Successful travel agents have always been passionate about their work. But today’s climate demands more than passion. To thrive in 2015, retail travel professionals need to make tough business decisions based in up-to-the-minute business intelligence.
Introduction: GROWING Your Bottom Line in 2015

To support travel agents in their success, Travel Market Report has partnered with ASTA to deliver the agency industry’s latest, most-relevant research.

We have what no one else has: exclusive, must-have data on what you need to know to be successful.

This report details 10 key business metrics drawn from ASTA’s 2014 Travel Agency Benchmarking Series. Each benchmark sheds light on a critical aspect of travel agency profitability, including:

1. Agency profit margins
2. Frontline agent productivity
3. Sales by segment
4. Supplier commission levels
5. Trends in service fees
6. Social media ROI
7. Online sales
8. Operating expenses
9. Agent compensation
10. GDS usage and costs

In the pages that follow, you’ll also find links to ASTA tools and resources, along with links to Travel Market Report stories providing the kind of news and commentary, advice and analysis that you won’t find anywhere else.

It’s all designed to give travel agents the indispensable tools, insights and information they need to grow their profits in 2015.

Like most industries today, the travel agency business is dynamic, fast-moving and subject to external and internal forces that can feel overwhelming.

In this environment, the pathway to continued success is to adopt an eyes-wide-open stance, stay open to change and maintain a keen focus on the business basics that will drive profits and keep your customers coming back for more. The information in this report promises to guide you along the way.

A NOTE ABOUT ASTA’S BENCHMARKING SERIES
ASTA’s Travel Agency Benchmarking Series is a collection of detailed research-based reports available as a benefit of membership. The benchmarking reports give ASTA agents access to key data that they can use to measure their business practices and results against those of their peers.
More travel agencies enjoyed solid profit margins in 2014 than in recent memory. Nearly nine in ten—88%—expect to register a profit when they crunch the year’s numbers. And most anticipate stronger returns in 2015. But while agents’ average profit margin will be a healthy 9% in 2014, many agencies still exist on the edges of profitability. What will you do in 2015 to grow your agency’s margins and secure your future?

“The most travel agencies have successfully evaluated their product mix over the past few years, determined where they excel, and adjusted their sales focus to maintain long-term profitability. ASTA members are bullish about a continued increase in profits for 2015.”

Zane Kerby, ASTA
In today’s highly competitive retail travel arena, success means much more than simply making the sale. Top travel professionals must have a solid grasp of the business-profit angle behind every transaction.”

Libbie Rice, Ensemble Travel Group

Running a profitable travel agency requires keeping close tabs on your sales-to-revenue ratio in addition to total volume. While the productivity of frontline agents is obviously key, other factors come into play. In managed corporate travel, high technology expenses coupled with the need to contain clients’ travel costs exert downward pressure on agencies’ bottom lines. For leisure agencies, a focus on customer service affects agents’ sales productivity, making it essential to charge appropriate service fees.

Footnotes
* Revenues include: commissions, overrides, markups, transaction or service fees, GDS incentives and “other.”
Ever since leisure travel agents stopped focusing on selling air travel, tours and packages have been their single largest product segment, followed by cruise. Tour and package sales first surpassed air sales as a percentage of leisure agents’ business in 2005. For corporate agents, airlines sales still predominate. The most successful agencies are deliberate about their sales focus. They weigh factors such as consumer demand, changing supplier distribution tactics and their own passions, then write a business plan and review it annually. Is your product mix the most profitable it could be? If not, perhaps it’s time to update your business plan.

Footnotes:
*Other includes travel insurance, services such as passport photos, and merchandising, such as luggage sales, etc.

Percentages are averages, based on agents’ projected sales for 2014.

“Cruise has always been my bread and butter, but recently tours have jumped from 5% to 30% of my business. There’s an explosion of people wanting in-depth experiences.”

Michelle Duncan, Odyssey Travel
As supplier commission levels fluctuate, agents need to track the trends, paying close attention to their own commission earnings as well as to the big picture. What products and services are likely to yield the highest returns over the long-term? Are certain segments or suppliers pulling away from the travel agency distribution channel? Is it time to redirect your sales efforts? As Nolan Burris of Future Proof Travel Solutions says, “Agencies must take charge of their own financial future and not place it in the hands of a disinterested group of shareholders.”

“Advisors will choose the products they represent and sell more than ever before. Suppliers are taking note of that. We are advisors, rather than agents, and that distinction grows every day.”

