%	46%

Total Decrease

	1st half 2009/1st Half 2008	1st half 2010/1st Half 2009	1st half 2011/1st Half 2010	1st half 2012/1st Half 2011	1st half 2013/1st Half 2012
Revenue	73%	36%	27%	28%	32%
Transactions	73%	36%	28%	29%	34%
Number of Clients	64%	29%	26%	24%	28%

Same

	1st half 2009/1st Half 2008	1st half 2010/1st Half 2009	1st half 2011/1st Half 2010	1st half 2012/1st Half 2011	1st half 2013/1st Half 2012
Revenue	15%	16%	20%	22%	22%
Transactions	15%	19%	24%	24%	19%
Number of Clients	25%	32%	32%	32%	27%

Source: ASTA's [2013 ASTA Agency Sales & Revenue Trends](#) - using the ASTA Research Family, a panel of ASTA agencies

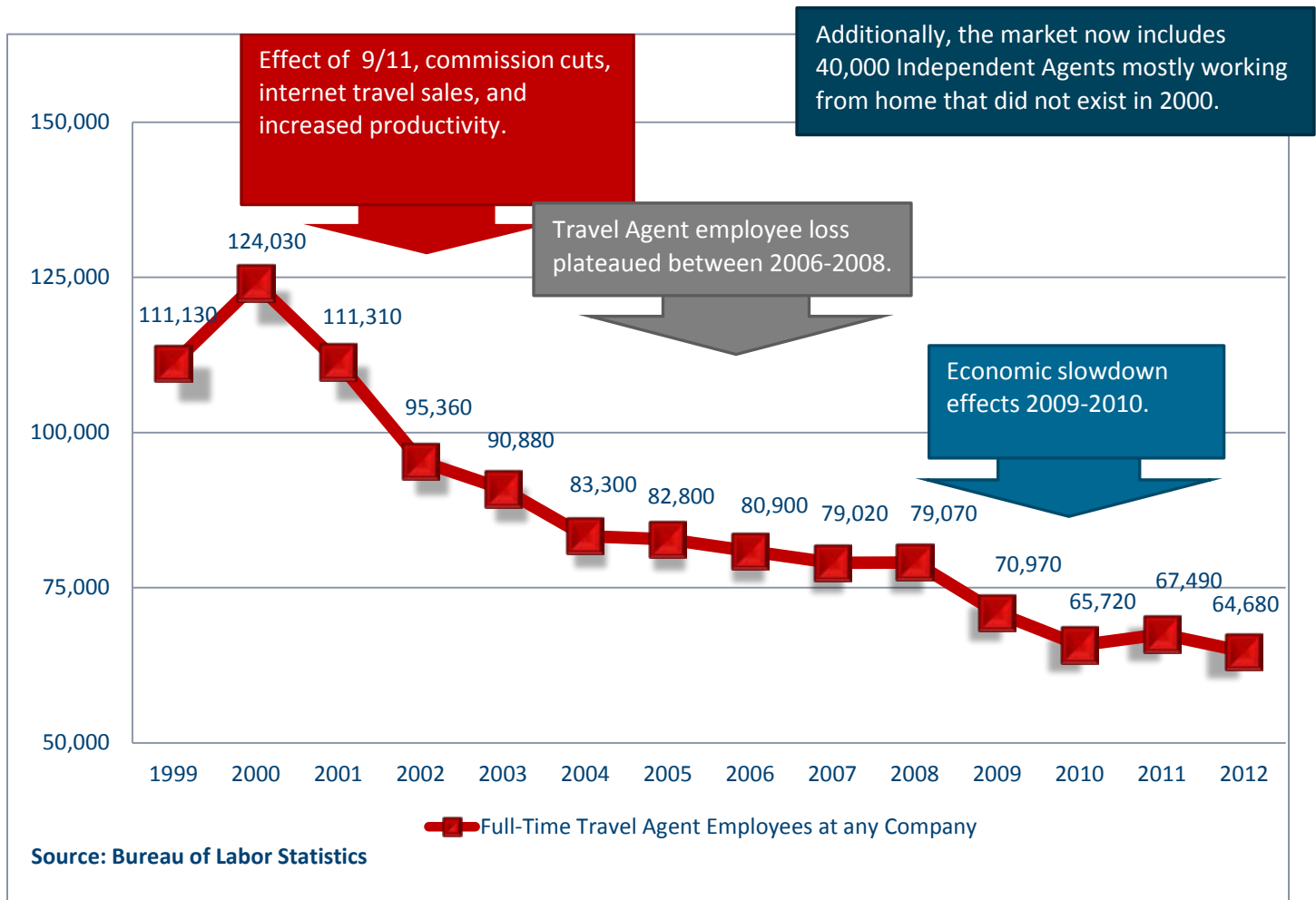
Many travel agencies have re-invented themselves and flourished in the new marketplace. There has been a growing trend by younger demographics to use travel agents for complex leisure travel. Washingtonian Magazine¹ recently featured travel agents in an article about the resurgence of travel agent use for luxury and “unique” travel. The challenge for leisure agents is reaching those consumers and for both corporate and leisure agents to get their “value” message out to potential consumers.

