

# **Other Reservation Services Turnover/Output Measures in the US**

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## 1. Definition of the Services being collected

The definition of other reservation services from NAICS United States covers a wide range of activities and aligns well with ISIC 7990, Other reservation services and related activities. NAICS United States, 2012 includes the following descriptions:

### **561591 Convention and Visitors Bureaus**

This U.S. industry comprises establishments primarily engaged in marketing and promoting communities and facilities to businesses and leisure travelers through a range of activities, such as assisting organizations in locating meeting and convention sites; providing travel information on area attractions, lodging accommodations, restaurants; providing maps; and organizing group tours of local historical, recreational, and cultural attractions.

Cross-References.

- Establishments primarily engaged in organizing, promoting, and/or managing events, such as business and trade shows, conventions, conferences, and meetings (whether or not they manage and provide the staff to operate the facilities in which these events take place) are classified in Industry [561920](#), Convention and Trade Show Organizers.

### **561599 All Other Travel Arrangement and Reservation Services<sup>1</sup>**

This U.S. industry comprises establishments (except travel agencies, tour operators, and convention and visitors bureaus) primarily engaged in providing travel arrangement and reservation services.

Illustrative Examples:

Condominium time-share exchange services  
Ticket (e.g., airline, bus, cruise ship, sports, theatrical) offices  
Reservation (e.g., airline, car rental, hotel, restaurant) services  
Ticket (e.g., amusement, sports, theatrical) agencies  
Road and travel services automobile clubs

Cross-References.

- Establishments primarily engaged in arranging the rental of vacation properties are classified in Industry [531210](#), Offices of Real Estate Agents and Brokers;
- Travel agencies are classified in Industry [561510](#), Travel Agencies;
- Tour operators are classified in Industry [561520](#), Tour Operators;
- Convention and visitors bureaus are classified in U.S. Industry [561591](#), Convention and Visitors Bureaus;
- Establishments primarily engaged in organizing, promoting, and/or managing events, such as business and trade shows, conventions, conferences, and meetings (whether or not they manage and provide the staff to operate the facilities in which these events take place) are classified in Industry [561920](#), Convention and Trade Show Organizers; and
- Automobile clubs (i.e., enthusiasts' clubs) (except road and travel services) are classified in Industry [813410](#), Civic and Social Organizations.

NAICS does not classify tourist guides in this industry. Tour guides are classified in NAICS 713990, All Other Amusement and Recreation Industries. NAICS also includes automobile clubs that provide road and travel services (ISIC 9499, Activities of other membership organizations n.e.c.) within Other reservation services. With those exceptions, the content of the industries is very close.

## 2. Unit of Measure collected

Surveys and Censuses covering All Other Travel Arrangement and Reservation Services output collect the dollar value of sales, shipments, receipts or revenue the provision of services to clients or the commissions and fees received for making reservations and providing travel services. For example, the value of train or concert tickets should not be included in the revenue numbers but the commissions or fees earned for reserving or issuing the tickets should be included.

## 3. Surveys measuring waste management and remediation output

The Census Bureau has a number of censuses and surveys that collect output information for the on other reservation services. Most of the censuses and surveys collect output data from private employers. There are additional data from administrative records that cover the non-employer universe. Each of the surveys and coverage is detailed in the following paragraphs.

The Economic Census, conducted every five years, collects the most detailed information and provides benchmark data for the periodic sample surveys. The Economic Census questionnaires are sent to privately owned single- and multi-unit employers. The Economic Census output information is also used by the Producer Price Index program at the Bureau of Labor Statistics to weight price indexes. In 2012, there were over 3,850 private employer establishments with almost \$16 billion in revenue for other travel arrangement and reservation services according to the Economic Census.<sup>2</sup>

The Service Annual Survey targets employer companies and provides estimates of the output of the waste management industries based on a sample of providers. This survey provides estimates at the NAICS six digit industry level.

The Quarterly Services Survey targets employer companies provides estimates at the three-digit level (total waste management and remediation less sewerage). The series began in 2003 and provides estimates of total revenue.

Non-employer statistics provide information on the number of establishments and receipts based primarily on administrative records annually.