Colleen Gillette, New Paltz Travel

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Colleen Gillette, New Paltz Travel
Most travel agents stopped giving away their services years ago. Today the majority of ASTA agents charge fees when booking air and rail travel and when planning FIT vacations. More than four in ten charge for hotel-only bookings and for air-inclusive packages. The most striking recent development is a trend toward charging fees when booking cruises. More than one in five agents (21%) now charge an average of $41 to plan a cruise, and the number of agents who charge for cruise is growing. Agents have steadily increased the dollar amount they charge too—up from a median fee of $25 for air bookings in 2005 to $38 in 2013. Agents reserve their highest fees for their FIT trip-planning services, charging an average $118. Their lowest average fee is $20 for car-only bookings.

“Do something worth paying for and charge for it. If you have taken the time to get to know someone as a person—their likes, dislikes, desires, dreams, the reasons behind their trip—you’re doing much more for them than the booking. Fees are for all the wonderful things you do for your customers.”

Nolan Burris, Future Proof Travel Solutions
Is SOCIAL MEDIA paying off?

% of Agencies Using Social Media

% of Revenue Derived from Social Media

Are you wasting time on social media? Despite steady growth in travel agents’ social media presence, it’s still tough to see a tangible ROI. Fully 30% of agents active on social media say they derive zero revenue from their efforts, and 80% say their time online yields just five or fewer new client leads monthly. But a growing number are finding a payoff. For 13%, social media activity now generates upwards of 20% of revenues. You need to have a plan, commit to spending the time, follow through, then track your results.

“People naturally want to buy from people they trust. Online you build trust by answering questions, networking and offering valuable information to your target customers.”

Sophie Bujold, social media strategist
Sales booked via travel agency websites have risen slowly but remain relatively low. For the 34% of travel agencies that offer an online booking tool, those tools generate an average 10% of revenues. Corporate agencies earn the most via online tools. For service-oriented leisure agencies and independent agents, branded websites are more effective at spurring online requests for assistance, which agents then service directly and convert to sales. These online requests yield 18% of revenues for independent agents and 16% for retail leisure agencies.

"For most agents, online bookings are not necessarily a big factor, but online shopping is critical. Website content is key. A combination of unique content about the agency's expertise and value, plus supplier content and an easy call to action, provides a robust, content-rich shopping experience. This is proving to be a highly successful online and offline sales scenario."

Marilyn Macallair, Passport Online

Agency Revenue Earned via Online Tools*

- Corporate Agency (70%+): 9% of Total Revenue (12% of Total Revenue)
- Retail Leisure Agency (70%+): 12% of Total Revenue
- Independent Agent (incl. ICs): 12% of Total Revenue

Online Customer Requests for Assistance

- Independent Agent (incl. ICs): 18% of Total Requests via Agency Website, 18% of Total Revenue Generated From Online Requests for Assistance
- Retail Leisure Agency: 22% of Total Requests via Agency Website, 16% of Total Revenue Generated From Online Requests for Assistance
- Corporate Agency (70%+): 27% of Total Requests via Agency Website, 16% of Total Revenue Generated From Online Requests for Assistance

Footnotes
*Base: Agencies with online booking tools
The COSTS of Doing Business

Average % of Operating Expenses

For all types of travel agencies, labor costs are the single largest operating expense by far, accounting for 70% of costs. Rent or mortgage payments constitute agencies’ second-largest expense. Other categories of expenditures vary by type of agency. For instance, leisure agencies and independent agents spend more on advertising and promotion than corporate agencies, while corporate agencies spend more on salaries. Independent agents spend a significantly bigger chunk on travel and entertainment, presumably because they do not enjoy the supplier perks available to higher-volume agencies. For all agencies, keeping a watchful eye on operating costs is critical.

“In good times and bad, the travel agencies that survive and prosper are those that are tenacious about routing out unnecessary expenditures.”

Dr. Robert W. Joselyn, CTC, TAMS

Footnotes
*Other includes non-travel contractors, training, utilities, dues & fees, automotive, insurance, rebates, GDS payments, postage, agent error, bad debt, etc.
Getting Paid: **HOW MUCH** Do Agents Earn?

Paying competitive salaries has long been a challenge in the travel agency industry, making it difficult to attract and retain talented travel sellers. With profit margins thin, owners and managers need to get creative, providing non-monetary rewards and perks that show employees they are valued while giving them opportunities to grow. Some agencies find that paying a mix of salary and commission is the best solution.

