

# Endangered Species? How the Internet Has Become a Travel Agent's Best Friend and Greatest Foe



The electronic revolution has drastically changed the way businesses operate in a wide variety of industries, and the travel industry is no exception. The ability of/for consumers to book their own flights, hotels, and rental cars through online travel sites has seriously impacted the work and livelihood of veteran travel agents, who have seen sales decline as customers flock to low-price virtual alternatives. Given this changing business environment, dependable cash flows become ever more crucial to the survival of professional travel agents.

But, travel agents who book non-airline services have long struggled against unreliable revenue streams, as these agents only receive payment after services have been rendered. With increasing pressure from online competitors and a system that postpones payment for non-airline services, how can professional travel agents possibly survive?

While many consumers flocked to online travel sites at their inception, drawn by low prices and the allure of the Internet, a large sector of the market is now returning to professional travel agencies. The knowledge and experience seasoned travel agents command appeals to travelers who value service over price, and who realize that working with a travel agent provides them with a point of contact if something goes wrong during their travels. In addition, travel agencies often have access to lower fares than online travel sites, allowing customers to capitalize on the knowledge and experience associated with professional agents without sacrificing cost.

In short, low-cost online travel sites will never be a sufficient substitute for knowledgeable travel agents. However, travel agents still face problems associated with unreliable revenue streams, and as competition from low-cost travel sites increases, reliable revenue streams become ever more important. In order to guarantee cash flows, travel agents must use a system that allows them to receive payment *up front* for non-airline service sales, just as they do now when selling airline reservations.

And while the Internet has presented travel agents with their greatest competitor, it has also given them their greatest defense. Through a global link between suppliers, travel agents, and customers, Internet-based distribution services offer travel agents a system that grants access to a wide range of different *prepaid* travel services. These same systems help travel agents to protect their commission by settling financial transactions between suppliers, agents, and customers at the time of sale.

Global distribution services (do we mean GDS's?) allow travel service suppliers to load their supply inventory into a centralized booking system, from which travel agents can then make sales. Agents complete sales directly from a prepaid inventory of services, allowing them to focus on delivering excellent customer service and growing their business by eliminating concerns regarding obtaining commissions from previous sales. Sophisticated reservation service partners that operate on a 24/7 basis allow agents to access the system and make sales from any computer, at any hour of the day or night. Consumers pay travel agents directly, and the distribution system retains sales commissions while paying the services supplier. In addition, both suppliers and agents are paid in the currency of their choice, with up-to-the-minute conversion rates. The end result? A win-win for both service suppliers and travel agents.

Technology is a double-edged sword. While the Internet has presented travel agents with book-it-yourself competitors that seek to compete on price, it has also made global distribution and financial settlement systems possible, ensuring that travel agents receive commission up front and suppliers are paid as soon as sales are complete. These systems act as intermediaries between suppliers and travel agents, allowing both parties to focus on their core business goals without fretting over payment. Suppliers can focus on streamlining their business processes, and travel agents can focus on winning the battle against low-cost booking alternatives. While these agents may face an uphill battle, global distribution systems allow them to focus their energies on their core strength: delivering quality and service in an industry that has been flooded with online competitors that focus on price instead of people.

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