In addition to the output data series, there are related surveys of capital expenditures and financial results at the enterprise level that can provide additional insight to the operation of businesses providing other travel and reservation services.

#### 4. Market conditions and constraints

##### Other Travel Arrangement and Reservation Services

Private employer establishments:	3,858
Employees in private establishments:	107,237
Receipts/revenue from private employers:	\$15,957,409,000 <sup>3</sup>

Data for nonemployer businesses was not released in the 2012 Economy Wide Key Statistics file for 2012 to avoid disclosure.

The provision of other travel arrangement services is done by small businesses. Over 50% of the providers have 4 or less employees and over 70% of the providers have 9 or fewer employees. Revenue by establishment size range is not yet available from the 2012 Economic Census.

There are several specific types of businesses in the other reservation services industries for NAICS that are highly specialized. One is event ticket brokers. These businesses represented over \$5 billion (USD) in commission revenue and are highly specialized. Another is travel automobile clubs or services that provide a wide range of travel agency services but also provide roadside assistance. These specialized businesses accounted for almost \$2.4 billion (USD) in revenue (generally membership fees) in the 2012 Economic Census.

The market for other reservation services has changed over the past several years. New on-line businesses focusing on restaurant reservations have grown rapidly. As the businesses have grown, there has also been consolidation and mergers. The largest restaurant reservation services in the US and in Europe were acquired by larger online travel agencies.<sup>45</sup>

These services tend to operate on a mixture of commission and fee for service. The standard model involves installation of table management software (fee for service) and commission charges for each reservation.

The five year cycle and advance lead time to develop questionnaires and change classifications to account for new and emerging businesses creates substantial difficulties for quantifying these activities in economic censuses and surveys. In the case of one US restaurant reservation service, the initial public offering for the company occurred in 2009. The new company then acquired a European service in the UK and announced acquisition of another service by 2013. In 2014, the reservation service was acquired by a large on-line travel agency.

A large classification question is outstanding in the content and scope of other reservation services. Many new services are arising in what is known as the sharing economy. As a general rule, unless

brokering of services (such as travel agency, stock brokerage, and real estate brokerage) are specifically identified, the brokerage is included within the industry providing the underlying service. This issue becomes important with the new entrants in the market providing brokerage services for many things in the sharing economy. For example, brokerage (or reservation?) services for private owners who wish to rent out their homes for short periods of time. Once again, this business model has expanded rapidly.

Similar sharing economy applications are being developed to address short term rental of private vehicles, construction equipment, and similar services that bring owners and users together. The platforms exist to bring these parties together and generally operate on a commission or fee basis. Barriers to entry are very low. A good idea and a good website are essentially all that are needed to create a successful business.

Below is a list of significant products from other reservation services providers. The table includes the product, revenue from the product, and the relative percent of that product to the total revenue of establishments that reported the product.

<b>Product</b>	<b>\$ (USD)</b>	<b>% of total reported by the establishment</b>
Commissions for event tickets	\$5,245 M	87.6
Automobile club services	\$2,337 M	89.6
Commissions for domestic lodging	\$1,359 M	31.5
Commissions for computerized reservation services	\$1,300 M	45.4
Condominium time-share exchange services	\$868 M	87.6
Convention and planning services	\$731 M	67.8
Visitor information services	\$601 M	63.4
Commissions for airline seats - domestic	\$ 398 M	16
Commissions for airline seats - international	\$ 370 M	19.8
Commissions for packaged tours - domestic	\$350 M	13.5
Other reservation services	\$326 M	45.7

*Source: 2012 Economic Census*

The total product data are available on the Census Bureau's website. The list above covers about 88% of the total product revenue. The remaining products are all below \$300 M USD although they were often reported by fairly large numbers of establishments. For example, commissions for travel insurance were reported by over 900 establishments but accounted for only \$72 M USD.

Three products are highly specialized. Commission for events tickets, Automobile club services, and Condominium time-share exchange services represent the vast majority of services when establishments report those services.

