TRAVEL AGENCY THREATS AND OPPORTUNITIES: THE PERSPECTIVE OF SUCCESSFUL OWNERS

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ABSTRACT. In-depth interviews with 19 owners of exceptionally successful US-based conventional travel agencies revealed negative public perceptions of travel agencies to be the main external threat facing the sector. Misplaced faith in Internet-based cybermediaries, unqualified travel agents, negative mass media coverage and failure to attract young entrants were constituent sub-themes. Public outreach was identified as the main opportunity to counter these perceptions, with inherent interest in travel and the need for geographical awareness revealed as sub-themes. Other threats were unfavorable relations with some vendors, and geopolitical and economic uncertainty. Other opportunities were niche products and markets, Internet technologies, and consolidation and reduced competition.

KEYWORDS. SWOT analysis, environmental scanning, threats, opportunities, travel agencies

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INTRODUCTION

As with other open system sectors, tourism and hospitality organizations commonly engage in strategic planning as a means of gaining competitive advantage in the face of an increasingly uncertain, dynamic and complex world (Harrison 2003; Jogaratnam and Law 2006). A core component of strategic planning is strategic (or SWOT) analysis, which entails the identification and assessment of internal strengths and weaknesses, as well as external opportunities and threats (Tribe 2005). Superior performance is achieved, at least in principle, if the organization is able to align its internal environment (e.g. strategic direction, competitive strategies, allocation of resources, etc.) to respond optimally to these external opportunities and threats (Olsen and Roper 1998).

The external component, accordingly, is a critical aspect of strategic planning that is apprehended through a process of 'environmental scanning' (or ES) (Jogaratnam and Law 2006), which Okumus (2004) defines as 'the employment of systematic methods… to monitor and forecast those external forces and developments that are not under the direct control of the organization or its industry' (p. 124). A useful distinction in ES can be made between the 'task environment', or vendors, media, local communities, government agencies, customers and other groups that the organization regularly interacts with, and the 'broad environment', which encompasses the socio cultural, ecological, geopolitical, economic and technological contexts that the organization operates within. The distinction is important because organizations can exert at least some influence over

the task environment but little or none over the broad environment, suggesting the respective utility of proactive and reactive organizational strategies (Harrison 2003).

The SWOT component of strategic planning has been criticized as typically being carried out in a non-analytical way that yields overly descriptive and general information insufficient to serve as an effective basis for subsequent action (Hill and Westbrook 1997). While this suggests the need for analytical rigour, Okumus (2004) argues against formal ES procedures due to difficulties in defining and contending with the external environment, predicting the future, and collecting and accurately interpreting reliable and relevant data. Problems also exist in identifying factors as opportunities or threats (especially within the broad environment) and in structuring formal ES mechanisms 'informally' enough so as to not stifle creativity and maximum communication flows. Notwithstanding this paradox, a positive relationship between ES, strategy and organizational performance has been identified (Costa and Teare 1996; Dev and Olsen 1989), and even Okumus (2004) regards ES in at least some form as crucial for all hospitality and tourism organizations.

Studies on the relationship between performance and ES in the hospitality industry, conducted mainly during the late 1980s and early 1990s, have given rise to additional research streams focused on ES methods (Go and Vincent 1995; Jogaratnam and Law 2006; Kay 2001; Pinto and Olsen 1987; Wu, Costa and Teare 1998) and on the opportunities and threats identified by these exercises (Kim and Olsen 1993; Murthy and Teare 1994; Olsen, Murthy and Teare 1994; Simons and Namasivayam 1999). Most of these empirical investigations rely on feedback from a sample of managers or top executives, in line with Okumus (2004) and Jogaratnam and Law (2006), who regard ES

as the domain of senior management. The use of samples is also appropriate given the contention of Ashmos et al. (2002) that a collective approach produces better information when dealing with highly complex and uncertain external environments. However, the utility of outcomes as reported in the literature is constrained by the use of surveys, which yield the sort of vague and terse data criticized above by Hill and Westbrook (1997). Okumus (2004) argues that a deeper and more useful understanding of ES issues could result from employing hands-on qualitative data gathering methods such as in-depth face-to-face interviews and focus groups, either as a follow-up or lead-in to a survey. Alleged preferences for verbal communication and analysis even within larger hospitality organizations further support this qualitative approach (Mullins 2001).

Within the tourism literature more specifically, strategic analyses are uncommon and focused mainly on destinations such as Greece (Buhalis 2001), Baoting, China (Wall 2002) and the Western Negev region of Israel (Collins-Kreiner 2006). Rather than synthesizing the input of relevant tourism managers, the authors themselves undertake the SWOT analysis using various primary and secondary sources of information. One exception to the destination-analysis-by-researcher pattern is Jogaratnam and Law (2006), who examined the ES practices of Hong Kong hotel and travel agency senior executives. No attempt, however, is made to differentiate the responses by sector, thereby limiting the utility of this research as an indicator of practices within the travel agency sector specifically.

