Turnover and Output Measurement for Travel Agencies in Ireland
Irish surveys of travel agencies

• Annual Services Inquiry – structural business statistics
  – collects profit and loss and balance sheet type information

• Monthly Services Inquiry (since 2009) for short-term indicators
  – collects turnover only

• Business Demography
  – Based on Business Register
Travel Agencies a small industry in Ireland

- Number of Enterprises, Persons Employed, and € Turnover (thousands) in NACE 79.11 Travel Agencies 2012, by numbers of persons employed. (ASI)

<table>
<thead>
<tr>
<th>Persons Employed</th>
<th>Enterprises</th>
<th>Persons Employed</th>
<th>Turnover €000's</th>
<th>Enterprises percentage</th>
<th>Persons Employed percentage</th>
<th>Turnover percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 9</td>
<td>178</td>
<td>789</td>
<td>227,749</td>
<td>84%</td>
<td>41%</td>
<td>26%</td>
</tr>
<tr>
<td>10 to 49</td>
<td>25</td>
<td>583</td>
<td>289,572</td>
<td>12%</td>
<td>30%</td>
<td>33%</td>
</tr>
<tr>
<td>50 or more</td>
<td>7</td>
<td>550</td>
<td>353,249</td>
<td>4%</td>
<td>29%</td>
<td>41%</td>
</tr>
<tr>
<td>Total</td>
<td>210</td>
<td>1,922</td>
<td>870,570</td>
<td>4%</td>
<td>29%</td>
<td>41%</td>
</tr>
</tbody>
</table>

- Nace 79 was only 0.16% of total Irish Value Added in 2010
- Why is this industry so small when the travel industry is so large?
What happened to travel agents?

• Up to the 1990’s, commission on flights was travel agents most reliable source of income

• Since the late ’90s, many airlines have first reduced this commission, then eliminated it completely
  – For example the Irish national carrier Aer Lingus paid 9% commission in the 1990’s
  – By 2003, they had reduced it to 1%
  – By 2011, they had eliminated commission

• Airlines also became able to sell more tickets directly
  – Estimated that over half of air tickets worldwide are sold directly, with low-cost carriers selling a higher percentage directly
Michael O’Leary, CEO of Ryanair, on travel agents

- "Take them out and shoot them. They are a waste of bloody time. What have they done for passengers over the years?"
How the Irish travel

- Outbound travel by Irish Residents - percentage distribution of trips taken classified by Method of Booking, Quarter 3, 2013 (Household Travel Survey)

<table>
<thead>
<tr>
<th>Method of Booking</th>
<th>Package %</th>
<th>Transport %</th>
<th>Accommodation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>26.3</td>
<td>84.6</td>
<td>57.9</td>
</tr>
<tr>
<td>Via travel agent/tour operator</td>
<td>72.1</td>
<td>6.7</td>
<td>9.3</td>
</tr>
<tr>
<td>No booking required/Don't know</td>
<td>1.6</td>
<td>8.6</td>
<td>32.8</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

- Package holidays still mostly booked through travel agents.
- Most transport is booked directly, not through travel agent.
- Majority of accommodation booked ‘directly’, but this may include online travel agents.
Travel Agencies’ response to new reality

- Charging customers service fees for booking flights
- Commission from package holidays, cruises, car hire etc.
- Custom designed holidays, e.g. adventure holidays
- Online Travel agents
Rise of the Online Travel Agent

• Offer services similar to traditional travel agents
• A large proportion of income from commission on hotel accommodation
• Hotel room commission can be 20-30%
• Travel metasearch engines compare prices offered by online travel agents
Summary

- Travel agencies are a small part of the Irish economy
- Under severe pressure since the 1990’s, due to abolition of flight commission and ability of customers to bypass travel agents using internet
- Importance of Online Travel Agents