5. Standard Classification structure and product details/levels

**NAICS United States 2012**

- 56159 Other Travel Arrangement and Reservation Services
- 561591 Convention and Visitors Bureaus
- 561599 All Other Travel Arrangement and Reservation Services

**NAPCS United States (provisional)<sup>6</sup>** – aggregate levels, full list in appendix A.

- 1 Travel Arrangement and Reservation Services**
  - 1.1 Reservation Services
    - 1.1.1 Reservation Service for Passenger Transportation
    - 1.1.2 Lodging Reservation Service
    - 1.1.3 Reservation Service for Pre-Packaged Tours
    - 1.1.4 Event Ticket Sales and Reservation Services
    - 1.1.5 Computerized Reservation System Services
    - 1.1.6 Travel Data Warehousing Services
  - 1.2 Trip Planning Services
  
- 3.1 Convention and Trade Show Planning and Assistance Services
- 3.2 Visitor Information and Sightseeing Tour Services
- 3.3 Training Services, Tourism and Related Subjects
- 3.4 Convention and Trade Show Support Services
- 3.5 Tourism Research Services
- 3.6 Automobile Club Services
- 3.7 Condominium Time-Share Exchange Services
  
- 4.0 Related Services
  - 4.1 Travel Insurance Commissions
  - 4.2 Reselling Services for travel accessories and other merchandise, retail
  - 4.3 Travel Document services
  - 4.4 Travelers Check Agency Services
  - 4.5 Foreign Exchange Service
  - 4.6 Wire Transfer Services for Currency
  - 4.7 Short Term Mobile Phone Access Commissions
  - 4.8 Published Corporate Travel management Software
  - 4.9 Emergency Travel Services

6. Evaluation of standard vs. definition and market conditions

The standard classifications adequately distinguish between the various providers of reservation and travel arrangement services. However, there are many services that travel agencies provide that are also provided by other reservation service establishments. These NAICS industries highlight the problem of similar or the same services being provided by establishments classified in more than one industry. Products are defined appropriately for output reporting identifying different measures such as fees for services and commissions variables included in company records.

One area of concern is the growing sharing economy and the most appropriate way to handle brokering or reselling of services in a comprehensive way in industry classifications. This paper touches on that in section 4, above.

#### 7. National accounts concepts and measurement issues for other reservation services

Output should be measured as commissions for services provided or as a margin for reselling of services. The discussions of reselling services and bundling being addressed as cross cutting topics will impact the most appropriate method of measuring output for use by the national accounts.

Quarterly, annual and benchmark turnover data is available for national accounts use from the Census Bureau. It should be noted that the turnover in these programs are for private, employer establishments and companies. Government activities are excluded from these data sources.

#### 8. Turnover/output data method(s)

The various data program sources listed in section 3, above, use different methods of collecting data. The most comprehensive from a coverage and a detailed product standpoint is the Economic Census conducted every five years. This data program directly surveys producing establishments above a mail cutoff level. Administrative tax records are used for small, non-mail cases.

Quarterly and annual sample survey data is company based. A sample of employer establishments is surveyed at the appropriate periodicity. The quarterly data are benchmarked the annual and the annual data are benchmarked to the Economic Census every five years.

Nonemployer data is based on administrative records.

#### 9. Evaluation of comparability of turnover/output data with price practices

The other reservation services industry does not have price data available from BLS for use as a deflator. BLS does produce price indices for travel agencies but not for other reservation services offered. At the product level there are a number of indices below the industry level that might be acceptable for deflating some of the services listed by respondents. PPI produces the following indices<sup>7</sup>:

PCU 561510561510111	Domestic flight bookings
PCU 561510561510112	International flight bookings
PCU 5615105615102111	Hotel bookings

However, that only covers 3 of the eleven important product lines reported in item 4 above. Most notably, only one of the top six product lines would be covered by the available SPPIs.

The three most specialized products, commissions for event tickets, automobile club services, and condominium time-share exchange services (accounting for over 50% of total industry revenue) do not have specific deflators available.

The other price indices available at the detailed level are for car rental bookings, cruise bookings, and tour bookings.

## 10. Summary

Information on the output of other reservation services is fairly comprehensive from private sector employer establishments in the Economic Census. There is adequate product detail to differentiate service offerings from various types of producers. Price index coverage in the United States is not as comprehensive.