¹ Travel Agents Come Full Circle, Are Back in High Demand, *Washingtonian Magazine*, May 9, 2013.

Number of Agents and Agencies

The Bureau of Labor Statistics' data illustrates the effect the airline commission cuts, 9-11, and internet D.Y.I. travel sales had on the travel industry. It also shows that the steep decline in full-time professional agents slowed as agencies adjusted to the changes. The recent economic slowdown led to another dip in the number of agents.

Exhibit 3: Number of U.S. Agents, 1999 - 2012



While the number of agency employees has dropped almost 50% since the peak in 2000, an estimated 40,000 independent agents have entered the marketplace. These independent agents include 2nd careerists, downsized brick & mortar, new growing businesses, and new agents. They are taking advantage of technology to lower their overhead.

Census Bureau data shows a comparable decline in the number of agencies. It slowed after 2002, but has not plateaued like the BLS numbers. Some of the continuing decrease is related to market consolidation.

Exhibit 4: Number of Agencies, 1992 & 1997-2011

Year	Firms	Travel Agency Locations	Revenue (millions)	Annual Payroll (\$millions)	Total Employees (includes travel agents)
1992	20,742	26,403	\$6,964	\$3,305	161,025
1997	22,938	29,544	\$9,977	\$4,511	179,511
1998	21,896	28,872	na	\$4,775	185,391
1999	20,674	27,390	na	\$4,885	184,912
2000	19,362	25,975	na	\$5,313	183,143
2001	18,094	24,654	na	\$5,533	182,054
2002	14,838	21,705	\$9,387	\$4,281	147,948
2003	13,815	18,860	\$10,527	\$4,467	145,676
2004	13,062	17,592	\$11,759	\$4,569	132,246
2005	12,726	16,926	\$12,986	\$5,027	127,225
2006	12,248	16,640	\$14,820	\$5,281	129,216
2007	11,803	15,804	\$17,289	\$6,499	122,517
2008	11,421	15,866	\$17,093	\$6,766	123,191
2009	10,666	15,107	\$14,792	\$5,681	106,576
2010	10,026	14,271	\$16,449	\$5,356	105,085
2011 est.	10,126	14,366	\$17,456	\$5,481	105,458

Source: U.S. Census Bureau, (NAICS 56151 , SIC 4724)

Note: The Employee data does not match the BLS data for travel agents, since the total employees referenced here includes non-travel agents.

Travel Agency Distribution

Agencies processed \$141 Billion in Sales in 2012.

- Air - \$86 Billion (64% of the market place)
- Hotel - \$27 Billion (18% of the market place)²
- Cruise - \$15 Billion (64% of the market place)
- Tour –\$9 Billion (66% of the market place)
- Car –\$5 Billion

ASTA members represent 83% of all agencies sales when including OTAs. Not including OTAs/OTA member sales, ASTA represents 77% of traditional agency sales.³

² Hotel sales for agencies tends to be under-reported because many bookings by-pass the GDS.

