# Impact of ICT on Bricks and Mortar Travel Agents and Changes in Supply Chain Positioning

## By

## Kevin Khurram Kayani

**Master of Business Administration – Marketing**

**Master of Business Administration – Strategic Management**

**Submitted in fulfilment of the requirement of the**

**Doctor of Business Administration**

**December 2014**

ii

# Student Declaration

"I, Kevin Kayani, declare that the DBA (Doctorate of Business Administration) thesis entitled 'Impact of ICT on Bricks and Mortar Travel Agents and Changes in Supply Chain Positioning' is no more than 80,000 words in length including quotes and exclusive of tables, figures, appendices, bibliography, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated this thesis is my own work".

Signature                                                                    Date: 30th Dec, 2014

# Notice of Liability

The information in this thesis is distributed on an "as-is" basis, without warranty. While every precaution has been taken in its preparation, neither the author nor Macquarie University shall have any liability to any person or entity with respect to liability, loss, or damage caused or alleged to be caused directly or indirectly by the information described herein.

# Copyright

# Table of Contents

x

# List of Abbreviations and Acronyms

| | |
|---|---|
| ABS | Australian Bureau of Statistics |
| ADR | Average Daily Rate |
| ADSL | Asymmetric Subscriber Line |
| AEDW | Australian Tourism Data Warehouse |
| AFTA | Australian Federation of Travel Agents |
| ARR | Arrival |
| ATC | Australian Tourist Commission |
| ATIA | Australian Tourism Industry Association |
| AUD | Australian Dollar |
| B&M | Bricks and Mortar Travel Agents |
| B2B | Business to Business |
| B2C | Business to Consumer |
| BTR | Bureau of Tourism Research |
| CRC | Cooperative Research Center |
| CRM | Customer Relationship Management |
| CRS | Central Reservation System |
| DFAT | Department of Foreign Affairs and Trade |
| DTI | Department of Trade and Industry |
| ETA | Estimated Time of Arrival |
| ETD | Estimated Time of departure |
| FOI | Freedom of Information |
| GDS | Global Distribution System |
| GPS | Global Positioning System |
| ICT | Internet Communication Technologies |
| IFTTA | International Forum of Travel and Tourism |
| IT&T | Information Technology and Telecommunications |
| NTA | National Tour Association |
| NSW | New South Wales |
| NTO | National Truism Office |

| | |
|---|---|
| OAD | Overseas Arrivals and Departures |
| PATA | Pacific Asia Travel Association |
| PAX | Passengers |
| SME | Small and Medium Enterprise |
| SW | Semantic Web |
| SWOT | Strengths, Weaknesses, Opportunities and Threats |
| TA | Travel Agent |
| TFC | Tourism Forecasting Council |
| TRC | Tourism Research Committee |
| TSA | Tourism Satellite Account |
| TTA | Tourism Training Australia |
| TTRA | Travel and Tourism Research Association |
| WDC | World Data Center |
| WTO | World Tourism Organisation |

# List of Figures

# List of Tables

# Acknowledgement

# Dedication

I dedicate this great achievement to my wife, Dr. Humaira Kayani. She supported me wholeheartedly over the years throughout my doctorate. So many times I decided to drop the idea, but she kept motivating me that I could do it. She has made me feel proud in front of my children Sharmyn, Brad Osman and Luke, family and friends. She sacrificed a lot and now, we will have a lot of relaxing and free time together.

# Abstract

Tourism is a substantial industry that serves many people in many different industries. *Bricks and Mortar (B&M) travel agencies* are physically established traditional travel agencies providing travel services to customers from premises accessible to the public. B&M travel establishments occupied a prime position in the market before the 1980s. Such B&M travel agencies are refered to as intermediaries. They were the standard access point for anyone intending to go on holiday or book a business trip. They were profitable, mostly working in isolation from each other and representing a limited number of airlines or hotels.

Although there had been some introductions of technology in the travel industry as early as the 1950s, it was not until the 1990s when Information and Communication Technologies (ICT) entered the marketplace that changes in business practices began to have a noticeable impact. The introduction of the Internet brought about a change in the fortunes of B&M travel agents. While some customers found the access to extensive information via the Internet beneficial other customers were left bewildered and perplexed in the supply chain positioning of travel products.

The direct competition from Internet booking services operated by third party intermediaries and major suppliers of services such as international hotel companies intensified and made changes in the traditional travel distribution supply chain and thus increased financial pressure on travel agencies. In Australia, this pressure has resulted in a reduction in the number of businesses in the travel agent sector (disintermediation) over the past decade by some 17 %. However, some B&M travel agents, although forced into disentermediation, were able to re-invent themselves and through reintermediation survive and prosper.

This scenario raised the questions: *What services and strategies do customers and B&M travel agents believe have helped B&M travel agents in Australia to compete with Internet Only travel agencies? How do customers and traditional B&M travel agencies envisage the future of B&M travel agencies in the context of the industry and which should they concentrate on in the future? Why do some customers prefer to use the services of B&M travel agencies?*

To address these questions, a research study was instigated to analyze and report on the status of the Australian B&M travel agencies now and in the future. The research study adopted a multi-method approach using extensive literature reviews, email questionnaires, and interviews with the principal stakeholders – owner/managers of the B&M travel agents and travellers.

A theoretical framework for analyzing the findings from the studies was based on Porter five forces of competition. The findings from the study suggest that B&M travel agencies are fighting back by becoming part of big establish travel houses, introducing new packages, better customer centric relationships, adding more value-generating services and are building on their core competencies while also implementing ICT to not just survive but to grow. The interviews with travellers confirmed that there is a need for a balance between human interaction and internet, better CRM, and after sales support, etc.,  and also contradicted the findings of the B&M travel agents as younger generation has a perception that online tickets are cheaper, human interaction is not very important, etc., but assisted in identifying areas that the B&M travel agents had not recognized as vital for future growth that includes; robust web support with a recommender system, customer after travel feedback.

From the responses to the questionnaires and in-depth interviews with the principal stakeholders a recipe for success was identified, which highlighted the strategies B&M travel agencies should adopt to succeed. Personal services that cannot be replicated by Internet-only travel agents were a vital factor in the success, as was the embracing of ICT and particularly the Internet. However, these factors had to be implemented in unison; the sum was greater than the individual parts.

While the future looked promising due to re-intermediation, there was one area that could face significant change in the next decade. In terms of the clientele of B&M travel agents, it was the older generation who favored them. The older traveller was more likely to use B&M travel agents. The research found this was because they were less likely to be familiar with technology, exhibited higher levels of technophobia, and preferred to pay in person rather than online.

# Publications and Conferences

Dissemination of this research followed a strategy designed to reach the broad range of audiences with an interest in the topic and to gain their feedback to help shape the ongoing enquiry.

Kayani, K (2014) "Impact of Internet Communication Technology on Bricks & Mortar Agents and Changes in Supply Chain Positioning" paper presented at Doctorate Workshop, Information Communication Technologies in Tourism, 21 Jan, 2014. Paper also published in the volume 2014.

Articles based on the thesis ready to be submitted:

"Strategies for Success: A Comparison between Brick & Mortar Travel Agents and their Customers" - Kevin Kayani, Michael McGrath, and Povl Larsen.

"Strategies Employed by Australian Bricks & Mortar Travel Agents to Compete with Virtual Travel Agents" - Kevin Kayani, Michael McGrath and Povl Larsen.

Seminars

Kevin Kayani, " Impact of ICT on Brick and Mortar Travel Agents and changes in their supply chain position" Research student seminar, 14th Feb, University of Western Sydney, Parramatta Campus.

Kevin Kayani, " Impact of ICT on Brick and Mortar Travel Agents and changes in Supply Chain Positioning" at Convention Centre, Arabian Travel Market, Dubai World Trade Centre 7th May, 2014.

# Chapter 1.  Introduction

Tourism is a substantial industry (Fien, Calder, & White, 2012). It serves many people in many different industries and is a standard way to exchange wealth between nations; it has a wide array of stakeholders from owners of bed and breakfast establishments to hotels to coach operators to theme parks to airlines and shipping companies to travel agents. Tourism can be defined as the practice of traveling for recreation, the guidance of tourists, the encouragement of touring or the accommodation of tourists ("Tourism," 2014).

Defining tourism as a recreational activity seems to come from the travellers' point of view and de-emphasizes the potential for tourism as a business activity. So it should be noted that this study examines travel in its capacity as a tourism industry and a commercial activity simultaneously.  The primary focus is on travel agents and their survival strategies rather than on consumer or tourist behavior. Tourism relies on economic structures while creating a way to diversify them (Boiţă, Ardelean, & Haiduc, 2011), and this phenomenon leads to substantial growth potential. The tourism industry is massive on a global scale and continues to grow (TRA, 2014). In 2011, more than 983 million worldwide tourist arrivals were recorded, representing US$ 1.3 trillion dollars – an annual growth of 4.6% compared to 940 million arrivals in 2010 (UNWTO, 2011).

## 1.1.  Research Context

Tourism is important and in many cases vital (Konovalova & Vidishcheva, 2013) for numerous countries around the world. Tourism brings vast amounts of income in payments for goods and services. Tourism contributed  260 million in jobs and contributed 5% or US$ 1.2 trillion in exports(Konovalova & Vidishcheva, 2013). Tourism accounts for 30% of services and 6% of overall goods and services globally and creates opportunities for employment in the service sector (UNWTO, 2011). Many countries can profit from the replication of rates and prices existing in other countries (Boiţă et al., 2011). However, airline travel is the largest sub-sector of the tourism industry accounting for almost 16% of travel and tourism industry sales (UNWTO, 2013). Growth in international tourist arrivals reached 4% in 2012, which represented an increase of more than one billion dollars. An additional US$ 219 billion was recorded in receipts from international passenger transport, bringing exports generated by international tourism in 2012 to US$ 1.3 trillion (UNWTO, 2013).  This

growth has a trickle-down effect from airlines to the travel agent selling tickets and local economies flourishing on surplus consumption once travellers have arrived.

The private sector, broadly speaking, is the most important stakeholder in the tourism industry (Carbone & Yunis, 2005). Business establishments form the foundation of the private sector and tourist activity. Airline companies, hotels, tour operators, travel agencies, transport enterprises, and retailers of travel products and souvenirs (suppliers) form the major private sector stakeholders of this flourishing industry (UNWTO, 2011). This growing industry is facilitated by increased information technology capabilities across the globe, generating a need for technological improvements guided by economic, political, environmental and social factors (Dwyer, Edwards, Mistilis, Roman, & Scott, 2009). The private sector is always pushing the limits of technological advancement as it relates to tourism, with travel-based websites forming new avenues of revenue.

The private sector plays an active part in the development of the tourism industry due to its high concentration of services in certain areas and its adoption of innovative technologies. If any one of these industries witnesses a novel change or improvement in services, it can drastically change the travelling experience in subtle ways, such as reducing language barriers to travel.

The Internet has also increased the complexity of a buying process adopted by a traveller today as Google analysis shows that travellers shop on 22 websites before booking (Harteveldt, 2012). This is perhaps an indication of how bewildered and perplexed a twenty-first century traveller is when faced with booking a holiday through the Internet (Fu Tsang, Lai, & Law, 2010; Fuentes & Alvarez-Suarez, 2012; S. Park, Tussyadiah, Mazanec, & Fesenmaier, 2010; S. Park, Wang, & Fesenmaier, 2011; Prieger & Heil, 2014; Stephenson & Taylor, 2013; Yang, Hauang, Song, & Liang, 2009).

Such confusion could be due to changes in purchasing options (Hilletofth & Lattila, 2012; S. S. Huang & Hsu, 2009; John, 2009; Kracht & Wang, 2010; Ku, 2010; Rajasekar & Raee, 2013; Ruiz-Molina, Gil-Saura, & Moliner-Velazquez, 2010). Bakker, Zheng, Knight, & Harland, (2008), Bigne, Aldas, & Andreu, (2008), Hilletofth & Lattila, (2012), Netessine & Rudi, (2006), Sen, Pokharel, & YuLei, (2004), Tarofder, Marthandan, Mohan, & Tarofder, (2013), X. Zhang, Song, & Huang, (2009) suggest that this confusion could be due to

changes in the supply chain positioning of travel products. Conversely, Chakravarthi & Gopal, (2012), Cheng & Cho, (2011), L. Huang, Yung, & Yang, (2011), Soteriades, (2012), Tarofder et al., (2013), suggest that this confusion could show how sophisticated travellers are becoming in examining and researching options before booking.

During the last decade, easy access to the Internet has changed the way air travel is planned and managed (Athiyaman, 2002; Hatton, 2004; Vinod, 2011). The Internet informs the manner in which services are delivered by intermediaries and suppliers to end-users (Amaro & Duarte, 2013; Christodoulidou, Connolly, & Brewer, 2010; Gronflaten, 2009; J. D. Hoffman, 1994; Sigala, 2007; Smith, 2007). Web accessibility has changed the way people plan their travels and buy tickets. Radically changing the way travel is planned, the Internet allows travellers to make reservations directly from websites (Buhalis & Law, 2008). Research has suggested that the enhanced responsiveness of online transactions begets customer satisfaction (Nusair & Kandmpully, 2008; Thao & Swierczek, 2008; Yen & Gwinner, 2003). Today, travel-related companies think differently, strengthening their capabilities (Chakravarthi & Gopal, 2012; Rajamma, Paswan, & Ganesh, 2007; Q. Z. Zhang & Morrison, 2007) rather than relying heavily on the middlemen (Hilletofth & Lattila, 2012; Kracht & Wang, 2010; Nicolau, 2013; Tarofder et al., 2013). This action has enabled them to provide services to a client living next to their office, far off in a remote village in Darwin, or at a restaurant in Snowy Mountains (both are cities of Australia).

Governments support the private sector with legislation, infrastructures, administration, and regulation (Chakravarthi & Gopal, 2012; Hilletofth & Lattila, 2012; Rodriguez & Sámper, 2012) to ensure the development and growth of the industry. Achieved through the equitable distribution of the fruits of development among the players and host communities, and the systematic maintenance, preservation, and conservation of tourism destinations (Carbone & Yunis, 2005). Revenues derived from tourism are funding and promoting government-sponsored development programs in many developing countries (Carbone & Yunis, 2005; UNWTO, 2013). The marketing and information tools used by governments involved in such development programs are often mediated by technology and the Internet (Carbone & Yunis, 2005; UNWTO, 2001). In essence, governments can benefit by encouraging the private sector in this regard.

One of the most outstanding models of practice in the development and expansion of contemporary tourism programs is provided by Australia (Carbone & Yunis, 2005). Instrumental in the success of this highly active tourist industry is the unwavering government financial support in the research and development of eco-tourism destinations. Such support is offered to indigenous communities, the program's implementations systematically evaluated, and it has high international visibility and popularity (Carbone & Yunis, 2005). Australia has seen prominent tourist activity, with gross receipts of $31.4 billion in 2011 (UNWTO, 2013).

Also, according to the Australian government's website (Australia.gov.au, 2014) Australia is the sixth largest country in the world and its ocean territory is the world's third largest, spanning three oceans and covering around 12 million square kilometres, and native vegetation covers 91 per cent of Australia. The website continues by pointing out the uniqueness of Australia in that although Australia is one of the most urbanised countries in the world more than 80 per cent of Australians live within 100 kilometres of the coast. These facts make Australia a unique tourist destination.

Having identified Australia as a unique destination its sheer size meant that due to time and financial constraints it was not feasible to survey the whole continent. Consequently, it was decided to identify a city that was representative of Australia. Sydney the state capital of New South Wales (NSW) has been consistently voted as one of 'the best cities to visit in Australia' and it is the most populous and multi-cultural city in Australia (http://www.travelandleisure.com/travel-guide/sydney, 2013; Tsang, n.d. ; Rolfe, 2013;). As such Sydney acts as an extremely suitable prototype case-study. NSW is also a real metropolitan state and blend of urban and rural mix.

In summary, the proposed project will by surveying travel agents and travellers in city Sydney and state New South Wales, Australia contribute to an understanding of:

(a) travel agencies and the ways in which they compete,

(b) how competition has been and will be influenced by travel agency e-commerce,

(c) why consumers or travellers use physical establishments despite the apparent advantages of online establishments in an increasingly technological age.

## 1.2. Travel Agencies Explored

### 1.2.1. Bricks and Mortar (B&M) Travel Agencies

Bricks and Mortar (B&M) travel agencies are defined as outlets of middlemen or intermediaries providing services and products of various genre including travel products and services. They are physical business establishments that mediate the distribution of goods of all types from retail items to services and travel products (Rajamma et al., 2007).

These enterprises are located in specific geographical areas, to give prospective customers access to their services (Novak & Schwabe, 2009; Rajamma et al., 2007; Roy-Morgan, 2014b; Yakhlef, 2001). Hence, B&M travel agencies are business enterprises that distribute travel products and perform functions related to facilitating travel for individuals and groups including corporations in an offline mode (Cheung & Lam, 2009).

Travel agencies provide a range of services. For example; the preparation of travel documents and itineraries, providing consultation and support services and information for prospective travellers, facilitating the reservation and purchase of airline tickets (Cheung & Lam, 2009). It is in the sale of air tickets that a travel agency becomes an intermediary. For example between the airline company and other suppliers (that is airlines, hotels, transport services, and tour operators) and the end-user (the traveller).

Although a B&M travel agency may use the Internet and have a website, they have a physical presence as opposed to an online-only presence.

### 1.2.2. Virtual and Cybermediary Travel Agencies

Virtual organizations are defined as Internet-based travel agencies who provide information and booking services to travellers (Barnett & Standing, 2001).

5

V*irtual agencies* "are new entrants to the travel industry, they provide online booking services on the Internet by using various advanced technologies" (Cheung & Lam, 2009). With the ascendancy of virtual travel agencies, many air travellers use the Internet to plan trips and buy tickets. According to eMarketer (eMarketer, 2008), around 50 million US consumers will research for travel information on their smartphones and tablets in 2013; that is, approximately 40% of all digital travel researchers. Google is keeping up with this trend, launched two meta-search engines, Flight Search and Hotel Finder, in addition to acquiring offline travel guide mainstays, Zagat and Frommer's (Perez, 2012).

The biggest threat to B&M travel agencies comes from a new class of Internet merchants, the 'cybermediaries' (Christodoulidou et al., 2010; DeMers, 2013; Guadagno & Cialdini, 2007; J. Kim, Bojanic, & Warnick, 2002; Nusair & Kandmpully, 2008; S. Park et al., 2011; Rajamma et al., 2007; Vokins, 2010; Wen, 2012). A *cybermediary* may be defined as an intermediary who uses Internet tools for the development of new intermediaries or new methods for existing intermediaries enabling them to re-engineer the tourism distribution channel (M. M. Bennett & Lai, 2005; Buhalis & Law, 2008). Anderson place cybermediaries into three categories depending on the role they perform (Anderson & Anderson, 2002). The first role is informational as they provide information to buyers about the sellers' products and services. The second role of cybermediaries is mediating customer delivery in a physical or virtual environment. This role means they serve a hybrid function. The third category of cybermediaries offers 'trust' (Coulter, 2002) in both the product and the purchasing transaction, including anonymity to buyers if required. Good examples of these are websites such as www.expedia.com, www.orbitz.com, www.opodo.com. After their association with other websites (Longhi, 2008), they re-intermediated themselves by facilitating online transactions. For customers, this type of cybermediary represents the elements of one-stop shopping. The customer by using any one of these websites is provided with different details about bookings (Ku, 2010) and comparison information while data privacy (Coulter, 2002) is protected. Orbitz was launched by airlines to re-intermediate the early virtual agency market (Granados, Kauffman, & King, 2008).
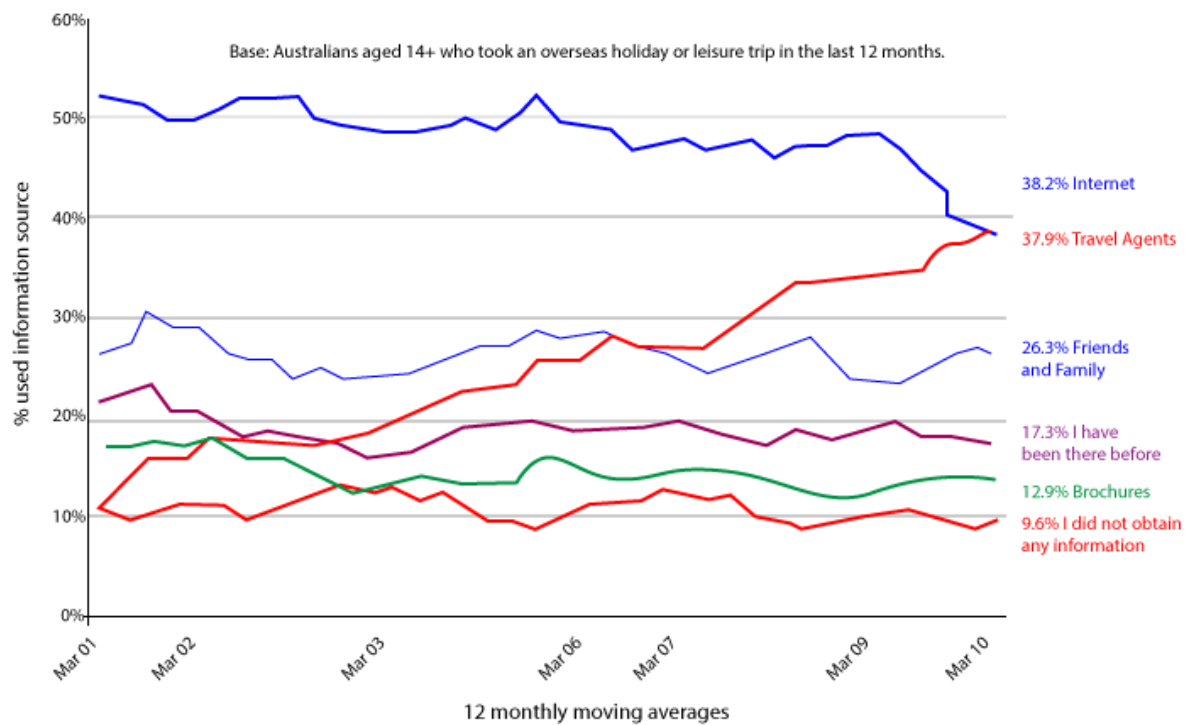
**Figure 1: Source: Roy Morgan Single Source, April 2000 — June 2010, average annual sample size n=1522.**

Figure 1 shows that there is a growing trend by travellers to use the Internet to collect information rather than the traditional methods and in particular by visiting travel agents. Such changes in the roles of B&M travel agents could have an adverse effect on their ability to sell their travel offerings because fewer people visit their retail outlets (Novak & Schwabe, 2009; Rajamma et al., 2007; Yakhlef, 2001).

The move towards Internet-based transactions is associated with the utilitarian approach in consumer behavior (Bonn, Furr, & Susskind, 1998; Doolin, Dillon, Thompson, & Corner, 2005; Lo, Cheung, & Law, 2002; Tashakkori & Teddlie, 2010), meaning the consumer behavior is guided by a rational task-directed focus (C.-T. L. Lin, 2010; T.-C. Lin & Brown, 2010; Tarofder et al., 2013) rather than the nature of the experience itself. Web user profiling enables service providers to customize and personalize consumer experiences (Cheng & Cho, 2011; Gronflaten, 2009; Marchet, Perego, & Perotii, 2010; Thurau et al., 2010) making them less impersonal (Berne, Garcia-Gonzalez, & Mugica, 2012; Harteveldt, 2012; Trejos, 2011) in nature and made possible due to the significant relationship between information search

7

behavior and demographic and lifestyle characteristics (Buhalis & Law, 2008). More precisely, the Internet introduced a new genre of distribution and ticket purchase (Amaro & Duarte, 2013); an Internet-based travel agent. Click agencies, virtual travel agencies and airlines sell their tickets directly online (Nicolau, 2013).

As a response and in an effort to stay afloat in challenging times, some B&M travel agencies in Australia consolidated their businesses by merging into bigger travel related groups. For example, Best and Less Travel (http://www.bestandlesstravel.com.au), Harvey world travel of Harvey Norman Group (http://www.harveyworld.com.au), Flight Centre (http://www.flightcentre.com.au). Others closed their business entirely.

However, in the US there has been a significant change in the use of online travel agencies. According to eMarketer (2008), although online sales continue to rise (Athiyaman, 2002; Christodoulidou et al., 2010; Doolin et al., 2005; Fu Tsang et al., 2010; Guadagno & Cialdini, 2007; Mayr & Zins, 2009; Nusair & Kandmpully, 2008; Rajamma et al., 2007) fewer travellers are booking online (Christodoulidou et al., 2010; W. G. Kim & Lee, 2005; Rajamma et al., 2007). The reasons for this are not seen to be related to the economic downturn but rather to the frustration (Chakravarthi & Gopal, 2012; DeMers, 2013; Vinod, 2011) online users have experienced. Travel bookers are considered to be affluent and as such unaffected by economic conditions, the drop in numbers using the Internet are due to planning and booking failing to meet requirements of the customers. According to Jeff Grau, senior analyst at eMarketer and author of the new report, US Online Travel: Planning and Booking, "this frustration is spurring a renewed appreciation for the expertise and personalized services offered by traditional travel agents."

While such viewpoints offer hope to B&M travel agents and emphasize their need to capitalize on core competencies of personal service and personal expertise, they cannot afford to be complacent. The eMarketer article continues by pointing out that a new breed of online travel agent is emerging who have both physical and web presence. This new breed seriously targets the needs of customers (Beldona, 2005; Nusair & Kandmpully, 2008; S. Park et al., 2011; Rajamma et al., 2007) and has put in place user-friendly software to improve the customer's experience of online booking (Berne et al., 2012; Gronflaten, 2009; Ma, Buhalis, & Song, 2003; Marchet et al., 2010).

## 1.3. Statement of the Problem

Several key terms have been identified, particularly the ones pertaining to the juxtaposition of travel agencies as intermediaries and the reintermediation process. This study further elaborates the process of competitive forces and challenges emerging from this phenomenon. The general problem statement is as follows;

"Although B&M travel agencies have suffered due to the impact of e-commerce only travel agencies, they have still been able to survive and in some instances grow. Why and how has this been possible?"

This statement generates questions, such as, What strategies have/can they use? How have/can they attract consumers? The next section aims to justify the pursuit of these research questions

### 1.3.1. Strengths of B&M Establishments

During the last five years, B&M travel agents have re-established themselves. They have gradually grown, contrary to the expectations of disintermediation (Cheung & Lam, 2009) and the closure scenarios expected by some researchers and writers (Cheyne, Downes, & Legg, 2006; Hilletofth & Lattila, 2012; Johns, Avcí, & Karatepe, 2004; Lewis, Semeijn, & Talalayevsky, 1998; Lowengart & Reichet, 1998; Ruiqi & Adrian, 2009; Siebenaler & Groves, 2002; Trivedi, Morgan, & Desie, 2008; Vrana & Costas, 2006; Q. Z. Zhang & Morrison, 2007).

B&M travel agents behave contrary to disintermediation when they retain a customer base (Trejos, 2011) despite significant customer tendencies to interact directly with service providers (Amaro & Duarte, 2013; Chakravarthi & Gopal, 2012; Christodoulidou et al., 2010; DeMers, 2013; Nusair & Kandmpully, 2008; Vinod, 2011; Vokins, 2010; Wen, 2012). B&M establishments provide personal service (Novak & Schwabe, 2009; Rajamma et al., 2007; Yakhlef, 2001), information security and valuable knowledge to consumers (Kracht & Wang, 2010; PWC, 2010; Schiaffino & Amandi, 2009; Schmidt, Dolis, & Tolli, 2009; Xiang, Gretzel, & Fesenmaier, 2009; Yang et al., 2009; X. Zhang et al., 2009), invariably creating value that is unmatched by Internet-based analogous businesses (Novak & Schwabe, 2009;

Rajamma et al., 2007; Roy-Morgan, 2014b; Yakhlef, 2001). Researchers in the Spanish context observe similar growth in travel agency activities (Rodriguez & Sámper, 2012).

Large travel agencies have enriched the traditional B&M marketing strategy with increased online presence and the use of technologies, augmenting existing services with personalized services and virtual consultation with clients (Rajasekar & Raee, 2013; Ruiz-Molina et al., 2010; Soteriades, 2012; Tarofder et al., 2013). Traditional B&M travel agencies can become more useful in several ways. Firstly, they may accommodate what is referred to as "sticky information needs," which refers to consumer idiosyncratic desires, not easily identified, voiced or expressed only by a virtual presence. Many travellers have needs or want that cannot be readily understood even by the consumer (Novak & Schwabe, 2009), which hinders a self-directed approach to travel planning. Similar to the desire for customization, these difficult-to-express desires are best uncovered in a face-to-face dialogue where consumers can benefit by the presence of a travel agent.

Secondly, B&M establishments may also differentiate themselves from online sources by satisfying the emotional needs (Nusair & Kandmpully, 2008; Thao & Swierczek, 2008; Yen & Gwinner, 2003) of consumers. As a utilitarian mentality guides the move to Internet-based travel agency usage, it is questionable whether consumers are comfortable with the loss of "excitement" factor. B&M travel agencies could differentiate themselves by capitalizing on their strengths regarding the utilitarianism versus emotion-centered nature of their services.

Thirdly, B&M travel agencies have reinvented themselves into Travel Solution Centers and focused more on offering "Tour Packages" rather than single components of travel (J. Kim et al., 2002). Arrangement of large-scale packages involving air travel, ground travel, hotels, restaurant reservations, tour guides and local activities is a skill that necessitates the expertise of a B&M travel agency. 'Bundling', 'Travel Packages' and 'Holiday Packages' (Font, Tapper, & Cochrane, 2006; Gharavi & Sor, 2006; S. S. Huang & Hsu, 2009; Joelle, Magali, & Emmanuel, 2007; Nishimura, King, & Waryszak, 2008; Soteriades, 2012) are much stronger than online travel agencies like Expedia, Travelocity and Orbitz, and also by providing information related to destinations in person and answering all customer queries. Selling each travel component separately is more expensive than bundling them into a travel package (air, hotel, car rental, sightseeing, meals). Customers feel much more confident (Novak & Schwabe, 2009; Rajamma et al., 2007; Yakhlef, 2001) when they get such

information from a person than online. This interaction with another human being diminishes the fear factor (Bigne et al., 2008; Joelle et al., 2007; Rajamma et al., 2007; Rajasekar & Raee, 2013) on the part of the end-user in travelling to a new destination (Chakravarthi & Gopal, 2012; Rajamma et al., 2007), which is well exploited by B&M travel agencies.