Other reservation services are not extremely large within Subsector 561, Administrative and Support Services for NAICS. There are specialized establishments, particularly for event tickets and automobile club operations that are specific to this industry.

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<sup>1</sup> NAICS United States, 2012. Executive Office of the President, Office of Management and Budget, page 797-798

<sup>2</sup> 2012 Economic Census

[http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN\\_2012\\_US\\_5613&prodType=table](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2012_US_5613&prodType=table)

<sup>3</sup> 2012 Economic Census

[http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN\\_2012\\_US\\_5612&prodType=table](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2012_US_5612&prodType=table)

<sup>4</sup> <http://www.forbes.com/sites/samanthasharf/2014/06/13/priceline-reserves-opentable-for-2-6-billion/>

<sup>5</sup> <http://techcrunch.com/2014/05/07/lafourchette-gobbled-up-by-tripadvisor/>

<sup>6</sup> [http://www.census.gov/eos/www/napcs/finalized/web\\_5615\\_final\\_reformatted\\_edited\\_US012709.pdf](http://www.census.gov/eos/www/napcs/finalized/web_5615_final_reformatted_edited_US012709.pdf)

<sup>7</sup> <http://data.bls.gov/cgi-bin/dsrv?pc>



## Appendix A: NAPCS Detailed Products for Travel Arrangement and Reservation Services

### **NAPCS United States (provisional)**

#### **1 Travel arrangement and reservation services**

- 1.1 Reservation services
  - 1.1.1 Reservation service for passenger transportation
    - 1.1.1.1 Reservation service for airline seats
      - 1.1.1.1.1 Reservation service for airline seats, international travel
      - 1.1.1.1.2 Reservation service for airline seats, domestic travel
    - 1.1.1.2 Reservation service for bus seats and airport shuttle services
    - 1.1.1.3 Reservation service for rail seats
    - 1.1.1.4 Reservation service for vehicle rental
    - 1.1.1.5 Reservation service for cruises
      - 1.1.1.5.1 Reservation service for cruises of one day or less
      - 1.1.1.5.2 Reservation service for cruises of more than one day
    - 1.1.1.6 Reservation service for ferry transportation
  - 1.1.2 Lodging reservation service
    - 1.1.2.1 Lodging reservation service, international travel
    - 1.1.2.2 Lodging reservation service, domestic travel
  - 1.1.3 Reservation service for packaged tours
    - 1.1.3.1 Reservation service for pre-packaged tours
      - 1.1.3.1.1 Reservation service for pre-packaged tours, international travel
      - 1.1.3.1.2 Reservation service for pre-packaged tours, domestic travel
    - 1.1.3.2 Customized tour package service
  - 1.1.4 Event ticket sales and reservation services
  - 1.1.5 Computerized reservation system services
  - 1.1.6 Travel data warehousing services
- 1.2 Trip planning services
  - 1.2.1 Trip planning services, business travel
  - 1.2.2 Trip planning services, leisure travel

#### **2 Packaged tours**

- 2.1 Pre-packaged tours
  - 2.1.1 Pre-packaged tours, international travel
  - 2.1.2 Pre-packaged tours, domestic travel
- 2.2 Customized group tour packages
  - 2.2.1 Customized group tour packages, international travel
  - 2.2.2 Customized group tour packages, domestic travel
- 2.3 Reselling services for pre-packaged tours

- 3.1 Convention and trade show planning and assistance services
- 3.2 Visitor information and sightseeing tour services
- 3.3 Training services, tourism and related subjects
- 3.4 Convention and trade show support services
- 3.5 Tourism research services
- 3.6 Automobile club services
- 3.7 Condominium time-share exchange services
- 3.8 Condominium time-share services for land developers

**4 Related products**

- 4.1 Insurance brokerage and agency services for travel insurance
- 4.2 Reselling services for travel accessories and other merchandise, retail
- 4.3 Travel document services
- 4.4 Travelers check agency services
- 4.5 Foreign exchange services
- 4.6 Wire transfer services for currencies
- 4.7 Short-term mobile phone access services
- 4.8 Published corporate travel management software
- 4.9 Emergency travel services