

Celebrating 60 years of ECTAA

The value of travel agents and tour operators today

Travel agents & tour operators are an important actor of the tourism value chain. They provide valuable support to leisure and business travellers before, during & after their trip in terms of:

- ★ Transparency and choice
- ★ Convenience and assistance
- ★ Information and advice

60 YEARS OF TRAVEL AGENTS AND TOUR OPERATORS

Even though the first travel agent, Thomas Cook, paved the way in 1841, the development of travel agents significantly speeded up during the 60s alongside the rapid growth of commercial airlines. Travel agents were the only qualified persons to book flights using a monthly published book containing airline routes and times and manually writing a ticket out by hand, which could take hours. At that time travel was still long and expensive, which meant not everybody was able to travel.

As air transport experienced rapid growth, airlines developed the first central reservation systems enabling travel agents to book travel electronically. In the 1980s the Global Distribution Systems developed, giving travel agents direct access to airline schedules and fares from different airlines and automatised the booking process. The first Code of Conduct for Computerised Reservation Systems was adopted by the EU in 1989, and subsequently amended in 2009, to ensure the supply of neutral and transparent information to consumers.

As hotel constructions developed rapidly in many Mediterranean countries and larger and faster aircrafts were becoming available for charters in the 60s and 70s, more tour operators started to grow. They offered package holidays at affordable prices, catering for working class families. In 1990 the EU adopted the package travel Directive to ensure a high level of protection for package travellers by requiring tour operators to provide a standard set of information, assistance and protection against the operator's insolvency.

With the advent of the internet in the early 90s, many travel companies developed their own websites and online reservation capabilities. Suppliers increasingly sold direct to customers. The 'low cost' airlines, that grew out of deregulation in the mid-90s, led to a boom in 'do-it-yourself holidays'. But also travel agencies and tour operators have understood the interest of digitalizing and fully exploiting all the opportunities that the web has to offer. New digital players entered the market, such as content aggregators, meta-search engines, review websites, alternative peer-to-peer marketplaces, etc.

Today the travel market looks very different from 60 years ago. While before there was a linear relationship between the supplier, tour operator, travel agent and the customer, today the travel industry is a complex network of players. Companies have expanded across the distribution chain to blur the traditional lines between players. In this context, it is important to review existing EU legislation regulating the travel market and ensure a fair, competitive, transparent and sustainable travel market.

Travel agencies are primarily engaged in selling travel, tour, transportation and accommodation services on a wholesale or retail basis to the general public and other travel companies. Tour operators arrange and assemble tours that are sold through travel agencies or directly by tour operators. The tours may include any or all of the following: transportation, accommodation, food, and visits to museums, historical or cultural sites, theatrical, musical or sporting events.

Travel agencies and tour operators represent an important part of the tourism value chain. According to Eurostat and IATA, travel agents and tour operators account for:

117.000*
enterprises

€197 billion*
turnover

570.000*
employees

USD 60,1 billion**
in air ticket sales

TRAVEL AGENCIES AND TOUR OPERATORS IN EUROPE

Tourism was among the sectors most affected by the COVID-19 pandemic, due to the travel restrictions as well as other precautionary measures taken in response. According to Eurostat, in June 2020, the tourism services sector fell by 75% compared with February 2020 due to the Covid-19 crisis. Looking at the specific sectors within the tourism industry, travel agencies and tour operators fell the most [-83.6%], followed by air transport [-73.8%], accommodation [-66.4%] and restaurants [-38.4%].

* 2018 Eurostat data

** IATA BSP data (data excludes sales of non-IATA carriers, such as LCCs, charter carriers, consolidator sales)

WHAT IS ECTAA?

ECTAA is the European umbrella organisation of travel agents and tour operators across Europe. Members are the national associations of 26 EU Member States as well as UK, Switzerland and Norway. ECTAA works to drive growth and competitiveness in the European travel industry by working with members to inform and shape the debate in the European institutions and industry bodies.

This year ECTAA celebrates its 60th anniversary. The association was founded in 1961 at Bad Kreuznach (Federal Republic of Germany) by the national associations of travel agents and tour operators of the 6 founding Member States of the Common Market. Other national associations joined ECTAA with the successive enlargements of the European Union.



1961-2021

WHAT TRAVEL AGENTS AND TOUR OPERATORS STAND FOR

Transparency and neutrality

Consumers want transparency and choice. An ever-growing abundance of travel offers and possibilities create a growing need for guidance and advice. Travel agents and tour operators are experts that help consumers find the most suitable offer, save time and money and avoid disadvantageous choices. Using the latest in computer reservations technology, travel agents / travel advisors and tour operators can access the most up-to-date information and offer a neutral display of rates to consumers.