Hatton (2004) asserts that the travel agency regardless of level of technology remains to be the most effective and cost-efficient distribution channel of travel products. Similarly, consumers refrain from online transactions for travel due to various reasons. Reasons include lack of personal service (Hatton, 2004), security issues (Beldona, 2005; Chakravarthi & Gopal, 2012; Lehmann; Nusair & Kandmpully, 2008; Rajamma et al., 2007), lack of experience (Nusair & Kandmpully, 2008; Thao & Swierczek, 2008; Yen & Gwinner, 2003), and the time demands (Cheng & Cho, 2011; Clemons, Hann, & Hitt, 2002; Gharavi & Roger, 2004; Wei & Ozok, 2005) necessary to engage in personal travel information gathering and decision-making (Barnett & Standing, 2001; Heung, 2003; John, 2009; Marchet et al., 2010; Nippon, 2005).

Travel agencies have adapted measures to survive and grow despite the challenge and competition posed by Internet travel entrepreneurs (Chakravarthi & Gopal, 2012; Rajamma et al., 2007; Q. Z. Zhang & Morrison, 2007). The revenue of B&M travel agencies has gone up in US from 9.4 billion in 2002 to 17.5 billion in 2011 (Trejos, 2014). Also, Salkever (2002) and Hatton (2004) argue that it will be very difficult for the virtual travel agencies to replace traditional travel agents, for example, when planning elaborate trips and specialty journeys, such as, diving trips or cruises with relative high efficiency. The personal interaction with a travel consultant who over a period understands a customer better and readily responds to his/her articulated needs cannot be underestimated (Vasudavan & Standing, 1999). In summary, the personal interaction and guidance offered by bricks-and-mortar establishments may create a unique experience, for example by meeting the present needs of consumers by catering to those who lack time for personal travel planning activities or those concerned with the information or financial security of their information being diffused through web-based channels.

### 1.3.2. Strengths of Electronic Commerce

Electronic commerce (E-commerce) is a payment for products and services via the Internet (Bakker et al., 2008; Kadic-Maglajlic, Arslanagic, & Cicic, 2011; Standing & Vasudavan, 2001; Wymbs, 2000) and offers advantages to providers (Anderson & Anderson, 2002; Bakker et al., 2008; Kadic-Maglajlic et al., 2011; Wymbs, 2000). Travel industry providers can be defined as the sources such as hotels, shipping companies, airplane companies of products such as hotel rooms, cabin berths, and aircraft seats (Hatton, 2004). Providers view the development of e-commerce and the business exposure that technologies offer as fundamental to the growth and expansion of the tourism industry.

Rather than growing new Internet-based technologies like B&M establishments, suppliers build a stronger customer base by leveraging novel technologies (Alvarez, Martin, & Rodolfo, 2007; Beldona, 2005; Font et al., 2006; S. S. Huang & Hsu, 2009; Kendall & Booms, 2012; Nishimura et al., 2008). Such action allows them to occupy a "first mover" position when implementing an innovation. Many providers and travel operators target the Internet as a prime source of marketing (Cheng & Cho, 2011; Clemons et al., 2002; Day & Bens, 2005; Heung, 2003; Vrana & Costas, 2006) which provides more detailed information with substantially richer content accessible to anyone, anywhere (Day & Bens, 2005; Gharavi & Roger, 2004; Ruiz-Molina et al., 2010; Vrana & Costas, 2006; Wei & Ozok, 2005). Travel agencies try to cash in on the fact that for almost all travellers novelty is of prime importance (Gronflaten, 2009; Lo et al., 2002; S. Park et al., 2010; Rittichainuwat, Qu, & Mongkhonvanit, 2007; So & Lehto, 2007) and same was confirmed by (Stephenson & Taylor, 2013; Trejos, 2014). Moreover, the Internet has the advantage of information receipt (Bakker et al., 2008; Kadic-Maglajlic et al., 2011; Kozak, 2007).

Contemporary websites allow providers to communicate (Amaro & Duarte, 2013; Chakravarthi & Gopal, 2012; Clemons et al., 2002; Doolin et al., 2005; Guadagno & Cialdini, 2007; Mayr & Zins, 2009; S. Park et al., 2011; Rajamma et al., 2007) with customers and in turn, consumers to provide feedback to suppliers and other users. This 'Bi-directional' marketing allows suppliers and intermediaries to use technology to leverage social media (Facebook, Twitter, Instagram). It also enables them to familiarize themselves with consumer preferences (DeMers, 2013; Dolnicar & Laesser, 2007; Lee, Sung, Defranco, & Arnold, 2005; Tsiotsou & Ratten, 2010) and provide information aligned to their needs and

specifications(Alvarez et al., 2007; Soteriades, 2012; Tsiotsou & Ratten, 2010). Hence, suppliers and intermediaries access customer information requirements, interact with them, get their opinions and secure a steady source of feedback about travel-related services and products through the Internet.

Travellers appreciate the advantages (Beverland & Lockshin, 2004; L. Huang et al., 2011) of searching, planning and buying online with ease, using a credit card instead of a bank check or cash. Competitive prices, convenience, special discounts and unlimited add-ons, attract prospective travellers. For example, "stay at this hotel in Dubai and choose from a free desert safari or a free dinner for two on the Juma beach." The traveller can research and shop from anywhere (Athiyaman, 2002; Beldona, 2005; Chakravarthi & Gopal, 2012; DeMers, 2013; Nusair & Kandmpully, 2008; Y. A. Park, Gretzel, & Sirakaya-Turk, 2007) and at any time of the day or night, not dressed for the public, coffee or another beverage in hand, and if preferred using a wireless connection. The virtual travel agency has saved appointments with and trips to the travel agent during regular business hours, and offered purchasing autonomy rather than the necessity of relying on visiting a travel agent to find the best deals.

In essence, because individual travel agencies dealing in only e-commerce have much lower overhead costs, they are more likely to offer lower prices (Kadic-Maglajlic et al., 2011) to consumers, which translate to disintermediation of the traditional B&M travel agency.

An allegiance may be formed by traditional B&M and online travel agencies. E-commerce-only intermediaries may justifiably see their technologies as quickly mimicked. However, by offering their technologies to B&M companies they can provide an additional avenue of profit (Novak & Schwabe, 2009; Rajamma et al., 2007; Roy-Morgan, 2014b) for both parties while reducing the concern that physical travel agencies will develop them independently.

The Internet generates ample opportunity for customers to register freely for tourism and travel experiences (Amaro & Duarte, 2013; Christodoulidou et al., 2010; W. G. Kim & Lee, 2005; Nusair & Kandmpully, 2008; S. Park et al., 2011; Y. A. Park et al., 2007; Vinod, 2011). The medium through which customers have traveled in the past has been through utilizing B&M travel agents. When innovation enters a marketplace, competitors have a few options. The travel agency industry may assimilate aspects of the innovative technology; necessitating training of operators to master the technology within the industry (R. C.

Hoffman & Hegarty, 1993; Meyer & Goes, 1988). Such action may imply that a B&M travel agency is transitioning to a more significant online presence (Rajamma et al., 2007) but at a greater risk than virtual travel organizations, which lack the same operational costs. However, at the very least these physical agencies may imitate online agencies within a search engine by attracting a customer's attention to B&M travel agencies in the customer's local region. Additionally, travel agencies may reduce the gap in market share by facilitating communication (Q. Z. Zhang & Morrison, 2007) between producers (airlines, hotels, transport services) and end-users or prospective travellers.

The preceding section raises a number of research questions. The first research question is:

*RQ1: What strategies are used by B&M travel agents in Sydney, Australia to compete with Internet Only travel agencies?*

(Sydney was selected because it has a populous, multi-cultural society and therefore provides an excellent prototype case-study)

Additionally, B&M travel agencies may entertain expectations of future change or adaptations to the influence of Internet travel agencies. Alternatively, advances in technology may not be perceived as much of a threat until additional environmental changes take place. Therefore, the second research question is:

*RQ2: How do traditional B&M travel agencies envision their future in the context of the industry?*

The third research question seeks to address the problem faced by physical travel agencies as represented by customer demands.

*RQ3: Why do some customers prefer to use the services of B&M travel agencies?*

## 1.4. Contribution and Significance of the Research

This research will explore the strategies employed by B&M travel agencies to enhance their competitive advantage in an ever-changing technological environment. Travellers will also be surveyed to identify their reasons for using B&M and virtual travel agencies. This action will

enable confirmation as to whether the strategies utilized by the agencies tie in with those of the travellers. Barnett and Standing (2001), for instance, suggest that going online is inexpensive but requires expertise in marketing, user friendly design & development (Alvarez et al., 2007; DeMers, 2013; Dolnicar & Laesser, 2007; Lee et al., 2005; Soteriades, 2012; Tsiotsou & Ratten, 2010; Z. Zhang, 2004) and content (Iyer, Miyazaki, Grewal, & Giordano, 2002; W. G. Kim & Lee, 2005; Law, Guillet, & Leung, 2010; Lee et al., 2005; Y. A. Park et al., 2007; Tarofder et al., 2013; Wei & Ozok, 2005). Cheung and Lam (2009) propose the consolidation of travel agencies, consortia, and cooperatives and alliances with virtual travel agencies to ensure the survival and competitiveness of B&M travel establishments. Innovative practices are being adopted by traditional B&M travel agencies in many countries. These practices are vital not only for survival, but also profitability and economic sustainability (M. M. Bennett & Lai, 2005; Dolnicar & Laesser, 2007; Q. Z. Zhang & Morrison, 2007). (Y. Huang, Song, Huang, & Lou, 2012) suggests research needs to be conducted on identifying how possible innovations might alter the supply chain of travel-related services by focusing on the changes in the supply chain positioning spawned by the onslaught of new technologies.

Cybermediaries pose a significant threat to B&M travel agencies (Barnett & Standing, 2001). Travel agents must be proactive to compete with them (Doolin et al., 2005; Hatton, 2004). They must rely on their strengths and knowledge about consumers, the travel market, and current offerings to improve the shopping experience for customers. Such actions are necessary to survive in a world increasingly driven by consumers' willingness and eagerness to negotiate the Internet to make their travel-related decisions. A salient observation is that a virtual travel agent is unable to provide adequate and efficient CRM (Alvarez et al., 2007; Dolnicar & Laesser, 2007; Soteriades, 2012; Standing & Vasudavan, 1999; Tsiotsou & Ratten, 2010). Virtual travel agents cannot offer after-sales service and customer information updates, nor support on a similar basis as B&M travel agents (Chakravarthi & Gopal, 2012; Rajamma et al., 2007; Q. Z. Zhang & Morrison, 2007).

The travel industry is witnessing a considerable transformation (Blanke & Chiesa, 2013; Rodriguez & Sámper, 2012; Roy-Morgan, 2014c; Stephenson & Taylor, 2013; Trejos, 2014). As new technologies enter into the process, B&M travel agencies may have more or less relevance to consumer needs depending on the timing and reliability of such changes. From a research perspective, this implies that the analysis of this problem could result in a greater

15

ability to predict such changes and facilitate greater awareness of ways to stabilise the process. From the perspective of the general public, this work would enhance knowledge about when and why to use virtual or B&M establishments, which would allow customers to go more efficiently and confidently.

The ascendancy of new players like budget airlines and Internet technologies that could enhance efficiency and information delivery (Law, Leung, & Wong, 2004) and cut costs enlightens traditional stakeholders and the existing supply chain (Bakker et al., 2008; Bigne et al., 2008; Hilletofth & Lattila, 2012; Tarofder et al., 2013; Yang et al., 2009). These technological innovations reduce the gap between the producer and the end-user/customer/prospective traveller (Alvarez et al., 2007; Buhalis & Law, 2008; Cheng & Cho, 2011; J. D. Hoffman, 1994; Inkpen, 1998; Tarofder et al., 2013). They also interrogate the efficiency and cost-efficiency of traditional distribution channels and the viability of the existing supply chain mediated by B&M travel agencies. Traditional B&M travel agencies are the conventional intermediaries in the distribution of travel products between producers and end-users. Consequently, they suffer the worst consequences of the expansion of Information and Computer Technologies (ICT) and the Internet (Hatton, 2004).

Buhalis and Law (2008) noted that customers who used the Internet spent more money at their destinations compared to those who used other information sources. Cutting out the intermediary service allowed customers to customise and expand their desired activities in a more dynamic fashion. This reduction of roles and the replication of functions by virtual travel agencies resulted in competition and possible loss of earnings and business opportunities for traditional intermediaries, like a B&M travel agencies. The failing of traditional intermediaries may seem inconsequential as many companies fail due to emerging competitive capabilities (Blanke & Chiesa, 2013; Crotts, Mason, & Davis, 2009; Font et al., 2006; Saglietto, 2009; Yang et al., 2009). Examining the process more broadly, it may not be desirable or feasible to rely entirely on Internet-based travel agencies to serve customers.

The initiatives of traditional B&M travel agencies to cope with the challenge of innovation make possible the long-term survival of the industry.

The contribution of this research lies in the exploration of the strategies being deployed by traditional travel agencies to respond to these challenges and address this gap in knowledge.

The study is significant not only for the tourism industry, but also for individual travellers. It will enhance their understanding of the availability and benefits of different travel products and evaluate the expertise of travel consultants' vis-à-vis consumer behavior. Finally, it will give visibility to the current trends and innovations in the travel and tourism industry, especially, focusing on the B&M travel agents who creatively adapt and compete with the challenges of the emerging scenario worldwide and, particularly, in Australia.

## 1.5. Scope and Limitations

The travel industry worldwide is very sensitive to the threats and challenges posed by global politics and economic factors (Euromonitor, 2002; Font et al., 2006; Hatton, 2004). Thus, B&M travel agents in Australia, were affected by the impact of the Global Financial Crises (GFC). GFC was also detrimental to the growth of tourism worldwide (UNWTO, 2011). However, the scope of the current inquiry focuses on a more limited assessment of the industry. Though the Australian tourism industry is affected by such global factors, addressing such factors is outside the scope of this limited study.

Thus, this research sought to identify the major concerns of B&M travel agents in Australia and analyze the critical issues faced by the travel agency business. This study is limited to examine the reported travel agent strategies to compete with online competitors and their expectations of business in the future. It takes only a sample of these policies and does not offer a comparative examination of strategies across organizations. It is also specific in an emphasis on competition about online elements. These include B2B (Business to Business) and B2C (Business to Consumer) relationships (especially with airlines and consumers). Also, user data capturing issues, CRM (Customer Relationship Marketing) and ECRM (Electronic Customer Relationship Marketing). The views of B&M travel agents towards new technologies will also be investigated.

The scope of this study is broad about Internet-based competitors, meaning that B&M establishments will report on their strategies in competing with cybermediaries, online travel agencies, and specific company websites.

The problem statement and scope of this study should form the foundation, enabling the selection of an appropriate theoretical and methodological approach. The remainder of this introduction will explicate the theory, method, and structure of this thesis.

## 1.6. Theoretical Framework

Porter's Five Forces of Competitive Position Analysis were developed in 1979 by Michael E Porter of Harvard Business School as a simple framework to evaluate the attractiveness and market potential of business organizations whether already in existence or new organizations planning to start up. It is used for the purpose of analyzing the current position or the expected position to be reached in the future of an organization. The theory is also used for strategic analysis in order to understand whether new products or services are potentially profitable. The Five forces analysis helps organizations to understand the factors affecting profitability in a specific industry, and can help to inform decisions relating to: whether to enter a specific industry; whether to increase capacity in a specific industry; and how to develop competitive strategies (Porter, 2008). These are all relevant factors in the B&M travel agencies marketplace, and consequently, Porters five forces of competiveness were chosen as a suitable process for evaluating how B&M travel agents had survived and grown despite the arrival of Internet only businesses.

A theoretical framework for analyzing the findings from the studies was based on Porter (2008) five forces of competition. Several themes arise in the present research context. Firstly, B&M travel agents are threatened by disintermediation. The first research question attempts to probe for those strategies that buffer these companies against the disintermediation or allow them to re-enter between suppliers and customers if the disintermediation occurs only temporarily. An appropriate theory would, therefore, help organise and explain observations regarding proactive strategies in anticipation of a changing business environment, as well as adaptive strategies enacted after an unknown change occurred. Though it might not be intuitive, the first research question is strongly related to the second. The second question asks how B&M travel agencies envision their futures in the industry, which is typically related to how the companies are currently competing.

Borrowing an example from the organisational psychology domain (Weinhardt & Vancouver, 2012), long-term expectations alter the decision-making process depending on how

discrepant current capabilities are from the ideal. This research comes from a dual goal theoretical framework (Louro, Pieters, & Zeelenberg, 2007), where proximity to goal accomplishment dynamically influences resource allocation. The current investigation has an underlying focus on resource deployment and decision-making in response to competitive threats (Porter, 1998, 2008) in the environment. When it comes to B&M travel agencies, shifting the firm towards information technology applications constitutes a dual goal context. Decision makers have to choose between pursuing current firm goals or pursuing alternative goals, and this is influenced by the unpredictability of the environment over time.

Studies have found that when environmental volatility is low, more time is allocated to the tasks that are closest to achievement at the beginning, while attention is turned to the goal that is furthest from attainment towards the end of the available time (Schmidt et al., 2009). However, when accomplishment of the task is influenced by external factors (higher environmental volatility), more time is given to the work that is furthest from achievement early on, leaving less time for the job that was closer to the attainment near the end of the session. It is important to acknowledge that these findings come from individual actors in an isolated function, which limits the extent to which the findings are relevant to broader decision-making in travel agencies. However, the example is used here in order to implicate theory of its potential explanatory value. It is notable given that the research questions focus on how travel agencies compete in an unpredictable business environment and how they see their futures in that environment.

Since the presence of Internet-based competitors will progressively be seen as producing a volatile situation (Y. Huang et al., 2012; Yang et al., 2009), the results may serve as a metaphor for how travel agencies switch between tasks in order to adapt. The primary factor is that B&M travel agencies face a choice of making decisions about developing strategies in the area of unknown capability (ICT). Virtual agencies are already enacting those plans, which clears those virtual agencies of such a focus on trade-offs. B&M agencies are trying to decide what to do best, while virtual agencies already know what they do best and are free to do it.

## 1.7. Research Methodology

This study adopts a methodological triangulation (mixed-method) framework of questionnaires and interviews. Methodological triangulation has become an accepted practice to use in social research (J. W. Creswell & Creswell, 2005; Onwuegbuzie & Johnson

, 2004; Tashakkori & Teddlie, 2010). Campbell and Fiske (1959) identified this approach and first emphasised its application in determining convergent and divergent validity.

The first stage of the research looked at adopting a quantitative method in order to gain an insight into the general views of B&M travel agencies and travellers. Quantitative research stresses neutrality and objectivity. Quantitative research attempts to find patterns (Campbell & Fiske, 1959; J. W. Creswell & Creswell, 2005; Onwuegbuzie & Johnson, 2004; Tashakkori & Teddlie, 2010) that can be generalised (J. W. Creswell & Creswell, 2005; Tashakkori & Teddlie, 2010) across the entire area of the study.

The second stage of the research adopted a qualitative methods approach. Qualitative analysis is part of the naturalistic (Carr, 1994; J. Creswell, 2002; Dorren & Frew, 1997; Lucas, Baird, Arai, Law, & Roberts, 2007) method of inquiry. It assumes that reality is continually changing (Allwood, 2012; Dorren & Frew, 1997) and that human social phenomena are so complex (Maykut, 1994) that it is impossible to discover anything approximating a scientific law (Allwood, 2012; Bogdan, 1984; Dorren & Frew, 1997; Lucas et al., 2007). The goal of qualitative research is to locate the understanding of the experience within the context of other experiences (Allwood, 2012; J. Creswell, 2002; Maykut, 1994).

To take part in the traveller's online questionnaire using FluidSurvey website respondents had to be between 21 and 60 years old. They had to be familiar with the Internet, to the point that they could conduct web browsing, click links in emails and send and receive emails. They had to be familiar with online purchasing systems and methods and travel at least twice a year on business or for holidays. 160 questionnaires were sent out to travellers, and 110 completed questionnaires were returned.

The B&M travel agencies' sample population was based on a review of local business telephone directories, classified advertisements in local newspapers and searches on the

Internet for travel agencies. Internet search terms used include, 'local travel agencies in Sydney, Wollongong, Gosford, New South Wales, etc.', 'independent travel agencies in Sydney, Parramatta, NSW, etc.', and 'family travel agencies Gosford, Burwood, Strathfield, Sydney, NSW etc.'. The search engines also employed  threw up suggestions for search terms, and these too were checked out. These searches resulted in identifying 53 local travel agencies across New South Wales, mostly in Sydney, with 30 returning completed questionnaires. Like the travellers' sample, the travel agencies' sample was also contacted by email.

The findings derived from the travellers' responses to the online questionnaires were assessed using SPSS ver. 22 based on how they related to the customer behaviour factors identified in the literature review. Other evaluations were based on a comparison with the findings of the B&M travel agencies' replies about their customers.

In the case of the 11 in-depth interviews, the data collected was assessed through the use of thematic analysis. While qualitative research is not given to mathematical analysis, it is nonetheless a systematic approach to data collection and analysis (Allwood, 2012; J. W. Creswell & Creswell, 2005; Olsen, 2007; Plonsky & Gass, 2011; X. Zhang et al., 2009). Open-ended questioning allows the research participants to articulate their perceptions and experiences freely and spontaneously (Carr, 1994; Hinchcliff, 2012; Plonsky & Gass, 2011; Sekaran, 2000; Yihu, Jiajia, Dan, & Haitao, 2011). In analysing data generated in this format, responses are not grouped according to pre-defined categories but rather salient categories of meaning and relationships between types are derived from the data itself through a process of inductive reasoning (Nvivo, 2012). The thematic analysis approach offers the means whereby the researcher may access and analyse these articulated perspectives so that they may be integrated with a model that seeks to explain the processes under study.

## 1.8.  Thesis Structure

This thesis follows argument by Perry (1998) that the thesis should highlight discrete sections within a unified structure. In addition, the presentation of chapter information is also sequential.

Chapter 1 provides an introduction to the thesis and the reasoning for the research. This chapter then outlines the structure of the thesis and the layout and content of the chapters.

Chapter 2 provides a review of the literature in order to examine previous research and identify research gaps for further study. The section offers a description of the reasoning for the research covering reintermediation of B&M travel agents, Porter's five forces, competitive strategies, services marketing, and travel industry and travel agents in Australia.

Chapter 3 describes the methodological approach of the study. The thesis adopts a mixed-methods approach based on a combination of quantitative and qualitative methods (Tashakkori & Teddlie, 2010). The study includes two stages of research one exploratory (identification of the central issues in the travel agencies market evolution and identification based on variables of interest) and the second confirmatory (testing of theoretical assumptions made via the exploratory study and field testing of the Porter's five forces model).

In chapter 4, the results of the questionnaires and interviews with the B&M travel agents and travellers are reported.

Chapter 5 discusses the findings from chapter 4 with past research in order to address the gaps identified in Chapter 2. The chapter states the conclusions reached in the thesis and provides an overview of the research, the findings and new material not canvassed previously in chapter 2. The emphasis here is on highlighting the contribution to the body of knowledge that this thesis makes. The chapter concludes with recommendations for further research.

# Chapter 2.  Literature Review

## 2.1.  Tourism in Australia

According to the Australian Government's research Tourism Update 2013, during the year ending December 2013, visitor expenditure and nights increased across all segments, compared to the year ending December 2012. The report goes on to state that growth in visitor expenditure and the number of total nights spent in Australia were both driven by robust growth in the international market (TRA, 2014). Expenditure was up 6.0% to $28.9 billion and nights up 4.2% to 217 million nights (TRA, 2014).  The report also provides information on international tourism, which continued to increase in the year ending December 2013 (TRA, 2014)

- International visitor arrivals rose 5.6% to 5.9 million

- International visitor nights were up 4.2% to 216.7 million

- Total international visitor expenditure rose 6.0 % to $28.9 billion

- Average trip expenditure remained relatively unchanged.

### 2.1.1. Key Markets

China continues to increase its market share (TRA, 2014), comprising 16.5% of total international visitor expenditure in the year ending December 2013. Of the $1.6 billion growth in total international visitor expenditure achieved in 2013, around $600 million (or 40%) was contributed by Chinese visitors. In fact, total Chinese visitor expenditure grew by 15.7% to reach $4.8 billion in 2013— $1.4 billion ahead of the United Kingdom (UK). This further strengthens the Chinese market's place as Australia's most valuable international tourism market.

### 2.1.2. Traditional Markets

*TRA (2014)* reports that the expenditure from traditional markets continued to grow. Growth markets were particularly the UK, the United States (US) and Germany (up 12.4%, 9.0%, and 6.7%, respectively). The UK's progress was driven by very strong growth in arrivals in the December quarter 2013 compared to the December quarter 2012 (up 11.8%). The Ashes cricket series drew a larger volume of visitors over the summer, and at the same time Melbourne Cup, Australia Grand Slam, were not far behind.

### 2.1.3. Asian Markets

Expenditure from many key Asian markets declined in the year ending December 2013, with Japan and South Korea falling sharply (down 15.3 % and 13.5% respectively). Declines in these markets were driven by a sharp decrease in Japanese visitor arrivals—down 7.0%. South Koreans also stayed fewer nights (down 17.4 %), which drove the South Korean average length of stay in Australia down 14% (from 65 nights to 56 nights) (*Tourism Update 2013*).

### 2.1.4. Travel Purpose

International holiday travel continues to drive increases in total international visitor expenditure and represents the largest purpose-of-visit share of total international visitor spending. Holiday travel itself also showed significant growth, increasing 11.5% to $11.4 billion in the year ending December 2013, year-on-year (TRA, 2014).

Total expenditure by international business visitors (TRA, 2014) continued to contract in 2013 (down 5.5%), in line with a fragile global economy. This fall was driven by a corresponding decrease in the length of international business trips, with the number of business nights spent in Australia falling 7.7% Total global education visitor expenditure grew 4.1% (to $6.4 billion), driven by market leaders such as Hong Kong and China (up 38.5% and 10.7%, respectively). European markets also contributed to growth from the UK, which was up by 59.7%, Scandinavia (up 33.6%) and Italy (up 29.3%).

### 2.1.5. Domestic Overnight

TRA (2014) continues with data on the domestic overnight travel, which increased moderately in the year ending December 2013:

- Trips were up 1.8 % to 76 million

- Nights were flat, up by a marginal 0.3% to 283 million nights

- Expenditure increased in line with inflation, up 3.0% to reach $51.5 billion

Domestic overnight visitor expenditure grew by 4.3% or $1.6 billion, accounting for $38 billion in the year ending December 2013. It was accompanied by a 0.5% increase in visitor overnight stays. However the average length of stay fell slightly compared to the previous year.

### 2.1.6. Outbound Tourism

Australians continue to travel overseas in record numbers (TRA, 2014). Total domestic departures continue to rise, reaching 8.8 million in the year ending December 2013 (up 6.8%). This was despite the Australian dollar continuing to fall against most currencies, as well as rising unemployment (up 0.4 percentage points to 5.8% for the quarter ending December 2013). Australians travelled overseas for longer periods (up 6.3% to 153 million nights) in the year ending September 2013. They also spent more across a wider range of destinations (up 8.7% to $47 billion).

Australians are spending more in Australia before and after their outbound trips. Figures are up 8.1% to $19.1 billion in the year ending September 2013, and this accounts for around 41% of total expenditure and incorporates all prepaid airfares, accommodation and package tours. The convenience of online booking tools is considered to be responsible for this increase (Chakravarthi & Gopal, 2012), and businesses that continue to evolve their online booking platforms can expect to benefit (Kendall & Booms, 2012) from the anticipated stable growth in outbound travel.

### 2.1.7. Forecasts for the Future

In the Australian Government's *Tourist Update* (2014, p8) published in May 2014, the most likely outcome for tourism given past trends, current industry and economic information and the impact of policy and industry changes suggests:

- Total tourism expenditure will increase on average 1.6% per annum to $119.1 billion between 2012–13 and 2022–23

- International visitor expenditure will outpace growth in domestic tourism expenditure

- Growth in inbound tourism will be driven by significant growth from China—contributing 24% of growth in international arrivals and 40% of growth in global expenditure between 2012–13 and 2022–23

- Total tourism expenditure will reach $116 billion by 2020–21, boosted by an improved global economic outlook assisting international arrivals from traditional markets—including the UK and US—to continue to recover in the short term and build in the longer term

- The number of Australians travelling overseas will remain high in 2014–15 (up 4.3%) due to a slightly higher-than-expected Australian dollar and cheaper airfares as a result of substantial growth in global air capacity to Australia. However, this growth rate is expected to contract leading into 2022–23, with the 10-year growth, assumed to be 3.8% per annum

Table 1 provides additional information on the changing patterns of tourism in Australia.

**Table 1: International Leisure Travel by component and market for the year ending March 2014 (Tourism Research Australia: International Visitor Survey and National Visitor Survey 2014 (TRA, 2014))**

| | Visitors | Expenditure | Average length of stay | Average total expenditure | Average expenditure per night |
|---|---|---|---|---|---|
| **CHINA** | | | | | |
| Holiday | ▲ 18.7% to 371,( | ▲ 37.2% to $1.7bn | ▲ 1.8% to 9.3 nights | ▲ 15.6% to $4,500 | ▲ 13.6% to $491 |
| VFR | ▲ 23.9% to 137,( | ▲ 28.3% to $553m | ▲ 1.0% to 57.3 nights | ▲ 3.5% to $4,142 | ▲ 2.5% to $72 |
| **UNITED KINGDOM** | | | | | |
| Holiday | ▲ 15.8% to 250,( | ▲ 21.8% to $1.6bn | ▼ 3.7% to 46.1 nights | ▲ 5.2% to $6,345 | ▲ 9.3% to $138 |
| VFR | ▲ 7.3% to 268,000 | ▲ 15.5% to $1.0bn | ▼ 2.1% to 28.5 nights | ▲ 7.6% to $3,895 | ▲ 9.9% to $124 |
| **TOTAL** | | | | | |
| Holiday | ▲ 8.5% to 2.7m | ▲ 11.7% to $11.8bn | ▼ 3.4% to 26.9 nights | ▲ 2.9% to $4,347 | ▲ 6.54% to $162 |
| VFR | ▲ 10.6% to 1.6m | ▲ 12.5% to $4.8bn | ▼ 1.4% to 28.4 nights | ▲ 1.7% to $2,907 | ▲ 3.0% to $102 |

## 2.2. Competitive Strategies of B&M Travel Agencies

Dale (2002) argued that dominant players discourage new entrants into the tour operation industry by their capacity for economies of scale through vertical integration. However, niche operators can differentiate themselves. As larger organisations acquire others, niche players are pushed out due to the small economy of scale. At the time of Dale's (2002) competitive analysis, the Internet was a new competitive force. Even then, large UK tour companies were not resistant to IT, suggesting that today, the dichotomy between B&M and virtual travel agencies may be false.

