

29th Voorburg Group Meeting

Pricing travel agency and tour arrangement services

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statistics for informed

decision making

Introduction

- Industry overview
- Classification
- Services to be priced
- Pricing methodologies
- Challenges

Industry overview

- Australia's travel agency and tour arrangement services industry is highly competitive
- Total output in 2009-10 is about \$5.8b
- Types of businesses
 - retailers
 - wholesalers,
 - ticket consolidators
 - tour operators
- Growing online travel agency services

Industry overview (cont'd)

The output (\$M) of travel agency services from Australian Input-Output Table

IOPC	2006-07	2007-08	2008-09	2009-10
IOPC 72200010 - Travel agency and tour arrangement services	4,788	5,300	5,211	5,824
IOPC 72990010 - Tourist information centre operation	1,073	1,227	1,072	1,168
Total	5,861	6,527	6,283	6,992

Classification

- ANZSIC 06
 - Class 7220 – travel agency and tour arrangement services
 - Class 7299 – small part refers to tourist information centre
- ISIC v4
 - Class 7911 – travel agency activities
 - Class 7912 – tour operator activities
 - Class 7990 – other reservation services

Services to be priced

- National Accounts and TSA concepts
 - IRTS 08 and TSA-RMF 08
- Intermediaries in distributing travel services on behalf of producers of these services.
- May also provide add-on services
- Derive revenue from fees, commission or mark-up
- Services measured as a gross margin

Pricing methodologies

- Price concept of margin on goods
- Price concept of margin on services
- Quality adjustment issues
 - Quality of the travel services
 - Allocation of use of the travel services

Pricing methodologies (cont'd)

- The ABS's method for retail trade margin
 - Margin price = %margin times a fixed sale volume
- Options for compiling an output price index, e.g.
 - Collect samples with all required specs
 - Use QBIS and some admin summary data

Challenges

- Pricing services provided to large business
- Pricing packaged tours
- Collecting samples
 - What to be collected
 - How to sample?



Conclusions

- Treated as distribution service or margin service
- Method similar to the ABS's approach to pricing retail trade margin services on goods.
- Collecting useful data is a big challenge