



# 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)**

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

- 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)**

	Package %	Transport %	Accommodation %
Direct	26.3	84.6	57.9
Via travel agent/tour operator	72.1	6.7	9.3
No booking required/ Don't know	1.6	8.6	32.8
Total	100	100	100

- 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