Dale (2002) noted that customers are becoming more knowledgeable and particular about the services they expect. He emphasised the advantages of synergistic alliances among related services, in a virtual collaboration. He notes the post-Fordist nature of the future industry and the integrating of 'knowledge' work into the scope of organisational reinvention. For this reason among others, Porter's five forces is a framework, not a definitive model (Dale, 2002).

(J. Kim et al., 2002) analysed Porter's framework for generic strategies in relation to a comparison of B&M travel agencies using the Internet and virtual-only travel agencies. In Porter's generic strategies those businesses without a clear focus on either a cost leader or offering differentiation, termed by Porter as "stuck in the middle", were more likely to fail. However, the B&M travel agencies using the Internet showed that they were focused on being cost leaders and providing differentiation (Hatton, 2004). Also, the B&M travel agencies showed improved performance compared to the virtual-only travel agencies. Kim et al., suggest that this is because the B&M travel agencies have, rather than being stuck in the middle with no clear focus, developed an integrated strategy combining the two extremes.

The context of transactions via B&M services is different from that seen in a virtual service, for example in how signals are interpreted. In a way, and perhaps related to how consumers make satisfying decisions (Nusair & Kandmpully, 2008), signalling theory exposes the differences in information availability between sellers and buyers. Signs help diagnose the actual quality of a service or product. Biswas & Biswas (2009) found that, in the B&M context, price had a stronger relationship with quality perceptions when only price information was present, without brand reputation information, whereas price was more strongly linked to quality perceptions (L. Huang et al., 2011) in the online context when both brand information and price information werepresent.

Early effects of the Internet on competition centre on how entry into industries such as travel agencies could become saturated quickly (Prieger & Heil, 2014). Recent entrants into the Internet-based travel agency industry constituted new competitors who reduced the market share of the then current businesses or pushed them out completely. These new competitors were not limited to local businesses or even Australia-based businesses: e-commerce travel agencies can operate from anywhere in the world. According to Prieger and Heil (2014), "e-commerce brings firms from outside traditional geographic market boundaries into competition with local incumbents for sales."

28

## 2.3. Disintermediation, Intermediation and Re-intermediation

B&M travel agencies or Intermediaries are traditional travel agencies providing travel services to customers in an offline mode (Cheung & Lam, 2009). B&M travel establishments occupied a prime position in the market before the 1980s and were profit centres, mostly working in isolation from each other and representing a limited number of airlines or hotels. In the 1980s, travel-related technologies linked these B&M travel agencies with each other and their suppliers. After this transformation, they were able to bring multiple services more efficiently in a packaged format to consumers.

However, the introduction of the Internet in the 1990s brought about a change in the fortunes of B&M travel agents.

The direct competition from Internet booking services operated by third party intermediaries and major suppliers of services such as international hotel companies intensified (Beldona, 2005; Christodoulidou et al., 2010; DeMers, 2013; Doolin et al., 2005; Guadagno & Cialdini, 2007; Nusair & Kandmpully, 2008; S. Park et al., 2011; Rajamma et al., 2007; Wen, 2012) the competitive and related financial pressure on travel agencies. In Australia, this pressure has resulted in a reduction in the number of businesses in the travel agent sector over the past thirteen years.

(Miller, 2010) provides a comparison of the effect the Internet has had on the tourism industry in the year ending 30 June 1997 and the year ending 30 June 2004. The comparison shows that the total number of travel agents in Australia declined by 17.1% (see Table 2).

**Table 2: Changes in travel agencies in Australia (Source: Australian Bureau of Statistics 1998; 2006 (Catalogue number 8653.0))**

| Travel Agents in Australia | | Year Ended 30 June | | |
|---|---|---|---|---|
| | | **1997** | **2004** | **Change** |
| Retailers | Corporate | 325 | 306 | -5.8% |
| | Conference | 50 | 70 | 40.0% |
| | Leisure | 2,393 | 1,987 | -17.0% |
| | General Sales Agents (GSAs) | 74 | 33 | -55.4% |
| Total Retailers | | 2,842 | 2,396 | -15.7% |
| | | | | |
| Wholesalers | | 158 | 119 | -24.7% |
| Ticket Consolidators | | 16 | 16 | 0.0% |
| Inbound Tour Operators | | 170 | 109 | -35.9% |
| | | | | |
| **TOTAL** | | **3,186** | **2,640** | **-17.1%** |

Miller et al., (2010) analysed and reported on the research conducted by Roy Morgan Research Pty, Melbourne on travel changes in Australia during the period 2000 to 2010. Figure 2 shows a simplified version of Miller et al., (2010) graph on booking sources where the last trip was overseas, for the ten-year period from 2001 to 2010. The results depict the findings for holiday or non-business trips and show the use of travel agents for booking international travel fell from 71.6% in 2001 to 56.4% in 2010. Whereas, booking directly

with airlines increased from 9.6% in 2001 to 31.2% in 2010. Booking online did not register until 2006 and then rose slowly to 9.6% (see figure 2).
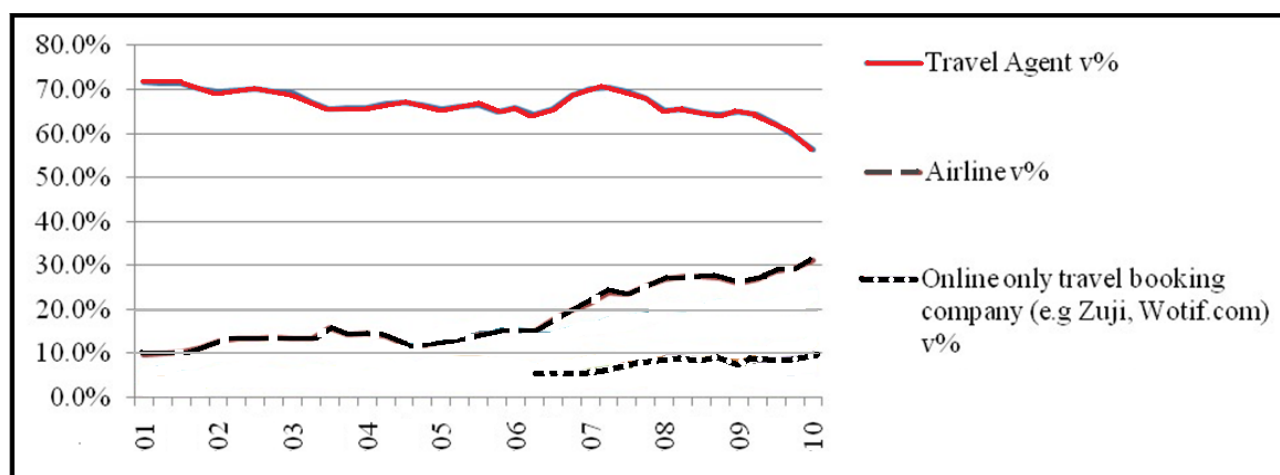


**Figure 2: Booking Sources Used - Last Trip was Overseas 2001-2010 (Adapted from Miller et al., 2010)**

Table 3 shows the breakdown of all the options that were covered by the Roy Morgan Research. The breakdown emphasises the prevalence of travellers booking directly with holiday providers and support providers such as car hire and other holiday orientated outings.

*Intermediation* is defined by a situation where a company interjects itself between buyers and sellers, which also encompasses circumstances where there is a chain of agents between the buyers and sellers, or interjection among multiple intermediaries. The supply chain can be formally defined as the movement of products from the source, manufacturer or consolidator to end-user, mediated by a distributor or intermediary (Barnett & Standing, 2001). *Disintermediation* is a situation when "an established middleman is forced or pushed out from the market" (Cheung &Lam, 2009: p. 88).

31

**Table 3: Booking Sources Used - Last Trip was Overseas 2010 (Miller et al., 2010)**

|  | Apr09-Mar10 |
|---|---|
| Sample (Australians 14+) | 1626 |
| Weighted to Population ('000) | 1766 |
| Travel Agent | 56.4% |
| Airline | 31.2% |
| Tour Operator | 7.6% |
| State Tourism Authority/ Government Travel Centre | 1.1% |
| Motoring Club (e.g. RACV, RACQ, NRMA.) | 0.5% |
| Online only travel booking company (e.g. Zuji, Wotif.com) | 9.6% |
| Shipping Line | 3.6% |
| Booked accommodation directly | 23.4% |
| Booked hire car directly | 12.1% |
| Booked another travel directly | 4.0% |
| Total booked last trip | 91.9% |

*Re-intermediation* is a situation when "a company that was forced to disintermediate is now able to re-establish itself as an intermediary" (Cheung & Lam, 2009). Cheung and Lam (2009) argue that traditional travel agencies face many challenges when deciding to enable their company to transact electronically. These include strategic alignment; what makes a physical travel agency agree that Internet-based transactions be suitable for their customer-base? The feasibility of adopting such strategies is also in question when results are expected

32

immediately and when such technologies take long-term investment to reimburse. A related concern is whether the physical travel agency can transfer resources from current profit-generating sources to unknown e-commerce applications. Finally, a universal concern is the resistance inherent in having to acquire new, unfamiliar capabilities.

Re-intermediation, also called cybermediation, is an alternative for the traditional high street players who need to adapt to the technology or need to be replaced by new business models (Anckar, 2003). Therefore, a travel agent needs to evolve from a traditional intermediary to a type of middleman who can manage a business by providing both traditional and online services. In contrast, it is recognised by travel agents that the Internet is an efficient way for agencies to grow their business (M. M. Bennett & Lai, 2005). The author proposes that travel agents in order to survive and to increase their market share need to reposition themselves as travel consultants and need to become more technologically-orientated by accepting that the Internet is a valuable tool for increasing competitiveness (Crotts et al., 2009). Electronic markets allow companies to reach a large number of customers at a very low cost (Benjamin & Wigand, 1995). The role of cybermediaries can vary considerably, while their relation with suppliers and customers can also vary.

The Internet is a rapidly advancing technology that may place unique pressure on travel agencies. The Internet, by negating the need to visit physical B&M travel agencies, should provide reduced costs and greater accessibility to consumers. (M. M. Bennett & Lai, 2005) investigated the impact of Internet channels on the distribution of travel services, as well as how travel agents perceived the future role of travel agents within the context of Taiwan. They found that those travel agents using the Internet could win new customers by using e-commerce to link directly to suppliers and destinations. (M. Bennett and Buhalis, D., 2003) refer to this as disintermediation, the elimination of intermediaries in the distribution channel.

Disintermediation is not an approach limited to the travel agency industry as entrepreneurs are forever seeking new opportunities and markets that have resisted the introduction of new technology (Hatton, 2004; Tarofder et al., 2013) because these markets offer rich pickings. A case in point is Glasses Direct, a UK business started by a student who found the cost of prescription classes astronomical. Glasses Direct was the first company in the UK to break the stranglehold of the high street opticians by cutting out the middleman and in so doing cutting prices to customers dramatically. However, competing on cost alone is not

considered to be the ideal (Amaro & Duarte, 2013; Beldona, 2005; Christodoulidou et al., 2010; DeMers, 2013; Guadagno & Cialdini, 2007; Rajamma et al., 2007; Vinod, 2011; Vokins, 2010) approach as competitors can start a price war(Chiam, Soutar, & Yea, 2009). Where Glasses Direct was concerned, they also identified other shortfalls in the services provided by the high street opticians that they could address. Taking this example and applying it to the travel agency industry (Hilletofth & Lattila, 2012; Nicolau, 2013; Smith, 2007), in order to succeed with e-commerce, other factors would also need to be included

## 2.4. Information Communication Technologies

The acronym ICT stands for *Information Communication Technology* (http://www.abbreviations.com/ICT). ICT is similar to information technology but focuses primarily on communication technologies such as the Internet, wireless networks, cell phones and other communication media and e-commerce. ICT has been used in the travel industry since the adoption of Computer Reservation Systems in airlines in 1950s and also in the transformation of Global Distribution Systems in the 1980s (Ma et al., 2003). However, the main revolution that shook up the travel agency industry was the Internet (Deng & Lawson, 2000; Sigala, 2007). The Internet changed the structure (Hudson, Snaith, Miller, & Hudson, 2001) of the industry, by providing travel companies, airlines and hoteliers an opportunity to sell direct to the public and commercial enterprises. Consequently, travel agencies have faced the danger of being cut off and replaced.

ICT and tourism are two of the most dynamic drivers of today's global economy. Many authors have claimed tourism can be treated as an information-intensive industry (Inkpen, 1998; Poon, 1993; Sheldon, 1997). Travel products (vacation packages, business trips, flights, hotel accommodation, sightseeing tours) in general engage a higher level of involvement, intangibility, and a greater standard of differentiation than other tangible consumer goods and, therefore, are more easily sold through the Web (Bonn et al., 1998). Dorren and Frew (1997) echo this because, as they point out, the development of electronic communication is significant for tourism marketers who sell perishable, intangible, heterogeneous, and high-risk products. The ease of description and commodity-like nature of many travel products (i.e. airline seats or hotel rooms) also favour the development of e-commerce (Lewis et al., 1998). E-commerce, or to give it its full name Electronic Commerce,

is a term defined as the use of information and communications technology in commercial transactions among organisations and consumers (Prieger & Heil, 2014).

The introduction of the Internet revolutionised the tourism industry. During the last ten years a substantial shift in the conduct of business travel transactions is evident; more customers are booking tickets online (Athiyaman, 2002; Cunnigham, Gerlach, Harper, & Young, 2005; Hatton, 2004; Lehmann; Vinod, 2011) than through traditional intermediaries (e.g. B&M agencies). Figure 3 provides an example of the changing methods customers are using when booking vacations (Roy-Morgan, 2014c).

Building on e-commerce capabilities, e-commerce-able intermediaries *"provide services in both online and offline modes in order to capture the best market position in the travel industry"* (Cheung & Lam, 2009). These intermediaries may represent former B&M companies that diversified in anticipation of avoiding disintermediation. They are intermediaries only until competitors or environmental changes push them out in the process of disintermediation.

(Roy-Morgon, 2014a) go on to point out that when it comes to booking domestic holidays, traditional travel agents are not so necessary. Their market research found that travellers could easily book flights and accommodation within Australia themselves with 27% choosing not to book in advance but simply turn up at their chosen destination. Other findings from Roy Morgan include that in the year to June 2014, 8% of those whose last holiday was within Australia used a bricks and mortar travel agent to book their trip, while 10% used an online-only booking agency such as Wotif.com, 18% booked via an airline and 34% booked their accommodation directly.
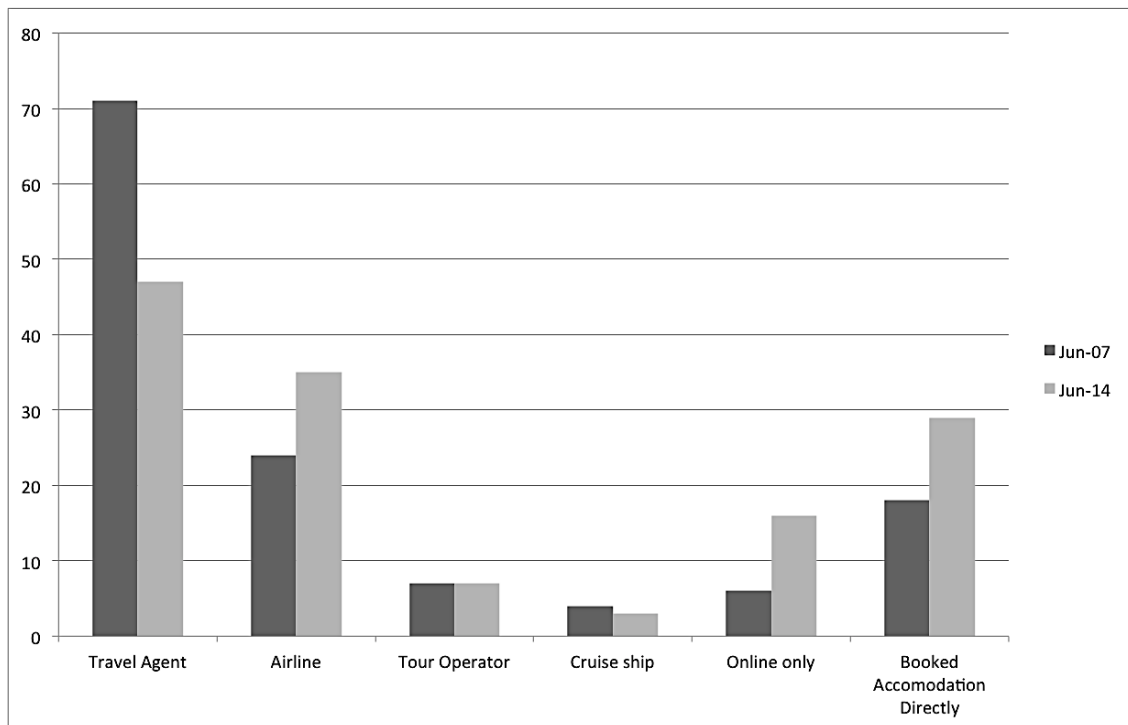
**Figure 3: Booking sources by Australians whose last holiday was overseas: 2007 vs. 2014 (Roy-Morgan, 2014a)**

To quote Angela Smith, Group Account Director of Consumer Products at Roy Morgan 2014) Research:

> *"Australians' changing holiday-booking behaviours are a natural result of our society's increasing use of, and reliance on, digital technology. With the continued penetration of laptops, tablets and smartphones, this trend towards using the Internet to book and research travel is unlikely to abate any time soon. Airlines have clearly recognised and adapted to this, making it quick and easy for travellers to book not only flights but hotels, car hire and even holiday packages via their websites. Dedicated booking websites are also gaining momentum by catering to the connected traveller. Amidst all these changes, bricks-and-mortar travel agents remain a favoured option for booking overseas holidays, offering a level of personal service and in-depth knowledge that online sources cannot beat.*

*Moreover, this potentially holds the key to staying competitive in the rapidly evolving travel and tourism market".*

The above statement highlights the changing status regarding the use of the Internet but also points out that travellers still find B&M travel agents of use because they (the customers) like the face to face contact. Until Internet travel agencies can overcome the desire for customers to have face to face contact, the role of B&M travel agents will continue to figure in the travel business..

## 2.5. Supply Chain Positioning

Supply chains encompass the end-to-end flow of information, products/services, and money (Perez, 2012). Consequently, the way they are managed strongly affects an organisation's competitiveness in such areas as product/service cost, working capital requirements, speed to market, and service perception.

 Figure 4 provides a graphical depiction of the complexity of the breadth of intermediaries Airlines have continuously looked for ways to increase their reach (figure 4, Alamdari, 2002) to the potential traveller with or without the use of GDS (Global Distribution System). This helped them cutting costs and increasing revenues.  Thao and Swierczek (2008) fear that this could result in more price wars and lower customer loyalty.

When a company faces the global market, they have to rethink their processes and supply chain positioning(Bigne et al., 2008; Smith, 2007; Tarofder et al., 2013; Yang et al., 2009). This is necessary for them to maximise the benefit from a given situation and to respond to and satisfy customers' demands (Sen et al., 2004). The importance of ICT's contribution to competitive advantage is a consequence of their potential to enable the transformation of the value chain (Porter, 1998).
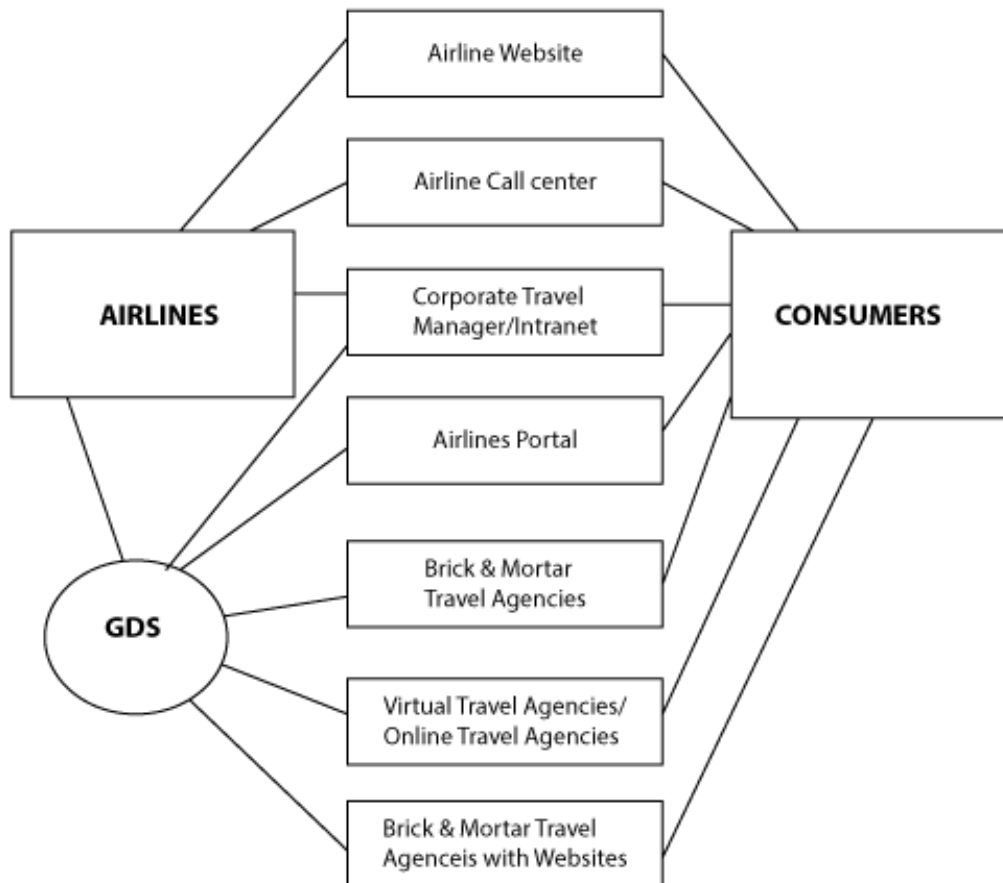
**Figure 4 Airline distribution channels (Source: Alamdari, 2002, p. 340)**

Prior to the development of the Internet in the tourism sector, suppliers had no choice but to use B&M travel agencies to sell to the customers. After the introduction of the Internet, this no longer held true; suppliers could trade directly with customers. Therefore, the positions of the members of the supply chain were no longer as clearly defined as in figure 4. The Internet and other ICT have transformed the structure of the value chain and eliminated restrictions on the agents to perform functions beyond previous limitations (Berne et al., 2012).

According to Granados, N. F., et al. (2008) some organisations adopt electronic business pro-actively in order to transform their business models while others only adopt support functions, such as communications. Another research suggests that different adoption levels exist (Lin & Lee, 2005). Andreu et al. (2011) suggest that there are four levels as opposed to Grandos, et al.'s one; the first level is when companies begin to recognize the importance of

e-business systems and prepare for website implementation. Often this level just involves using Internet technology to access information and brochures. Granados et al. go on to describe the second level as involving a considerable investment in creating the firm's e-business infrastructure to enable internal activities. The third level relates to businesses that are networking with online interactions connected with other businesses. Finally, Andreu et al. suggest a full integration level, which transforms the overall organisational business model.

Perez (2012) interpreted from Porter's (1998) *Competitive Strategy* that an organisation's supply chain strategy is shaped by the interrelation of four main elements. These four elements are; the marketplace; the organisation's competitive positioning; its supply chain operations; and its managerial focus regarding the linkage between supply chain processes and business strategy. From this Perez went on to suggest six possible generic supply chain processes orientated to; efficiency, speed, continuous flow, agility, customer configuration, and flexibility. Each generic supply chain process, although having similarities, required different (X. Zhang et al., 2009) skills and capabilities. Depending on which of these factors represented a business's strategy, a company could work out the most appropriate supply chain process to adopt. However, some businesses may require (Netessine & Rudi, 2006) multiple generic supply chain processes; they may want both flexible and fast processes. To address this dilemma, Perez suggests managing multiple supply chain processes in parallel but re-emphasises the warning that each process requires different skills and competencies. Berne et al. (2012) believes that the two main forces that are changing the structure of travel markets and channels are consumer participation and production processes. These two factors are of prime importance for B&M travel agents to maintain their power (Berne et al., 2012) position.

To summarise this section, it appears from the literature reviewed that the status regarding B&M travel agents role in the travel industry as a whole requires clarification. Do B&M travel agencies still offer a role that cannot be met by the Internet-only travel agencies? What reasons do B&M travel agents and their customers attribute to the B&M travel agents' continued survival? What strategies are B&M travel agents employing today to help them continue to exist in the future? Are these the same as they were in the past? These questions assisted in developing the research questions:

*RQ1: What strategies do B&M travel agents believe have helped B&M travel agents in Sydney, Australia to compete with Internet-only travel agencies?*

*RQ2: How do traditional B&M travel agencies envision the future of B&M travel agencies in the context of the industry?*

## 2.6. Consumer Behaviors

A classic argument about human rationality suggests that people try to satisfy goals (eMarketer, 2008; S. Park et al., 2010; So & Lehto, 2007; Stephenson & Taylor, 2013; Trejos, 2014) and pursue an activity (Gronflaten, 2009; Rittichainuwat et al., 2007; Stephenson & Taylor, 2013) until a goal is satisfied rather than looking for an alternative that represents the highest expected value (March & Simon, 1958). (J. Kim et al., 2002) argue that cost leadership may be more effective if consumers seek the highest expected value and that this may be improved through the speed of the Internet. However, (Anckar, 2003) found that the Internet is not a panacea for cost reduction. Anckar & Walden (2002) performed a study that looked at the variability in the outcomes of self-booking. They found that regardless of the complexity of travel plans; online transactions still resulted in a large range of prices (buying direct from suppliers may not save people money). Some customers may be satisfied; while others look at the best price (sometimes the best choice is using a package deal). In summary, the evidence that online avenues for travel planning are available cheaply or desired by consumers has caveats.

However, the Internet is limited in some relevant ways to the tourism industry. Blum and Goldfarb (2006) argued that the physical distance serves as a proxy for *taste*. The suppliers and travel agents closest physically to the consumer will inherently share a better understanding (Chakravarthi & Gopal, 2012; Rajamma et al., 2007) of consumer culture and taste. These researchers found that although there are no trading costs associated with Internet transactions, travellers are more likely to visit websites from nearby countries rather than from elsewhere in the world. However, this effect only held true for taste-dependent products, by taste-dependent products the author is referring to discernment, not food. Examples of taste would include music and games but not products such as a computer program. Relating this to the tourism industry, it may be argued that travel is not only dependent on a person's taste for particular things, but also language and culture. These

factors could provide a niche (Beverland & Lockshin, 2004; L. Huang et al., 2011; Iyer et al., 2002; Joelle et al., 2007; Ruiqi & Adrian, 2009)for B&M travel agencies.

According to (Cheyne et al., 2006), people prefer the security of a travel agency to book and pay for their flights rather than using the Internet. However, when they plan their holiday, they do buy low-cost trip accessories such as car rentals willingly on the Internet. Castillo-Manzano and López-Valpuesta (2010) found in their research into reasons for deciding on whether to use a B&M travel agency or a virtual travel agency that age matters. They found that those people aged over 65 years of age preferred to buy their tickets at a travel agency. People aged 15–30 years old were more likely to use the Internet. They concluded that these findings reflected the new generation's greater comfort and trust regarding the use of ICT. They also point out that this particular generational behavior was noticed by Law et al. (2004) and Yoon, Yoon, and Yang (2006). These authors attributed it to the fact that while young people look for cheaper flights on the Internet, older people prefer the human touch offered in the office. Castillo-Manzano and López-Valpuesta (2010) also found that people with a university education were more likely to use the Internet than people with only a primary education. A finding supported by Law et al. (2004) who stated that the percentage of visits to travel websites increased with the academic level of education. Castillo-Manzano and López-Valpuesta (2010) research, in addition, found that frequent fliers did not have the time to book in advance and, therefore, were not able to purchase (Wen, 2012) cheaper tickets. They concluded that therefore price was not a deciding factor. Castillo-Manzano and López-Valpuesta (2010) research found that travel agencies were the preferred option when purchasing a complicated trip compared with the other options open to travellers. That is, the customer appreciated the skills, knowledge and experience (Novak & Schwabe, 2009; Rajamma et al., 2007; Roy-Morgan, 2014b; Yakhlef, 2001) of travel agent staff and the fact that they could discuss the matter with a human being.

To summarise this section, the literature reviewed highlights the importance the customer makes in who is involved in the travel agency world. Questions raised by this section relate to how the traveller as consumer and customer views the role of B&M travel agents. How do the customers see B&M travel agents progressing in the future? Do they see them progressing? Do they perform a valuable role? These questions have helped inform and expand the original research questions to include the customer's opinion:

*RQ1: What strategies do customers and B&M travel agents believe have helped B&M travel agents in Sydney, Australia to compete with Internet Only travel agencies?*

*RQ2: How do customers and traditional B&M travel agencies envision the future of B&M travel agencies in the context of the industry?*

*RQ3: Why do some customers prefer to use the services of B&M travel agencies?*

## 2.7. Review of Porter's Five Competitive Forces

Porter (1998) identifies five competitive forces that shape the competition of the industry. The five forces are shown in figure 5 and comprise four forces that feed into one dominant force termed *rivalry among existing competitors* (see figure 5).

Rivalry reduces the potential profit of a given travel agency and is greater when larger numbers of competitors are equivalent in size and influence. Rivalry suggests that industry growth is incremental, rather than radical and that one firm is not an industry leader. Price competition occurs when services offered by travel agencies are identical.

Rivalry is affected by the *threat of entry,* which comes in the form of the development of new travel agencies. New entrants contribute to the number of competitors, reducing the potential profit of the remaining competitors.

*The power of suppliers* can be a dominant force in the travel industry. A supplier which does not depend on the industry for revenues has more power than those who do because it has different products. Suppliers include airlines, hotels, car rental establishments, cruise companies, and a variety of local businesses. According to disintermediation processes, many suppliers can bypass travel agencies (who are an ever-present threat) to reach their customers, though this is not an approach that suppliers are willing to pursue entirely.