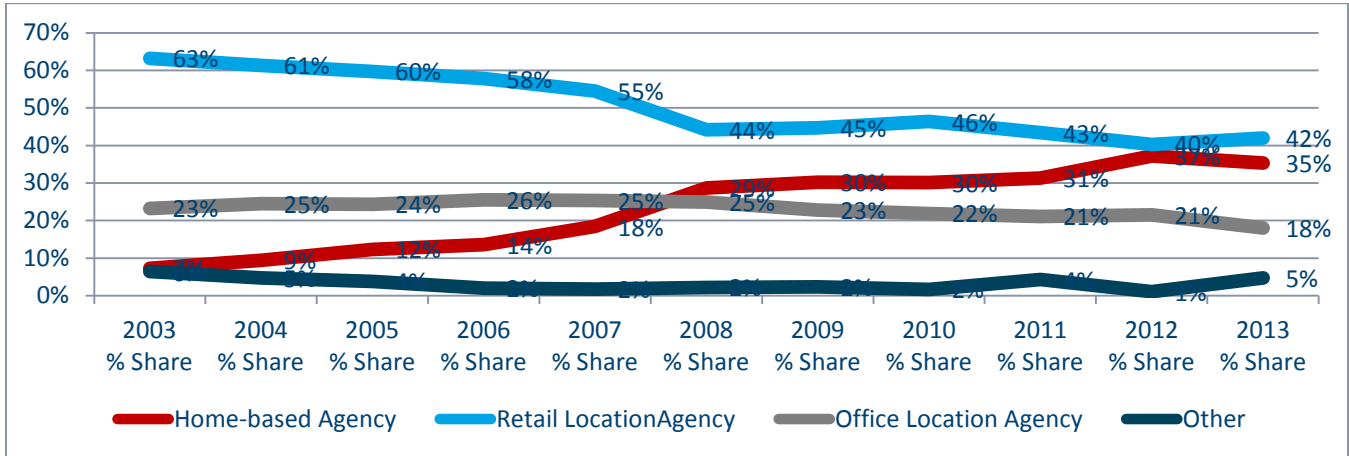
³ Sources: ARC 2012 Location Data, ARC 2012 YE Sales, Census Bureau (2011 County Patterns and Statistics of U.S. Businesses), PhoCusWright Travel Agency Landscape 2009-2013, annual Travel Weekly Power List



2012 Agency Demographics

Comparing 2003 with 2013, the percentage of home based grew by 384 percent. [ASTA's Agency Business Trends Report](#) found many small-to-mid-sized agencies either moving to a home-based model or considering it for financial savings. Across the country, many other industries are also seeing an increase in telecommuting. Overall, retail locations have seen a larger drop than office locations suggesting that mostly retail agencies are adopting the home-based model.

Exhibit 5: Agencies Broken Out By Location



Source: [2013 ASTA Agency Profile](#)

The percentage share of international sales has increased over the last ten years and agencies expect the share of international sales to continue increasing.