The effective absence of empirical strategic analysis research related to travel agencies and other tourism sectors such as attractions, tour operators, and cruise ships must be regarded as a serious gap in the literature given that the latter support the

hospitality industry (travel agencies serving as intermediaries between consumers and hospitality providers), are important generators of jobs and revenue in their own right, and are similarly vulnerable to the exigencies of unpredictable external forces. This study partially rectifies this shortcoming by focusing on the conventional US-based travel agency sector, and specifically on the main contemporary opportunities and threats external to that sector as perceived by the senior executives of financially successful agencies. The following sections consider the context of the travel agency sector, the methodology of the study, results (threats, opportunities, and the means through which ES is conducted), and implications.

SECTOR CONTEXT

Contemporary US-based conventional travel agencies have been experiencing a period of intense structural adjustment since the mid-1990s, resulting in a 36% decline between 1997 and 2004 in the number of retail travel agency locations accredited through the Airlines Reporting Corporation (ARC) (Goeldner and Ritchie 2006). Three factors external to the travel agency sector that are usually implicated in this consolidation are airline decommissioning (Osborne, Nagendra, and Falcone 2001; Siebenalber and Groves 2002), the use of technology to foster the creation and expansion of Internet-based 'cybermediaries' (Law, Leung, and Wong 2004), and consumer uncertainty related to the terrorist attacks of September 2001 and its aftermath (Goodrich 2002).

Airline decommissioning

Chronologically, airline decommissioning was the first to affect US-based travel agencies, and in dramatic fashion. On February 10, 1995, Delta Airlines announced a commission cap of $50 on domestic round-trip fares. A standard 10% commission, without caps, was previously obtained by agencies on the sale of domestic airfare. Within seven years, all commissions on domestic airfare were effectively eliminated by all the major airlines, thereby removing a major source of travel agency revenue (Wood 2002). In 2000, by which time the process was already well underway, agencies continued to rely on airline commissions for 54% of their total annual sales (HIR 2001). A survey of US-based travel agents in that year yielded decommissioning as the agents' greatest concern with a mean of 4.74 on a scale where '1' indicated 'no concern' and '5' signified 'a significant concern' (Osborne, Nagendra, and Falcone 2001).

Disintermediation

With regard to the second factor, expanding public access to the Internet in the early 1990s portended the possibility of large-scale 'disintermediation', or the disengagement of suppliers from mediators in favour of direct or alternative marketing relationships with consumers (Bennett and Lai 2005). Initially, the potential of the Internet in this regard was limited by weak brand awareness of the fledgling 'cybermediaries', unimpressive websites, and security concerns (Kim, Kim, and Leong 2005; Vrana and Zafiropoulos 2006). However, these obstacles were gradually removed, and online giants such as Travelocity and Orbitz now rank among the top US-based agencies in sales (Goeldner and Ritchie 2006). Online supplier-sponsored entities

(Orbitz), consolidators (Cheap Tickets, Priceline) and supplier websites (United Airlines, Hilton) have further eroded the market share of traditional agencies.

Facilitating supply-side factors include low entry costs and barriers, low or absent accreditation costs, lack of government regulations, and minimal inventory investments or risks (HIR 2001). Demand-side factors include 24 hour home access, exposure to multiple suppliers, attractive and user-friendly websites, access to current information, growing confidence in online security, and instantaneous confirmation of purchase and delivery (Bennett and Lai 2005; Law, Leung and Wong 2004). As a result, bookings through the web increased from negligibility in 1997 to 7% in 2000 (HIR 2001) and 30% in 2004 (Weboptimiser 2005). Cybermediaries emerged as the second greatest agent concern in the survey of Osborne, Nagendra, and Falcone (2001), yielding a mean of 3.98.

Consumer uncertainty and terrorism

Given the discretionary nature of leisure travel, the *in situ* nature of tourism consumption, and the risk aversion of mass tourist markets (Weaver and Lawton 2006), it is unsurprising that the terrorist attacks of September 11, 2001 in New York City, Virginia and Pennsylvania had significant negative impacts both in the short-term and long-term for the US tourism industry. Specifically, domestic and outbound air travel by Americans respectively declined by 34% and 23% in September 2001 relative to September 2000, and the attacks overall were estimated to have induced a $37.5 billion reduction in tourist spending by American over subsequent months. The airlines were arguably the most immediately impacted sector of the travel industry, but their losses

were to a large extent compensated for by government recovery programs. The same, however, cannot be said of travel agencies (Blake and Sinclair 2003). While over the longer term it is true that 'normal' traffic patterns were eventually resumed (WTO 2006), the tourism system has been perturbed by the residue of a wary public and by ever more stringent and inconvenient security procedures (Fischhoff, de Bruin, Perrin, and Downs 2004; Floyd, Gibson, Pennington-Gray, and Thapa 2003).