An additional competitive force that heightens rivalry within an industry is *the power of buyers*. According to Porter (2008), to the extent that the industry's products are undifferentiated, buyers will be better able to find an equivalent product and can pit intermediaries against each other. Porter's theory thus has added value in addressing the

competitive strategies B&M travel agents use, the ways virtual travel agencies differentiate themselves based on consumer taste, and why some customers prefer B&M travel agencies.

The threat of substitutes is the final force shaping the primary process of rivalry and may require a particular travel agency to become more competitive. Virtual travel agencies can substitute their physical counterparts and video-conferencing can be a substitute for travel (Porter, 2008), so it may be necessary for travel agencies with a heavy business consumer-base to pay attention to competitors in communication technology. A travel agency, for example, may distance itself from such a substitute by emphasising commodities or services that cannot be experienced by video or picture. Substitution may be a focal force in the current study due to its necessity in the disintermediation effect.

Cheung and Lam (2009) articulate that traditional B&M travel agencies, despite the convenience offered by Internet-based travel entities, possess many competitive advantages over their Internet-only competitors. Numerous B&M travel agencies have extensive experience and required knowledge of the business, its infrastructure, processes, and destinations, for which there is no Internet-based substitute. Moreover, most of these travel business establishments are well known and have strong bonds of time-tested loyalty with clients. Included among B&M travel functions are troubleshooting, accountability and support services in the post-booking period. In contrast, after airline tickets are purchased (Amaro & Duarte, 2013), and the transaction is completed, the connection between the virtual travel agent and customer is dissolved. Thus, existing technologies are ways of supplementing and augmenting the existing established visibility and profitability of traditional travel agencies into EC-able travel service establishments, specifically in the Australian context.

```
                    ┌─────────────────────────┐
                    │   POTENTIAL ENTRANTS    │
                    │   Threat of new entrants│
                    └─────────────────────────┘
                                │
                                ▼
┌──────────────┐       ┌─────────────────────┐       ┌──────────────┐
│  SUPPLIERS   │       │      INDUSTRY       │       │    BUYERS    │
│  Bargaining  │  ──▶  │     COMPETITORS     │  ◀──  │  Bargaining  │
│  power of    │       │                     │       │  power of    │
│  suppliers   │       │    Rivalry among    │       │    buyers    │
└──────────────┘       │    existing firms   │       └──────────────┘
                       └─────────────────────┘
                                ▲
                                │
                    ┌─────────────────────────────┐
                    │        SUBSTITUTES          │
                    │  Threat of substitute services│
                    └─────────────────────────────┘
```
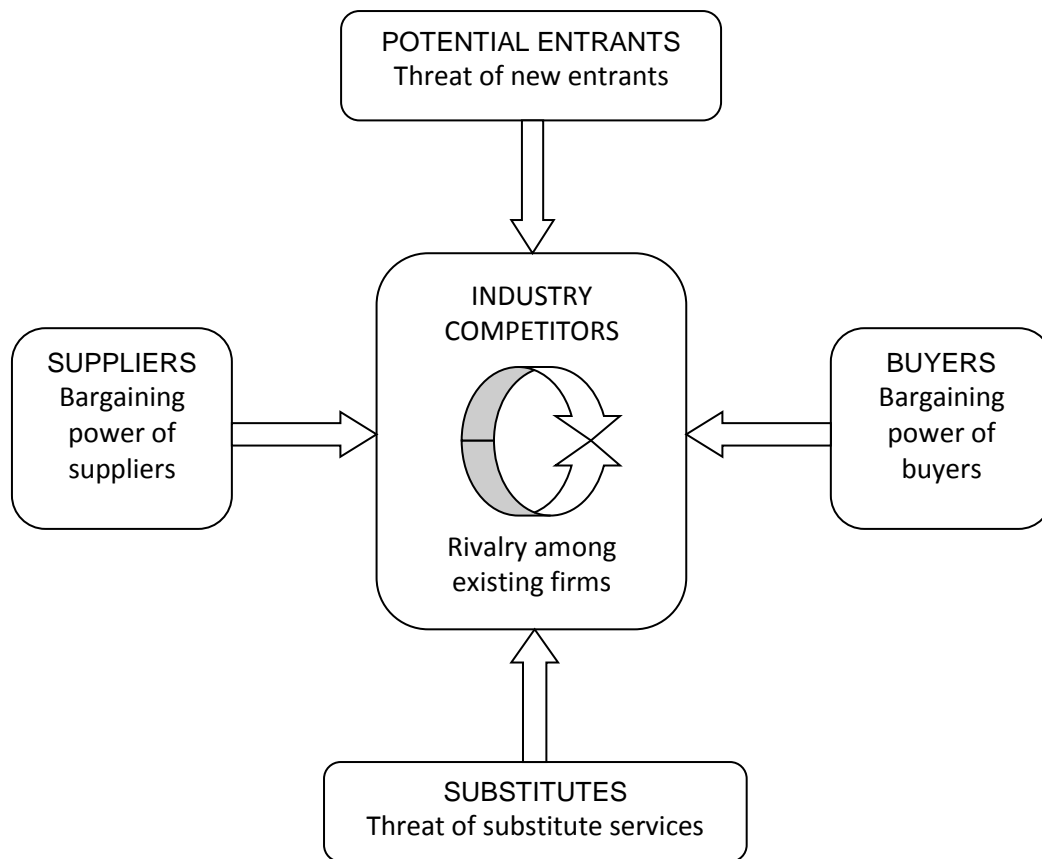
**Figure 5: Porter's Five Forces Driving Industry Competition**

## 2.7.1. Rivalry amongst Competitors

It is widely accepted that competition is good for business, possibly even more so for the customer, as it helps to reduce prices, improve quality, speed up delivery and provide warranty cover. According to Porter (1998) businesses are mutually dependent. That is to say, if one business decides to improve its market share or profits, such action will have an effect on its competitors, who will react either to retaliate or in an attempt to stop the move. Should a battle ensue between competing businesses then there is a risk that all will end up worse off. Examples of these battles litter history, with price wars being the most dangerous for business survival, as opposed to other methods such as advertising or new product or service innovations, which may promote new demand from customers.

Porter (1998) identified a number of interacting structural factors responsible for an intense rivalry, which will be discussed briefly here. Where competitor numbers are high, instability is likely to occur because if there are many businesses there is a high risk that one business will think that it can try to improve its performance unnoticed. Instability is also a factor where businesses are few, but equally balanced. If one makes a competitive move, the tendency will be for the others to retaliate, and as all have equal resources, no one business can break ahead. Slow growth businesses jockey for market share in order to expand. Slow growth is common as businesses mature and the markets that they supply decrease. High fixed costs demand companies sell to maximum capacity to cover costs but can result in excessive and extensive price cutting when excess stock is created. Storing stock also adds to fixed costs and even where a product with low fixed costs is produced, excessively storing can create the same scenario as a high fixed cost item. As services do not result in a physical product, this is not such a relevant factor for the travel industry. Lack of differentiation and switching costs can create a volatile competitive battle with rival companies competing for business through cost reduction. Economies of scale can create a situation whereby cyclical or seasonal excesses occur, which inevitably results in price cutting to remove the stock. Diversity of competitors is another factor that can cause intense rivalry because the individual businesses employ different tactics, and the intentions of competitors are not understood. High strategic stakes can cause intense rivalry, for example, a company entering a new market will need to build its presence and may be willing to sacrifice initial profitability to do so, leaving established businesses fighting a price war that stretches their financial reserves. High exit barriers can result in excess capacity being held in the industry from which competitors cannot escape, resulting in persistently low returns.

### 2.7.2. The Threat of New Entrants

Porter (1998)argued that the strategist's goal is to find a position in the industry to enable the company to defend itself against (or influence) the competitive forces at play. Porter identifies such forces, noting that the strongest force should be attended to first, acknowledging that the strength of a given force varies with the circumstances. Additionally, these forces are subject to subtle or large-scale changes. An individual gaining a patent on a certain product is an example.

45

The threat of new entrants is more serious when there are fewer barriers to entry, and the newcomer expects the retaliation from entrenched incumbent competitors. Porter identifies six primary sources of barriers to entry. The first are *economies of scale*. Present economies of scale offer lower costs to large portions of the customer base. In order to enter and compete with such incumbents, entrants either have to enter with significant economies of production, research, marketing and services or suffer cost disadvantages. Large-scale entry can adversely affect other differentiators such as responsiveness of services and development of customised services or products. Technological change requires flexibility and can be difficult where economies of scale are significant. Large-scale economies can also hinder a firm's desire to explore alternative production or supply systems due to the upheaval to current supply. Consequently, entering with a large economy of scale is a significant risk, so entrants need to take advantage of the second barrier to entry in order to compete.

The second barrier is *product differentiation.* Brand identification and customer loyalty are strong advantages of incumbents. New entrants have to establish a product favourable in the form of a commodity, a different product with a unique identity that is seen as attractive to a customer base. Entrants may attempt to find what existing incumbents do poorly and make that aspect a part of their emerging identity. If customer service is needed in the industry, this could produce brand identification for new entrants.

One way in which products may be differentiated is through the destination image (Alvarez et al., 2007; Beldona, 2005; Font et al., 2006; S. S. Huang & Hsu, 2009; Kendall & Booms, 2012; Nishimura et al., 2008). A destination image is an impression (Alvarez et al., 2007; S. S. Huang & Hsu, 2009), perception (Alvarez et al., 2007; S. S. Huang & Hsu, 2009; Standing & Vasudavan, 1999)or mental representation (Hudson et al., 2001; Kracht & Wang, 2010; Soteriades, 2012; Tarofder et al., 2013)of a destination that is formed before a tourist travels. The term *destination* has somewhat of an attitudinal feel to it, being developed as a tourist searches for information on a destination. Kracht & Wang (2010) examined the influence of uncertainty avoidance, a dimension of culture (Hilletofth & Lattila, 2012; Nicolau, 2013) in the context of Internet sources. This research has been supported by findings that higher uncertainty avoidance is associated with the use of travel agents instead of personal, destination marketing-related, or mass media sources (Gronflaten, 2009; Soteriades, 2012; Tarofder et al., 2013).Uncertainty avoidance also relates to travelling in larger groups, buying

pre-packaged tours, staying for shorter periods of time and visiting fewer destinations(Bigne et al., 2008; Christodoulidou et al., 2010; Nicolau, 2013; Sigala, 2007).

The Internet is characterised by a high level of uncertainty (Bigne et al., 2008; Hudson et al., 2001; Kracht & Wang, 2010; Soteriades, 2012; Tarofder et al., 2013)found that the pre-visit image of the destination was much more favourable for travel agencies when the culture of the respondent was of high uncertainty avoidance. The pre-visit image was least favourable when the respondent had high uncertainty avoidance and used both a travel agency and the Internet as information sources.

Pearce, Tan & Schott (2007), Priskin (2001) and Roy-Morgon (2014) found that uncertainty avoidance was positively related to the extent of information search in Australia, China and Japan. Further, uncertainty avoidance may operate at an early stage of decision-making. For exclusively B&M travel agencies, this information can be used (Frost & Shanka, 1999; Priskin, 2001; Roy-Morgan, 2014a)to cater to the uncertainty avoidance of a particular culture in which the agency does business. This could be interpreted as a niche possibility or potential weakness (Pearce, Tan, & Schott, 2007)as their online competitors can profit from the relative acceptance of online information sources by physically distant users of low uncertainty avoidance. These consumers are likely to purchase more, and have fewer complicated arrangements. B&M agencies with an online presence could, however, sell toward individuals of high uncertainty avoidance, capitalising on group deals.

Thirdly, entering a new market is associated with *capital requirements.* When entering a new market a firm may have to invest heavily in advertising and other promotional activities (Alvarez et al., 2007; L. Huang et al., 2011; Soteriades, 2012; Standing & Vasudavan, 1999) to announce its arrival. Such actions can be risky and potentially unrecoverable, and, therefore, can prove to be a barrier to entry. Capital may also be required to cover start-up costs, staff training, customer credit, and inventory. The complexity or novelty of the services required to stay competitive may require extensive investments in research and development (L. Huang et al., 2011; Kracht & Wang, 2010; Ruiz-Molina et al., 2010; Soteriades, 2012; Xiang et al., 2009), to the extent that money is needed immediately or comes in the form of a large fixed prospective value, again proving to be a barrier to entry (Chen, Chen, Ho, & Lee, 2009; Marchet et al., 2010; Rajasekar & Raee, 2013; Saglietto, 2009; Soteriades, 2012; Trivedi et al., 2008). Another factor known as *switching costs* can also increase the capital

required. Switching costs are where a buyer has to change to a new supplier, which can involve costs associated with testing the new product or service, purchasing additional equipment, retraining staff, technical help, and in some cases paying a premium to the old supplier for cancelling a contract.

Fourth, there are *cost disadvantages independent of the size.* Incumbents may have proprietary technology, access to or control of the best materials to create the desired commodity or political and broader industry influence. Location may be an issue as the established businesses would hold the best sites, leaving new entrants on the periphery. New entrants could face steep learning curves where businesses need to master new skills and or equipment, which would also add to the initial costs. Where established businesses can, from experience, reduce their costs, this has an even greater detrimental effect on newcomers as they would have to catch up.

Fifth, *access to distribution channels* may be unevenly controlled. New entrants need an avenue to facilitate the product or service reaching the consumer, which may prove difficult and even impossible to enter if the established businesses have contractual agreements preventing distributors from working with competitors or long-term relationships offering beneficial pricing. To break into such markets may require investing in additional advertising, price promotions, freebies, and similar activities that all deplete profits.

Lastly, *government policy* can limit entrants through license requirements, control of raw materials or legislation that requires training to specific levels of competency or requires equipment to meet certain standards. Testing of products or services can take time and prevent entry. These restrictions can add seriously to the cost of entry and deter newcomers; the more regulated an industry, typically the more difficult it is for new entrants to enter.

How established firms react to new entrants will also influence the threat of entry. Established companies can make entry and involvement very unpleasant for a new entrant in an attempt to maintain the status quo. In many ways, this is only to be expected as new entrants will most likely take market share from the established businesses and/or a share of the profits. There are exceptions, for example, when a new entrant creates a new demand for a product or service from an untapped customer base. According to Porter (1998 p14) conditions that signal the strong probability of retaliation include:

- A history of a vigorous retaliation to entrants

- Established companies with substantial resources to fight back, including excess cash and unused borrowing capacity, adequate excess production capacity to meet all likely future needs, or considerable leverage with distribution channels or customers

- Established companies with a significant commitment to the industry and highly illiquid assets employed in it

- Slow industry growth, which limits the ability of the industry to absorb a new firm without depressing sales and financial performance of the established firms

Another point raised by Porter (1998) describes a hypothetical concept known as 'entry-deterring price'. Entry-deterring price is an attempt to balance the potential rewards of entry with the expected costs of addressing entry barriers. That is, if the price a business can charge for products or services is higher than the entry deterring price, then entry will be feasible. Conversely, if the price is lower than the entry price or it is believed that established firms will retaliate with lower prices, then entry will not occur.

However, the business environment can change and almost certainly will change at some time. Consequently, there are opportunities appearing on a daily basis that can enable new entrants into established markets. For example, with products a patent may expire, opening up the potential for competitors to produce similar products. The expiration of Dyson's bagless vacuum cleaner patents forced the founder to move the entire production, including research and development, from the UK to the Far East to take advantage of lower manufacturing costs. The increased sales of mobile devices and handheld computers over laptops has changed the way people work; now, for example, a salesperson can be contacted virtually anywhere and can send details to customers without needing to go into the office. In addition, the methods used to advertise products is changing as a result of this increase in mobile technology sales, with advertisements geared to the smaller screens of mobile technology. In some industries, a change from one market to a new market can be less of a barrier to entry. For example, Porter (1998) explains how Gillette, with its well-developed distribution channel for razors and blades, was able to use the same channels to sell

disposable lighters at a lower price than the competition. This enabled Gillette to overcome a potential barrier to entry.

Businesses that have been in existence for a long time or have specialist staff with high tacit knowledge could be in a beneficial situation in preventing new entrants. However, experience as a barrier to entry has a number of prerequisites that must be met to be a successful deterrent. Potential new entrants must not be able to acquire the same experience by copying, hiring the established companies' employees, or purchasing knowledge from business consultants and universities. The possibility that an alternative, practical approach to circumvent the knowledge must also not be feasible. To quote Porter (2008) "frequently, experience cannot be kept proprietary. Even when it can, experience may accumulate more rapidly for second and third firms in the market than it did for the pioneer because followers can observe some aspects of the pioneer's operations". In other words, those that follow can learn from the mistakes of the pioneer and in so doing avoid unnecessary expenditure. Another point about experience is that it can prevent a company looking for alternatives. This can be summarised as the "if it works, there is no need to change it" or "if it is not broke, don't fix it" mentality.

### 2.7.3. The Threat of Substitute Products or Services

According to Porter (1998, p23) "All firms in the industry are competing, in a broad sense, with industries producing substitute product". In other words, companies are providing similar products or services. Look at cars in any price or quality range, and there are numerous variations from different manufacturers. Likewise, in the fast food retail business sector there are many offerings available, such as McDonalds, Kentucky Fried Chicken and Pizza Express. For any business competing in a given market, there will inevitably be substitutes available from other manufacturers or service providers. However, this does not apply immediately to businesses that develop radically innovative products or services. The Walkman developed by Sony is a classical example, an a-typical product that took a conventional product and through design opened up a whole new market: music while you walk, jog or work. Taking an existing product or service and then revamping it to fit a non-existent market carries risks but also offers the possibility for phenomenal success if the planners get the concept right.

However, substitutes put a ceiling on how much a business can charge. Why buy product A from company B when company C is offering a similar product to product A for less or with more features at the same price? Other reasons, why a customer chooses one product in preference to another, can relate to price, quality, after-sales service, availability, delivery times, update ability, or trade-in options. Looking at services provision, similar reasons exist such as the speed of delivery of the service to the customer, the after-care services provided, the time lag between ordering a service and being able to use it, the upgrade options available, the reliability of the service, and the option to cancel at short notice.

According to Porter (1998), substitute products that are most relevant (and therefore demand the most attention) are those services that are subject to price-performance tradeoffs and those that are produced by businesses earning high profits. Technology can lower costs as a result of the manufacturer seeking long-term gains in the reduction of employees, but those employees may hold tacit knowledge that could offer a better-performing service. The price ceiling open to a manufacturer or service provider can be increased by improving the product or service offering. An alternative strategy (Harris & Duckworth, 2005) would be to reduce prices to force out those competitors who are performing badly. Does the manufacturer or service provider opt for a potential price war by reducing the selling price while overheads remain the same, resulting in a drop in profits? Alternatively, do they opt for selling fewer units of a higher quality product at a premium price, possibly raising profits, or at least maintaining the current standing?

### 2.7.4. The Bargaining Power of Customers

Customers can play competitors off against one another and in so doing develop the product or services on offer. For example, the customer could negotiate lower prices, higher quality of services or better functionality and features, speedier delivery, or additional services (such as after-sale service or extended warranties). Such actions inevitably reduce the profitability of the business.

Porter (1998) identified nine means by which consumers can force businesses to improve their offerings:

*Quantity* – a customer who purchases large volumes of products or services relative to overall sales raises the importance of that customer to the seller's business. Porter noted that quantity buyers were a particularly powerful force where fixed costs were high because such action raises the stakes to keep capacity filled. In the travel industry, securing long-term contracts can enable companies to offer unbelievable terms on other products. For example, having secured a long-term contract for business travel arrangements that ensures basic running costs are covered, any additional sales are pure profit.

*Product represents a large proportion of the customer's costs*. In this situation, the customer can, by investing the time and/or money by shopping around between competitors, acquire an improved rate and thereby save themselves money. Conversely, where a product represents a minor cost to the customer, it is not important to shop around as the time and money expended exceeds the benefits. Access to contacts and knowledge acquired over time can give a B&M travel agent the edge in being able to save the customer time and money.

*Undifferentiated products and services*, or standard products and services, which are readily available from multiple suppliers allow the customer to bargain for a better price or another benefit in order to secure the purchase. B&M travel agents faced with undifferentiated products and services are bound to face high competition and be at the mercy of the customer. Also, with global access to travel agencies anywhere in the world from any location customers can purchase travel from almost anywhere. For example a customer in China can use a travel agent in Australia to enable a better deal; the Internet has made competition truly global.

*Switching costs*. If these are small, it means that the customer does not face penalties for moving to another seller: the customer is not 'locked in' to one supplier. Creating a membership or loyalty scheme could be an option open to B&M travel agents to keep their customers. In such schemes the customers receive preferential terms or early notification of bargains or additional freebies – an extra day's holiday, a free weekend if they book two weeks.

*Low profits* are a major incentive to seek lower priced products and services. Any business that is in a low-profit industry where increasing the selling price is not an option must try to reduce costs, irrespective of whether this damages the supplier. Where B&M travel agents are

faced with low-profit products, additional sales of related products, such as car hire, personal insurance, could offer a means to address the situation.

*Backward integration* is the process whereby a company threatens a supplier with self-manufacture of the products or in-house supply of the services to force the seller to reduce the selling price. Large multi-national and global businesses often fall into this category because they have the finances and people skills to carry out their threats. According to Porter (1998) this threat can sometimes be averted when the supplier threatens forward integration, which is moving into the buyer's market. In the travel agency sector, this approach can be seen where a B&M travel agent loses out to hotel chains or airlines selling direct to the customer. It is unlikely that a B&M travel agency would be in the position to offer forward integration in such circumstances, as that would require purchasing aeroplanes or hotel chains. Targeting the smaller suppliers with niche markets could prove to be the way forward for the B&M travel agents.

*Product or service quality unimportant to the buyer* reduces the seller's ability to sell based on potential key features; the customer could buy from any competitor. However, where the product or service is critical to the customer, then the seller has an advantage. Such actions could command a higher price, introduce switching cost penalties, demand minimum order quantities, and/or seek preferential payment terms. For the B&M travel agent, a differentiated product or service could provide the edge in averting attempts by customers to improve their bargaining power in negotiating the price.

*Information* is a powerful component in the bargaining position between buyer and seller. The more information the customer can acquire a product or service, the stronger that customer's buying power becomes. Information can cover annual sales volumes, which could assist in identifying a weak year for the seller, or cyclic variations that would enable the client to determine when demand is low. Such a situation could force the seller into being more conducive to lowering prices. Reports in the media of excess production, price wars, and government subsidies can all arm the customer with information to negotiate improved terms with the seller. For B&M travel agents, this translates into a need to identify their core competencies and/or products' unique selling points. They need to identify which products or services they can offer customers that cannot be easily replicated by Internet or virtual travel agents

53

*Influence on customer buying behaviour* relates to where a wholesaler or middleman is involved in the customer-seller relationship. If the middleman has the power to influence the end customer, then the seller can be forced to improve the product or service offering. In the tourism industry, a travel agency in Sydney could persuade a hotel in Spain that they have contacts that the Spanish hotel would never be able to acquire. Therefore, they could use this as a bargaining tool to get preferential terms.

### 2.7.5. The Bargaining Power of Suppliers

The conditions and situations that make suppliers of products and services powerful echo those that make the customer powerful. Porter (1998) suggests seven main conditions:

A supplier is powerful if the sector in which it operates is *dominated by a few concentrated businesses*. With a fragmented customer base, suppliers can seriously influence key purchasing factors, such as price, quality, delivery and payment terms. In the travel industry this can be a fiercely competitive market to enter but it offers excellent returns, not only financially but in terms of prestige, and association with quality, and this forms the foundations for differentiation.

*Lack of substitutes* provides suppliers with control of the market, limiting where customers can purchase the products and services they require. Unique experiences, sights and once-in-a-lifetime events (solar eclipses, Olympics, volcanic eruptions etc.) all offer difficult to substitute opportunities and can give travel agents a competitive advantage.

Where a *customer's importance is low* to the needs of the supplier, there are few reasons to encourage the supplier to offer preferential terms or improved quality of products and services. Where the customer's importance is high, then it is in the best interests of the supplier to build good, healthy relationship to keep the customer on board. Incentive schemes, loyalty programmes and membership clubs are all approaches employed by travel agents to encourage important customers to remain with them.

Where a *supplier's product or service represents an important part of the customer's needs,* then clearly this puts the supplier in a powerful position. No customer would be advised to be solely reliant on one company supplier because this could prove detrimental to long term

sustainability. If the supplier folded, so would the customer. Travel agents advertising their membership of statutory or controlling associations can help reassure customers that should the unthinkable happen and the business goes into receivership, and then the customer is covered.

*Differentiated supplier products and services* can require the customer to become locked into one specific supplier, with penalties for switching to other suppliers. Specialising in certain activities where a customer is guaranteed access to particular events, such as football matches, cricket series, powerboat racing, or offering expert knowledge in a country or activity, can prove beneficial and attract a premium fee.

*Forward integration* is the process whereby a supplier threatens the customer with creating a product or services the customer supplies in order to command better prices, quality or terms. This threat emphasises the need for B&M travel agents to created differentiated products and services that are hard to imitate.

*Labour* too, according to Porter (1998), should be considered as a supplier because where highly skilled workers are scarce or possess tacit knowledge, they can influence customers. Factors that can influence the power of labour are directly linked to the level of organisation of the labour force and how difficult it would be to train or replace them. Personal knowledge and experience are hard to replace with a computer and technology. Staff members are the most important element in many businesses, and tacit knowledge is difficult, if not impossible, to replace. Consequently, it pays dividends to keep knowledgeable staff and to train them to communicate their knowledge to customers.

## 2.8. Summary

Tourism is a growth sector in Australia; that is, for people from Australia holidaying in Australia. International travel to Australia is also a growth area with China a key market, greater than traditional markets like the UK, and now seen as Australia's most valuable tourism market. However, Japan and South Korea, once principal markets, have fallen sharply in recent years in both numbers of visitors and lengths of stay. Business tourism continues to fall in line with the fragile global economy. However, this is offset by increases in educational visits, especially from Hong Kong and China, the UK, Scandinavia and Italy.

From these observations of research, there is room for optimism in the travel agency marketplace. However, from other research it appears that ICT and changes in supply chain positioning have altered the playing field in favour of new entrants and cybermediaries. Little research to date has sought to identify how B&M travel agencies are dealing with this new environment; consequently, this study seeks to address this gap in knowledge.

To summarise this chapter, from the literature review a number of factors have been identified that could have a bearing on how B&M travel agencies are affected by this changing playing field. Review of the literature further developed the research questions, which now have been refined as:

*RQ1: What services and strategies do customers and B&M travel agents believe have helped B&M travel agents in Australia to compete with Internet-only travel agencies?*

*RQ2: How do customers and traditional B&M travel agencies envisage the future of B&M travel agencies in the context of the industry and which should they concentrate on in the future?*

*RQ3: Why do some customers prefer to use the services of B&M travel agencies?*

To ascertain if these factors were to the detriment or benefit of B&M travel agencies in Australia, this study undertook email and semi-structured interview surveys. The sample of travel agencies was contacted to gain firsthand knowledge of how the agencies see the situation themselves. The rationale for the question topics are summarised next.

Law, R., et al. (2004) and Xiang, Z., et al. (2009) argued that dominant players were able to squeeze out niche player through economies of scale and also by discouraging new entrants. One often referred to benefit of the dominant or big business exercising economies of scale is the ability to offer better prices. For example, this means they can undercut rivals already in the market or deter new entrants as the costs of start-up exceed the potential return. With greater resources at their disposal, large or dominant travel agencies have a competitive advantage if they have access to better quality hotels, new or unique destinations, or have more staff able to organise complex itineraries. However, small and medium-sized travel agencies abound and, therefore, there must be other reasons why travellers select a particular

travel agency to book their holiday or business trip other than the benefits of economies of scale. This research seeks to identify what they are.

With the growth of the Internet in the last decade, travellers had greater access to knowledge than ever before; they can research where they want to go, what they can do, what the 'must see' places are, where to eat, where to stay and prices. The access to knowledge goes even further with reviews from other travellers on all these factors. The nature of the Internet means that the suppliers of holiday and business travel have direct access to the travellers via the Internet. Consequently, the B&M travel agencies who were intermediaries in the supplier of holidays/business travel/accommodation to tourist/business user setup were squeezed out (dis-intermediated).

However, as pointed out earlier, B&M travel agencies still exist; how have they re-intermediated themselves? Have they, as Cheung and Lam (2009) suggested, embraced the Internet, and if so, to what degree? Is it just as an advertising tool or a fully functional website offering online booking? Is it that planning complex itineraries takes too much time for the uninitiated traveller, and that B&M travel agencies can employ their knowledge and experience to expedite a multi-destination holiday faster? Have travellers found that holiday prices are not necessarily lower when booked direct? Maybe B&M travel agencies have contacts that enable better options? Alternatively, could it be that price is not a deciding factor? Having saved up all year for a holiday, perhaps it is worth paying a bit more to get a well-planned holiday arranged via a B&M, travel agent. This research will seek to provide answers to these questions in the mail surveys and or follow-up interviews.

Porter (1998) in his five forces of competitive advantage stated the threats a business should be aware of in order to remain competitive and suggested a number of strategies to address each threat. By analysing these five forces in relation to the B&M travel agencies, this research will identify possible strategies that B&M travel agencies have adopted to re-intermediate themselves in circumstances where they have been dis-intermediated. In Chapter 3 the methods employed to answer the three research questions are explained, along with the rationale for using the methods, and how the data collected will be analysed to identify critical factors that account for the survival and growth of `B&M travel agents.

# Chapter 3.  Methodology

## 3.1.  Introduction

This chapter describes the methodologies employed in the research and the reasoning and rationale for deciding on the methods used. The chapter continues with details about the selection of the samples and the general information sought through the questionnaires and in the follow-up interviews. Design of questionnaires is covered, as well as the methods for data analysis of the two groups involved in the study.