“Compensation is important, but it is not the only factor in finding the right balance for employees. Young talent coming into the industry value flexibility in work schedules and having access to a strong mentor. More seasoned talent value work flexibility more than compensation.”

Nicole Mazza, TRAVELSAVERS

**Footnotes**

*Compensation includes salaries, commissions and bonuses for fulltime agents

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**Travel Agent Compensation**

<table>
<thead>
<tr>
<th>Travel Agent Type</th>
<th>Average All Respondents</th>
<th>Maximum All Respondents</th>
<th>Average Retail Leisure Agency</th>
<th>Average Corporate Agency</th>
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<tbody>
<tr>
<td>Travel agent</td>
<td>$34,012</td>
<td>$137,527</td>
<td>$42,026</td>
<td>$63,671</td>
</tr>
<tr>
<td>Starting travel agent with limited experience</td>
<td>$21,915</td>
<td>$115,000</td>
<td>$40,528</td>
<td>$56,753</td>
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<tr>
<td>Managerial position with sales responsibilities</td>
<td>$44,970</td>
<td>$175,000</td>
<td>$40,000</td>
<td>$56,753</td>
</tr>
<tr>
<td>Managerial position without sales responsibilities</td>
<td>$42,026</td>
<td>$137,527</td>
<td>$42,629</td>
<td>$56,753</td>
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</table>

**Agent Pay Packages**

<table>
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<tr>
<th>Pay Package</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Commission Only</td>
<td>13%</td>
</tr>
<tr>
<td>Salary and Commission Mix</td>
<td>30%</td>
</tr>
<tr>
<td>Salary Only</td>
<td>58%</td>
</tr>
</tbody>
</table>

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**Learn More**

- ASTA Salary Tool
- Travel Market Report
- How to Avoid a Staffing Crisis
- 6 Tips for Attracting & Retaining Top Leisure Agents
- Finding & Keeping Young Agents
Travel agency usage of GDSs has dropped steadily in the last 15 years, with much of that decline linked to the growth of independent agents and ICs. Fully 80% of retail leisure agencies still rely on GDSs, and 100% of corporate agencies do so. But it’s primarily high-volume corporate agencies that make money from GDS incentive payments. For many leisure agencies, GDSs are an expense. Agents should take a hard look at their GDS contracts, negotiate aggressively and consider all their options.

“"The shift away from the GDSs to various online and app-derived solutions is clearly seen in the booking trends.”"

Richard Eastman, The Eastman Group

Footnotes
Base: GDS Users
*Net equals GDS credits/incentive income minus GDS fees/charges.
DEFINITIONS & Methodology

This report differentiates among three types of agencies:

- **Independent Agent (Including ICs):** One-person agency has no employees and may or may not be hosted.
- **Retail Leisure Agency:** Agency has employees and derives 70% or more of its sales volume from leisure travel.
- **Corporate Agency:** Agency has employees and derives 70% or more of its sales volume from corporate travel.

The data in this report are drawn from ASTA’s Travel Agency Benchmarking Series, including:

- **ASTA Agency – Demographics** of ASTA members including sales and type of agents.
- **Financial Benchmarking Report** – Benchmarking data on sales, revenue sources, revenue by type of travel, and operational expenses.
- **GDS Report** – Trends in GDS usage, contract lengths, contract negotiations, and incentives/penalties and information on non-GDS users.
- **Labor and Compensation Report** – Detailed data on compensation and benefits by region and agency size and type, plus turnover rates and hiring practices.
- **Service Fee Report** – Data on average service fees by travel type, service fee policies, service fee collections, service fee revenue and consulting fees.
- **Supplier-Travel Agent Relationship Marketing Report** – Analysis of preferred supplier relationships, booking channels and effectiveness of incentive programs.
- **Technology and Web Usage Report** – Examines business practices related to agencies’ Internet usage, technology usage, agency websites and online bookings.

The Travel Agency Benchmarking reports are based on survey data collected through the ASTA Research Family. The ASTA Research Family is a panel comprised of a representative sample of ASTA member travel agency owners and managers. The Research Family reflects ASTA members in key agency demographics including sales volume, leisure/business mix, number of part-time and full-time employees and geographic location.

The size of the Research Family ranges from 300 to 465 responses per survey. Survey size varies due to non-response, agency closings, mergers, and changes in membership status, but is designed to yield a response representative of all ASTA agency members.

Additional research resources can be found on ASTA’s Research Program page. Custom breakouts of data are available as a custom research request.

For further information, contact Melissa Teates, Director of Research at ASTA, at mteates@asta.org.