Assistance and care

Booking through a travel agent / travel advisor or tour operator offers a high level of consumer protection to travellers, thanks to a wide range of EU legislations protecting them at every step of their trip. Flights, accommodation, a guided tour or all of them combined, there is a set of rules protecting travellers in the event of a travel disruption, even at the destination, etc. Consumers will obtain information, care and assistance, and will be entitled to compensation under certain circumstances.

Sustainable tourism

Tourism can be a catalyst for growth and employment. But if it is not managed well, tourism can have negative impacts leading to the decline of a destination. Travel agents and tour operators play an active and vital role in affecting changes in behaviours and attitudes towards more responsible forms of tourism. They also help to offer more sustainable tourism products, by integrating sustainability in their selection of suppliers. Managed / organized travel is advantageous over unmanaged / unorganized travel.

Seamless travel

Travel agents / travel advisors and tour operators are professionals with qualifications, know-how and skills to assist travellers with all their travel needs. They are commonly seen as a 'one stop shop' for all travel arrangements, including booking of travel and insurance protection, visa applications, information on foreign travel requirements, custom-designed trips, etc. They offer a whole range of services so that customers can travel from A to Z with peace of mind.

FOR A COMPETITIVE, TRANSPARENT, SUSTAINABLE AND CONSUMER-FRIENDLY TRAVEL MARKET

Drawing lessons from the crisis: Improving travellers' rights and levelling the playing field

The travel and tourism industry has been greatly hit by the pandemic. The latter has exposed the limits of current consumer protection legislation, notably in respect of consumer refunds and inadequate insolvency protection. Travel agents and tour operators were unable to refund their customers, as they did not get the money back from their suppliers. We need to draw the lessons from the last couple of years and review legislation, in particular:

- ★ **Harmonisation of travellers' rights:** Legislations protecting travellers (Package Travel Directive) and passengers (Air Passenger Rights Regulation) should be aligned in order to offer full protection and level the playing field. First and foremost, consumer protection should be extended to cover airline insolvencies;
- ★ **B2B refunds:** Service suppliers should also be obliged to process refunds to customers via the travel agent or tour operator. That obligation should be applied to all services that are part of a package, in particular the air transport segment;
- ★ **C19 specific measures:** In the event of highly remote risks, similar to the current pandemic, a rapid refund system, either set up at EU or national level, should be mobilised to ensure the refund of travellers in a timely manner. Similarly, rules on vouchers should be enshrined in the current legislation.

Review of transport distribution to guarantee transparency and non-discrimination

Legislation is in place to guarantee transparency and neutrality in prices and non-discrimination based on residency / establishment of the customer or his/her travel agent. Yet this legislation is no longer fit for purpose, as many suppliers remove content from the regulated channels (e.g. only making certain content accessible through own channels), adding surcharges for regulated and transparent channels or are outside the scope of existing legislation (e.g. meta-search engines, content aggregators, etc.). Any revised or new legislation (CRS Code of Conduct, Air Service Regulation, multi-modal travel information, etc.) should ensure the following:

- ★ **Access to content:** Travel agents should be granted access to content (schedules, availabilities, fares, inventories, journey information, etc.) on FRAND conditions – Fair, Reasonable and Non-Discriminatory;
- ★ **Transparency and neutrality:** Transparency and neutrality requirements should be extended to new content providers, aggregators and platforms that have emerged in recent years and that offer similar technical solutions as the Computerised Reservation Systems, which are regulated.

Ensuring proper enforcement of the travel legislations by digital platforms

Consumers benefit from extensive consumer protection when buying a combination of travel services (package travel or linked travel arrangement), such as clear information, insolvency protection, etc. However, an increasing number of platforms use their status to escape their obligations when offering a combination of travel services while also neglecting to ensure the compliance of their business users. Therefore, it is necessary to ensure:

- ★ **Enforcement:** Traders offering package travel via a platform should fulfil their obligations as any package organiser. Platforms themselves should *a minima* comply with their obligations as package retailer;
- ★ **Illegal content:** Platforms should be responsible with regards to the compliance to consumer laws of their hosts selling package travels. ECTAA welcomes the ongoing discussions on the Digital Service Act aiming at revising the liability exemption regime.