Despite the factors outlined above, many of the remaining 21,000 US-based retail travel agencies are prospering, indicating perhaps the capacity of their senior management to correctly identify and take advantage of influential forces within a capricious and challenging external environment. It was therefore decided to confine the study to owners of financially successful agencies, who cannot be assumed to regard disintermediation and security concerns (airline decommissioning is no longer an issue) as paramount contemporary threats to the travel agency sector. Less successful agencies, and the sector as a whole, stand to benefit from understanding and emulating sector leaders whose attitudes and actions deviate from the 'conventional wisdom' in terms of perceived sector threats and opportunities. To the authors' knowledge, this is the first study to solicit travel agency threats and opportunities specifically from the perspective of the owners of exceptionally successful travel agency operations.

METHODOLOGY

The first step in the project identified a sample of highly successful US-based conventional travel agencies. 'Conventional' agencies, for the purposes of this study, exclude the cybermediaries as well as mainly home-based agents possessing dubious certification credentials from 'card mills' (see below). To reach the largest possible number of qualifying businesses in the most efficient manner, a web-based survey was sent by email to all agency contacts listed in the database of the International Airlines Travel Agent Network or IATAN, which contained 11,295 valid records in December 2005 when the survey link was distributed. Possession of IATAN certification indicates professional recognition and, among other benefits, confers the right to book flights with US-based airlines. The survey solicited basic information about the agencies as well as financial performance. After consulting with experts in the sector, it was decided to measure the latter by change in gross sales volume, gross revenue and net revenue between 2003 and 2004 (the most recent year for which complete financial data would be available at the time of the survey distribution). Respondents were also asked whether a senior executive of the agency was willing to be interviewed face-to-face should their agency meet criteria deemed by the researchers to indicate an exceptional level of success.

By early January 2006, 126 valid surveys were returned, representing 1.2% of the sample after 'undeliverable' messages were subtracted. Such a low response rate is not unusual for unsolicited web-based surveys (Cole 2005; Fricker and Schonlau 2002), and is a trade-off to convenience that may be attributable to survey fatigue, disinterest, and/or initial dismissal or filtering of the unopened email message as spam (Dillman 2000; Sax,

Gilmartin, and Bryant 2003). Cole (2005), moreover, found that professional organizations such as travel agencies and ASTA (American Society of Travel Agents) membership surveys in particular can be expected to yield lower response rates. Another possibility is incompatibility in computer equipment and software programs between the survey designer and the end user which inhibits respondents from accessing the Web site (Dillman 2000). It is also possible that many of those who accessed the survey via the provided link were dissuaded by the large amount of time required to complete the survey, or by their unwillingness to divulge the requested financial information. Poor financial performance may have also been a disincentive given the focus of the project (as described in the web survey cover letter) on successful agencies.

Regardless of the low response rate, this process yielded a convenience sample of 19 travel agencies that clearly stood out as self-reporting strong performers when compared against the assessment of negative gross sales and revenues for the sector as a whole over that period (personal communication, ASTA executives). As further revealed in Table 1, the sample is diverse in terms of size and geographical location (see below). In-depth interviews were conducted with top executives from each of these agencies during the first half of 2006.

(Table 1 here)

Interviews and grounded theory

The semi-structured interviews took place in the work environment of the agencies and averaged one hour. With permission, all interviews were recorded to expedite communication and facilitate post-interview analysis. Topics were sent to the

owners in advance and focused on a SWOT analysis, with the opportunities and threats components being applied to the sector as a whole rather than just the target agency. The strengths, applied to each individual agency, are reported in Weaver and Lawton (in press) and referred to below as warranted. Underlying the study both conceptually and methodologically is grounded theory, which harbors no preconceived notions about the relevant threats and opportunities, but allows theory to emerge from the interview data as it is systematically collected and analyzed (Glaser and Strauss 1967, Glaser 1998). Grounded theory methods yield 'thick description' of the target topic, building the theory through a successive process of open coding (i.e., identifying basic categories and subcategories), axial coding (i.e., identifying apparent relationships among the categories and subcategories) and selective coding (i.e., identifying core themes and their relationship to the categories) as the interviewing process continues.

The probability of obtaining trustworthy outcomes in grounded theory is increased through constant comparison, wherein emerging patterns from previous interviews inform subsequent interviews to substantiate the relevance of those patterns (Decrop 2004). In addition, sample diversity is desirable to increase the likelihood that all underlying themes and sub-themes emerge from the data. Also crucial is monitoring for theoretical saturation, which is the point when new interviews no longer yield new themes (McCracken 1988). If the 19 scheduled interviews did not produce theoretical saturation, then the authors were prepared to identify additional candidate agencies through laddering (i.e., asking interviewees for the names of owners of other highly successful travel agencies). While no new themes in fact emerged after the first 14 interviews, the remaining five interviews were still valuable as sources of data/pattern

enrichment. Within the field of tourism studies, grounded theory is increasingly being employed as a qualitative antidote to the limitations of survey-based quantitative research (see for example Decrop and Snelders 2005; Han and Mills 2006; Jennings 2005; Jordan and Gibson 2004; Woodside, MacDonald, and Burford 2004).

