



## Discussion on the Development Problems of Travel Agencies

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### Abstract

Travel agency is the leading part of travel industry, and plays the role of promotion. However, the development of travel agency in china at present is incompatible with the developed travel industry today very much, This article elaborates the challenge which faced by travel agencies and put forward many development countermeasures.

**Keywords:** Travel agency, Development, Countermeasures

As one of three pillars of tourism industry, the travel agent has many functions, such as production, marketing, organization and coordination, distribution of economic benefits, and providing information. It is the foundation for the development of tourism and the main organizer of tourist source for tourism destinations and resort hotels. As the agents of tourism products, travel agents should become a big tourism receipts department. But what happened to travel agents in China?

Based on economics management ideas and methods, this paper analyzes the development of travel agencies and countermeasures in China.

First, China's travel agency market is monopolistic competition market because of the following Features.

(1)The trade volume of enterprises is big

China's market has not only travel agencies which has also established a solid position earlier and got the high reputation, such as "China Travel", "The Youth Travel", and "veteran Chinese Travel Agency", but also many new established ones like "Gardens Travel Agent".

(2)Be free in or out of the industry

Travel agents can enter the market because of the higher average returns on capital to, or withdraw from competition because of the individually insufficient reason at any time without artificial barriers.

(3)The business of the products are differences between the

Because of the tour operators, the management model is not the same, and travel agents in the pure products of services and products, is the natural difference at all there.

(4)As China Travel Service in the case of, where possible, from travel agents to the scale, power is cut off from each other by the wall screen market.

As the financial gap among different scales of agents is big in Chinese market, larger travel agencies operate profits of larger businesses, small travel agencies can only operating profits of smaller businesses. Thus large groups and small groups exist between the larger conflict, having targeted competition. Therefore, various travel agencies have price competition only in the same scale of business, that is, the formation of fixed within the scope of free market competition.

Second, the product difference competition should be the mainstream of China Travel Service market competition, certainly not the pure price competition.

In the monopoly competition, the bigger THE product difference, the more loyal of different customers to their preferred products. Therefore if enhancing the price, the enterprise cannot lose the complete customers; or if reducing the price, the enterprise cannot attract the complete customers. In other words, the bigger of product difference, the smaller between product vicariousness, and also smaller of the product demand price elasticity.

We have four main approaches to differentiate our products.

(1) Advancing the total quantity of products

(2) Improving capabilities and structures of products

(3) Increasing purposes of products

(4) Providing more circumspect service for the customers

Shielded-market is a perfect competitive market. In the perfect competitive market, it only has the price competition because all products only have the perfect elasticity in this market, and as long as slightly raising the price, products can not be able to be sold. That's the reason why this is the low level price competition in China's travel agency market.

Third, the fixed price mechanism has the erroneous zone

There are two methods regarding the product fixed price:

- (1) Cost addition fixed price law
- (2) Goal investment income rate fixed price law

But the present travel agency all mostly uses the following quoted price methods:

At the first step:

They calculate round-trip fare which this service entire journey needs, the first admission ticket expense, the middle-grade basic meal expense and the lodging allowance according to the single the price computation; (A)

At the Second step:

They calculate the expense above according to team preferential price ;( B)

At the Third step:

They make the determination satisfaction price, and the price must be situated between A and B.

The above fixed price method seems very reasonable, having the big attraction, but in fact by no means so. I thought that, we should count the opportunity expense tourists take on their voluntarily travels as the cost, and carry on the fixed price by the addition rate which is lower than the normal addition rate.

Because travel agency's fixed price method is insufficiently scientific, they intensified the low level price competition among themselves, creating various travel agencies to be busy at excessively reflected to the price information, neglecting the service competition difficulty with touse the advertisement competition and so on, which caused the China Travel Service to management with small profits and slow accumulation. Moreover, a deeper level crisis will cause the travel agencies to reduce the cost by keeping the prices of products or services of traveling transportation business agents, the traveling hotels and the traveling scenic areas, which will pull down other the profits of other traveling industries and cause the profits of the entire profession to drop (internal friction drop), and be disadvantageous to the platelive enterprise's management.

Fourth, the phenomenon of rathe downfall is common.

According to the rule of marginal-revenue-decrease progressively, the production may be divided into three stages

- (1) Rising stage
- (2) Reascending the stage
- (3) Dropping stage

Regarding the enterprises, the rise stage may develop through job holders's specialization, the big purchase, and so on. But the drop stage is caused by enterprises, which surpass the best scale or have management questions. The author thought that, the process during which the enterprises do not achieve the most superior scale before transferring to the drop because of the management questions, may be called rathe downfall phenomenon.

Regarding a bigger scale travel agency, the management questions are mainly: the influence of the plan system remains to the modern management, the small travel agencies have already marched into the management badmire before they had the implementation genuine personnel specialization,.

Many resolvents are as follows:

Regarding the large-scale travel agency, we should eradicate the remaining influence, establishing the modern system.

Regarding the small travel agencies, we should introduce the specialized talented person as soon as possible, accelerating accumulation.

Many innovations are put forward.

- (1) Seizes the initiative, forestalls to develop the new traveling resources, facilitates the difference formation, raises loyalty.
- (2) Adjustment of methods of fixed price, profession teamwork.
- (3) Half opening management.
- (4) Give many low-value-presents to the tourist group according to the different sex and the age, such as traveling scenery postcard and so on. These small presents should have this travel agency symbols.
- (5) Try to listen to the tour guide explanations.
- (6) May accept the suit afterwards, lets the consumer have the opportunity to divulge.
- (7) Subdivides the market, serves for the specific crowd, and specially designs traveling projects to adapt the specific crowd's.

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