## 3.2.  Method

This study adopts a methodological triangulation (mixed-method) framework of questionnaires and interviews. Methodological triangulation has become an accepted practice to use in social research (J. W. Creswell & Creswell, 2005; Tashakkori & Teddlie, 2010). Campbell and Fiske (1959) identified this approach and first emphasised its application in determining convergent and divergent validity. They explain that the common area where interpretation comes into play arises in the use of multiple methods to measure the same underlying trait. Creswell & Creswell (2005) defines triangulation as the attempt to arrive at the same meaning by at least three different independent approaches. Tashakkori & Tedlie (2010) describe it as one activity that increases the probability that the findings and interpretations are credible. Tashakkori and Teddlie (2010) have defined triangulation in social sciences research as:

*"The combinations and comparisons of multiple data sources, data collection, and analysis procedures, research methods, and/or inferences that occur at the end of the study."*

Tashakkori and Teddlie (2010) outline three reasons to conduct mixed methods research:

- Mixed methods research can answer research questions that other methods cannot (both to generate and to verify the theory)

- Mixed methods research provides better (stronger) inferences (validation of data obtained by one approach with data obtained by another)

- Mixed methods research provides an opportunity for representing a greater diversity of views (for instance, by collecting data from different sources).

Triangulation yields the completeness because qualitative methods can further develop findings derived from quantitative research. Collectively, they provide a complete set of findings than could be arrived at through the administration of one of the methods alone (Bryman, 2014). Furthermore, it presents an opportunity to check the validity of the findings of a study by cross-checking them with one or more other methods.

## 3.3. Instruments Used in Data Collection

The first stage of the research looked at adopting a quantitative method in order to gain an insight into the general views of B&M travel agencies and travellers. Quantitative research stresses neutrality and objectivity. Quantitative research aims to produce results (Allwood, 2012; J. Creswell, 2002; Olsen, 2007; Yihu et al., 2011) that can be verified statistically, and it attempts to find patterns that can be generalised across the entire area of the study.

For researchers, the use of electronic telecommunication technologies across the general population has the potential to create a new and exciting research tool (Allwood, 2012; J. Creswell, 2002; Olsen, 2007; Yihu et al., 2011)traditional methods for conducting quantitative mail surveys revolve predominately around postal and telephone canvassing. Each of these methods has its own distinct advantages and disadvantages as a means of extracting data from a small group of respondents that can then be generalised to the greater population of interest (Allwood, 2012; Carr, 1994; Harvey, 2013; Olsen, 2007; Onwuegbuzie & Johnson, 2004). The use of the Internet is an obvious extension of traditional data collection methods. The Internet offers researchers the potential to reach mass numbers of respondents in a potentially efficient and cost-effective manner (Beldona, 2005)).

Early research on the use of electronic surveying has looked at its pros and cons specifically versus a mail survey approach (Oppermann, 1999). Among the pluses discussed are the elimination of procedures and costs of hiring interviewers and supervisors and the

elimination of producing paper questionnaires and handling mail shots. Also, there are reduced costs for distributing and retrieving the completed surveys, the data entry cost savings, the immediate delivery of the questionnaire and opportunity of an equally quick response. Responses can be received around the clock, and the method is environmentally friendly. It is also possible to introduce a more complex questionnaire design (Lucas et al., 2007; Plonsky & Gass, 2011).

Some of the disadvantages of adopting web-surveys include the bias of limiting respondents to Internet subscribers, who may not constitute a representative sample (Olsen, 2007). It had also been argued that e-mail respondents find unsolicited mail to be more of an intrusion on privacy than they did when such mail received via post (Allwood, 2012; Onwuegbuzie & Johnson, 2004).

The issue of sample bias is becoming less pronounced since the gap between Internet users and the general population narrows and the two populations in effect become one

Figure 6 provides a diagrammatical view of the research process. Email assisted online questionnaires were used in the first stage of the research to gain a consensus on the views of travellers and B&M travel agencies. From the findings of the questionnaires, and any comments made by respondents in the 'additional comments' box, it was possible to identify questions that would form the basis for the interview questions. The interview questions sought to address those questionnaire questions that provided inconclusive findings or significantly diverse answers. Other issues were identified from the literature review, which could be better answered by a one to one interview scenario, that is they required an explanation from the respondent that would have necessitated extensive writing and would have most probably resulted in the comment box being left blank.

The second stage of the research adopted a qualitative methods approach. Qualitative analysis is part of the naturalistic method of inquiry, which assumes that reality is continually changing and that human social phenomena are so complex that it is impossible to discover anything approximating a scientific law (Carr, 1994; Harvey, 2013; Olsen, 2007; Plonsky & Gass, 2011; Sekaran, 2000). The goal of qualitative research is to locate the understanding of the experience (Hinchcliff, 2012; Planing, 2014) within the context of other experiences.
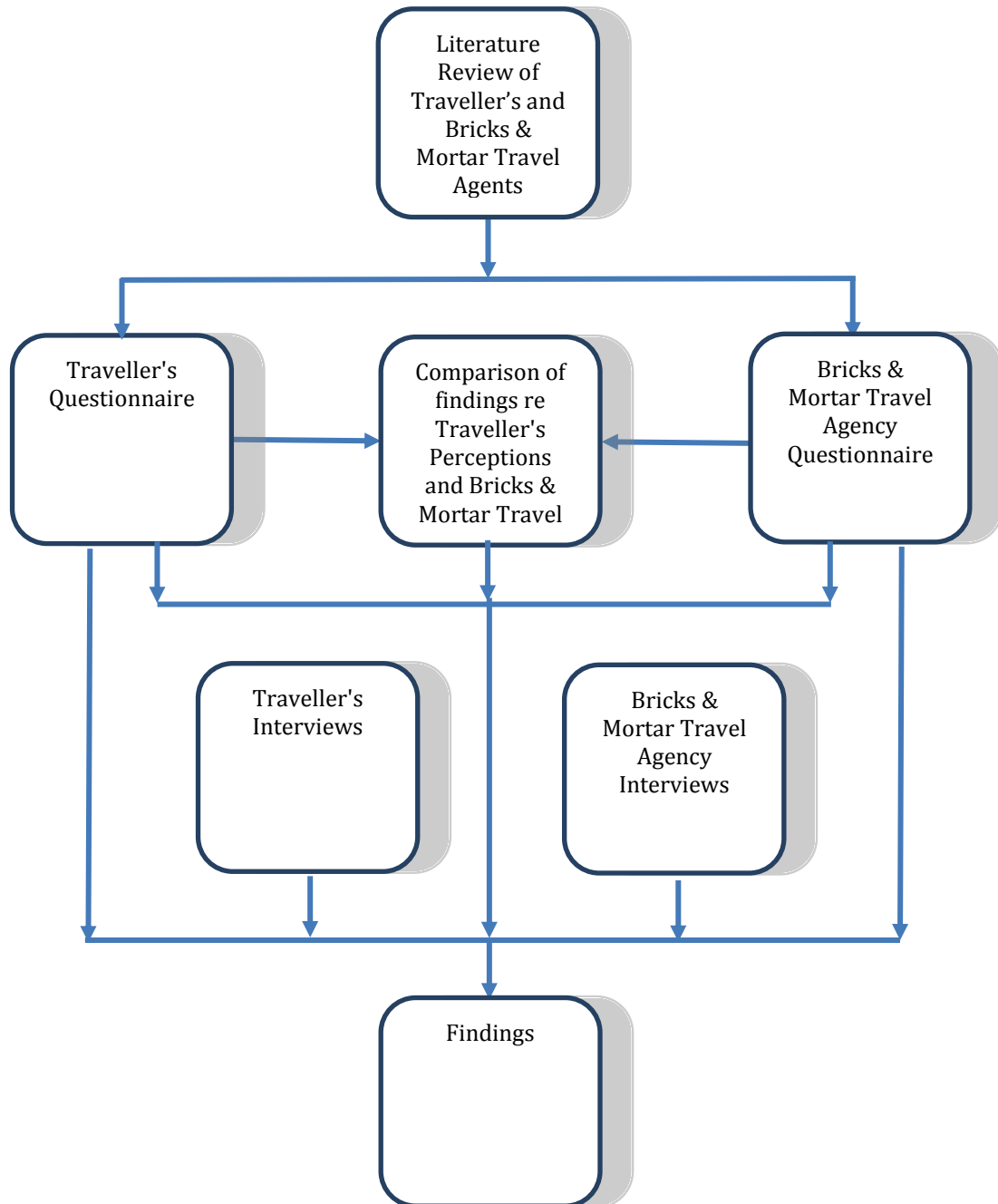
**Figure 6: Instruments Used in data Collection**

As Maykut (1994) point out: *"words are the way that most people come to understand their situations; we create our world with words; we explain ourselves with words; we defend and hide ourselves with words"*. Thus, in qualitative data analysis and presentation: *"the task of the researcher is to find patterns within those words and to present those patterns for others to inspect while at the same time staying as close to the construction of the world as the participants originally experienced it"*.

The qualitative approach employed in this research was that of in-depth interviews, as they offer a comprehensive picture of the topic being explored (J. W. Creswell & Creswell, 2005). The interview approach adopted was derived from 'active listening' as described by Harvey & Marina (2013). In order to ensure the interviewee recognised that the interviewer was interested and fully focused on the responses of the interviewee, the layout of the interview required the interviewee and interviewer to be sat opposite each other. In asking the questions, the interviewer asked a number of preliminary questions to put the interviewee at ease. Having put the interviewee at ease, the research interview then began.

The interviews with the travellers were conducted in a quiet environment. The interviews with the travel agents were conducted at their premises. All interviews were tape recorded and then transcribed within 24 hours. In addition to taping the interviews the researcher kept a journal to make notes during the interview to aid in the transcription later, as well as to make note of the interviewer's own thoughts and reactions to answers given. Transcribing the recordings within 24 hours and reviewing the notes in the journal helped insure that the additional notes and observations were recorded. These notes included observations on the interviewee's body language and emphasis on specific words. Gestures and attitudes could be noted by the researcher while they were still fresh in the researcher's mind. Using this approach ensured, as far as possible, the accuracy of the data collected. Subsequent analysis of the interviews was then undertaken to identify themes of interest.

## 3.4. Strengths of Methods Adopted

It is common to dissect the variability in responses by whether they can be attributed to the method or the true underlying score, and thereby get the reflection of the original trait. Is the variability in responses due to the methods used or some underlying cause related to the original trait? For example, the measurement features of an interview differ from those of a survey; asking someone verbally about a trait will almost always result in a slightly different response from that obtained in from a written questionnaire.

In some cases, this approach will also follow a multi-source, multi-method framework. Some questions are replicated within the survey and questionnaire for both travel agents and travellers. This may necessitate further clarification as variability may be due to theoretically meaningful differences in point of view, not the true underlying trait. This would beget

theoretical integration of how the source perceives the trait. In essence, there will be two sources and two methods, crossed such that a focal question may have four scores associated with it. For example, in both survey and interview forms both respondent groups were asked *"do you think more and more customers will move towards the Internet in the future?"* In this way, the researcher could assess the differences in response due to the method (interview or survey) and those differences due to the source (travel agent or traveller).

Another way of addressing the strength of this approach is through the process of triangulation. Triangulation may roughly be understood through three observations. The first is the survey measurement of the trait itself, with an unknown reliability and validity. This measurement has variability, and therefore it can be said attributable to the trait itself and the person reporting the trait. The person (or source) constitutes the second observation. The third observation (for the sake of this study) may be another method used to measure the trait, such as an interview *or* another person (source) responding to the same survey question. Thus, while some have hoped that triangulation will result in a singular assertion about a phenomenon, it may well result in all of convergent, inconsistent, and contradictory information (Mathison, 1988).

## 3.5.  Sample Selection of Travellers

To take part in the travellers' questionnaire, respondents had to be within the age range of 21-60. They also had to be familiar with the Internet, to the point that they could conduct web browsing, click links in emails, send and receive emails and be familiar with online purchasing systems and methods. Finally, they had to travel at least twice a year on business or for holidays. The rationale for these criteria was that travellers in the age group 21-60 are more likely to be managing their travel arrangements. Travellers who are familiar with the Internet and use it on a regular basis would have a clear ability to choose between the Internet and a B&M travel agency in planning their travel. Those travellers who regularly travel will have a greater understanding of the options available for booking travel.

The advertisement was placed on all notice boards of Dynamic Web Training Pty Ltd[1] centres requesting those interested in participating to contact the applicant by email. Dynamic Web Training Pty Ltd[1] was selected because it was known to the researcher and was frequented by local, regional, national and international students and staff. (The candidate

acknowledges the assistance of the company in his thesis – [1]see footnote). As such this location for advertising, the study offered access to an extensive range of people from a wide range of locations, of different employment status, age ranges, wealth, and travel experiences. In order to encourage participation, an incentive was introduced whereby if a traveller took part in the survey they would be compensated for involvement in the study. The incentive was entrance into a draw for a lunch voucher valued at $50. 160 potential participants responded to the advertisement, of which 110 returned completed questionnaires.

An email containing a letter of consent and a link to the survey online was sent to the traveller sample explaining that filling out the form was on a voluntary basis and had no commercial motive. It was emphasised that the researcher was undertaking this survey purely as part of his doctoral research and that it had nothing to do with the training operations of the company he worked for. The sample population of travellers could either accept or refuse the offer. They could pull out at any time during the completion of the questionnaire and be assured anonymity in the reporting of their answers. To be included in the raffle for the $50 meal incentive, respondents' email addresses were separated from the responses to the questionnaires before any analysis took place and using IBM SPSS Statistics  ver. 22. To enable an unbiased selection of the winner, Microsoft Excel's random number generator was used.

## 3.6.  Sample Selection of Travel Agencies

The travel agencies' sample population was based on a review of local business telephone directories and classified advertisements in local newspapers. Searches on the Internet for travel agencies using terms such as 'local travel agencies in Sydney, Parramatta, Gosford,  Bathest, New South Wales, etc', 'independent travel agencies in Burwood, Orange, Wollongong, Sydney, New South Wales, etc.', and 'family travel agencies Ryde, Macquarie Park, Fairfield, Dubbo, Sydney, NSW, etc.' were also used. The search engines also provided additional suggestions for search terms, and these too were checked out. These searches resulted in identifying 53 local travel agencies across New South Wales in general and Sydney, in particular. Like the travellers' sample, those in the travel agencies' sample were

---

[1] The support of Dynamic Web Training Pty Ltd in providing advertisement space on notice boards at their training centres regarding requests for participation in this research is gratefully acknowledged

contacted by email and provided with the same information on participation and the incentive. These actions resulted in 30 travel agencies taking part in the questionnaire survey. The method for selecting the winner of the travel agency incentive was the same as that used for the travellers.

## 3.7. Questionnaire Design

Fieldwork and data gathering according to Tashakkori and Teddlie (2010) should entail the distribution of validated, ethically screened and approved questionnaires to the sample population of groups pertinent to the study. Consequently, the questionnaire surveys were based on information identified by previous researchers on the subject discussed in the introduction and a survey of related literature. Specifically, this focused on the impact of technology on traditional B&M travel agencies in NSW, Australia from the point of view of the B&M travel agencies and the travellers.

The questionnaires for both groups were developed from the literature reviews and in relation to the research questions. They were then pilot tested within the student's faculty and with friends and colleagues to ensure the questions were clear, understandable and not misleading. Suggestions for improvement of the questionnaires included removal of text that was gender specific; removal of acronyms, spelling them out in full; providing a brief explanation of the meaning of B&M travel agencies for the travellers' questionnaire; and providing contact details (name, department and university) of the candidate to validate the authenticity of the research. The questionnaires were also presented to the university's ethics committee to ensure full compliance with ethical and legal frameworks of the university, which they met without further alterations.

## 3.8. Travellers' Information

The general information sought from the travellers' sample included:

*Demographic information.* The traveller respondent group reported on their gender, age group, household income, level of education and current or most recent job level.

*Travelling experience*. Questions targeted frequency of travel, purpose for travel, usual class (for example first class) of travel, whether they had frequent-flyer status and if so at which level, and whether the respondent was a member of an airline lounge. Additional questions asked about who made the decision to use a travel agent or other service (such as the traveller, the traveller's employer, friends, family, etc.), the associated services used apart from buying tickets (such as car hire, restaurant reservations, theatre tickets, etc.), and the importance of various characteristics of travel such as "in-flight service quality" or "ticket price". Finally, one item asked about tendencies to use B&M agencies, online agencies, or direct transactions with the airline, while another question requested the respondent to identify which method for purchasing travel products they used most often.

*Online ticket is buying experience.* Four items assessed whether the respondent had used the Internet to purchase anything, the quality of the buying experience, the importance of factors associated with online travel purchases (for example ease of use or lower prices), and whether the respondent believed more and more customers would move toward completing purchases on the Internet in the future.

*B&M ticket buying experience.* Two questions asked travellers whether they had used a B&M travel agent before and how frequently they contacted a travel agency to arrange a vacation. Respondents also identified the factors that resulted in them using a B&M travel agent instead of a virtual service. Two questions asked about how the role of the travel agent has changed and how travel agents have survived in recent years. Further questions asked about the sort of information expected from a travel agent, the frequency of using the Internet to plan a trip, and what were the important factors in buying a ticket from a travel agent. Traveller respondents also rated their last travel agent purchasing experience, what information was recorded after the trip, whether the travel agent had a feedback system, how often marketing information is received, and the preferred method for purchasing a ticket by credit card.

## 3.9. Travel Agent Information

The general information sought from the B&M travel agents' sample included:

*Demographic information.* Travel agent participants responded to items regarding their gender, age group and level of education, as well as their job status (such as an executive, a manager, owner, or an employee). They then were asked to report their tenure in the travel industry and their tenure with their current travel agency.

*Location and agency activity.* Travel agents responded to a question about the location of their travel agency relative to NSW, Australia. They also reported on the number of bookings their agency makes in a day, as well as the total sales per year of their agency for the past five years. Additionally, two questions targeted the profitability of the travel agency relative to other travel agencies and how the travel agency's position has changed in the past three years. Each of these five questions had four response categories. The scope of these questions facilitates analysis of the dissimilar agency phenomenon.

*Services offered.* These questions targeted the services offered by the travel agency the participant worked for and the services that were offered in the past three years. For example, a travel agency may offer travel tickets and rental cars but has expanded into coach and adventure tours in recent years. Participants selected any number of relevant services among ten options, with space for 'other' to help identify innovative possibilities.

*Agency websites.* Travel agent respondents reported whether their company had a website, and whether the website can be used to purchase products and services. This section of the questionnaire also sought to identify from those B&M travel agents with a website the percentage of revenue generated by their website compared to the overall revenue generated. All the B&M travel agents were asked questions concerning the influence of the Internet on the travel agency industry.

*Customer tendencies.* Travel agent respondents answered questions about whether trips were mostly for business or private purposes, what class customers travelled on, and who made decisions regarding the purchase of tickets (the company or customer). Two additional questions targeted the services offered apart from tickets, and the importance of 10 factors clients considered when selecting flights (for example cabin comfort or ticket price). Another question concerned circumstances regarding services purchased face-to-face rather than through an online travel agent or airline (examples include "complex international multi-

sector booking," "the agent has an online website as well," and "travelling to a new destination").

Other questions concerned additional services offered to customers, including the influence of frequent-flyer, cruise loyalty, hotel membership cards and what other additional information customers expected the travel agency to provide regarding their destinations. Customer feedback can be a useful tool for improving services offered and in identifying new services, and consequently the travel agencies were asked if they used post-trip customer information or feedback, email messages for marketing, or customer relationship management software. Questions also concerned the factors that helped travel agents survive the last five years in order to identify strategies employed. The questions were deliberately written in layman's language because some of the B&M travel agencies were expected to be small enterprises that might not be familiar with the terminology of big business.

## 3.10. Methods for Analysis of the Travellers' Findings

The findings derived from the travellers' responses to the online questionnaires using Fluid-Surveys were assessed based on how they related to the customer behaviour factors identified in the literature review. Other evaluations were based on a comparison with the findings of the B&M travel agencies' replies about their customers. Questions that were asked included; *"Do the travellers, the customers of the B&M travel agencies, view the strategies and actions of the travel agencies to be the same? Alternatively, is there a communication breakdown, and if so, what are the implications for both travellers and B&M travel agencies?"*

In the case of the interviews, the data collected was assessed through the use of thematic analysis (Widdowson, 2012). While qualitative research is not given to mathematical analysis, it is nonetheless a systematic approach to data collection and analysis. Open-ended questioning allows the research participants to articulate their perceptions and experiences freely and spontaneously. In analysing data generated in this format, responses are not grouped according to pre-defined categories, but rather salient categories of meaning and relationships between categories are derived from the data itself through a process of inductive reasoning (Nvivo, 2012). The thematic analysis approach offers the means whereby the researcher may access and analyse these articulated perspectives so that they may be integrated with a model that seeks to explain the processes under study (Nvivo, 2012).

Thematic analysis involves breaking down the data into discrete incidents (Richman, 1997) or units and coding them into categories. Two categories arise from this approach: those that reflect the participants' beliefs, and those that the researcher identifies as significant to the project. To quote Lincoln (1985) "*the process of comparative analysis stimulates thought that leads to both descriptive and explanatory categories*". As the categories are interrogated, the properties of categories and the relationships between categories are developed and refined. Bogdan(1984, p126) summarise thematic analysis: *"using this method, the researcher simultaneously codes and analyses data in order to develop concepts; by continually comparing specific incidents in the data, the researcher refines these concepts, identifies their properties, explores their relationships to one another, and integrates them into a coherent explanatory model."*

## 3.11. Methods for Analysis of the B&M Travel Agency Findings

Due to the complexity of the B&M travel agency business environment this research employs Porter's five competitive forces model (2005) to analyse how B&M travel agencies are competing in the industry.

Figure 7 provides a diagrammatic view, based on Porter (1998) five competitive forces model, of the four forces acting on B&M travel agents from the outside and the barriers (based on the literature review) that are being employed by the travel agencies to protect their trading environment. This research aims to identify and clarify these barriers and identify any new ones. The fifth competitive force acting on the existing B&M travel agencies is depicted by the internal circle and relates to rivalry between the individual businesses. The research will also analyse the rivalry between the B&M travel agencies by comparing the strategies employed and seek to identify if the strategies used to deter outside businesses from entering the travel marketplace also impact on those travel agencies already operating as rivals.
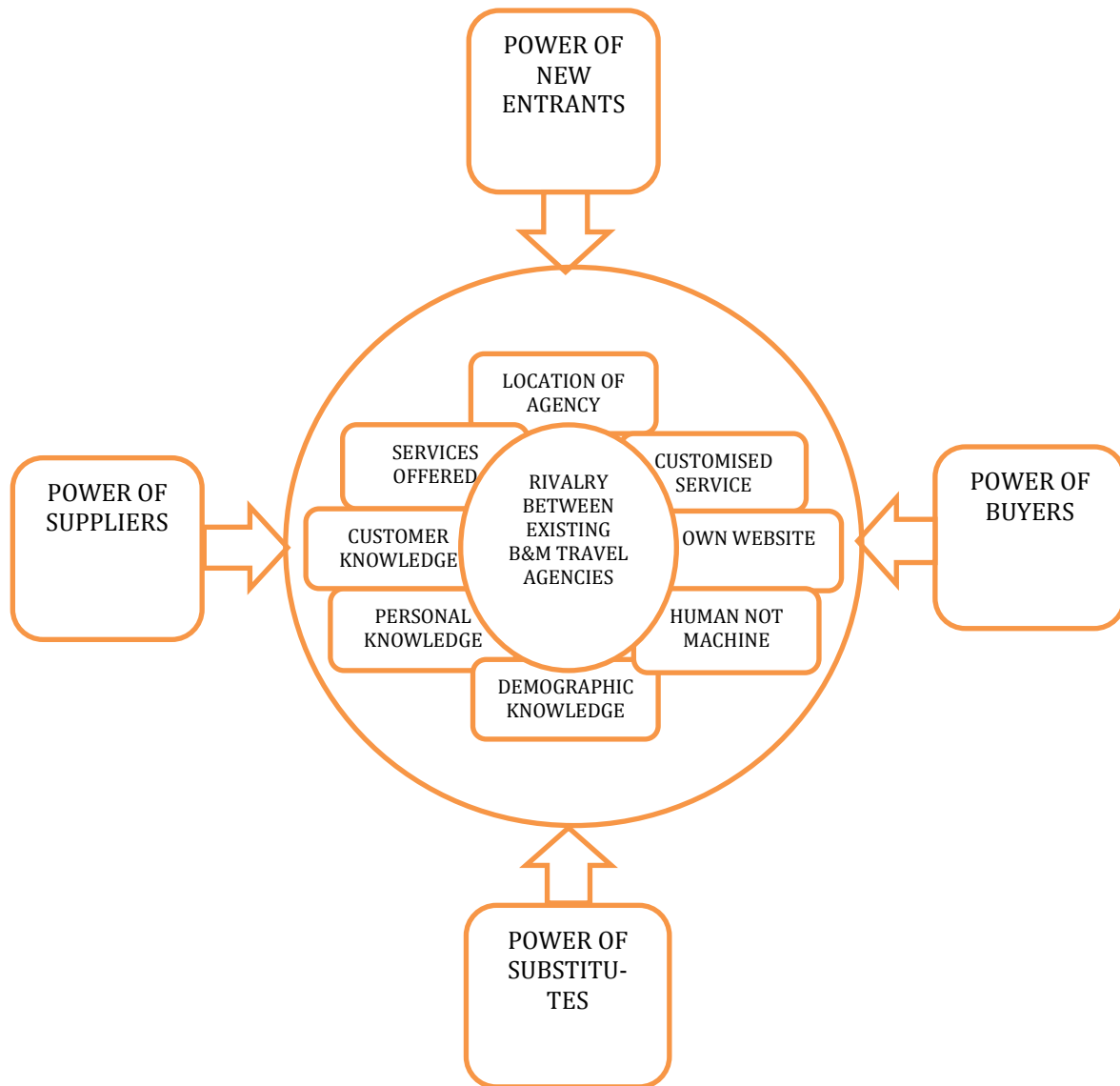
**Figure 7: Porter's five competitive forces acting on bricks & mortar travel agencies**

However, before embarking on an analysis of Porter's five competitive forces model, the findings were reviewed using thematic analysis using the same method as described in the travellers' section. This action assisted in identifying the B&M travel agencies' individual competitive strategies and was followed by an analysis of how disintermediation, intermediation and re-intermediation have affected the travel agencies. The role of ICT was also assessed, as were supply chains and customer behaviour as seen from the travel agencies' perspectives.

## 3.12. Summary

This chapter has covered the methods that were employed in addressing the research questions and the validity of the methods selected. A mixed methods approach was considered appropriate for the study. First an extensive literature research was conducted to identify factors that were known as well as identify those needing further research. From this two email surveys were produced; one targeted at B&M travel agents, and the other at travellers who had used a B&M travel agents recently either for business or pleasure. After analysis of the findings of the email survey follow-up interviews were arranged with a selection of respondents in order to explore in-depth issues arising from the email surveys and for clarifying issues raised from the literature reviews.

The chapter continued by discussing the sampling methods used for both the B&M travel agents and their customers, the travellers. The travel agencies' sample population was based on a review of local business telephone directories and classified advertisements in local newspapers. Searches on the Internet for travel agencies using terms such as 'local travel agencies in Sydney, Parramatta, Gosford, Bathest, New South Wales, etc', 'independent travel agencies in Burwood, Orange, Wollongong, Sydney, New South Wales, etc.', and 'family travel agencies Ryde, Macquarie Park, Fairfield, Dubbo, Sydney, NSW, etc.' were also used. To take part in the travellers' questionnaire, respondents had to be within the age range of 21-60. They also had to be familiar with the Internet, to the point that they could conduct web browsing, click links in emails, send and receive emails and be familiar with online purchasing systems and methods. Finally, they had to travel at least twice a year on business or for holidays.

How the questionnaires and interview questions were identified was discussed, and the details explored regarding the data that would be collected from both the B&M travel agencies and from the travellers. The questionnaire surveys were based on information identified by previous researchers on the subject discussed in the introduction and a survey of related literature. Specifically, this focused on the impact of technology on traditional B&M travel agencies in NSW, Australia from the point of view of the B&M travel agencies and the travellers.

Information sought from each of the two groups in the email surveys and the follow-up interviews were targeted at each of the groups. In the case of the travellers data sought included, demographic data, travelling experience, online ticket purchasing and B&M buyer experiences. Whereas, from the B&M travel agents demographic data, location of premises, catchment area, services offered, agency website data, and customer tendencies were covered.

The findings derived from the travellers' responses to the online questionnaires using Fluid-Surveys were assessed based on how they related to the customer behaviour factors identified in the literature review. Other evaluations were based on a comparison with the findings of the B&M travel agencies' replies about their customers. In the case of the interviews, the data collected was assessed through the use of thematic analysis. While qualitative research is not given to mathematical analysis, it is nonetheless a systematic approach to data collection and analysis. Open-ended questioning allows the research participants to articulate their perceptions and experiences freely and spontaneously.

The chapter then leads onto the Chapter 4, which reports on the findings from the two surveys. First exploring the findings from the email survey supported by statistical data analysis and researcher observations. Further analysis looks at the data collected from the interviews.

# Chapter 4.   Findings

## 4.1.   Overview of Respondent Populations

The findings from the email survey and interviews are reported in the following sections. The findings from the email survey are, where appropriate, first analysed by conducting a statistical analysis to identify those factors and comparisons that are statistically significant. The statistical significance is then explained. After this, the findings from the email survey are depicted in graphical form and are subjected to a vigorous analysis based on personal observations of the findings represented in the charts.

### 4.1.1. B&M Travel Agent Respondents

The responses from the 53 questionnaires sent out to the B&M travel agents resulted in 30 completed questionnaires being returned, representing a response rate of just over 55%. The respondents were nearly evenly split between male and female at 53% male and 47% female, with no third gender / gender-neutral person taking part in the survey.

Statistical analysis of the level of education of these respondents revealed that in terms of the highest level of tourism-related education attained, bricks and mortar travel agents are significantly more likely to have completed a certificate program as compared to any other educational level. The significant testing was conducting using two-sided column proportions t-test at $\alpha=.05$ (See Table 4). In detail the evidence shows that they are:

- Significantly more likely to have a certificate program (40%, N=12) as compared to a diploma (10%,N=3, ). Z value = 2.683, p value =.007.

- Significantly more likely to have a certificate program (40%, N=12) as compared to an advanced diploma (13%,N=4), Z value = 2.335, p value =.020.