THREATS

The external themes that emerged in relation to threats to the sector are unfavorable public perceptions about conventional travel agencies, disadvantageous relations with some vendors, and geopolitical and economic uncertainty. Illustrative interview excerpts are provided, and the number following each is referenced against the identifiers in Table 1. Threats are described first because of the tendency of the interviewees to emphasize how these same threats could also be perceived as opportunities and/or their proclivity to follow up discussions of threats with thoughts as to what opportunities could be pursued by way of mitigation.

Unfavorable public perceptions about conventional travel agencies

Negative perceptions about traditional travel agencies were by far the most common threat theme invoked by the interviewed owners. Constituent sub-themes that contributed to these perceptions were related to the role of the Internet as a viable competitor, the negative impact of unqualified travel agents (e.g., those receiving qualifications through 'card mills'), consistently negative mass media coverage, and failure to attract young new agents.

The Internet

There was consensus, not surprisingly, that quality traditional travel agencies provide value for money. However, this was accompanied by a high level of concern that many consumers were gravitating to the Internet to book their travel under the allegedly erroneous impression that it provides a more efficient and less expensive means for doing so:

> *The general public is under the impression that you can find lower fares on the Internet, and I am not saying that that is not always true, but most of the Internet sites that I have found… they still pull from the same fares that we do.* (5)

> *Our biggest challenge really is the perception that there is not any value in using a travel agency.* (2)

> *…every [study] has shown that the travel agencies do a better job. But the perception by the public is that it's the opposite way around. So, we've got a big job ahead of us to make sure that, for the kinds of business that we want to do, that people understand that there's value there.* (12)

> *…the biggest weakness still is perception by the public.* (10)

> *…perception is 90% reality, that the Internet is cheaper.* (1)

The owners without exception did concede that the Internet was useful for handling simple bookings such as a single-leg airfare between two major airports:

> *It is a threat on the low end business; in fact, it has basically taken most of the low end business.* (4)

However, they were adamant that traditional agents are far more efficient and cost-effective in arranging more complex modes of travel experience. The success of the cybermediaries in attracting business was attributed by several owners to effective marketing campaigns:

> *They* [the cybermediaries] *get these people so addicted, almost like they're drugged, to the Internet that they convince these people that's the cheapest way to do it.* (17)

<u>Unqualified travel agents</u>

Negative public perceptions were also seen to be caused by a proliferation of 'travel agents' with questionable credentials obtained through so-called 'card mills'. The latter are businesses that sell misleading identification cards and training materials to individuals, giving the false impression that the purchaser is a certified travel agent entitled to discounts, airline upgrades, and/or commissions from travel suppliers that are normally reserved for legitimate travel agents (ASTA 2005):

> *The only thing they want to do is travel at a discount – and if you go on some of these fam* [familiarization] *trips where you have some of these people on them, it's*

a whole different caliber. They're going for the wrong reasons… I don't think they ought to be allowed to do that. I think it's a dishonest business. (14)

It's the Mary Kay idea of "Come on board, and then go sell your family and friends," you know. And, that's not really fair because now you have somebody who is not trained, who has no knowledge of the destination, who's not experienced – probably hasn't even been to that destination – out there trying to sell their family and friends on places to go and places to be… (7)

Thus the unsuspecting public is dealing with poorly trained and unprofessional travel agents who are unlikely to hold any errors and omissions insurance or surety bonds carried by professional travel agents to protect themselves, suppliers and clients (Dickerson 1997). Consumers who have bad experiences with such agencies are attracted even more to the cybermediaries in so far as many associate this poor quality of service with the travel agency sector in general. The long term consequences are indicated in the following quote:

…in the short run it besmirches the reputation of all travel agencies, and it dents our professionalism, but in the long run, it will take those people that have been burnt by those[unqualified] *home-based agencies, and take them out of the traveling* [through conventional agencies] *pool…* (6)

The owners felt that this problem could be overcome to some extent by ensuring that the credential of reputable agencies are clearly differentiated from those associated with the

card mills. However, this solution was thought to be limited by the fact that most Americans are unfamiliar with travel agency-related criteria, and more generally do not recognize agents as professionals in the same sense as doctors, lawyers or engineers.