Modernising the VAT rules for travel agents

The special VAT scheme for travel agents dates from 1977 and is no longer adapted to the market reality. As highlighted in the recent KPMG study mandated by the Commission, the scheme needs to be reformed to address the distortions of competition and make the rules future proof. A review of the special VAT scheme for travel agents is required in order to:

- ★ **Make the scheme optional**, which would allow travel agents to choose either simplification offered by the special rules but taxed at the standard VAT rate or application of normal rules, which are complex but allow taxation at reduced/zero VAT rating;
- ★ **Allow a global margin calculation**, as the transaction-based margin calculation is too complex for both businesses and tax authorities;
- ★ **Level the playing field with non-EU operators and travel suppliers** which can be achieved by changing the place of taxation to where the customer is established or applying a reduced/zero VAT rate for special scheme supplies.

Recovery and resilience of the travel and tourism industry

Tourism is a cross-cutting industry so policy-makers cannot look at it in isolation. Europe needs a dedicated EU Tourism strategy with clear aims, objectives and actions for tourism in the EU, including a dedicated EU budget, for a strong recovery and long-term resilience. Therefore, it is necessary to adopt a Tourism Agenda 2050 with focus on:

- ★ **Resilience** - Long-term tourism needs an integrated strategy encompassing all policy areas impacting on travel and tourism. In the short-term, focus should be on the resumption of international travel through facilitation of travel for vaccinated / C19 recovered people.
- ★ **Sustainability** – All actors in the travel and tourism supply chain must improve their sustainability performance. EU and national funding should be made available to help this transition.
- ★ **Digitalisation** – Providing EU financial support for the digitalisation of the tourism sector and ensuring transparency and neutrality for online consumers and businesses in the regulatory framework.

ECTAA Full Members

- AUSTRIA** Österreichischer ReiseVerband ★ www.oerv.at
AUSTRIA Wirtschaftskammer Österreich ★ www.wko.at
BELGIUM Fédération de l'Industrie du Tourisme – Federatie van de Toeristische Industrie ★ www.fit-fti.be
BULGARIA Асоциация на Българските Туроператори и Туристически Агенти ★ www.abtta.com
CROATIA Udruga hrvatskih putničkih agencija ★ www.uhpa.hr
CROATIA Hrvatska Gospodarska Komora ★ www.hgk.hr
CYPRUS Association of Cyprus Travel Agents ★ www.acta.org.cy
CZECH REPUBLIC Asociace Českých Cestovních Kanceláří a Agentur ★ www.accka.cz
DENMARK Danmarks Rejsebureau Forening ★ www.drif-dk.dk
ESTONIA Eesti Turismifirmade Liit ★ www.etfl.ee
FINLAND Suomen Matkatoimistoalan Liitto ry ★ www.smal.fi
FRANCE Les Entreprises du Voyage ★ www.entreprisesduvoyage.org
GERMANY Deutscher ReiseVerband e.V. ★ www.driv.de
GREECE Σύνδεσμος των εν Ελλάδι Τουριστικών και Ταξιδιωτικών Γραφείων ★ www.hatta.gr
HUNGARY Magyar Utazási Irodák Szövetsége ★ www.muisz.com
IRELAND Irish Travel Agents Association ★ www.itaa.ie
ITALY Confturismo / Confcommercio ★ www.confturismo.it
ITALY Federazione Turismo Organizzato ★ www.ftoitalia.it
LATVIA Latvijas Tūrisma Aģentu un Operatoru Asociācija ★ www.alta.net.lv
LITHUANIA Nacionalė Turizmo Verslo Asociacija ★ www.ntva.lt
MALTA Federated Association of Travel & Tourism Agents ★ www.fatta.org
THE NETHERLANDS Algemene Nederlandse Vereniging van Reisondernemingen ★ www.anvr.nl
NORWAY The Norwegian Travel Trade Section ★ www.virke.no
POLAND Polska Izba Turystyki ★ www.pit.org.pl
PORTUGAL Associação Portuguesa das Agências de Viagens e Turismo ★ www.apavt.net.pt
ROMANIA Asociația Națională a Agențiilor de Turism ★ www.anat.ro
SLOVAKIA Slovenská asociácia cestovních kancelárií a cestovních agentúr ★ www.sacka.eu
SLOVENIA Združenje Turističnih Agencij Slovenije ★ www.ztas.org
SPAIN Asociación Corporativa de Agencias de Viajes Especializadas ★ www.acave.travel
SWEDEN Svenska resebyrå- och arrangörsföreningen ★ www.srf-org.se
SWITZERLAND Schweizerrischer Reise-Verband ★ www.srv.ch
UNITED KINGDOM The Travel Association ★ www.abta.com

International Members

- ISRAEL** The Israel Association of Travel Agencies & Consultants ★ www.itaa.org.il
MALAYSIA Malaysian Association of Tour and Travel Agents ★ www.matta.org.my
TUNISIA Fédération Tunisienne des Agences de Voyages et de Tourisme ★ www.ftav.org