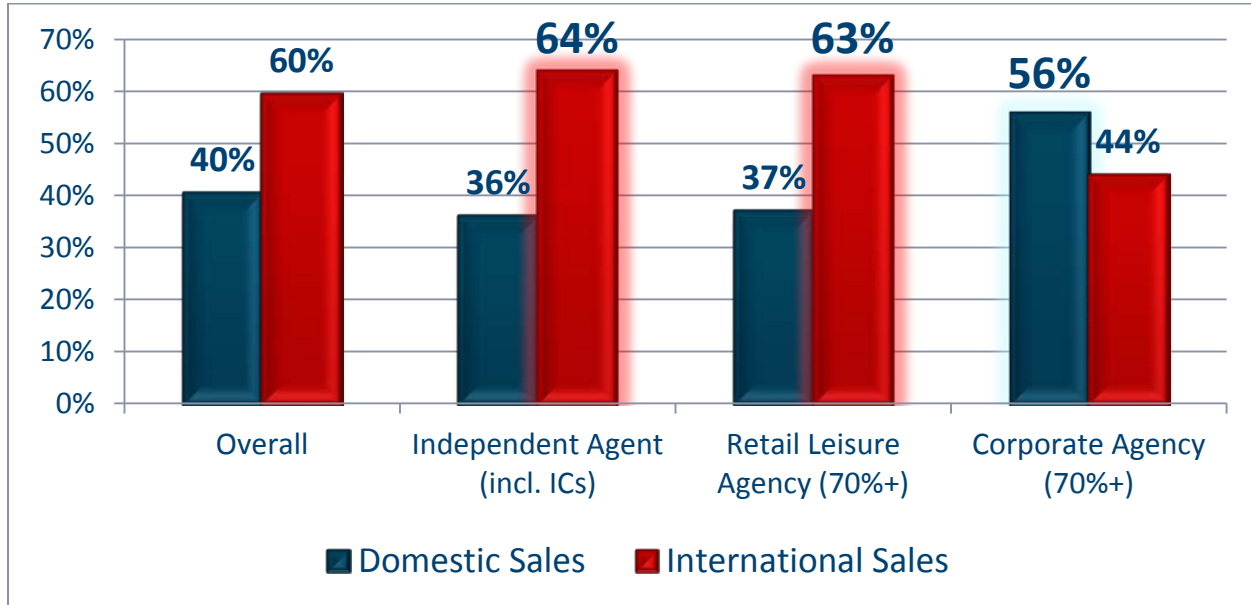
Exhibit 6: Domestic vs. International Sales



Source: [2013 ASTA Agency Profile](#)

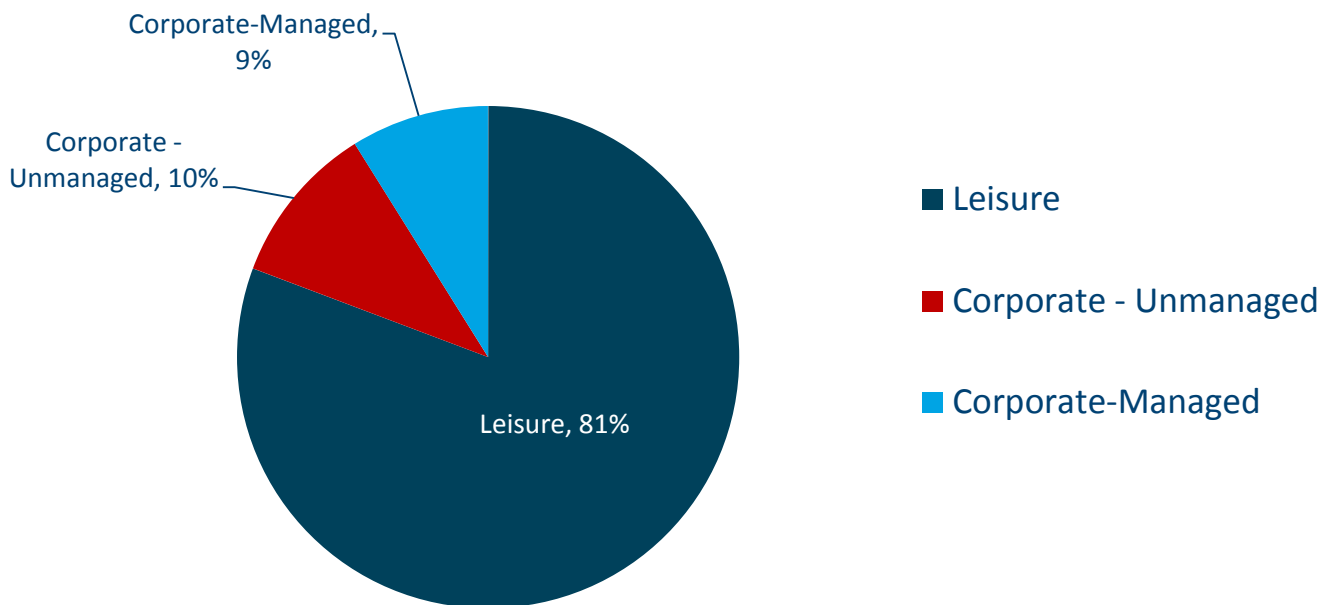
Leisure agencies are pushing the shift to international travel sales. American travelers tend to use travel agents for leisure travel that is more exotic and experience based and therefore more likely to be international travel.