Mass media coverage

Many owners believe that the mass media contributes to negative public image, sometimes directly through negative coverage of conventional agencies:

> *The main problem that we have as an industry is the perception that the new media or the press continues to give us. They will never report a good story, they will always report the negatives… do you ever hear anything really positive about shopping at a travel agency?* (2)

This sometimes involves on-line media coverage of the cybermediators:

> *Well, the media for one* [is a threat]. *It is just every time you hear anyone, any guru out there is always talking about the Internet, it kind of writes us off.* (4)

More prevalent is indirect negative publicity generated by saturated and sensationalist coverage of unusual events associated with strategically critical suppliers such as the cruise lines. Examples include the 2006 Star Princess cigarette fire which quickly spread smoke throughout the entire ship, resulting in one fatality, another eleven passenger injuries, and damage to 150 cabins (Lim 2006), the 70-foot high rogue wave which smashed into Norwegian Caribbean Line's *Norwegian Dawn* on its return trip

from the Bahamas (Lemire 2005); and unexplained cruise passenger disappearances (Topham 2007):

> *Unfortunately, you see 20/20 and somebody has pushed somebody off the back of a ship. And then the poor guy at RCCL gets interviewed and they want to know why cruising is so dangerous.* (4)

While owners were referring mainly to traditional mass media outlets, several mentioned the role of online travel sites and blogs in conveying bad reviews of products (e.g., hotels) that may or may not be warranted.

Failure to attract the young

Many of the owners were concerned that negative public perceptions were discouraging promising young school-leavers and budding entrepreneurs from entering the travel agency field, and that the industry was doing nothing to address this situation:

> *There's no new blood getting into the business…* (8)

> *You know, the young people are going to have to take over the industry. If we're not trying to attract them, then there's not going to be anyone to do it.* (10)

One owner implicated the higher education system for encouraging negative attitudes:

> *We just recently hired a young girl from University 'x' who majored in Tourism and Hospitality. Her professors gave her no hope for this particular job. You*

know, go work for the hotels, go work for this, go work for that, but there is no future here. (2)

A variant in this sub-theme is the belief that the few young 'Gen-X and Y' entrants who *are* attracted tend to lack enthusiasm and a strong work ethic and sense of commitment, which thereby threatens to erode the quality of the workforce and the capacity of agencies to become more successful and expand:

If we could get good personnel who would really *stick with us, we'd be ten times the size as we are now. We would be the biggest and the best going… We just don't have the workforce to support it.* (15)

Unfavorable relations with some vendors

Various actions on the part of some suppliers were seen as threats that needed to be monitored and counteracted if necessary, although these thus far were not regarded as being anywhere in the magnitude of the airline decommissioning phenomenon. Chief among these are incipient decommissioning initiatives by cruise lines, tour operators and other suppliers as a way of addressing their own financial difficulties:

The other threat is tour companies that we deal with. The fact that a lot of them want to cut costs, make more money so they're looking at dealing with the customer direct instead of dealing with the travel agent. (10)

Several owners, for example, demonstrated how some cruise lines were incrementally reducing the commissionable portion of total booking costs, or were demanding excessive work from the agencies in exchange for a small override commission:

> *What the cruise lines and tour operators are doing now is somewhat more insulting to me, somewhat more insidious, in that they say,* you *sell enough,* you *have earned –* you *have worked your way up with us to a 12, or a 14, or 15% commission – oh, and by the way if* you *do all the work, and go on the computers and book it and research it and don't bother our office staff, so we can reduce our costs there and not have as many employees and not pay all their benefits, and* you *do the work, even though my time is compromised, and I need more people to work here, we'll pay you a 1% override.* (6)

Others noted a tendency by some suppliers to remit lower-than-owed commissions, and the elimination of some vendor-sponsored training programs. Other issues included fare increases and movements by some airlines to refuse or reduce payments for being listed on global distribution systems (GDS) such as Saber:

> *GDS now led by Saber are going to the agencies and saying, we're going to cut the incentives that we're paying you or we're going to charge you to be able to see the content of these carriers. That puts the agency in a very precarious position.* (12)

> *… the airlines pay a fee to be in our World Span system, so that when we actually look up say a fare from x to y to z, all the airlines are there. They pay a fee for*

that … but they are pulling away from paying these fees - they are threatening not to be in the database. (5)

Also related to GDS is the perceived problem of proliferation:

Five years ago, corporate agents could get all their information from one screen. As time has gone on, some of that information has become no longer available… And so we're forced to go outside the GDS, have another piece of software to access the Internet to get a booking. So, each time we get a piece of fragmentation we become less efficient. (7)

Many owners in turn indicated that deteriorating relationships with vendors were compensated for by stronger relations with customers:

We used to have a triangle. The airline, the customer, and us, and now it is us and the customer. So, I think the threat is making sure that our people realize that there is no relationship like it used to be with our vendors. Our relationship now is with our customer … (4)

Geopolitical and economic uncertainty

Geopolitical and economic uncertainty did emerge as a discrete theme, with several interviewees citing this as a priority threat. More pervasive, however, was a vague sense of unease over an increasingly unstable world. Several, for example, explicitly criticized repeated allusions by US government officials to an ongoing and apparently open-ended 'war on terror'. There was also concern that another unpredictable and

dramatic act of terrorism against a tourism or non-tourism target could have a similar effect to the September 11 strikes, and that this could be enough to cripple an industry already weakened by the latter experience and other problems:

> *Terrorism is probably our biggest threat now. I don't worry about it anymore, but if another 9/11 attack, if we had another one of that, it would be very devastating to the industry.* (4)