- Significantly more likely to have a certificate program (40%, N=12) as compared to a graduate diploma (7%,N=2), Z value = 3.052, p value =.002

- Significantly more likely to have a certificate program (40%, N=12) as compared to a degree related to the tourism industry (10%, N=3), Z value = 2.683, p-value =.0007.
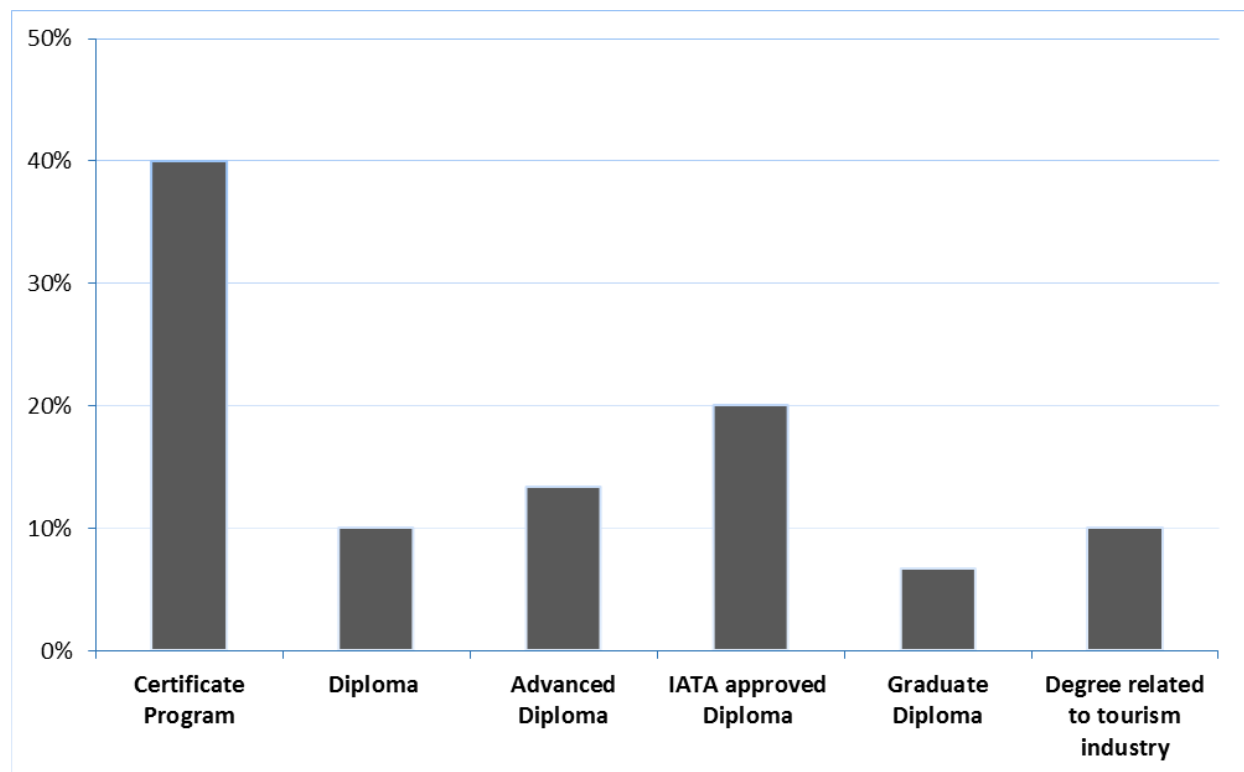


**Figure 8: Level of Education Achieved by Bricks & Mortar Travel Agents**

**Table 4: Level of Education Achieved by Bricks & Mortar Travel Agents**

| | Certificate Program | Diploma | Advanced Diploma | IATA approved Diploma | Graduate Diploma | Tourism related degree |
|---|---|---|---|---|---|---|
| **Counts** | 12 | 3 | 4 | 6 | 2 | 3 |
| **Percentage of column** | 40% | 10% | 13% | 20% | 7% | 10% |
| **P values** | | | | | | |
| Certificate Program | | 0.007 | 0.020 | 0.091 | 0.002 | 0.007 |
| Diploma | | | 0.688 | 0.278 | 0.640 | 1.000 |
| Advanced Diploma | | | | 0.488 | 0.389 | 0.688 |
| IATA approved Diploma | | | | | 0.129 | 0.278 |
| Graduate Diploma | | | | | | 0.640 |
| Degree related to the tourism industry | | | | | | |

Notes

1. Significance tests results are shown as row and column combinations under the significance level table

e.g. sig test of the proportion completed certificate program vs. Diploma is .01

2. Significant differences at 95% confidence level are shown in yellow

The graphical representation of the highest level of education attained by the B&M travel agent respondents is also shown in figure 8. There appears to be a trend towards making the travel industry a career for a minority of the respondents, suggesting a long-term commitment to the industry.

The B&M travel agents tended to fall in the 36 to 50 age range (43%) and the 51 to 65 age range (40%). Only 10% were represented by the 20 to 35 age ranges, and 7% were over 65-

year-olds. Although these results suggest that the travel industry tends to employ mature people, these results also suggest the potential for a higher level of experience of travel.

The job titles of the respondents comprised six executives, 12 non-executive managers, four owners and eight employees. Of these respondents, six had been in the travel agency business for less than a year, 12 for between one and four years, four for four to six years, and eight for over seven years.

Location can be an important factor in ensuring a good flow of customers, which could bias results. However, the respondents in this survey were spread across a range of sites with six based in city centre locations, 14 in the inner suburbs, five in the outer suburbs, and five in rural towns. Thus, the findings are considered to be representative of B&M travel agents across Australia.

The size of the survey sample based on average sales revenue turnover for the last five years revealed that 12 of the respondent B&M travel agents earned less than 100K AU$. 11 earned between 101K to 499K AUS, and five earned between 500K and 1 Million AU$, with two agencies earning in excess of 1 Million AU$.

In terms of volume of bookings, the respondents were asked to specify how many bookings they took on average in a day. 10 B&M travel agencies made less than ten bookings a day, seven between 11 and 20 bookings a day, eight between 21 and 30, and five took more than 30 bookings a day.

For all bar, three of the respondents said the business environment was improving compared to three years ago, with half stating there had been a significant improvement. All the respondent B&M travel agents had websites but not all offered services purchasable via the website. 12 B&M travel agents required the customer to visit their premises or complete the transaction via a telephone. When the whole group was asked if they thought their current customers would move more towards buying online, the majority of respondents (88%) thought not. This result could be related to the age range of B&M travel agency customers; it is well known that we now live in a world of an ageing population. Looking at the age range of the respondent travellers, their ages tend towards the older age range, supporting the concept that it is the older generation who prefers to use B&M travel agencies. However,

computer literacy is constantly increasing, and those who will be old in 10 years time are likely to be far more computer literate than those of a similar age today.

Looking at the percentage of sales on the Internet, 55% of respondents put the level of sales at under 20% of total earnings, with 22% rating website sales at between 21% and 40% and 23% stating the figure at over 41%. These findings support the view of those B&M travel agents who felt that customers would not move towards online or virtual travel agencies; people like to do business with humans, not machines or software images.

### 4.1.2. Traveller Population Respondents

To gain a consensus on the views of travellers, the responses from 110 email questionnaires were analysed. The travellers' sample population comprised of 65% male respondents and 35% female. No third gender or gender-neutral people responded to the survey. Almost half (49%) of all respondents (male and female) were in the 36 to 50 age ranges, followed by 25% in the 65+ age range. The 51 to 64-year-olds accounted for 15% of travellers and those in the age range of 20 to 35 accounted for 11%.

In terms of income range, only 2% earned less than Aus$18,000 PA. 30% earned between Aus $18K and Aus $50K, 38% between Aus$51K and Aus$100K, and the remainder (30%) over Aus$100K. The highest level of education achieved by the sample population of travellers at the time of the survey was as represented in figure 12.

In terms of the highest level of education attained, the sample of the traveller population was most likely to have a Bachelor's degree (30%, N=33). The proportion holding a bachelor's degree is significantly higher compared to those with high school degree, master's degree or doctoral degree. The column proportions' test demonstrates these differences to be significant using two sides' tests at $\alpha$=.05. Comparison between proportions attained as a high school degree and bachelor's degree indicates Z value =-3.510, p-value =.000. Comparison between proportions attaining a master's degree and bachelor's degree indicates Z value =3.510, p-value =.000. Comparison between proportions attained a doctoral degree and bachelor's degree indicates Z value =4.117, p-value =.000. Refer to Table 5.

79

**Table 5: Level of Education Achieved by Sample Population of Travellers**

|  | High School | Associate Degree | Bachelor's Degree | Graduate Diploma | Masters Degree | Doctoral Degree |
|---|---|---|---|---|---|---|
| **Counts** | 12 | 21 | 33 | 23 | 12 | 9 |
| **Percentage of column** | 11% | 19% | 30% | 21% | 11% | 8% |
| **P value** |  |  |  |  |  |  |
| High School |  | 0.089 | 0.000 | 0.043 | 1.000 | 0.491 |
| Associate Degree |  |  | 0.060 | 0.736 | 0.089 | 0.018 |
| Bachelor's Degree |  |  |  | 0.122 | 0.000 | 0.000 |
| Graduate Diploma |  |  |  |  | 0.043 | 0.007 |
| Masters Degree |  |  |  |  |  | 0.491 |
| Doctoral Degree |  |  |  |  |  |  |

Notes

1. Significance tests results are shown as row and column combinations under the significance level table

2. Significant differences at 95% confidence level are shown in yellow

The second most popular qualification is the graduate diploma (21%, N=23). The proportion holding a graduate diploma is significantly higher compared to those with high school degree, master's degree or doctoral degree. The column proportions' test demonstrates these differences to be significant using two sides tests at $\alpha$=.05. Comparison between proportions attaining a high school degree and graduate diploma indicates Z value =-2.028, p-value =.043. Comparison between proportions attaining a master's degree and graduate diploma indicates Z value =2.028, p-value =.043. Comparison between proportions attaining a doctoral degree and a graduate diploma indicates Z value =2.677, p-value =.007 (see Table 5).

The graphical representation of the traveller's level of education are shown in figure 9 and suggest that respondents possess a high standard of education.
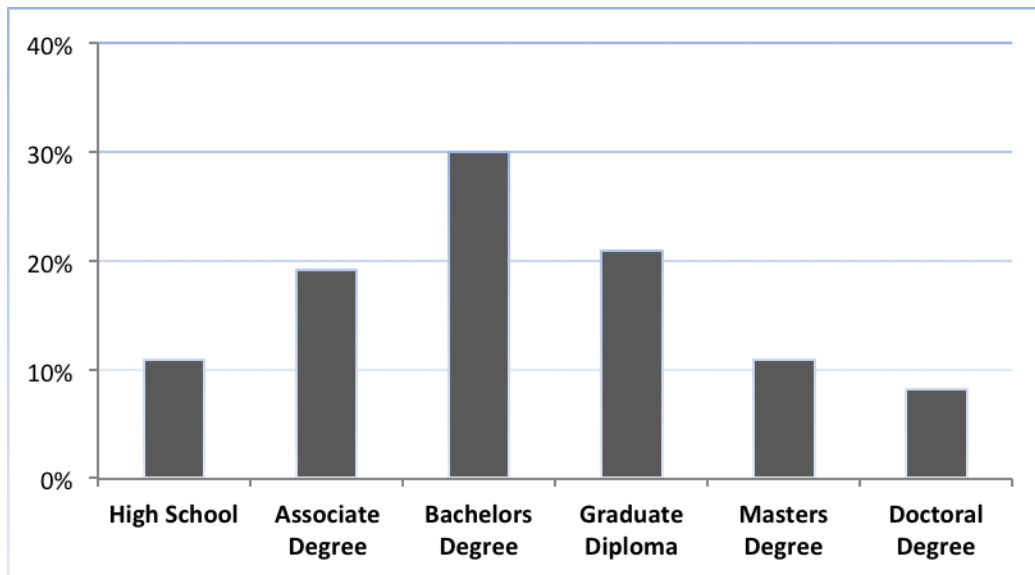
**Figure 9: Level of Education Achieved by Sample Population of Travellers**

In terms of employment, the travellers in the sample population comprised of 32% employees in non-managerial positions, with an additional 28% in non-executive management posts and 21% in Executive posts. The remainder was owner-managers who accounted for 19% of the respondents.

## 4.2. Findings from the Questionnaire and Interview Surveys

The findings are first explored for the B&M travel agents, then the travellers, and finally some answers are compared between the two groups to provide an insight into the similarities and differences between them.

### 4.2.1. Findings from B&M Travel Agents

The questions on the travel services provided by B&M travel agencies now and three years ago, sought to identify if there were any noticeable alterations to the services offered by travel agents. Table 6 below shows the statistical analysis of these results and the same are represented graphically in figure 10.

**Table 6: Travel services provided by B&M travel agencies now and three years ago**

| | Now | 3 Years ago | Now | 3 Years ago | P value |
|---|---|---|---|---|---|
| | Counts | | Percentage of column | | |
| Travel tickets | 30 | 30 | 100% | 100% | NA |
| Tour packages | ↑30 | 24 | 100% | 80% | 0.010 |
| Rent a car | ↓ 12 | 22 | 40% | 73% | 0.005 |
| Hotel accommodation | ↑ 18 | 12 | 60% | 40% | 0.121 |
| Coach tours | ↓ 12 | 17 | 40% | 57% | 0.196 |
| Adventure tours | ↑ 22 | 13 | 73% | 43% | 0.018 |
| Holiday packages | ↓ 12 | 23 | 40% | 77% | 0.004 |
| Travel insurance | ↑ 16 | 12 | 53% | 40% | 0.301 |
| Travel using other modes | ↓ 12 | 24 | 40% | 80% | 0.002 |
| Other | ↓ 11 | 12 | 37% | 40% | 0.791 |

From the statistical analysis shown in Table 6 it is apparent that compared to three years ago, there is a significant difference (tested at 95% confidence level) between the proportion of travel agencies providing tour packages, car rentals, adventure tours, holiday packages, and travel using other modes of transport. Table 6 also shows that the proportion providing tour packages and adventure tours is significantly higher this year as compared to three years ago (95% confidence level) and that the proportion providing car rentals, holiday packages and travel using another mode is significantly lesser as compared to three years ago (95% confidence level).

The specific test results that prove these findings are:

- Travel agents are proportionally less likely to provide car rental services (40%, N=12) as compared to three years ago (73%, N=22). The column proportions Z Test demonstrates that this difference is significant using two-sided tests at α=.05, Z value =-2.61, p value= 0.005.

- Travel agents are proportionally less likely to provide holiday packages (40%, N=12) as compared to three years ago (77%, N=23). The column proportions' Z test demonstrates that this difference is significant using two-sided tests at α=.05, Z value =-2.88, p value= 0.004.

- Travel agents are proportionally less likely to provide travel options using other modes (40%, N=12) as compared to three years ago (80%, N=24). The column proportions' Z test demonstrates that this difference is significant using two-sided tests at α=.05, Z value =-3.16, p value= 0.002.

- Travel agents are proportionally more likely to provide Tour Packages (100%, N=30) as compared to three years ago (80%, N=24). The column proportions' Z test demonstrates that this difference is significant using two-sided tests at α=.05, Z value =2.58, p value= 0.01.

- Travel agents are proportionally more likely to provide adventure tours (73%, N=22) as compared to three years ago (43%, N=13). The column proportions' Z test demonstrates that this difference is significant using two-sided tests at α=.05, Z value =2.36, p value= 0.018.

To clarify, the difference between a 'holiday package' and a 'tour package' is that a 'holiday package' relates to a single hotel stay where the customer is expected to take control of their itinerary, although the services of a rep may be available. A 'tour package' includes multiple hotel destinations, arrangement of travel between hotels, arrangement of tours during the vacation, and access to a tour guide. Analysing the results in figure 10 shows that sales of travel tickets is the central role of B&M travel agents and has remained the same. Tour packages have seen an increase in the three years from 80% to 100% of B&M travel agents offering these services. Adventure tours show the greatest increase over the three intervening years; up from 43% to 73%. These two vacation themes have taken over from the package

83

holiday – customers are wanting more for their money, and are no longer content with sitting about, preferring to see other cultures and lifestyles or to seek the next thrill. Other results show changes but are not statistically significant. The observations are reported here because this may be the beginnings of a trend worthy of replication in future research. Car rentals appear to be losing out to more flexible travel options, possibly due to environmental concerns and a desire to travel further afield. Other transport options reflect the customers' desires to get to their travel destinations fast and economically; sea, overland, and rail have not succeeded in competing well with air travel. Hotel Accommodation and Travel insurance show increases, while Coach tours show a decline compared to three years ago.

Figure 10 also highlights the diversity of the B&M travel agent respondents in that they were not all competing in the same narrow niche markets. Ticket sales were important, but some targeted the economical end while others targeted the luxury market or the specialist market.
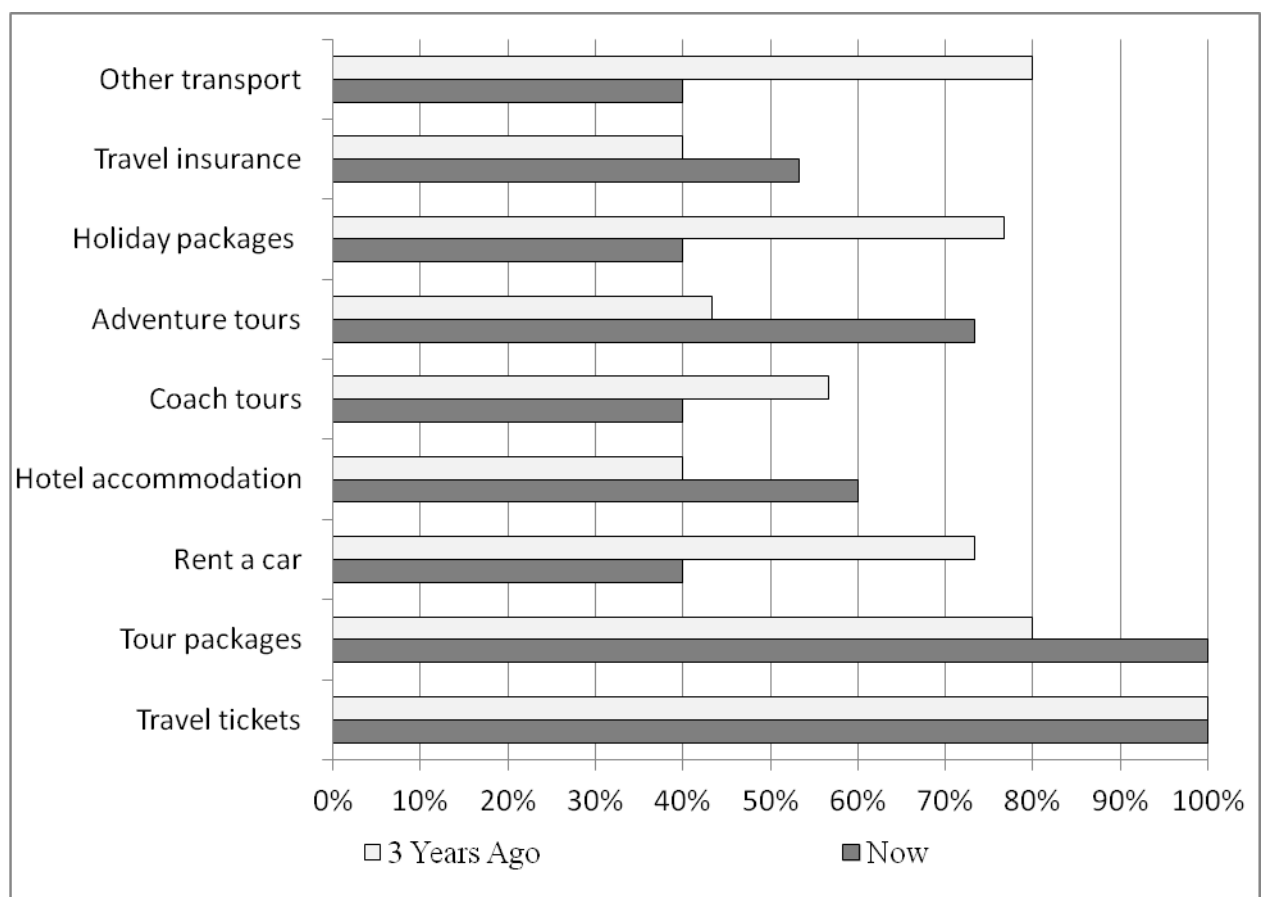
**Figure 10: Travel services provided by B&M travel agencies now and three years ago**

The B&M travel agents' opinions or perceived ideas of why customers preferred to deal with the actual physical travel agency rather than a virtual one are explored next. Table 7 provides the statistical results for these findings, and the graphical representation of the same is shown in Figure 11. The customers were also asked about these reasons, and these findings are discussed in the Traveller section. Later in the chapter a comparison between the two groups of answers is presented, revealing some interesting anomalies.

**Table 7: Brick and mortar travel agents perceived customer's reasons for using their services**

| | A | B | C | D | E | F | G | H | I | J | K | L |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Counts** | 6 | 1 | 2 | 7 | 4 | 2 | 2 | 1 | 1 | 2 | 1 | 2 |
| **Percentage of column** | 21% | 4% | 6% | 23% | 12% | 5% | 6% | 4% | 4% | 6% | 3% | 6% |
| **P values** | A | B | C | D | E | F | G | H | I | J | K | L |
| A= Complex international (multi-sector) booking | | 0.046 | 0.089 | 0.852 | 0.348 | 0.065 | 0.089 | 0.046 | 0.046 | 0.089 | 0.032 | 0.089 |
| B= Ticketing with accommodation | | | 0.722 | 0.031 | 0.253 | 0.852 | 0.722 | 1.000 | 1.000 | 0.722 | 0.833 | 0.722 |
| C= Traveling to a new destination | | | | 0.061 | 0.417 | 0.865 | 1.000 | 0.722 | 0.722 | 1.000 | 0.575 | 1.000 |
| D= Discount fares | | | | | 0.262 | 0.045 | 0.061 | 0.031 | 0.031 | 0.061 | 0.021 | 0.061 |
| E= Travelling with family or friends | | | | | | 0.331 | 0.417 | 0.253 | 0.253 | 0.417 | 0.186 | 0.417 |
| F= Looking for more a customized service | | | | | | | 0.865 | 0.852 | 0.852 | 0.865 | 0.693 | 0.865 |
| G= Travelling for a longer period (e.g. for vacations) | | | | | | | | 0.722 | 0.722 | 1.000 | 0.575 | 1.000 |
| H= A desire for personalized service | | | | | | | | | 1.000 | 0.722 | 0.833 | 0.722 |
| I= When not satisfied with internet security | | | | | | | | | | 0.722 | 0.833 | 0.722 |
| J= A desire to deal with a travel expert one-on-one | | | | | | | | | | | 0.575 | 1.000 |
| K= When the customer is likely to make itinerary changes | | | | | | | | | | | | 0.575 |
| L= The agent, has an online website as well. | | | | | | | | | | | | |

Notes

1. Significance tests results are shown as row and column combinations under the significance level table

2. Significant differences at 95% confidence level are shown in yellow

Somewhat surprisingly, the main reason the B&M travel agencies thought that customers used their services in preference to other options such as virtual travel agencies and online booking direct with provider, was discount fares (see figure 11). The proportion of discount fares is significantly higher as compared to 'Customised service', 'Personalised service', 'Internet security concerns', 'Itinerary changes' and 'ticket + accommodation' as proven by the following comparisons (also detailed in Table 7):

- Comparison between proportions for 'Customised service' and 'Discount fares' indicates Z value =2.009, p-value =.045.

- Comparison between proportions for 'Personalised service' and 'Discount fares' indicates Z value =2.153, p-value =.031

- Comparison between proportions for 'Internet security concerns' and 'Discount fares' indicates Z value =2.153, p value =.031

- Comparison between proportions for 'Itinerary changes' and 'Discount fares' indicates Z value =2.303, p-value =.021

- Comparison between proportions for 'ticketing and accommodation' and 'Discount fares' indicates Z value =-2.153, p value=.03

This was a surprise because it was expected that to compete with global virtual travel agencies the B&M travel agencies would be emphasising their uniqueness. They would be looking to offer something that the virtual travel agent could not easily if at all, copy. Add to this that virtual travel agencies do not have the same overhead costs associated with keeping the premises in good repair, heated, lighted, staffed, and rented, it was expected that the B&M travel agencies would be providing value adding services to create a unique selling point.

The second highest perceived reason for using the service is 'complex international (multi-sector) booking' (21%, N=6). The proportion for 'complex booking' is significantly

higher as compared to 'Customised service', 'Internet security concerns', 'Itinerary changes' and 'ticket + accommodation'. As proven by the following comparisons:

- Comparison between proportions for 'Personalised service' and 'Complex booking' indicates Z value =1.991, p-value =.046

- Comparison between proportions for 'Internet security concerns' and 'Complex booking' indicates Z value =1.991, p value =.046

- Comparison between proportions for 'Itinerary changes' and 'Complex booking" indicates Z value =2.145, p-value =.032

- Comparison between proportions for 'ticketing and accommodation' and 'Complex booking' indicates Z value =1.991, p-value =.046

'Complex booking' sounds more like an individual customer-centric view, offering the customer an easy option, "you tell us where you want to go, and we will work out the itinerary to make certain you see it all"; a case of relieving the customer of the time, trouble, and expense of planning the vacation.

'Family and or friends travel' was directionally the third highest ranked reason but the statistical comparisons for the same did not meet the required significance criteria. 'Family and or friends travel' was, for example, where two friends wanted to share a twin bedded hotel room to bring down costs and not get sold a doubled bedded room. Via the Internet, this can be difficult, as even when a twin room is chosen, it does not necessarily mean a twin room will be available. Going to a B&M travel agency, they may have personal contacts that can assure the customer's needs will be fully met. Other examples provided by the respondents were where a parent paid for their child to go alone on a journey, or where the men wanted to go fishing and the women wanted something else to do – the B&M travel agent could draw on their knowledge to offer alternatives.

According to many of the B&M travel agents, ICT played an important part in their business performance as they could sell their wares to a wider market yet still maintain close contact with locals. Figure 11 shows further results regarding the use of ICT not just to promote but actively sell the services of the B&M travel agents.
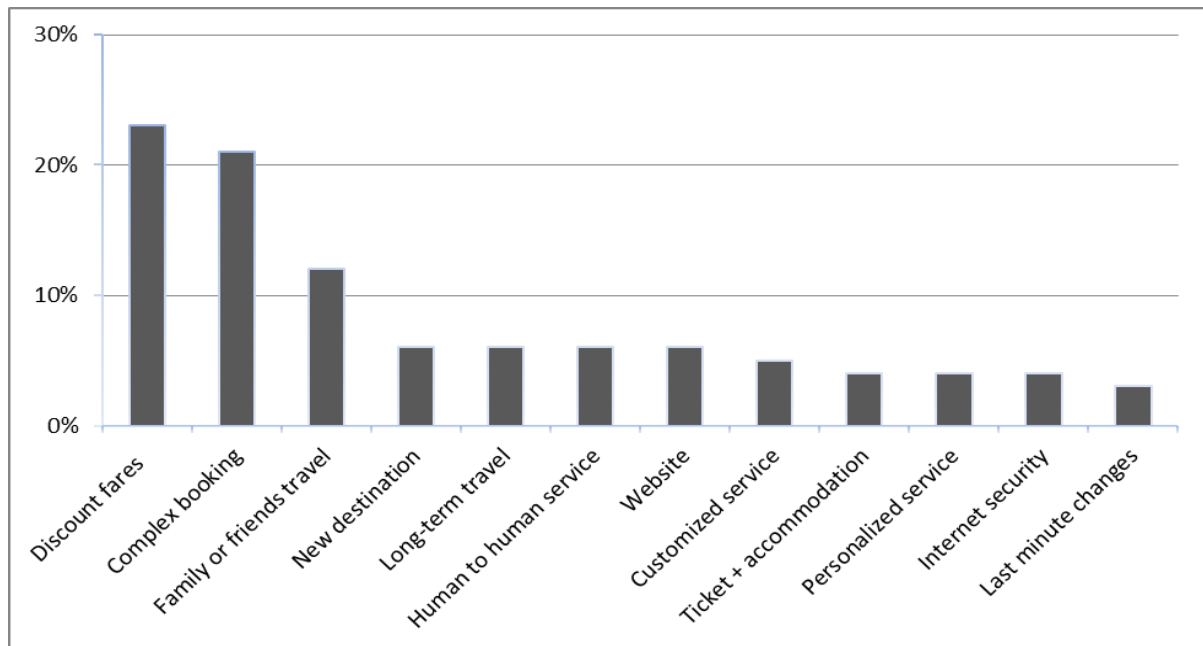
Figure 11: B&M travel agents perceived customer's reasons for using their services

Table 8 provides statistical analysis of the findings for the question "What are the air travel factors perceived by B&M travel agents as important to customers". The graphical representation of the same is shown in figure 12.

