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FOCUS GROUPS OF TRAVEL AGENTS REGARDING
A NEW CONCEPT IN TOUR OPERATION: "SEARS TOURS"

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Sears Travel, Orlando

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INTRODUCTION

The purpose of the focus group sessions was to identify major areas of concern among experienced travel agents both in Orlando and New York. In particular, the discussions focused on the travel agents' experiences with the sale of tour packages and their relationships with tour operators.

The methodology used by the Dick Pope Sr. Institute for Tourism Studies was to start each discussion by introducing broad issues of tour packaging, and incrementally narrow down to major concerns of day-to-day operations, as well as what would be the "ideal" tour operator the travel agents would like to work with.

The next stage revealed the future arrival of a new tour operator that will have the following characteristics:

- a. No service charge to the travel agency for any credit card purchases by consumers.
- b. Incentive commissions: sell x packages and get additional y \$.
- c. Combined rebate for customer and travel agent on future travel at the same travel agency only.
- d. Satisfaction guarantee or your money back (Tour Operator takes full responsibility to refund customers, and will not refer the travel agent to the various providers such as airlines, hotels etc.)

In the final stage of each discussion, the travel agents were informed that the future tour operator is SEARS TOURS which will basically have the same customer satisfaction policy as the nationwide retail store.

The travel agents expressed their opinion regarding the appearance of this supplier in the market.

Findings are reported in the next section. The Orlando group is reported first, followed by the New York group. The findings are reported chronologically, that is according to the incremental stages of the discussion mentioned earlier.

ORLANDO GROUP

The Orlando group met at the Radisson Hotel in downtown Orlando on 11/17/86. Nine agents and two researchers from the Dick Pope Sr. Institute for Tourism Studies participated in the session. The findings of the session are reported in the following key areas:

PACKAGING IS NOT POPULAR AMONG AMERICANS:

The discussion started by comparing the U.S. and European packaging industry. In general, the agents thought that the packaging product is not as developed in the United States as in Europe. Some of the detailed concerns as to why tour packaging is not popular in North America are summarized below:

1. It is easier to travel in North America (same language, currency, culture) and therefore Americans do not need to be taken care of by providing them all aspects of their vacation in advance.
2. In the USA, the perception of "package" implies "old," that is, package tours are geared to older people who can not take care of themselves. As a result, the potential market of vacationers who intend to use packages is reduced.
3. Air Fares: Due to 1978 deregulation, competition reduced air fares. Therefore, one does not need to buy a package tour in order to get a cheap air fare to the destination.
4. Leisure pattern: Overseas people have more leisure time, so they are able to take more frequent trips. Consequently, packages are geared for these type of vacations (e.g. a weekend in Palma Majorca, a three-week summer vacation for the family in Greece, etc.)
5. Some travel agents said that Americans do not like to take package tours, due to cultural background. As one of the agents commented: "Unlike Europeans, Americans do not do well in groups, they like to be by themselves."
6. There is no demand for the additional services provided in a tour package (tickets to attractions, dinners, etc.) There is only demand that the travel agent will book hotels and air transportation only.

7. The European market is large, and as a result the packages are directed for a mass market. However, "American packages are not geared for the bulk," and therefore, they are not popular.
8. American packages do not seem to be reliable: Bad experience of travel agents and clients with various tour operators, has shifted the demand from package tours to individual travel. This problem is particular dominant in the Caribbean: "Overbooking is a common problem, one out of two clients usually gets into the hotel."

RELATIONSHIPS BETWEEN TRAVEL AGENTS AND TOUR OPERATORS:

In general, the participating travel agents did not have a positive view of their relationships with tour operators. One of the travel agents said: "we do not try with new ones." In addition, before any legal contract with tour operators is done, the travel agents seek recommendation from others about their experience with a specific tour operator.

The travel agents thought that a development of "a travel agent reference group" about tour operators would be a good idea.

The travel agents also said that the client is protected by the travel agent, and consequently, all blames fall on the agents. Agents, however, do not have any legal protection from unsatisfied customers, and wished that the tour operators would take the responsibility for their product and not blame the airline, hotel, or any other provider.

