

**Ομιλία Mr. Noel Josephides, Προέδρου της ABTA (UK's Travel Association)
στην Παρουσίαση του Δώδεκα**

“The Importance of the Travel Agent in the New Developing Environment of Global Tourism”

Much of what I have to say relates to the UK industry but where possible I draw parallels with Greece.

Over the last 10 years I have often wondered whether my own company, which I set up with a business partner in 1970, will actually survive the business upheaval which has swept our industry. Unpredictability and uncertainty rule. We are victims of economic worldwide crisis and Governments which do not understand tourism.

We do not run businesses - we play Russian Roulette.

Geopolitical upheaval makes the tourist industry a very dangerous one with which to be involved.

Successive Governments across Europe and the Commission in Brussels itself have been unable to keep up with the pace of change in the industry, and legislation is in a chaotic state with much of it incomprehensible, even to lawyers.

Taxation has been successfully avoided by the online players. Legislation to which we, the traditional players, are subject, the online players simply claim does not apply to them. This has created a very uneven playing field.

Money has been poured into the coffers of the no-frills carriers and the online players by hoteliers, Governments, airports and regions and yet you, and we the specialist tour operators who created those markets, have not been given a second thought.

Yet, surprisingly, quite a lot of us are still around.

But first some background...

So, what are my qualifications for speaking to you?

Well, I'm chairman of the Sunvil Group, a well-established and respected brand in the UK.

Sunvil's Africa and Latin America programmes are booming and 40% of our Africa business comes from North America. Our tailor-made programmes to Portugal, Italy,

Sicily and Scandinavia are also doing well and the independent UK travel agents that are still surviving do so by selling the type of complicated travel arrangements which we and other specialists are putting together. Weddings are doing well under our Planet brand.

Cyprus has died; clients now put together packages based on no-frills carriers and booking.com or direct with the hotel. There is no money to be made in Cyprus for legacy tour operators. Unfortunately, Greece is going the same way; we currently carry 20,000 customers per annum; 15 years ago we were carrying 35,000 people. We are carrying fewer and fewer people every year because we cannot compete with the no-frills carriers and online players, primarily because they pay no VAT. This is a good example of how *lack of fair legislation* adversely affects legacy tour operators; online players are able to claim that they act as agents and not principals, yet they do exactly what legacy tour operators do.

There are now no charter airlines left in the UK, because they have been put out of business by the no-frills carriers, and legacy tour operators are disappearing. You must not, sadly, rely on the UK legacy tour operating market for future business; I will expand on this later.

Should we legacy operators disappear, our representative travel agents in Greece will be that much poorer. What is likely to happen is that we will shrink in size and take fewer commitments, which means that accommodation suppliers will have less certainty.

So, I repeat - and please remember this: mid-sized tour operators throughout your traditional Northern European markets are slowly dying and, in the UK, they are dying faster, so you cannot rely on legacy operators for the future unless they operate in highly specialised markets.

As Chairman of ABTA, I have a very good grasp of the travel trends in the UK. ABTA in the UK is a Super Brand. It employs 80 staff and is highly respected by both the British Government and the Commission in Brussels.

Sunvil was a founding member of the Association of Independent Tour Operators (AITO, www.aito.com) in 1976, and I am also a Director of this association. AITO is a collection of 120 or so of the best specialists in the UK and should be the first port of call for all specialist Greek agents.

The Travel Foundation is the UK travel industry's charity which strives for environmental excellence. I was involved in its creation 11 years ago and am the current Chairman. We have a budget of around £1.5M a year and are involved in projects all over the world.

The Old Order

This is what the UK's travel agency market looked like 18 years ago.

The large groups made up only 36% of the shops, so there were still plenty of independent travel agencies.

By 2005, the number of outlets had fallen from 6,942 to 5,615 - a drop of almost 20%.

10 years later the total number of outlets had fallen to 3,419, a 51% drop since 1998.

I have not been able to obtain accurate figures for licensed Greek Travel agents from EOT, but I would guess that numbers have fallen - although the collapse in the UK has probably been more marked.

The New Order

These are now our competitors and, combined with the growing number of routes provided by the no-frills and scheduled carriers, they currently seem unstoppable.

Looking at the slide, can I just clarify that revenue means *gross earnings from trade*?