**Table 8: Air travel factors perceived by B&M travel agents as important to customers**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| **Counts** | 0 | 4 | 14 | 2 | 2 | 2 | 1 | 2 | 1 | 2 |
| **Percentage of column** | 0% | 12% | 48% | 7% | 5% | 7% | 4% | 7% | 3% | 7% |
| **P values** | **A** | **B** | **C** | **D** | **E** | **F** | **G** | **H** | **I** | **J** |
| A=Company Loyalty | | 0.050 | 0.000 | 0.140 | 0.215 | 0.140 | 0.268 | 0.140 | 0.339 | 0.140 |
| B=Schedule convenience | | | 0.002 | 0.509 | 0.331 | 0.509 | 0.253 | 0.509 | 0.186 | 0.509 |
| C=Ticket Price | | | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| D=Airline Frequent Flyer | | | | | 0.744 | 1.000 | 0.610 | 1.000 | 0.477 | 1.000 |
| E=Airplane preference | | | | | | 0.744 | 0.852 | 0.744 | 0.693 | 0.744 |
| F=Cabin comfort | | | | | | | 0.610 | 1.000 | 0.477 | 1.000 |
| G=Check-in ease | | | | | | | | 0.610 | 0.833 | 0.610 |
| H=Leg space between seats | | | | | | | | | 0.477 | 1.000 |
| I=In-flight service quality | | | | | | | | | | 0.477 |
| J=Airline Lounge | | | | | | | | | | |

Notes

1. Significance tests results are shown as row and column combinations under the significance level table

2. Significant differences at 95% confidence level are shown in yellow

When it came to looking solely at air travel, the B&M travel agent respondents again selected price as the key deciding factor. They perceived 'Ticket price' to be the most important factor influencing the customer's flight selection (see figure 12). 'Ticket price' was ranked significantly higher compared to all other factors. This is proven the column proportions' test demonstrating these differences to be significant using two sides' tests at α=.05 as seen by the following comparisons below:

- Comparison between proportions for 'Schedule convenience' and 'Ticket price' indicates Z value =-3.043, p value =.002

- Comparison between proportions for 'Airline Frequent Flyer' and 'Ticket price' indicates Z value =3.556, p value =.000

- Comparison between proportions for 'Airplane preference' and 'Ticket price' indicates Z value =3.774, p value =.000

- Comparison between proportions for 'Cabin comfort' and 'Ticket price' indicates Z value =3.556, p value =.000

- Comparison between proportions for 'check in ease' and 'Ticket price' indicates Z value =3.885, p value =.000

- Comparison between proportions for 'leg space' and 'Ticket price' indicates Z value =3.556, p value =.000

- Comparison between proportions for 'in flight service' and 'Ticket price' indicates Z value =3.999, p value =.000

- Comparison between proportions for 'Airline lounge' and 'Ticket price' indicates Z value =3.556, p value =.000

Company loyalty scored a straight zero from all the respondents; price was the deciding factor. There was no perceived loyalty because competition has been heralded by the government, banks and business gurus as essential for customer satisfaction: Customers flip

from one good deal to another. Schedule convenience was raised by a few B&M travel agents as something that offered a distinctly competitive edge to B&M travel agencies. It is something that virtual, and online travel agencies have trouble copying, and this might attract customers to their businesses to buy tickets.
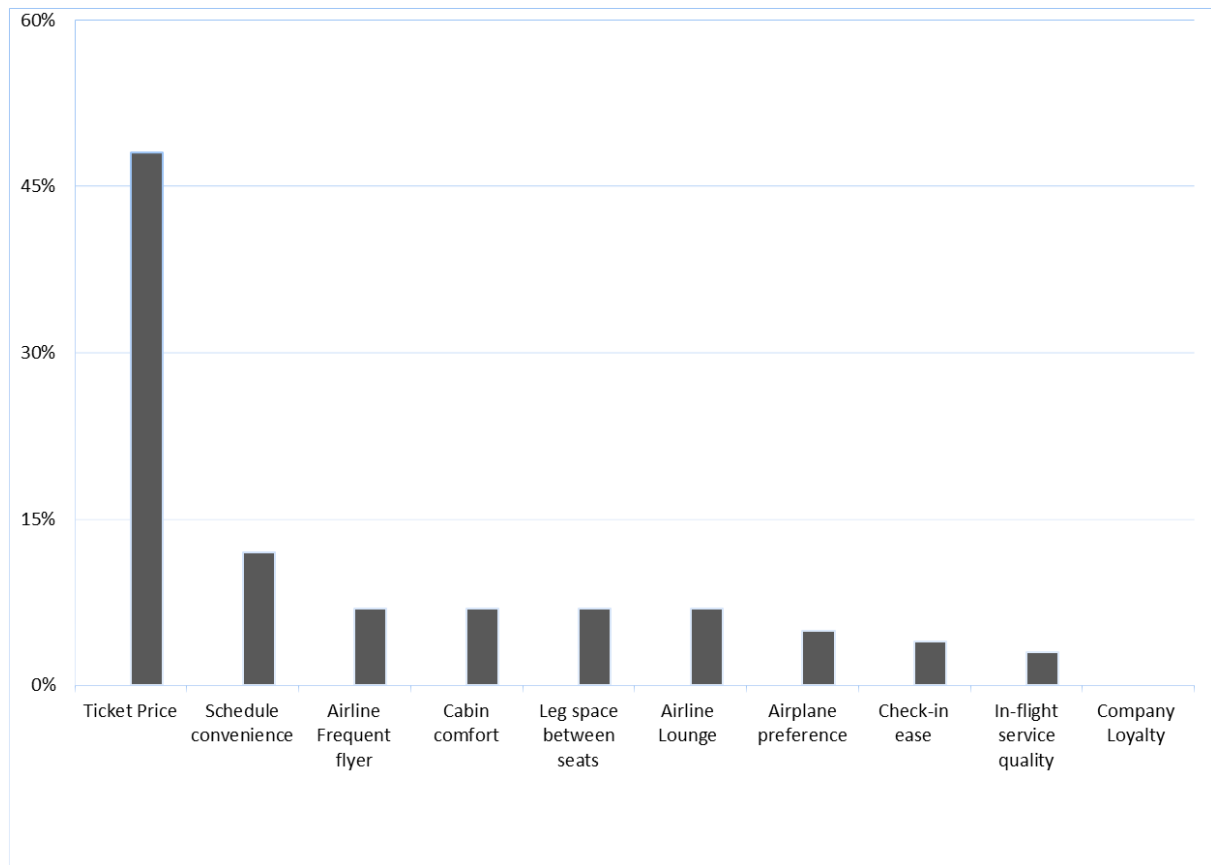


**Figure 12: Air travel factors perceived by B&M travel agents as important to customers**

The B&M travel agencies were then asked to select and or put forward the factors they felt had helped them survive over the last five years. The statistical testing of these findings are shown in Table 9, and the graphical representation of the same is depicted in Figure 13.

**Table 9: Factors brick and mortar travel agents believe has helped them survive the last five years**

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Counts | 1 | 4 | 2 | 5 | 2 | 1 | 1 | 1 | 4 | 3 | 8 |
| Percentage of column | 3% | 12% | 6% | 18% | 5% | 2% | 2% | 3% | 12% | 9% | 28% |
| P values | A | B | C | D | E | F | G | H | I | J | K |
| A = Targeted services | | 0.186 | 0.575 | 0.058 | 0.693 | 0.804 | 0.804 | 1.000 | 0.186 | 0.328 | 0.007 |
| B = Customer Technophobia | | | 0.417 | 0.515 | 0.331 | 0.129 | 0.129 | 0.186 | 1.000 | 0.705 | 0.121 |
| C = Competitive pricing | | | | 0.153 | 0.865 | 0.429 | 0.429 | 0.575 | 0.417 | 0.659 | 0.023 |
| D = Personalized services | | | | | 0.115 | 0.039 | 0.039 | 0.058 | 0.515 | 0.308 | 0.357 |
| E = Complaints access | | | | | | 0.527 | 0.527 | 0.693 | 0.331 | 0.544 | 0.016 |
| F = Better package deals | | | | | | | 1.000 | 0.804 | 0.129 | 0.234 | 0.005 |
| G = Human touch | | | | | | | | 0.804 | 0.129 | 0.234 | 0.005 |
| H = Secure transactions | | | | | | | | | 0.186 | 0.328 | 0.007 |
| I = Customer knowledge | | | | | | | | | | 0.705 | 0.121 |
| J = Expert knowledge | | | | | | | | | | | 0.058 |
| K = Web and B&M | | | | | | | | | | | |

Notes

1. Significance tests results are shown as row and column combinations under the significance level table

2. Significant differences at 95% confidence level are shown in yellow

Creating a web presence was far and away the best move all the B&M travel agencies believed they had made. 'Web and B&M' was the highest ranked factor (28%, N=8) and tested significantly higher (at 95% confidence level) than 'targeted service', 'competitive pricing', 'complaints access', 'better package deals', 'human touch' and 'secure transactions' (Refer Table 9).

Although many had initially seen the web as a necessity to show customers they were "moving with the times" or "because everyone who was in business had a web page", over time the websites had become an integral part of the business. Websites had become more than just where the B&M travel agents could sell their wares; they had become the means to inspire customers to do some research themselves and then come into the premises and talk face-to-face with the travel agents. It was not the website alone that was the critical factor; it was having the website and the premises that made the difference.

Personalised services were also thought to play a significant role in the survival, even growth, of the B&M travel agencies. It was the second highest ranked factor (18%, N=5) and ranked significantly higher than either 'better package deals' or 'human touch'. This was because, despite the rise of the Internet, customers enjoyed the face-to-face aspect. Customers would come into the premises to ask staff questions that they felt might be construed as obvious by some. For example, a customer would say something like *"I know this might sound trivial, but what about the toilets in France; I hear both sexes use the same one?"* Alternatively, *"how much should I tip, should I tip at all?"* The personalised service meant that customers felt at ease discussing their vacation needs and were inclined to rely on the knowledge of the staff. Expert knowledge was also a primary factor the B&M travel agencies saw as beneficial to their survival and growth over the previous five years. Personalised services overlapped with customer technophobia and customer knowledge. Customer technophobia was particularly relevant amongst the B&M travel agencies' older or more mature customers who either had little experience of the Internet or were reluctant to try out new methods of payment. Customer knowledge refers to the B&M travel agent's knowledge of their customers rather than the customers' knowledge of the services available or destinations possible.
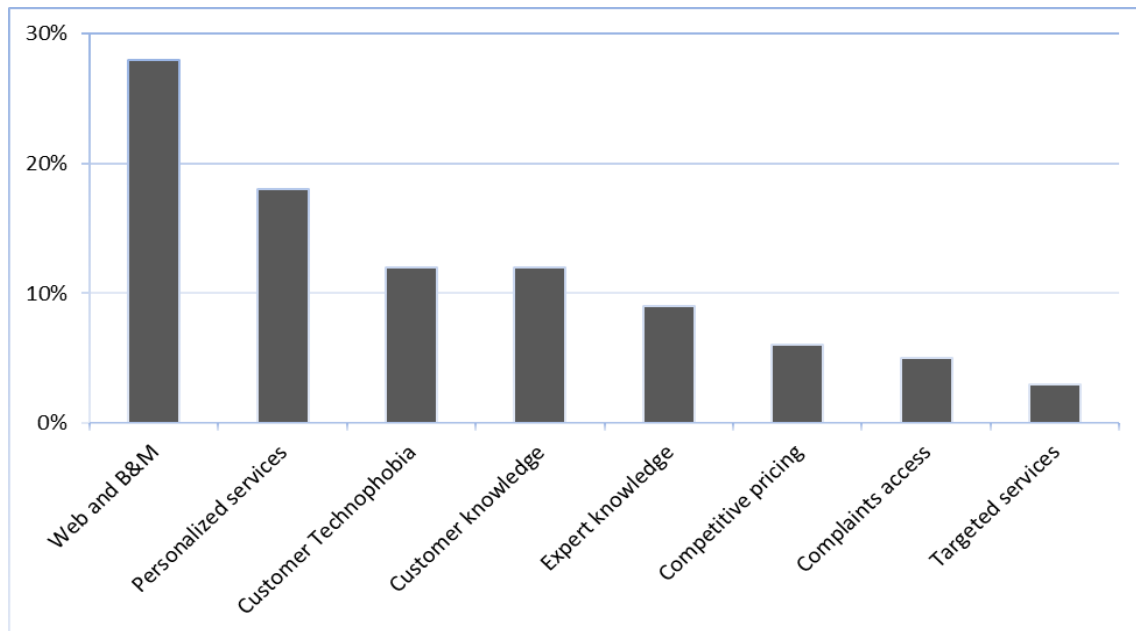
**Figure 13: Factors B&M travel agents believe has helped them survive the last five years**

The B&M travel agents were asked how they had gained customer knowledge, and 90% reported that they used customer feedback forms to elicit information. Most (88%) kept the information on a particular customer's file; the data was shared amongst staff as a general topic or used in advertising/raising awareness campaigns. While 30% of the sample respondents admitted targeting customers on a regular weekly/monthly basis with sales promotions, 44% used an ad hoc approach and 36% never bothered to contact previous customers. 77% had a Customer Relationship Management (CRM) system in place and of those that did not, just over half were planning on introducing such a system in the near future. Unfortunately, none of the B&M travel agencies was forthcoming on the exact details that a CRM would provide as it was seen as providing sensitive data that could impinge on their competitive advantage.

Bearing in mind the high prevalence relating to price accorded to customers selecting a B&M travel agency in preference to an Internet or virtual travel agency in figures 11 and 12, the rating for competitive pricing as a factor for the survival and growth of B&M travel agencies over the previous five years seems somewhat small (figure 13).

When questioned further during the follow-up interviews on this anomaly, reasons proffered suggested that while competitive pricing lured the customer in, it was the skill, knowledge and experience of the B&M travel agency staff who sold the vacation, trip or outing to the customer. Price was a lure; it was up to staff to capitalise on the situation and sell additional services to maximise profits once the customer was inside the premises.

## 4.2.2. Findings from Travellers

An analysis of the breakdown of users of B&M travel agents, online travel agents, and those purchasing travel products and services direct from the providers (airlines, shipping, hotels, etc.) sought to confirm the situation regarding which were the most commonly used methods. The preferred choice for planning and booking travel fell into three main areas: B&M travel agents at 60%, then online travel agents at 29%, and then tickets direct from the travel provider accounted for 11%. Apparently, B&M travel agencies are the much-preferred method for conducting business. Such a significant variation in the figures, with over twice as many respondents preferring to use B&M travel agents than online travel agents and over five-fold more preferring B&M travel agents than dealing direct with the travel provider, suggests that there must be something about B&M travel agents that cannot be found in the other two options.

Looking at the frequency of air travel by the respondents, the vast majority travelled at least once a month with 54% travelling once a month and 34% more often. Most of this travel appears to be related to business purposes with 69% stating travelling, for this reason. The majority of air travel was at economy rates, even for business purposes, but 22% did use business class and 11% travelled first class. 31% were members of frequent flier schemes, and 20% were members of an airline lounge.

Analysis of who made the decision to use a particular travel agent was in the case of business travellers predominately the businessperson's employer. Some business travellers had a say or could influence decisions regarding which travel agency to use some of the time. Nearly all non-business travellers were responsible for their bookings, but where this was not the case the respondent completing the form indicated that their partner, spouse, children or parents would buy the tickets on their behalf.

Additional services provided by travel agencies were expected to figure high as a deciding factor for the use of B&M travel agencies because services could be seen as the means by which B&M travel agencies could differentiate themselves from the online travel agencies. The B&M travel agencies could create a niche market, something only they could provide.

The responses from this survey suggest otherwise, with 66% of travellers stating they purchased no other services from the B&M travel agents. However, when the purposes for traveling are taken into account (noting that 69% are business travellers) the results are not so surprising.

Of those that did purchase other services the two services that were most often selected were car rental (accounting for 20% of additional services) and hotel accommodation bookings (accounting for 12%). However, as the majority of respondents had stated that the use of a B&M travel agency was for business purposes, it could be that most of the journeys related to same-day appointments. If this was the reason and journeys could be completed in a day, then there would be no need for overnight accommodation. Even in the case of the leisure traveller, it could be that they had purchased an inclusive package deal with car and accommodation included.

The responses regarding the planning and design element of the trip could also be a niche that B&M travel agencies, with their tacit knowledge of the travel industry, could use as a differentiator. Did B&M travel agencies have access to more knowledge or experience than online travel agencies? Moreover, how important is knowledge and experience in influencing the choice of B&M travel agencies?

Statistical analysis of customer's reasons for using B&M travel agencies are shown in Table 10, and graphical representation of the same is shown in Figure 14. These research findings suggest that while knowledge and experience is a factor driving choice of B&M travel agencies for some travellers but it's not as important a driver as human to human contact or having a website.

97

## Table 10: Customer's reasons for using brick and mortar travel agents

|  | A | B | C | D | E | F | G | H | I | J | K | L |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Counts** | 13 | 2 | 12 | 13 | 5 | 2 | 2 | 12 | 13 | 22 | 3 | 26 |
| **Percentage of column** | 12% | 2% | 11% | 12% | 5% | 2% | 2% | 11% | 12% | 20% | 3% | 24% |
| **P values** | A | B | C | D | E | F | G | H | I | J | K | L |
| A = Complex booking |  | 0.003 | 0.832 | 1.000 | 0.049 | 0.003 | 0.003 | 0.832 | 1.000 | 0.097 | 0.009 | 0.022 |
| B = Ticket + accommodation |  |  | 0.006 | 0.003 | 0.249 | 1.000 | 1.000 | 0.006 | 0.003 | 0.000 | 0.651 | 0.000 |
| C = New destination |  |  |  | 0.832 | 0.077 | 0.006 | 0.006 | 1.000 | 0.832 | 0.062 | 0.016 | 0.013 |
| D = Discount fares |  |  |  |  | 0.049 | 0.003 | 0.003 | 0.832 | 1.000 | 0.097 | 0.009 | 0.022 |
| E = Family or friends travel |  |  |  |  |  | 0.249 | 0.249 | 0.077 | 0.049 | 0.000 | 0.471 | 0.000 |
| F = Customized service |  |  |  |  |  |  | 1.000 | 0.006 | 0.003 | 0.000 | 0.651 | 0.000 |
| G = Long-term travel |  |  |  |  |  |  |  | 0.006 | 0.003 | 0.000 | 0.651 | 0.000 |
| H = Personalized service |  |  |  |  |  |  |  |  | 0.832 | 0.062 | 0.016 | 0.013 |
| I = Internet security |  |  |  |  |  |  |  |  |  | 0.097 | 0.009 | 0.022 |
| J = Human to human service |  |  |  |  |  |  |  |  |  |  | 0.000 | 0.514 |
| K = Last minute changes |  |  |  |  |  |  |  |  |  |  |  | 0.000 |
| L = Online website |  |  |  |  |  |  |  |  |  |  |  |  |

Notes
1. 1. Significance tests results are shown as row and column combinations under tsignificance level table
2. 2. Significant differences at 95% confidence level are shown in yellow
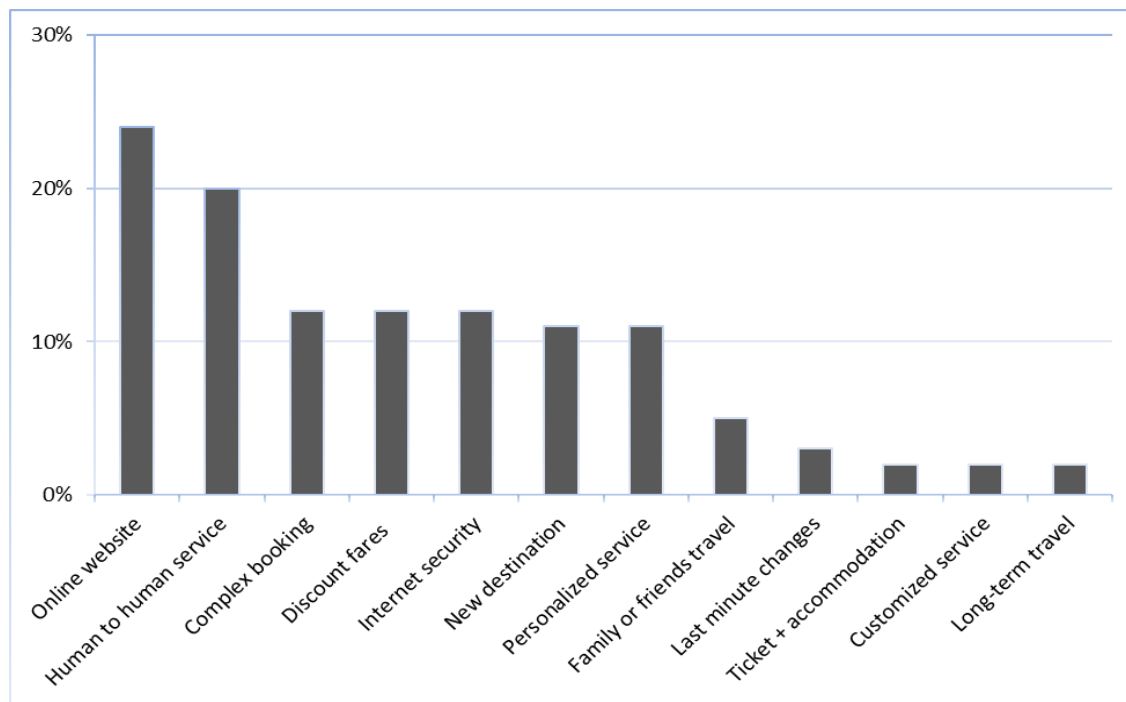
**Figure 14: Customer's reasons for using B&M travel agents**

The combination of ticket plus accommodation scored an even lower score as a reason for purchasing via B&M travel agent. Last minute changes too were not seen as a reason for using B&M travel agents. This was an unexpected finding bearing in mind that 20% of respondents selected human to human contact as a primary reason for using B&M travel agents. While many online booking services use last minute changes as a selling point, it is often easier to deal with a real person via a telephone or in person to make a change or cancel a flight or itinerary. Long-term travel also scored poorly but this could be down to the nature of such travel, such as gap year or other student travel where there is little-advanced planning other than the initial trip to some exotic, international destination, followed by going where the mood and events take the customer.

Lower prices were seen by 12% of the respondents as a reason to use B&M travel agents and was ranked significantly higher ( at 95% confidence level) than ticket + accommodation, Family or friends travel, customised service, long-term travel and last minute changes. This was not an expected outcome as rather than compete on price; additional services using the tacit knowledge of the staff of B&M travel agents were expected to receive higher selections. However, because 69% of respondents were business travellers, it could be that the businesses found it easier to negotiate preferential terms based on volume of sales, regularity,

and consistency. From a business marketing viewpoint, it is not uncommon for a company to offer a 'sprat to catch a mackerel'. No doubt B&M travel agencies too have found that offering bargains are a good means of bringing new and old customers through the front door. In addition, it could also be that a B&M travel agent has secured an exclusive contract with a hotel chain or booking company or a tour company. Such deals could be based on longevity in past dealings, knowledge of the area or personal contacts.

12% of the respondents stated 'Internet security' as an important factor driving choice of B&M agencies. 'Internet security' ranked significantly higher (tested at 95% confidence level) than 'ticket + accommodation' , 'Family or friends travel', 'customised service', 'long term travel' and 'last minute changes'. This is understandable, as questions about the safety of Internet security continue to rage, with news stories frequently detailing the latest scam. Further, to ascertain how the respondents felt about the use of the Internet, another question linked to this area looked in greater depth at people's experiences of Internet purchasing. While just under half of the respondents (47%) had had a good or excellent experience with Internet purchases, 31% had had an average experience. However, there were still an unacceptably high number (22%) who had had an extremely poor or poor experience. It is not surprising, then, that many customers would prefer to use a system whereby they could avoid concerns of security and purchase from a human in a B&M travel agency. The findings from this study suggest that the security is an issue that would make some travellers buy travel from a B&M travel agent rather than on the Internet.

New destinations and personalised services scored fairly high with 11% of the respondents stating these as reasons for choosing B&M travel agents. These are ranked significantly higher (tested at 95% confidence level) than ticket + accommodation, family or friends travel, customised service, long term travel and last minute changes. This indicates a reliance on the B&M travel agent's skills base, experience and knowledge coming into play.– This point is also reflected by the second highest ranked reason, human to human interaction. 'Human to human service' is ranked significantly higher (tested at 95% confidence level) than ticket + accommodation, family or friends travel, customised service, long-term travel, and last minute changes. When faced with travelling to a new, unknown destination, how much more reassuring must it be to talk to someone who may have been there or knows of other customers who have been there? ICT can achieve a lot, but it cannot yet replace the human element, despite attempts by software developers to humanise voices and create life-like

virtual assistants with human gestures and colloquialisms. The human to human aspect was raised again by the respondents, who stated that the personal touch was a serious plus factor in favour of dealing through a B&M travel agency rather than solely online.

To clarify 'the human factor' the follow-up interviews enabled the researcher to uncover the reasons the travellers had provided. The human factor was also instrumental in several other instances such as where a vacation had not gone according to plan, or there had been complaints regarding the quality, finish, service, food. The respondents pointed out that it was easier to deal with an actual person. They had something, or rather someone, tangible they could complain too. They had the address, and they knew the travel agent was not about to close down their business to avoid discussing or negotiating a settlement. With an online service, the business could be located anywhere, and the address (if one was provided) could just be a rented business address. When booking online there is always an element of surprise and doubt, who checks out the complaints procedure before booking?

However, the most commonly cited reason for using a B&M travel agent was access to the website as well as a physical building. This factor is ranked significantly higher (at 95% confidence level) than all other factors except human to human service. The respondents would visit a B&M travel agent's website two or three times before visiting the actual building in person. 40% would visit once, 39% twice and 21% three or more times. This approach meant customers could check out options before visiting the actual B&M premises so that they could discuss the options available and raise questions with the salesperson that they might not be able to articulate via ICT or the Internet.

From these statistical analyses, the importance of having a website appears vital to the survival, but having a B&M establishment is also important. The need for services that can assist in complex booking, providing discount fares and overcoming Internet security issues could be easier to deal with on a human to human basis rather than via an Internet connection. The travellers were asked to review the reasons they considered most important when purchasing airline tickets and the results are shown in figure 15. Ticket price was by far the clear leader and is ranked significantly higher (at 95% confidence level) than all other factors except being an airline frequent flyer. Airline frequent flyer programs showed modest support and was the second most important factor, ranked significantly higher (at 95%

confidence level) than airplane preference, cabin comfort, check-in ease, leg space, in-flight service and company loyalty and the statistical analysis of the same is depicted in Table 11.

Airline lounges and schedule convenience were ranked below Ticket price and Airline frequent flyer programs while factors relating to quality and comfort scored very low.

Company loyalty fared the worst with only 3% of respondents selecting this as an important factor in purchasing flight tickets. Statistically, company loyalty ranked significantly lower (at 95% confidence level) than schedule convenience, airline lounge, ticket price and being an airline frequent flyer.

Competition has been championed by many as good for business keeping prices down and quality up. Consequently, it is not unexpected that customers look for other factors in seeking who or where to buy tickets.
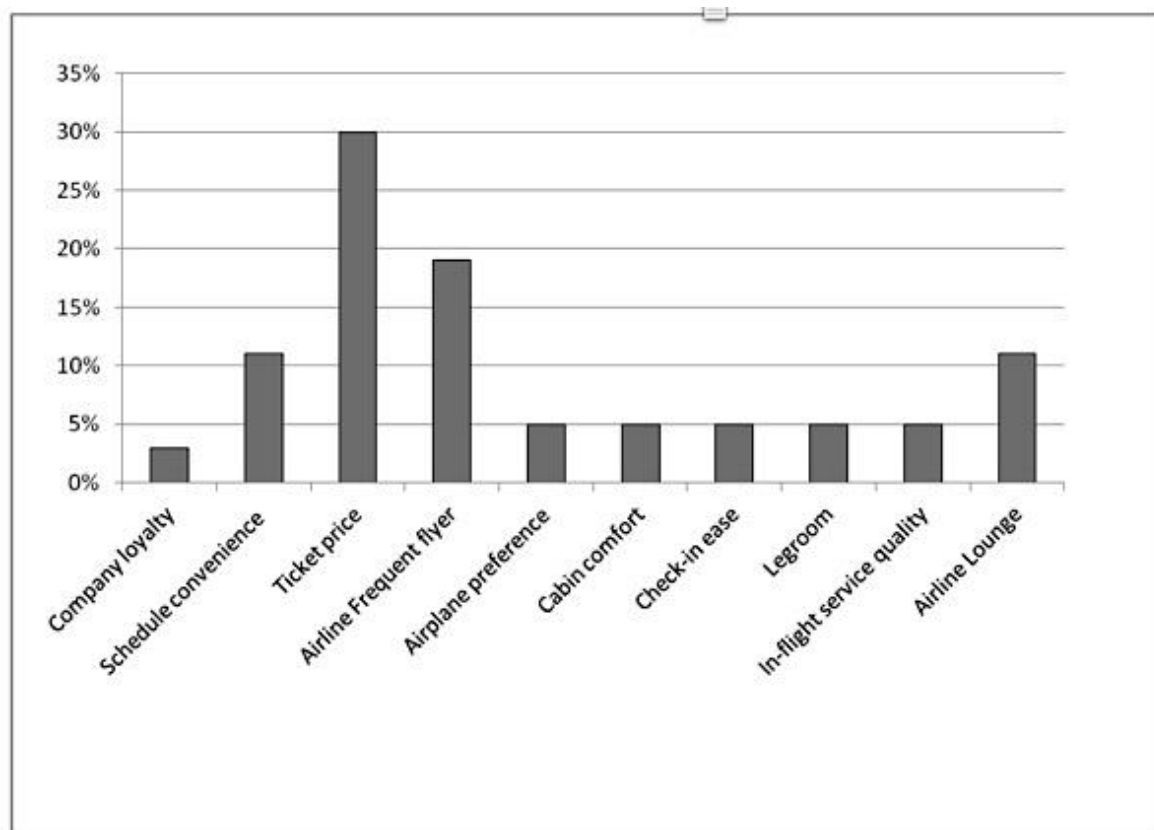


**Figure 15: Important factors to customers buying flight tickets**

**Table 11: Important factors to customers buying flight tickets**

|  | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| Counts | 3 | 12 | 33 | 21 | 6 | 6 | 6 | 5 | 6 | 12 |
| Percentage of column | 3% | 11% | 30% | 19% | 5% | 5% | 5% | 5% | 5% | 11% |
| P values | A | B | C | D | E | F | G | H | I | J |
| A = Company Loyalty |  | 0.016 | 0.000 | 0.000 | 0.307 | 0.307 | 0.307 | 0.471 | 0.307 | 0.016 |
| B = Schedule convenience |  |  | 0.000 | 0.089 | 0.140 | 0.140 | 0.140 | 0.077 | 0.140 | 1.000 |
| C = Ticket Price |  |  |  | 0.060 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| D = Airline Frequent Flyer |  |  |  |  | 0.002 | 0.002 | 0.002 | 0.001 | 0.002 | 0.089 |
| E = Airplane preference |  |  |  |  |  | 1.000 | 1.000 | 0.757 | 1.000 | 0.140 |
| F = Cabin comfort |  |  |  |  |  |  | 1.000 | 0.757 | 1.000 | 0.140 |
| G = Check-in ease |  |  |  |  |  |  |  | 0.757 | 1.000 | 0.140 |
| H = Leg space between seats |  |  |  |  |  |  |  |  | 0.757 | 0.077 |
| I =In-flight service quality |  |  |  |  |  |  |  |  |  | 0.140 |
| J = Airline Lounge |  |  |  |  |  |  |  |  |  |  |

Notes

1. Significance tests results are shown as row and column combinations under the significance level table

2. Significant differences at 95% confidence level are shown in yellow

Figure 16 provides the results detailing the reasons customers attribute to B&M travel agencies survival over the past five years. Statistical analysis of the same is shown in Table 12. Personalized services are far ahead as a primary contributor to survival. It is the highest ranked factor and is ranked significantly higher (at 95% confidence level) than all other factors. For customers being able to have a contact that understands their needs and wants and makes them feel important, and a valued customer, were descriptions provided in the follow-up interviews. First name terms were also seen as a part of the personalised service, making booking a holiday an enjoyable process.
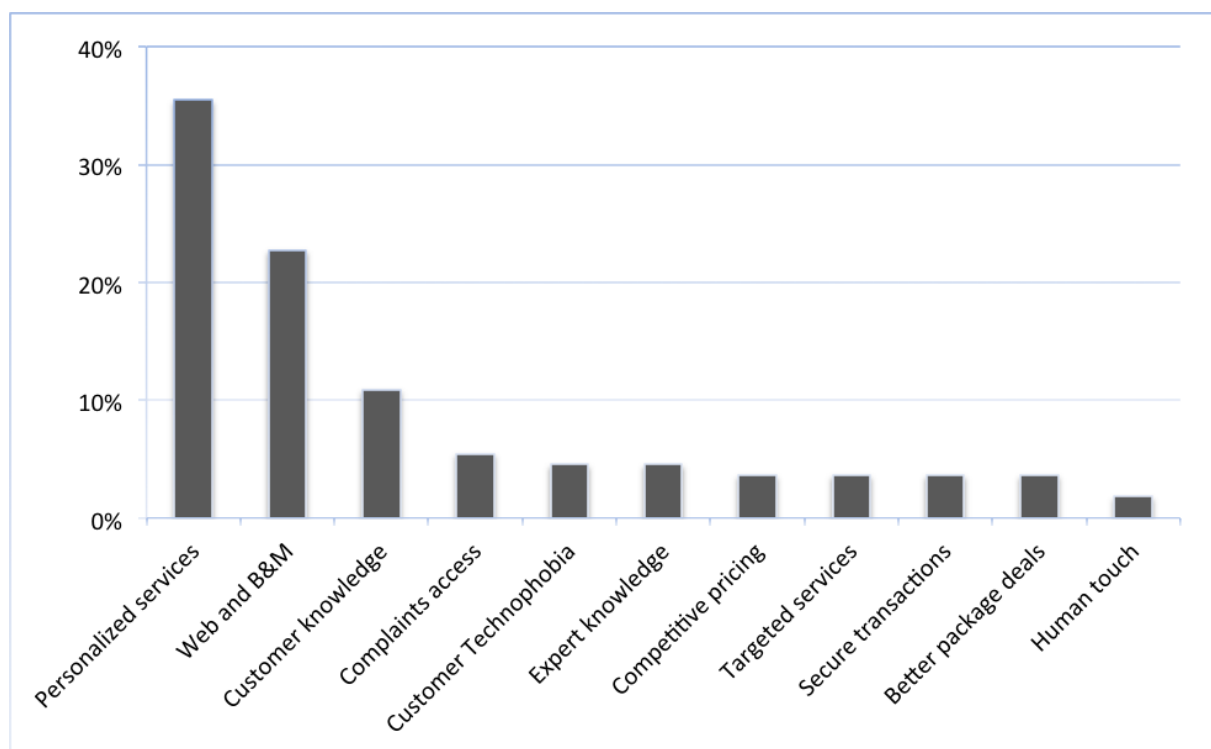


**Figure 16: Factors customers believe has helped B&M travel agencies survive the last five years**

Some of the customers also described personalised services as instances where the travel agency would keep an eye out for a particular hotel, location, activity, or special deal, and when that occurred the travel agency would contact the customer. The provision of such personalised services by the B&M travel agents would be greatly enhanced through the use of a CRM as discussed earlier.