The discussion of the travel agents' problems with tour operators is summarized in the the next section.

WHAT MAKES A GOOD TOUR OPERATOR

1. Dependability: The tour operator has to stand behind the advertised product. The services described in the brochure should be provided in full to the client.
2. Good Staff: "I do not want to wait 35 minutes on the phone in order to get an answer to a simple question"
3. Knowledge of product: "They have to know how far the hotel is from town"

"We seldom get different answers from different staff."

"Tour operators have to stay behind their quoted prices and not change them."
4. Commission Payments: Airlines are going to charge for using the MCO.

Payments are not always prompt.

"If you charge it on a credit card, some tour operators will charge you 3%."
5. Document Delivery:
 - a. "The tour operators have to send you the documents on time, and not to wait for the last minute."
 - b. "Clients want to have a piece of paper as soon as they pay."
 - c. Obscure envelopes: tour operators are confusing travel agents by sending documents in brown envelopes that are used for mailing brochures. Suggestion was made that documents will be sent by registered mail.
6. Protection from tour operators regarding any legal problems with unsatisfied clients. "We need a note from the tour operator standing behind their product."
7. Need financial statements from tour operators.
8. Moral responsibility based upon what the tour operator is going to sell.
9. Representation in each destination city/region to take care of client's needs.

10. "Personal Touch": the travel agents expressed their wish to meet and get to know better the management team of each tour operator. This personal touch would enable them to solve any problems much easily.

SEARS "NEW CREATURE":

After disclosure that the new tour operator will be called Sears Tours, the Orlando Travel agents expressed the following concerns:

1. The travel agents insisted that the product will only be sold through travel agents, and that the retail stores of Sears will not be engaged in this process.
2. Some of the agents suggested that the name Sears has to be changed/omitted because the general public will hesitate buying any Sears product from a non-Sears retailer.
3. Some agents wanted to know more about the Sears Tours' product and were skeptical about its future success:
 - a. "What is going to be the product?"
 - b. "Some people don't buy everything from Sears"
 - c. "What are going to be their destinations?"
 - d. "Are there going to be sub-contractors (like other tour operators) to some of the destinations?"
4. Some agents thought that this venture takes advantage of travel agents as guinea pigs.
5. Some agents expressed their concern of "being lost" in a large organization where the "personal touch" is non-existent.
6. A few agents were concerned whether people will abuse the "money-back guaranteed" concept by applying for refunds after coming back from their vacations.
7. Marketing issues:

Most of the agents suggested various educational programs for travel agents about the new product, in particular:

 - a. seminars
 - b. videos
 - c. walk-man tapes
 - d. presentations
 - e. press conferences

NEW YORK GROUP

The New York group met at the Roosevelt Hotel in Manhattan on 11/19/86. Nine agents and a researcher from the Dick Pope Sr. Institute for Tourism Studies participated in the session. The findings are reported in the following key areas.

PACKAGING IS NOT POPULAR AMONG AMERICANS:

The discussion started by comparing the U.S. and European packaging industry. Like the Orlando group, the agents thought that packaging is not popular among Americans, "in particular New Yorkers." Some of the detailed concerns are summarized below:

1. Culture: Americans like the do-it-yourself concept. "They do not want to march together" as the Europeans or Japanese who prefer to take packages or organized tours and be together.
2. Price: Packages are better value for money in Europe. Mark-up in the U.S. is higher.
3. Economy: Currently, gas is cheaper and therefore, Americans prefer to drive and plan their own vacations.
4. Form of Payments: "American people hate to pay up front." They want to get the product first (a hotel room, a meal) and then pay.
5. Quality: Interesting to note, that unlike the Orlando travel agents, the New York group did not perceive differences between the quality of the European and American package-tour product.

Their major argument was that: "You get what you pay for" (better hotels, facilities etc.)