Concerns were also expressed over the effects of this uncertainty, and increasingly draconian security policies, on consumer confidence. Several owners believed that avian flu or some other as-yet-to-be identified pandemic could become a threat in the next few years. The economic situation both globally and domestically was also regarded as a threat. Steady increases in fuel costs were seen as having a dampening effect on travel, whether due to genuine financial hardship or the mere perception of hardship as emphasized in the media:

> *…it's all a mental thing; if people are worried they're not going to have enough money to pay their heating bills in the winter, they're not going to take a fall vacation even though they really, really want to.* (6)

OPPORTUNITIES

The main opportunity-related themes identified in the interviews were public outreach, Internet technologies, and consolidation and reduced competition within the travel agency sector.

Public outreach

The prominent theme is the need to educate and otherwise reach the public in order to overcome negative public perceptions (i.e., the main identified threat) and effectively instill an appreciation for the value that is offered by high quality conventional travel agencies:

> *I think probably the most important thing to our continued success is that we build a marketing lobby – somehow, some way – to go out and convince the general public, or at least contradict what's being presented to them, that we do bring value, and that we are serious about what we do.* (7)

> *… people do not perceive travel professionals as… as professionals. The order-taker mentality, I think is still out there for the general public.* (10)

> *…we, as an industry as a whole, needs… to educate people that it is too complex, it is an extraordinarily complex industry, very dynamic, and I don't care what kind of computer expert you are, or how good you are with your computer, you are never, ever, ever going to find the best vacation for yourself that I will, at the best price.* (6)

> *…nine chances out of ten we can beat the airfare that's on the Internet. We have the ability to search the Internet also, so if we have a client come in and say, 'Oh, I saw this $200 airfare on Travelocity', and we go and look, what they're looking*

at is the base fare before all the taxes and fuel surcharges… we have to educate the customer on what they're actually looking at. (18)

For several owners, education included opportunities to attract young adults to the profession:

I want to be active in letting young people know that this is a viable career. (10)

While many owners felt that this outreach should be pursued through a concerted media campaign best orchestrated by a leading sector or interest group such as ASTA, it was recognized that this would be difficult due to the sector's low profile and lack of influence and resources compared with better articulated interest groups:

…our challenge is how do we convince the general public that we do bring value, that we do have resources, and that we provide a service that's much better than what you could ever get from an online source. And that, that's a challenge, because we just don't have the resources to brand ourselves as a whole, to the general public. (7)

The public awareness campaign of the realty industry was cited as worthy of emulation by several owners:

… I have felt that a great consumer awareness campaign that I've seen NOT in our industry is [coming from] *realtors. I wish somebody could step up to the plate and do something like that on a national basis for travel agents.* (10)

Geographic awareness

Several interviewees believed that this campaign should include exposure to international cultures and environments to reverse a perceived absence of geographical awareness in the school curriculum. This would inspire people to travel, and could encourage more youth to consider travel agencies as a legitimate and fulfilling career path:

> *I love geography, and that is how I got into the business. I just don't think that students today know enough about history, know enough about geography.* (4)

Inherent nature of travel

Another sub-theme focuses on the sense that a well-designed and orchestrated campaign of outreach would succeed because of the public's inherent interest in and growing desire to travel, notwithstanding the threat of chronic uncertainty.

> *…we are just on the tip of the iceberg when it comes to travel and what we have yet to see in this world.* (4)

> *…more people are going to travel. I mean that's never going to be taken away.* (16)

> *Everyone loves to talk about travel… At any function I go to I try to bring up some part of travel… And then I'll try to key in on that.* (8)

Several owners had the sense that their clients increasingly perceive travel as an entitlement, which makes it that much easier to sell as a complex product requiring consultation with a travel professional:

> *I believe the studies show women consider it a necessity now, men still consider it a little bit of a luxury, women consider it a necessity to vacation at least once a year – they're entitled to it, and as long as that attitude keeps growing, we're going to be here.* (6)

Niche markets and products

Many responses focused on the opportunities provided by emerging niche markets and products that were thought to have strong potential in the next five to ten years:

> …*we feel specialization is the key.* (8)

The baby boom generation, not surprisingly, was one of the most cited high-potential market opportunities, given their ample discretionary income, proclivity to travel, and large-scale movement into retirement mode over the next two decades:

> *We can always go back to the Baby Boomers. There are going to be so many people traveling for years to come.* (2)

> *The Baby Boomers generation are willing to pay to be taken care of, at whatever level.* (1)

Cited with equal frequency was the cruise product, given studies showing that only a small proportion of American adults wanting to cruise and having the discretionary income to do so have actually done so (Yarnal, Kerstetter, and Yen 2005). Some owners further suggested the logic of hybrid products that combined cruising with other 'hot' niches such as wine appreciation, archeology and ecotourism. Others stressed the importance of capturing corporate clients:

