

Diminishing Airline Commission and Its Effect on Travel Agents in Kenya

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ABSTRACT

In Kenya, the travel industry has seen some large companies collapse while others have diversifying into accommodation and other sectors. The main reasons are not clear though it is suspected that deregulation, competition, and change of micro and macro business environment might have been some of the causes. The purpose of the study was to explore the effect of strategic responses to airline industry deregulation on performance of travel agents and evaluate the success of these strategies. It sought to examine how airline service and fees, impacted performance of travel agents after the airline deregulation. Little has been documented on the effect of commission reduction by airlines on Kenya's travel industry. There was need to conduct some study to explore what is happening in the travel industry and analyze the effects different strategies taken by agents in the new business environment. The study sought to fill this gap.

Spearman's correlation coefficient findings indicated that there was strong positive correlation between airline services and fees, and the performance of travel agents in Kenya. These relationship is statistically significant at ($p < 0.05$). Finding also indicated that travel agents in Kenya continued to sell airline services despite the deregulation. The study concluded that the travel industry in Kenya adapted to the changes in the business environment and were least affected by the deregulation. It recommends that players in the travel industry should invest more in the technology, marketing business and leisure services where commission still remains.