

THE WALL STREET JOURNAL.

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THE MIDDLE SEAT

No, Really, That's a Travel Agency

Austin's Departure Lounge books your trips while doubling as a wine and coffee bar, one of a new breed of vacation planners



Booths at the Departure Lounge in Austin, Texas, are for travel advisers to meet with clients as well as for patrons to enjoy coffee or wine. PHOTO: ILANA PANICH-LINSMAN FOR THE WALL STREET JOURNAL



By

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Austin, Texas

Would you book a two-week trip to Italy on the same couches where you lounged with friends over a glass of Pinot Noir?

Departure Lounge, a leather-couch hangout in the heart of downtown Austin, is part of a new incarnation of travel agency. It's not the traditional kind with a bunch of agents at desks and frayed beach posters on the wall. Instead, it's an upscale meeting place that hosts corporate happy hours, South by Southwest events, wedding receptions and memorial gatherings. Families pop in with children on weekends or couples meet after work. It has a wall of wine bottles, its own coffee blend, sandwiches and TV screens on three sides.

Three years after opening, this brick-and-mortar mashup is profitable—and 80% of its revenue comes from selling trips. Travel agencies need to be visible to consumers to be relevant, says founder Keith Waldon. “We’ve got to get travel back on the street,” he says.

An industry once written off as a victim of the internet and direct booking is finding new ways to prosper. Luxury travel advisers have thrived booking elaborate trips and including special perks for clients. More travelers are deciding travel, like accounting or investing, has become complex enough to benefit from expert advice, especially as they venture further off the beaten path to exotic destinations.



Travel advisers at Departure Lounge chat after a training session. Many of the agency's advisers come from other careers and turn their passion for travel into a new profession. PHOTO: ILANA PANICH-LINSMAN FOR THE WALL STREET JOURNAL

The number of travel-agency locations peaked in 1997 and fell by more than half by 2012, as online booking boomed and electronic tickets became the norm. That negated the need for an agent to issue a paper ticket, according to Census Bureau data compiled by the American Society of Travel Agents. An industry rebound started in 2013.

New models of travel agencies have sprung up. Liberty Travel, a major leisure agency, opened a kiosk in a Tyson's Corner, Va., mall as a way to reach new customers. Black Tomato, a travel agency launched by three 20-somethings eight years ago, devises distinct, upscale adventures and has expanded from London to the U.S., which is now its biggest market.

"There's a role here to be that trusted person that is never going to be replaced by a machine or a computer," says Black Tomato founder and chief executive Tom Marchant.

Mr. Waldon saw the storefront-closing trend as a mistake. Face-to-face interaction helps agents tailor trips and close sales.

He wanted a retail space that could be social and relaxed without pressure to buy. His 2,000-square-foot storefront can be rented as a meeting space or used for learning events, such as a cruise night where 75 clients recently drank wine with representatives from nine cruise lines. Another night earlier this year, 65 people turned out to learn about travel to Iran.



Founder Keith Waldon stocks Departure Lounge's with fine wines from around the world. Clients can sample wines from regions they may visit. PHOTO: ILANA PANICH-LINSMAN FOR THE WALL STREET JOURNAL

"Ninety-five percent of our clients have never worked with a travel adviser before," he says.

Mr. Waldon's 38 advisers use the space for client meetings during evenings or weekends. Clients drop in with children on Saturday for family learning about upcoming destinations and find dolls and books on countries they'll visit. First-time clients go through a computer-based questionnaire asking them about brands they like and previous travel experiences to gauge both spending levels and ideal trips.

When he can get clients into the space to meet with advisers, 83% buy a trip, Mr. Waldon says. When it's only email and phone communications, only 40% buy and repeat

business falls off.

Mr. Waldon is soon to open a Departure Lounge in a west Austin high-end retail center and another at Austin's airport to raise visibility. The agency's average booking is more than \$10,000.



Mr. Waldon thinks travel agencies need to have visible retail presence in downtown or high-end shopping settings. He created a coffee and wine bar in downtown Austin that is a social gathering space and a busy, nontraditional travel agency. PHOTO: ILANA PANICH-LINSMAN FOR THE WALL STREET JOURNAL

Unlike some newer agencies, Departure Lounge is more traditional in one way: It doesn't charge a fee. Revenue comes from commissions paid by tour brokers, hotels, cruise lines and other travel providers. As part of the Virtuoso network of luxury travel agencies, hotels agree to provide clients with a room upgrade and free daily breakfast.

Austinite Amie Nemec lives downtown. When the new wine bar opened on the corner, she popped in. She used the space for a couple of charity fundraisers she organized and she and her husband had an anniversary party there. Soon one of Mr. Waldon's agents was booking trips for her, too.

"You do benefit from taking time to sit down and let them get to know you," says Ms. Nemec, who owns a cosmetic and reconstruction dental clinic with her dentist husband.

A trip to Paris included a private Louvre tour with an art professor. Their adviser always arranges for a fruit and cheese tray waiting for them when they check in. A four-day trip to New York included prime seats to three Broadway shows. (Not "Hamilton," though it was offered. Ms. Nemec decided those tickets were too expensive.)



The Departure Lounge coffee bar has a menu of travel services offered. PHOTO: ILANA PANICH-LINSMAN FOR THE WALL STREET JOURNAL

Clients say the value of a travel adviser comes in their relationships with hoteliers and other locals they'd never find themselves. They also like having someone to call when things go wrong. And they often find booking their own trips tedious.

"I'm not the person who gets on TripAdvisor and reads every review. I don't have time and don't trust all those other people," Ms. Nemec says.

Troy Rodriguez used to book trips himself, but would worry about making a bad decision. When he and his wife wanted to go to Italy for their 25th wedding anniversary, he decided to try Departure Lounge. They ended up with two weeks in Italy at boutique

hotels he never saw online. Another trip arranged by Mr. Waldon included a private Mediterranean cruise on a billionaire's chartered yacht.

"If I hadn't discovered them, I would have saved a lot of money," he jokes of the \$500,000 vacation.

Now Mr. Rodriguez, president of a defense and space technology firm, uses Departure Lounge for his business trips as well. "We're using them because of what we don't have to worry about," he says.

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