> *…there's still a huge segment of the corporate population that is not turning their people loose on the Internet. The corporate clientele are saying, no, we want this managed by somebody that knows what they are doing.* (12)

Other cited groups were religious travel, seniors, wine tourism, golf, honeymoons and destination weddings, gays and lesbians, and Hispanics. Family reunions were also perceived as having become more important in the post 9/11 era along with travel closer to home. With specific reference to weddings and honeymoons, agency owners stated the following:

> *After 9-11, I think that was the one thing I learned is that there was one segment of the market that was almost untouchable by economics, by world events, and terrorism, and that is honeymoons and weddings. People are always going to get married, and they always going to go on a honeymoon.* (10)

> *…we tend to keep (honeymooners) as good customers for a long, long time. What we see is a lot of the parents that we have known for years, and years, and years, when their children are ready to be married they refer them to us.* (2)

Internet technology

While recognizing the competition it provided, all owners perceived the Internet as far more of an opportunity than a threat, but one that many agencies had yet to exploit:

> *I think probably one of the opportunities that most agencies are missing out on is the Internet. The Internet is our foe, but more so than our foe, it's our friend.* (7)

> *… we've never really tried to compete against it… that's a losing battle, actually. But if we embrace it and if we us it as a tool…* (12)

> *… travel agents can actually book through the Internet for our clients, and I have mixed emotions about it, but it is something that I know we need to look into to see if it works for us.* (5)

Whether in potential or practice, owners also felt that Internet use by the customers themselves could benefit the travel agency:

> *We don't think about it as a threat anymore at all. We think about it as a tool. We really do, and we encourage our clients to use it as well.* (2)

> *The Internet is great for us and great for the customer because they can get information on the Internet, and then they will come to us and ask us for recommendations, and we book it for them. …So we see the Internet really as an asset. For families and for individuals to go and research travel, get the*

information they need, and then come back and help us disseminate that information. (4)

Consolidation and reduced competition

Although not strictly speaking an 'external' factor, the attrition within the sector since the mid-1990s was regarded positively by most of the owners as an opportunity to cull weak or inefficient agencies and produce an industry with a smaller but more resilient membership. Accordingly, there was less competition from conventional agencies to contend with, and the sector was well positioned to continue rejuvenating and redefining itself to be more successful and efficient in coming decades:

> … *since the Commission Cap in 1995, many of the smaller agencies have had to close their doors and so we have gotten all of their business.* (5)

> … *one of the opportunities is that there are fewer travel agencies today. So for the survivors, for the ones who have done a good job over the last ten years in implementing fee structures and taking advantage of volume and so forth, you have actually less competition today, by quite a bit.* (12)

ES PRACTICES

Discussion with the owners as to how ES was carried out within their agencies revealed a notable lack of formal procedures, although Weaver and Lawton (in press) report environmental scanning, however conducted, as a self-perceived strength of the sampled agencies subsumed under a broader 'culture of learning' strength-related theme.

The owners indicated that they were informally attuned to travel trade as well as general media, and apprehended the external environment additionally through their own travel and their contacts with consumers, vendors, employees and other agents. The revelation of the owners as effective relationship builders by Weaver and Lawton (in press) suggests that informal sharing of information with other stakeholders may contribute to useful ES outcomes.

The prevalence of informal mechanisms is consistent with the relatively small size of most travel agencies, which makes it difficult to rationalize the establishment of formal entities and procedures for undertaking ES. The sampled owners were confidant in their ES abilities, and none suggested the creation of formal ES protocols at an interest group level (e.g., ASTA), beyond those that may already exist, as an opportunity for the sector.

DISCUSSION

The results of this ES exercise are depicted in Figure 1. Since airline decommissioning is an effectively completed process, disintermediation and uncertainty remain as the two main threats to traditional travel agencies that are frequently cited in the literature. This sample perspective of owners of highly successful travel agencies, however, deviates substantially from this conventional wisdom, which may well be valid for the travel agency sector as a whole. The dominant discourse in the graphic is the perceived threat of negative public perceptions about conventional travel agencies, and the concomitant belief that such perceptions can be overcome through concerted public outreach.

(Figure 1 about here)

This dynamic is significant not only because it has not previously been identified in the travel agency literature, but also because of its strong media focus, and because of the multi-faceted impulses that give rise to the perceived negative perceptions. Disparate external (to conventional agencies) sub-themes include the public's allegedly misplaced faith in the cybermediaries, a proliferation of unqualified travel pseudo-agents, and the skewing effects of a sensationalist and biased mass media. In contrast, the sampled owners strongly believe in the basic quality and value of the conventional travel agency sector, and are frustrated that a substantial segment of the public does not share this view, dissenting for reasons that they believe have more to do with ignorance, misrepresentation and lack of professionalism of some agencies than a rational comparative assessment of consultation and booking options. Accordingly, the owners also strongly believe in the power of public outreach to change these perceptions, despite their multiple origins. This is consistent with the view that organizations are better positioned to influence the task environment through proactive strategies (Harrison 2003). An argument in favor of having these owners provide leadership in such an outreach strategy is their aforementioned strength as relationship builders, and also their strength as optimists and enthusiasts for their industry (Weaver and Lawton, in press).