Exhibit 7: 2013 Domestic vs. International Sales Broken Out By Agency Type



The ratio of leisure versus corporate travel has shifted very little over the past decade with most agencies selling leisure travel. However, those selling corporate travel represent a larger share of the market measured in dollars.

Exhibit 8: Leisure vs. Corporate Sales



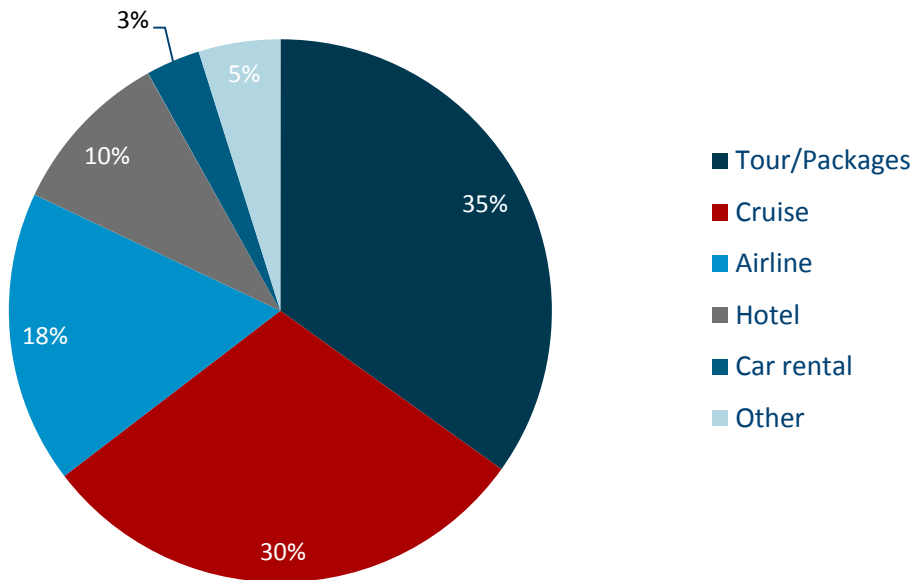
Source: [2013 ASTA Agency Profile](#)



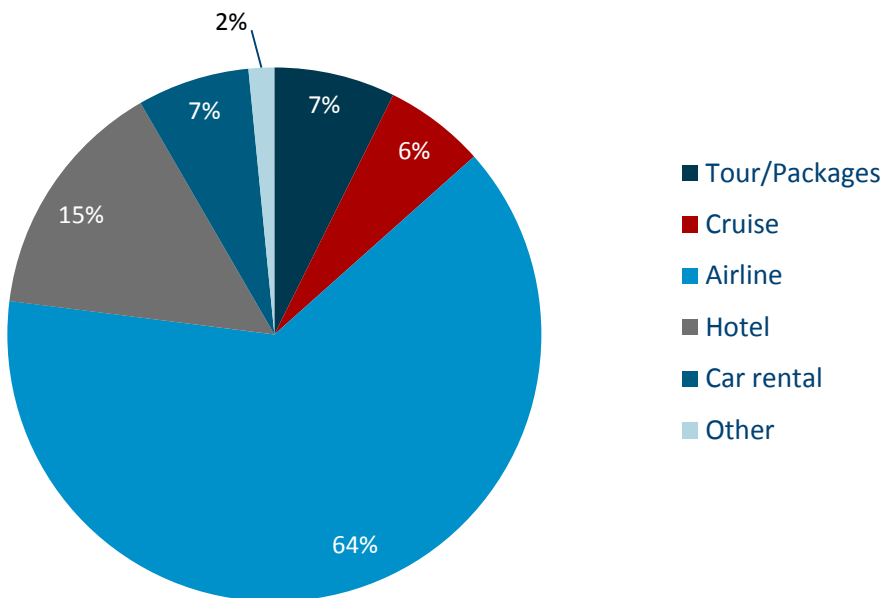
As would be expected, leisure agencies sell more cruise and tour than the other travel segments and corporate travel agencies sell more air.