For instance, in the case of Expedia, their annual turnover in 2014 was around \$60 billion. In the same year Priceline's turnover was \$55 billion. In comparison, the whole of ABTA members' turnover in 2015, including TUI and Thomas Cook, was \$60 billion. It shows clearly just how powerful these online companies have been allowed to become.

AirBNB has enjoyed startling growth. It has, however, nothing to do with the "sharing economy". The company simply rents out property in the same way as the rest of us have done for years. For some reason, Governments believe that AirBNB has created a new market; this is absolute rubbish and every effort should be made to tax both the company and those whose properties are featured on its website.

Expedia

You will recognise many of these brands. Expedia and Priceline have slowly been cornering the market yet not a single Government has pointed to the worrying oligopolistic trend.

Priceline

Hoteliers have been welcoming booking.com with open arms. Unfortunately for agents – and Greek agents are no exception - hoteliers no longer value the business which you traditionally gave them. There isn't a hotel anywhere in the world, even in the remotest location, which is not sold by booking.com and TripAdvisor.

I understand that Priceline spends in the region of \$2.4 Billion *per year* on pay per click with Google. How can *anyone* possibly compete with that?

TripAdvisor

TripAdvisor started as a simple review site - but just look at it now.

In the UK, those of us who are involved in regulatory matters see quite clearly that this company is acting as a tour operator - but the UK Government does nothing to pull it into line with tour operating legislation and taxes, to the detriment of legacy tour operators.

TUI

And this is what the mighty TUI is doing. You can see why it's doing so well in the UK and that is because it has virtually done away with working through travel agents. The German market is still traditional but, because TUI in Germany is forced to sell through travel agents, its margin there is only 2%. This compares with its 7.9% UK profit margin; in the UK, it sells 89% direct, either online or through its own retail chain, and has very little need for third parties to help sell its holidays.

Google

Who knows what this company is up to! I personally hate giving business to powerful organisations but what can any of us do in the face of Governments allowing such a company to go from strength to strength?

The unemployment such companies are creating - and will continue to create - will be enormous and, in my opinion, will prove catastrophic to all economies, let alone that of Greece.

Internet penetration

I simply show this slide so you can see how far behind we are in Greece. In many ways this still gives you a temporary lifeline. You still have time to decide what you can do to

diversify your business. But, if you are still relying on selling ferry tickets, I must warn you that your days are numbered.

I was giving a presentation to a Masters marketing course at a UK University recently and, when I asked the audience of 80 or so students how many had visited a travel agent in the last year in order to arrange travel, only ONE student put his hand up, to the laughter of all the rest.

How to survive – 8 points to consider

- 1.** Groups are still immune from online players. They need attention and they need a local agent. So I suggest that you target groups, either directly with online client enquiries or through specialist tour operators.
- 2.** Special interest and niche is still a small market, but why not develop something different and market it to specialist operators? Don't go to travel fairs and sit around chatting. Do your research, and target operators and clubs which may be interested in your niche ideas.
- 3.** Add value! The internet cannot do this.
- 4.** Give a high level of personal service, and create repeat business and recommendations as a result.
- 5.** Don't rely on hoteliers, they are now the slaves of booking.com.
- 6.** Large companies can drop you at very short notice when it suits them. Work with companies that rely for their livelihood on Greece. You know they won't run away when working with Greece is not profitable.

I HEARTILY WISH THAT THE GREEK GOVERNMENT WOULD RECOGNISE THOSE SPECIALIST OVERSEAS TOUR OPERATORS THAT SUPPORT GREECE THROUGH THICK AND THIN.

- 7.** Don't be arrogant. What is sure today may not be sure tomorrow. Diversify your business as much as you can.
- 8.** Seek out new markets, markets that still value your input and your guidance. As I've said before, the traditional northern European markets cannot be relied on.

FEDHATTA

You must make the HATTA BADGE a symbol of excellence.

No operator, no member of the public should want to deal with any agent that does not carry the HATTA badge.

Illustrate to Government the contribution your members are making.

Make sure all your members have adequate financial protection because this is going to be increasingly important in an uncertain world.

Make HATTA a platform for an interchange of views. I travel to 22 regional meetings of ABTA every year, from Scotland to Wales and from Cambridge to Bristol and Birmingham. I listen, and I try to help. It's such initiatives that make ABTA a powerful and respected organisation. I am proud to say that we have made ABTA into a Superbrand.

It won't be easy going forward but I know that already some Greek agents are adjusting their businesses to cope with the new order.

Noel Josephides
29th March 2016