Geopolitical and economic uncertainty, one of the two remaining threats emphasized in the literature in association with the broad environment, did emerge as a discernable theme, but not a dominant one. As with negative public perceptions, resultant consumer fears are also perceived as being largely the product of overheated media

coverage and something accordingly that can be at least partially addressed through effective counter-media and public education. Uncertainty is also managed by focusing on niche markets and products that are regarded as more resilient, and by stressing the advantages of a smaller but higher quality travel agency sector resulting from consumer uncertainty and negative perceptions.

These opportunistic responses to perceived threats all illustrate another strength-related theme – adaptability – that emerged from the larger study (Weaver and Lawton, in press). Adaptability is particularly evident with regard to perceptions of the Internet. As a threat, the latter is cited to the extent that people have allegedly been beguiled into believing that cybermediaries are a suitable substitute for traditional agencies as a vehicle for assembling and booking all types of travel experience. Disintermediation *per se*, often cited in the literature as a threat, never emerged as one in the interviews, and was even cited several times as an advantage to the extent that it diverted simple low- or no-profit bookings away from conventional agencies. The Internet itself was regarded by most owners as much more of an opportunity than a threat, given its capacity to facilitate and augment the operations and marketing of conventional agencies.

Finally, although airline decommissioning is an 'enacted' threat, the parent issue is still evident in the theme of unfavorable relations with vendors, which include the possibility of similar measures by the cruise lines. No specific opportunities to address this, however, were cited, and good networking relationships with vendors overall was cited as one of the owner strengths revealed in the broader study.

CONCLUSIONS

Soliciting opinion from an entire target population is an essentially democratic act that gains invaluable insight into the attitudes and behavior of that population. However, this does not mean that these attitudes and behavior are the appropriate ones to emulate in order to guide a sector toward a secure and prosperous future. Many and perhaps even most members of that population are performing poorly from a financial perspective, and this may indicate a failure to identify and respond appropriately to relevant threats and opportunities. There is therefore value in soliciting a 'success perspective' by confining the study to the owners of exceptionally successful agencies. Confidence in the outcomes of this study, which focus on a nexus between negative public perceptions and the need to respond with concerted public outreach, is inspired by the fact that theoretical saturation was apparently achieved, that is, no new themes or sub-themes were identified after the first 14 interviews. Nevertheless, these results are insufficient by themselves to inform a sector-wide strategy to mitigate major threats and take advantage of major opportunities. A necessary prelude to such a strategy requires further qualitative and quantitative research involving travel agents as well as the general public.

Regarding the latter, a nation-wide mail-out survey and follow-up focus groups would clarify the extent to which the general public actually harbors negative perceptions about conventional travel agencies, and the reasons for these perceptions, including concomitant opinions about and use of cybermediaries. Concurrently, or following the consumer survey, the interview process should be expanded to a larger pool of travel agency owners, including some who are not quite so successful and who may therefore

have a different experiential perspective on the salient threats and opportunities that pertain to this sector. This larger pool would provide a critical mass of agencies representing segments such as home-based cruise specialists and mid-sized storefront businesses that were represented in this study by only a few owners. ES patterns specific to these segments could therefore be identified in order to inform specialized strategic responses.

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Table 1

Characteristics of participating travel agencies

No.	Region	Location	Focus	Size[1]	% gross sales change '03-'04[2]	% gross revenue change '03-'04[2]	% net revenue change '03-'04[2]
1	Southeast	home	cruise	small	82	136	65
2	Southeast	storefront	general	medium	31	39	453
3	Southeast	office	cruise	large	100	100	50
4	Southeast	storefront	corporate	large	8	8	30
5	Southeast	storefront	general	large	13	13	8
6	Northeast	storefront	leisure	medium	13	15	2086
7	Midwest	storefront	general	large	12	9	24
8	Midwest	storefront	general	medium	22	13	338
9	Midwest	office	general	medium	27	30	945
10	Mountain	storefront	general	medium	33	36	30
11	Mountain	storefront	general	small	150	550	150
12	Pacific	office	general	large	19	20	10
13	Northeast	home	leisure	small	6	14	14
14	Southeast	home	groups	small	7	10	13
15	Midwest	storefront	groups	medium	17	23	386
16	Midwest	home	leisure	small	50	71	40
17	Southeast	storefront	corporate	medium	9	8	8
18	Southeast	storefront	general	medium	11	11	67
19	Pacific	storefront	general	large	10	12	16

[1] 'small'=<$500,000 gross sales in 2004; 'medium'=$1-8 million; 'large' = $10-100 million
[2] percentages calculated by the authors based on dollar figures provided by respondents

Source: Weaver and Lawton, in press.