Exhibit 9: Agencies Sales Mix by Travel Segment

Leisure Agencies (sales +70%)



Corporate Agencies (sales +70%)



Source: [2013 ASTA Agency Profile](#)



Exhibit 10: Agencies Sales Mix by Travel Segment, 2002-2013

Tour and Cruise represent the largest share of agencies sales measured in dollars. Air was the largest segment for many decades and first started decreasing in 2005. Many leisure agencies at that time had started to move away from selling air directly with the lack of commission revenue and increasing liability (debit memos, regulations).

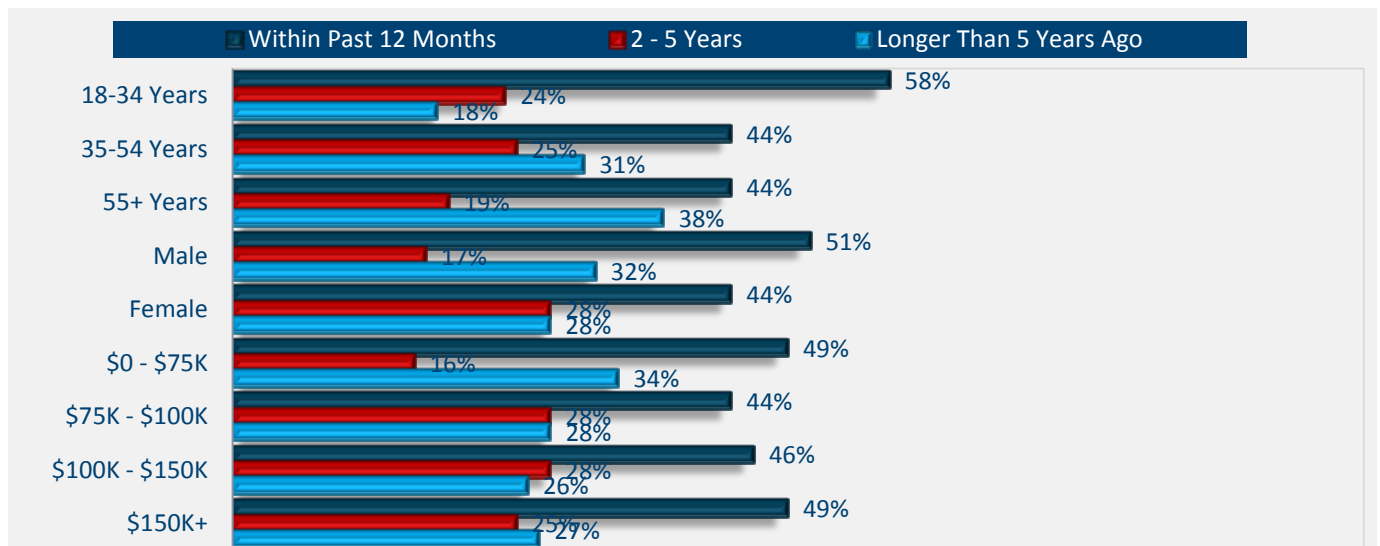
	2002 % Share	2003 % Share	2005 % Share	2006 % Share	2007 % Share	2008 % Share	2009 % Share	2010 % Share	2011 % Share	2012R % Share	2013P % Share	% Change '13/'02
Tour/Packages	27%	29%	30%	30%	31%	37%	35%	29%	29%	31%	31%	13%
Cruise	22%	22%	24%	24%	25%	20%	25%	25%	25%	26%	27%	20%
Airline	34%	32%	29%	27%	26%	24%	24%	28%	25%	25%	23%	-30%
Hotel	8%	9%	9%	8%	10%	13%	9%	10%	11%	10%	10%	23%
Car rental	5%	5%	5%	4%	4%	3%	4%	4%	4%	4%	3%	-31%
Other	4%	4%	4%	7%	4%	3%	4%	3%	5%	4%	4%	10%

Source: [2013 ASTA Agency Profile](#)

Travel Agent Usage by Consumers

Conventional wisdom would state that the older and more affluent travelers were the only consumers using agents. However, a consumer travel study conducted with DKS&A showed that Younger (18-34) and Less Affluent (<\$75K) used the services of an agency in the past months as much, if not more than the most affluent respondents (>\$150K). Interestingly, the same study also found that service fees were not a deterrent to using a travel agent across most travel segments.

