

Agents, stop relying on overrides

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TRAVEL agents need to drastically review their relationship with suppliers and clients if they want to survive. They need to stop relying on supplier override commissions and start seeing the client as their main revenue source. Complete transparency is key and loading fares should be a thing of the past.

This was the central focus of industry panel discussions at the recent Asata Conference 2015, which was held in Durban from May 22 to 24.

"[If] you add on wherever you can find a gap, that's just dishonest and we should march you out of the industry."

Asata released a thought leadership paper, 'The 21st Century Travel Agent'.

Two of the key recommendations centred on the relationship between TMCs and suppliers – TMCs should manage their supplier relationship more carefully to balance their value proposition to their customers; and they should change their remuneration model to focus on the perceived value they add to their customers and rely less on supplier revenue.

Jason Krause, founder of Quadrant Five (an independent network of experienced business professionals that supports business leaders and their management teams to grow their businesses) said TMCs had

built key elements of their business models around the expectations and requirements of travel suppliers.

"As TMC supplier revenue streams diminish, TMCs have to refocus their businesses to represent the corporate and leisure traveller, not just as the consumer but, more importantly, as the customer."

"If you only rely on supplier revenue, then you are doomed," said **Timothy O'Neil-Dunne**, managing partner at travel consultancy firm T2Impact. The decline of supplier paid revenues had already occurred in many different markets around the world, he said. "In the US, most TMCs give away whatever commission they get and have a steady stream of income, which comes from the consumer side."

In SA TMCs had already changed their models, said **Bronwyn Philipps**, md of HRG Rennie's Travel. "It's outdated to think that we only earn our money from suppliers. For most big consortiums represented here today, I would say that 80% to 90% of our revenue comes from our clients and probably 10% or 20% comes from suppliers."

But that didn't mean suppliers should stop paying travel agents and TMCs overrides altogether, she added. "Where else in the world will you get people selling your product free? If suppliers could do it completely on their own, they would have done so already. But suppliers understand the value of the travel agent when it comes to selling their products."

But are clients really willing to pay for TMCs' services? Without a doubt – if

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