E-mail from John Becker: The Travel Agency

From: John Becker

To: You

Subject: Help a Travel Agency with Costs

The owner of a local travel agency came to our office requesting some help with her business. It seems she's had some significant changes in her costs and she isn't sure how they are going to affect her business. I'd like you to review her situation and help her evaluate the changes in costs. I'm forwarding (see below) the cost information the travel agency owner provided.

-----Original Message-----

From: Lucy Wills, Owner, Mythos Travel Enterprises

To: John Becker, Senior Economist

Subject: My Travel Agency Costs

As per our phone conversation yesterday, I'm sending you information about my current travel agency costs.

My current rent is $500 per month, and I am in the second month of a 1-year lease. I also pay access fees for the Calget travel-agency database. This database allows me to book tickets for airlines, trains, vacations, etc. directly with the supplier. The current fees are $100 per month to access the database, plus per booking fees of $15.

Now, my landlord has informed me that he will be increasing my rent to $900 per month! He says this is because the area has grown so much that the land is much more valuable. I'm sure he's correct, as everyone has noticed how much busier the neighborhood is these days. However, I'm not sure I can afford to pay that much for rent and still stay in business!

Fortunately, I've also learned that Calget is going to reduce their fees substantially. They are reducing the monthly access fee to $25 and lowering the per-booking fee to $5.

I'd appreciate any help or advice regarding my situation. I'm drowning in bills!

Sincerely,

Lucy Wills

Mythos Travel Enterprises