RELATIONSHIPS BETWEEN TRAVEL AGENTS AND TOUR OPERATORS

In general, the participating travel agents did not have a positive view with regard to their relationships with tour operators. It is important to note that the issue of "reliability," that is, "no surprise is the best surprise" once the client is at the destination, was not emphasized like in Orlando.

Furthermore, commission was not raised as a major concern. However, the travel agents said that: "if commission is a fixed 10%, we will work with those who understand our issues"

Other issues are summarized below:

1. Quality of tour operator employees: This was a major concern among all travel agents. The travel agents complained that the communication process with tour operators would be facilitated if tour operators hired knowledgeable and professional staff:

"you have to train and educate the people you speak with"

"they have to know their product"

The travel agents were also concerned with courtesy and mannerism of the tour operators' staff.

2. Financial background: Although initially was stressed by one agent, many followed regarding the importance of working with financially sound tour operator.

some also added:

"sometimes you get a shock that a specific tour operator filed chapter 11."

3. Communication process: The travel agents complained that it is difficult to reach some tour operators on the phone:

"We don't want to wait hours on the phone"

4. Unfair terms: Agents were concerned about some tour operators' financial terms for the travel agents as well as for clients, especially pre-payments and penalties: "sometimes you have to pre-pay in July for a Christmas vacation.

Furthermore: "If you pay with credit cards you may lose some points on your commission."

5. Package structure (especially to the Caribbean): Some of the agents complained that in order to book a client a package, they have to contact the hotel first to see if they have availability and then book through the tour operator the flight.

In addition, sometimes they are forced to buy packages because tour operators block bulk seats on flights, and the only available way to get a seat is through a tour operator.

6. Documentation:

- a. Bad presentation of documentation: "sometimes you get one piece of paper and that's it."

- b. "If you want documents to be rushed, you have to pay for Federal Express."

- c. "Sometimes you get documents as "junk mail" and you can't distinguish between important and unimportant documents."

7. Reliability: Some travel agents complained about the reliability of the product they sell to their clients. For example: "a room with an ocean view should be a room with an ocean view," or often the client arrives in a new hotel that is still under construction.

8. Sales philosophy conflict: Some of the travel agents thought that there is a conflict between the philosophy of the travel agent who wants to sell his clients a product on an individual personal level, and the tour operator thinks in "bulk" or "big numbers."

WHAT MAKES A GOOD TOUR OPERATOR:

1. Good front line sales people:
"they have to know their product"
2. Sound financial background.
3. Good and timely documentation.
5. Reliability of product sold to the client: "No surprise is the best surprise."
6. Fair financial terms for the travel agent, as well as the client.

7. Education and training for the tour operator staff:

Fam tours
Proper class training
Courtesy

SEARS "NEW CREATURE"

Before the name "Sears Tours" was mentioned, the reaction to the proposed tour operator was very favorable:

"wonderful" "fantasy world" "it will be very successful."

With regard to the concept of satisfaction guaranteed, agents were concerned whether New Yorkers may take advantage of this concept. Some agents said that this concept has been implemented in the past, but refunds were not always given to the customers.

Once the name "Sears Tours" was mentioned, the agents expressed the following concerns:

1. Sears Tours will have to deal only with travel agents.
2. Some travel agents wanted to wait and see Sears Tours performance before getting into business relations.
3. Sears in New York is not a "big name," so agents were concerned about attracting potential customers.
4. Sears stores have an image of budget quality. The agents suggested to put Sears' name in fine print.
5. The agents were concerned who is going to be the new tour operator's management team (airline people? former tour operator?).
6. The agents did not want additional paper work with regard to rebates. This concern was based on their experience with the airlines' rebate.
7. Change name: it might be confusing to distinguish between Sears Tours and Sears Travel.
8. Agents were concerned about the fear of drowning in a large organization: They still want the personal touch of a relatively small tour operator.

9. Education of the new tour operator's employees as well as travel agents is needed in order to promote the new venture. This can be done by:

Fam trips

Seminars

Sales calls (many agents don't have the
time to go to seminars)

Regional sales offices