Exhibit 11: Travel Agent Usage by Time Period



Source: ASTA's [Travel Agent Usage and Pricing Sensitivity Report](#)

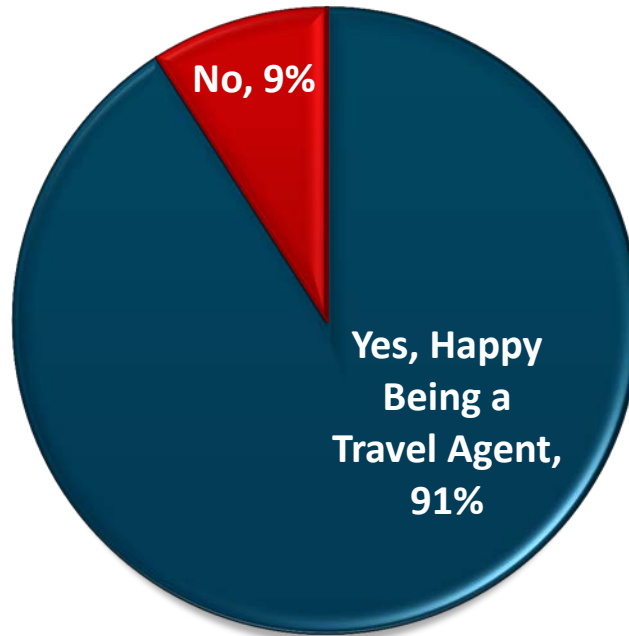


Agent's View of the Industry

ASTA recently asked our Research Family⁴ how they felt about their current agency position. The response was overwhelmingly positive with 91% saying they are happy. 81% of the respondents also plan to remain in the travel agency profession for the foreseeable future.

Exhibit 12: Percentage of ASTA Members Happy In Their Current Agency Position

Agents Love Their Job!



Many respondents commented on how much they enjoy their job and hope to see more young people join the industry. There were also many who reflected that this was an easier industry to join in the past and less complicated when they could depend on air commissions for steady revenue. There was a consensus from most that education (geography, technology, and destination) was the key to success as well as strong sales skills and customer service.

They are a well-traveled group for obvious reasons.

Exhibit 13: Average Destinations Visited by Travel Agents

Average Destinations Visited by Travel Agents in 2012	6
Average Destinations Visited by Travel Agents during lifetime	106

⁴ The ASTA Research Family is a panel of 500+ ASTA agency members that we use for our [Travel Agency Benchmarking series](#). Panel members are recruited annually in January and answer 7-9 surveys between January and October.

And they work to anticipate problems for their clients.

Exhibit 14: How Agents Anticipate Problems

	% Share of Responses
Confirm all the details right before clients leave.	88%
Keep abreast of airline/airport issues	79%
Self-inspect many of the properties/cruises I book.	70%
Scan weather/news for issues like hurricanes/volcanoes/civil strife.	70%
Other	18%

About ASTA

ASTA (American Society of Travel Agents) members represent 83% of all travel sold in the United States by agencies and its membership is growing internationally. ASTA’s history of travel industry advocacy traces back to its founding more than 80 years ago, with the mission to facilitate the business of selling travel through effective representation, shared knowledge and the enhancement of professionalism. For more information, visit asta.org.

ASTA’s sister association, The **National Association of Career Travel Agents**, represents a professional community of independent and home-based agents ready to assist the traveling public.

ASTA conducts comprehensive research on the travel agency industry on subjects as diverse as GDS Usage, Service Fees, Agency Demographics, Compensation, and Financial Benchmarking. ASTA also uses vendors to conduct research on other aspects of the travel industry including consumer attitudes towards service fees. More information on **ASTA’s research program** is available on www.asta.org.

Please contact Melissa Teates at mteates@asta.org or 703-739-2782, if you have any questions.