**Table 12: Factors customers believe has helped brick and mortar travel agencies survive the last five years**

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Counts** | 4 | 5 | 4 | 39 | 6 | 4 | 2 | 4 | 12 | 5 | 25 |
| **Percentage of column** | 4% | 5% | 4% | 35% | 5% | 4% | 2% | 4% | 11% | 5% | 23% |
| **P values** | A | B | C | D | E | F | G | H | I | J | K |
| A = Targeted services | | 0.734 | 1.000 | 0.000 | 0.517 | 1.000 | 0.408 | 1.000 | 0.038 | 0.734 | 0.000 |
| B = Customer Technophobia | | | 0.734 | 0.000 | 0.757 | 0.734 | 0.249 | 0.734 | 0.077 | 1.000 | 0.000 |
| C = Competitive pricing | | | | 0.000 | 0.517 | 1.000 | 0.408 | 1.000 | 0.038 | 0.734 | 0.000 |
| D = Personalized services | | | | | 0.000 | 0.0000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.038 |
| E = Complaints access | | | | | | 0.517 | 0.150 | 0.517 | 0.140 | 0.757 | 0.000 |
| F = Better package deals | | | | | | | 0.408 | 1.000 | 0.038 | 0.734 | 0.000 |
| G = Human touch | | | | | | | | 0.408 | 0.006 | 0.249 | 0.000 |
| H = Secure transactions | | | | | | | | | 0.038 | 0.734 | 0.000 |
| I = Customer knowledge | | | | | | | | | | 0.077 | 0.019 |
| J = Expert knowledge | | | | | | | | | | | 0.000 |
| K = Web and B&M | | | | | | | | | | | |

Notes
1. Significance tests results are shown as row and column combinations under the significance level table
2. Significant differences at 95% confidence level are shown in yellow

Website and physical premises were the second highest ranked factors, significantly higher at 95% confidence level than all other factors except personalised service. These were seen as a means to do a little research by the customer before visiting the premises of the B&M travel agency. Armed with the results of this research the customer was in a better position to discuss with greater detail options for a vacation. Having a website also enabled customers to check out the types of services and destinations on offer, the types of holidays available, prices, and in some cases other customer reviews.

Some of the customers saw customer knowledge as useful. For example, in circumstances where they (the customer) would be contacted by the B&M travel agent should a special deal be available that met their needs. It is ranked significantly higher (at 95% confidence level) than 'targeted services', 'competitive pricing', 'better package deals', 'human touch' and 'secure transactions' and significantly lower (at 95% confidence level' than 'personalised services' and 'web and B&M'.

The low score for customer technophobia was in hindsight to be expected because to be part of the sample required being Internet savvy and familiar with the use of the Internet. The low scores across the remaining options reflect the belief amongst some respondents that B&M travel agencies had not concentrated on the factors that customers considered important; the B&M travel agents did not recognise their strengths in attracting customers.

### 4.2.3. Comparisons between B&M Responses and those of Travellers

Two identical questions were asked of both the B&M travel agents and travellers; the intention being to identify if the B&M travel agency respondents' answers echoed those of customers of travel agencies (the travellers). If they did, then it could be said that the successful re-intermediation of B&M travel agencies is due in part to their understanding of their customers and would-be customers' needs.

As compared to travellers, B&M travel agents are significantly less likely (tested at 95% confidence level) to consider their website as being a reason for travellers using their service. Comparing these results with those made by the customers shows how far out the B&M travel agents are at understanding their customers. The statistical findings are pertinent as from the questions asked of the B&M travel agencies it appeared that time and again they felt

they knew the travellers who used their services, that they understood their needs, wants and desires. The B&M travel agencies had gained this knowledge through the use of feedback forms, CRM software, and through personal contact and experience. They believed that this understanding of customer needs was applicable to most travellers and that this knowledge would help them continue to progress in the future.

**Table 13: Comparison between traveller's reasons for using brick and mortar travel agents and brick and mortar travel agents perceived opinions on why travellers use their services**

| | B & M | Travellers | B & M | Travellers | P values |
|---|---|---|---|---|---|
| | Counts | Counts | Percentage of column | Percentage of column | |
| Complex booking | 6 | 13 | 21% | 12% | 0.196 |
| Ticket + accommodation | 1 | 2 | 4% | 2% | 0.478 |
| New destination | 2 | 12 | 6% | 11% | 0.424 |
| Discount fares | 7 | 13 | 23% | 12% | 0.120 |
| Family or friends travel | 4 | 5 | 12% | 5% | 0.132 |
| Customized service | 2 | 2 | 5% | 2% | 0.322 |
| Long-term travel | 2 | 2 | 6% | 2% | 0.212 |
| Personalized service | 1 | 12 | 4% | 11% | 0.251 |
| Internet security | 1 | 13 | 4% | 12% | 0.209 |
| Human to human service | 2 | 22 | 6% | 20% | 0.070 |
| Last minute changes | 1 | 3 | 3% | 3% | 0.936 |
| Website | 2 | 26 | 6% | 24% | 0.032 |

Notes
1. Significant differences at 95% confidence level are shown in yellow

Looking at the findings as displayed in figure 17 there are directional differences in many of the selections made by travellers and those made by the B&M travel agents, but there are some similarities too.
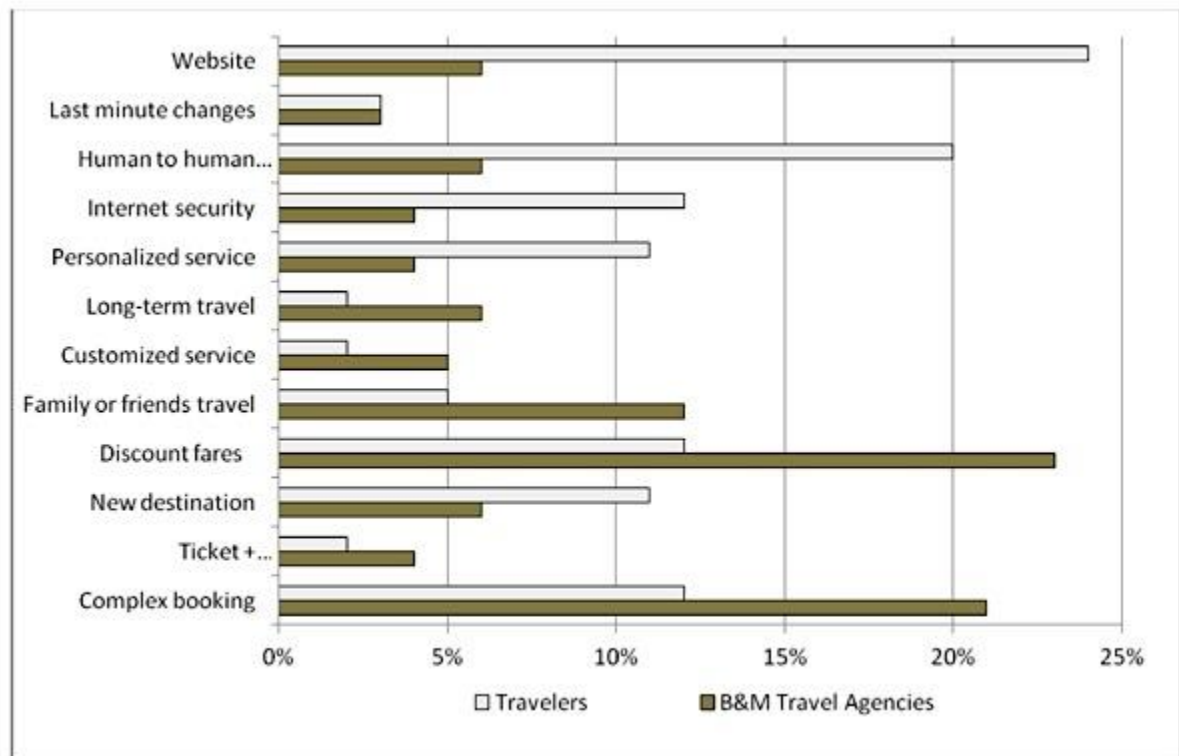


**Figure 17: Comparison of traveller's reasons for using B&M travel agents and B&M travel agents perceived opinions on why travellers use their services**

For the travellers, the reasons for using B&M travel agents in preference to the Internet-only travel agencies were that B&M travel agencies usually also have a website as well as premises, which means contact with another person, a personal service, concerns over Internet security are alleviated, and when booking new destinations they can probably hear from someone who has first-hand experience of visiting the place. It appears the travellers miss the human element when dealing with businesses only online. However, the B&M travel agents apparently saw price to be deciding more important factor for using their services, followed closely by complex booking processes, and underrate the importance of the website.

From the travellers, there is some support for discount fares and easing complex bookings. However, they are not as convinced as the B&M travel agents that these two factors are as important as human to human services and the websites.

The differences between how the B&M travel agents see the customer or traveller and how the traveller sees the reasons for using B&M travel agents suggests that the feedback forms, customer surveys, and CRM software systems may have failed to define and understand the client/traveller. These observations raise doubts as to how effective B&M travel agencies are at understanding the client, but the relative importance/ranking of the issues clearly differs.

The next comparison seeks to identify how the travellers perceive the reasons why the B&M travel agencies managed to stay in business over the last five years ties in with how the B&M travel agent see themselves in the set-up. This is shown in Table 14 and depicted graphically in figure 18.

**Table 14: Comparison of factors travellers and brick and mortar travel agencies believe have helped brick and mortar travel agencies survive the last five years**

|  | B & M | Travellers | B & M | Travellers | Difference | P values |
|---|---|---|---|---|---|---|
|  | Counts | Counts | Percentage of column | Percentage of column | Percentage of column |  |
| Targeted services | 1 | 4 | 3% | 4% | -1% | 0.866 |
| Customer Technophobia | 4 | 5 | 12% | 5% | 7% | 0.132 |
| Competitive pricing | 2 | 4 | 6% | 4% | 2% | 0.565 |
| Personalized services | 5 | 39 | 18% | 35% | -17% | 0.069 |
| Complaints access | 2 | 6 | 5% | 5% | 0% | 0.922 |
| Better package deals | 1 | 4 | 2% | 4% | -2% | 0.656 |
| Human touch | 1 | 2 | 2% | 2% | 0% | 0.948 |
| Secure transactions | 1 | 4 | 3% | 4% | -1% | 0.866 |
| Customer knowledge | 4 | 12 | 12% | 11% | 1% | 0.866 |
| Expert knowledge | 3 | 5 | 9% | 5% | 4% | 0.343 |
| Web and B&M | 8 | 25 | 28% | 23% | 5% | 0.548 |
| TOTAL SAMPLE | 30 | 110 |  |  |  |  |

Notes

1. Significant differences at 95% confidence level are shown in yellow

Figure 18 shows that there is reasonable agreement between the two groups for most factors, and the statistical analysis reveals that at 95% confidence level there is no significant difference between these responses. If we relax the confidence level to 90%, personalised services are seen to be significantly more important to travellers than to the B&M travel agents.



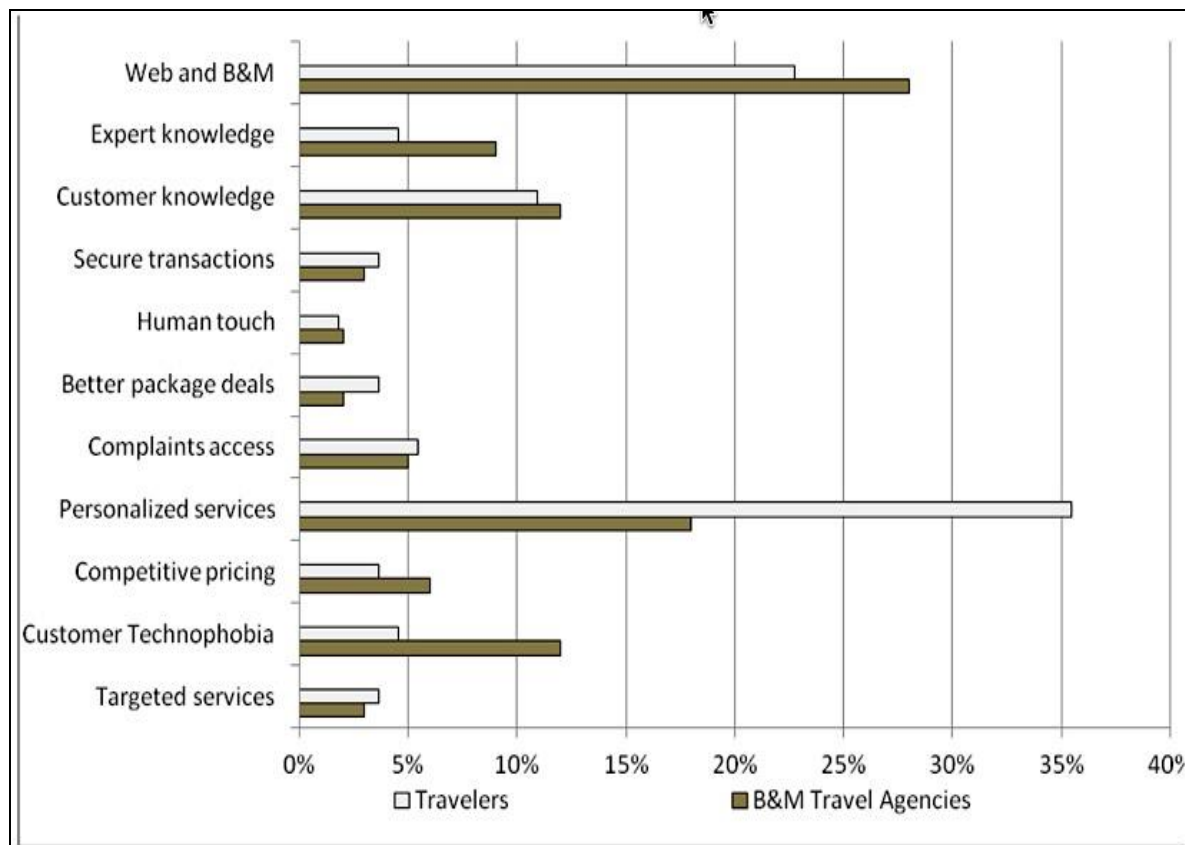**Figure 18: Comparison of factors travellers and B&M travel agencies believe have helped B&M travel agencies survive the last five years**

However, directionally, the B&M travel agencies appear to see technophobia as a problem for the public to cope with when booking a holiday, but one that works to their advantage. This is a view not shared by the respondent travellers in this survey, although as previously noted they were all computer literate.

From the travellers' point of view, the B&M travel agencies' reasons for success over the past five years was down to their personal services followed by having a website and premises. All the other factors were influential but negligible, except, possibly customer knowledge, which could tie in with personal services.

110

Figure 18 highlights the possible misunderstandings by the B&M travel agencies of the needs and wants of customers when making and purchasing travel. It also suggests that the travellers had not conveyed their needs and wanted to the B&M travel agencies, but how would they do so? Moreover, why would they? The Internet is often quoted as a panacea for better prices and or greater value, the way to the future, and the unstoppable change of progress. It is up to the business to make the case for customers to use their specialist services.

## 4.3. Summary

This chapter has reported on the findings from the email and interview surveys of the respondents from the B&M based travel agents and a group of travellers. The findings were analysed through statistical methods looking for significant differences, as well as through observations of the charts and comments from interviews with some of the respondents. A section was devoted to understanding the differences in perceived opinions of each of the two groups and the reasoning for their actions.

From the responses to the questionnaires and in-depth interviews with the principal stakeholders a recipe for success was identified, which highlighted the strategies B&M travel agencies should adopt to succeed. Personal services that cannot be replicated by Internet-only travel agents were a vital factor in the success, as was the embracing of ICT and particularly the Internet. However, these factors had to be implemented in unison; the sum was greater than the individual parts.

While the future looked promising due to re-intermediation, there was one area that could face significant change in the next decade. In terms of the clientele of B&M travel agents, it was the older generation who favored them. The older traveller was more likely to use B&M travel agents. The research found this was because they were less likely to be familiar with technology, exhibited higher levels of technophobia, and preferred to pay in person rather than online.

In the next chapter, the findings presented in this chapter will be discussed in relation to previous research in the field. The findings will also be reviewed in the context of Porter's (1998) five forces of competitive advantage, and in regard to the researcher's observations and beliefs on the subject area.

# Chapter 5.  Discussion and Conclusion

This chapter reviews the findings of the B&M travel agencies and the traveller questionnaires and interview surveys in relation to Porter's five forces of competitive advantage and other authors' research. Through this analysis, this chapter will seek to provide answers to the following research questions:

*RQ1: What services and strategies do customers and B&M travel agents believe have helped B&M travel agents in Australia to compete with Internet-only travel agencies?*

*RQ2: How do customers and traditional B&M travel agencies envisage the future of B&M travel agencies in the context of the industry and which should they concentrate on in the future?*

*RQ3: Why do some customers prefer to use the services of B&M travel agencies?*

The chapter then progresses to the conclusion, which describes the work carried out and the conclusions drawn, before ending with a description of suggested areas for further research.

## 5.1.  Discussion

### 5.1.1.  Strategies used by B&M Travel Agencies

Table 15 below summarises research findings in relation to the key elements of Porter's five forces model. Table 16 summarises the strategies and key findings.

**Table 15: Comparison of Porter's five forces with B&M travel agent strategies**

| | ICT-enabled: | B&M reciprocated with: |
|---|---|---|
| Threat of new entrants | New Internet-only travel agents to enter market:<br>Low entry barriers<br>Low exit barriers<br>Lower operating costs<br>Located anywhere in the world<br>Economies of scale<br>Destination images marketing videos<br>Online transactions | Acquiring own website<br>Local location<br>Human to human contact<br>Differentiated services<br>Traditional payment options |
| Bargaining power of buyers | Offered improved negotiating power:<br>Access to more travel information<br>Reviews by other travelers, traveler forums, online magazine articles<br>Comparison of multiple travel agents<br>Direct access to travel providers<br>Multiple searches for specific criteria (cheap fares, hotel star rating, etc.) | Acquiring own website<br>Personal & customised service<br>Complex booking services<br>Human to human contact<br>Personal experience & knowledge<br>Competitive pricing<br>Customer feedback, CRM<br>One stop shop |
| Bargaining power of suppliers | Option to disintermediate bricks and mortar travel agents through direct links with customers<br>Option of vertical integration by providing services previously undertaken by bricks and mortar travel agents | Emphasis on the 'human element.'<br>Personal experience & knowledge<br>Customised travel |
| Threat of substitutes | Internet conferencing negating the need to travel<br>Low-cost options | Improved quality<br>Competitive pricing |
| Rivalry amongst existing firms | Easier analysis of competitor strengths and weaknesses | Differentiated markets – business travel, senior citizen travel, adventure holidays<br>Differentiated services – taxi to the airport, traditional payments, cater for technophobes<br>Differentiated destinations – countries, activities, tours |

**Table 16: Strategies employed by B&M travel agents and key findings**

| Generic strategy | Key findings |
|---|---|
| Competitive pricing | More a marketing strategy to entice customers to premises where staff can sell additional services |
| Complexity of travel | Offer services that overcome the hassle and reduce the time involved in planning travel |
| Travel solution centre | Offer a one-stop-shop, customers get all their needs met in one place |
| Customised travel services | Target specific groups; ethnicity, age, gender, adventure seekers, extreme sports, specific countries |
| Address Internet security concerns | Offer traditional payment options – check, cash, credit card via human interaction |
| Develop difficult to imitate services | Data collection on competitors to avoid their strengths and build on their weaknesses |
| The human element | Discussing needs and wants with a real, tangible person as opposed to a 'virtual assistant' or via electronic means |
| Website provision | Offer customers a 'taster' of the personal service offered at premises |
| Customer Relationship Management | Acquire information on and from customers – not always accurate, regular or of sufficient quality |
| Continuing professional development of staff | Fully embrace ICT to offer improved services to better meet needs of customers |

Porter (1998) in his five forces of competition points out that businesses need to target their strategies at meeting customer needs but must be aware of the impact their strategies can have on rivals. Where companies are in competition with each other, offer products and services that lack differentiation and opt for reducing prices to gain customers, the resulting effect can be a price war(John, 2009). Competing on price alone too can start price wars (L. Huang et al., 2011; Wong & Kwan, 2001). Likewise, economies of scale can also result in a price war (Beverland & Lockshin, 2004; Hinchcliff, 2012; Iyer et al., 2002; Joelle et al., 2007; J. Kim et al., 2002; Saglietto, 2009; Wong & Kwan, 2001) as those companies who can afford to buy in bulk can command a better price from suppliers and, by passing these savings on to customers, undercut the competition. New entrants to the market can result in those companies trying to win market share by offering price incentives creating another price war (Porter, 1998). The issues against price wars are that they can be detrimental to all players as profit margins are squeezed by all the companies involved. This is especially true for smaller businesses that may not have the financial reserves to support a sustained reduction in profits. Therefore, price wars can cause businesses to cease functioning. Although sounding good for the survivors as they can increase market share, they may find that prices do not rise again, and they are left in a low-profit margin sector.

In this research, 77% of the B&M businesses had sales revenue turnover under AU$500K and as such were expected not to compete on price as they were too small to sustain a price war. Rather they were expected to cater to niche markets. When all the sample population were asked if they collected feedback from customers, 88% of respondents said that they did. In addition, 77% admitted to having a CRM system in place, with over half of those who did not have CRM stating they were planning on introducing such a system in the near future. Consequently, they should have a good understanding of their customers' needs and wants.

When the B&M travel agents were asked what they thought were the main reasons why travellers used their services (figure 7), the most common reason was for discount fares (23%). When the B&M travel agents were asked a similar question (figure 7) relating only to air travel, nearly half of the respondents (48%) selected ticket price. These findings suggest that the mentality of the B&M travel agents is geared towards pricing issues. If they were to follow Porter's (1998) advice and gear their strategies to meet the needs of their customers, then they should have a competitive pricing strategy. This is particularly relevant as they believe their customers put price as the top reason for using their services,

To clarify the strategic aims of the B&M travel agencies travellers were asked their reasons for using B&M travel agents in preference to Internet-only travel agents. The findings should, bearing in mind the high number of B&M travel agents collecting data on their customers, provide similar results to those of the B&M travel agents. However, a comparative analysis of the reasons why travellers used B&M travel agents and why B&M travel agents believed travellers used their services (figure 16) revealed a disparity between the two groups of respondents. The B&M travel agents set discount fares as the main draw for customers, whereas the travellers saw the B&M travel agents' website as the primary motivation for using their services.

When the B&M travel agents were asked if they were adopting a competitive pricing policy, the consensus was that competitive pricing was necessary. However, their excuse was that it was used only as a 'sprat to catch a mackerel', an advertising ploy to attract customers. Such reasoning is reflected in the findings shown in figure 14. Figure 14 shows the findings of their perceptions of why B&M travel agents had survived over the past five years. This comparative analysis found that neither population believed competitive pricing was that important. Another possibility that could explain why competitive pricing was not that important can be found in the work of Castillo-Manzano and López-Valpuesta (2010). Their research on frequent fliers found that they did not have the time to book in advance and, therefore, were not able to purchase cheaper tickets, so price was not a deciding factor.

A review of the findings for other services offered by the B&M travel agents revealed that the B&M travel agents were, in fact, operating differentiation strategies between themselves and with the Internet-only travel agencies.

As Cheung and Lam (2009) noted, B&M travel agents had reinvented themselves over a five-year period better to meet the needs of customers in specific areas that Internet-only travel agencies could not match. B&M travel agents had recognised their core competencies (Figures 6, 13 and 14) such as the ability to better handle complex bookings as supported by Salkever (2002), Hatton (2004), and Castillo-Manzano & López-Valpuesta (2010) There were also other core competencies, such as assisting in bookings requiring diplomacy and tact (for example when platonic friends wanted to share hotel accommodation), where advice was needed that could not be articulated easily via an online site (Vasudavan & Standing, 1999; Novak & Schwabe, 2009), and where a human to human interface was required.

The findings from this study are similar to the findings of Gonzalez-Rodriguez & Martin-Semper (2012). Holiday packages had fallen in popularity, but the B&M travel agents had reinvented their offerings to provide tour packages – where tourists are guided around destinations ensuring they see and experience the 'must see' venues and events – and adventure holidays where the tourists take part in extreme sports or are actively involved in events. As Kim, Bojanic and Warnick, (2009) conclude, B&M travel agents have become travel solution centres. Other findings in the research study reported here echo those of (Rajamma et al., 2007; Yakhlef, 2001) in that the responding travellers selected to use B&M travel agents because when they use Internet-only travel agents they find a lack of personal service (Trejos, 2011), security issues, lack of experience, and the time demands necessary to engage in personal travel information gathering and decision-making were too exhaustive. According to Cheyne et al.,. (2005), people prefer the security of a travel agency to book and pay for their flights. Cheyne et al., go on to point out that people use the Internet to plan their holiday and to purchase low-cost trip accessories such as car rentals.

Taking all the findings into consideration, this study suggests that in order to win customers the B&M travel agents have decided to build on services other than competitive pricing. Consequently, this approach is in conflict with Porter's (1998) 'stuck in the middle' strategy, which represented businesses that were neither a cost leader nor offering differentiation. It does, however, support the suggestion by Kim et al. (2004) that B&M travel agencies are opting for an integrated strategy for differentiated services.

Another point identified from the analysis of all the above findings was that an ICT versus human interface matrix could be developed.

This matrix compares the level of performance, the level of human interaction, and the level of ICT adoption. To determine the level of performance, the B&M travel agents were asked whether their business was worse off, about the same, better off or much better off. These findings were then compared with how much time was committed to professional development of staff, such as, training. The level of ICT was based on the B&M travel agents adoption of ICT, such as did they have a website, professionalism of website, services offered online, use of trained ICT staff. The matrix is based on the Boston Consulting Group (BCG) matrix, which is a method created to analyse a businesses market portfolio based on product life cycle theory (Value Based Management, 2014). The ICT versus human interface matrix

shows that it is the integration of both ICT and the human interface which is behind the success of the B&M travel agents (see figure 19). However, it must be noted that this is only developed from a limited sample and would need to be replicated on a larger scale to confirm the findings.

| | | |
|---|---|---|
| Level of ICT Adoption >>>>>>>>>>> | Much the same as three years ago | Much better off than three years ago |
| | Worse off than three years ago | Better off than three years ago |
| | Level of human interaction >>>>>>>>>>>> | |

**Figure 19: ICT versus Human Interaction Matrix (Based on a variation of the BCG Matric http://www.valuebasedmanagement.net/methods_bcgmatrix.htm accessed 2014)**

Those B&M travel agents who invest the minimum in ICT and human interactions fare the worst. Those that concentrate on ICT in preference to human interaction and are in effect mimicking the Internet-only travel agents, can only maintain their performance. This is because they do not have the skills required to operate an Internet based business and have failed to understand that there is more to Internet trading than having a website. Those B&M travel agents who have recognised the value adding aspects of the human interface, emphasised this side of their business and have also taken on board the concept of ICT through adding a website to bring in customers to their premises have fared better. Finally, those B&M travel agents who have gone that extra mile to fully embrace the Internet and bring in professional development and management of their websites, trained their staff to

119

manage the ICT, and developed their staff's interpersonal and customer service skills have fared much better.

As new entrants, the Internet-only travel agents were initially able to penetrate the travel industry market sector by offering lower prices brought about by their reduced overhead costs. Over time, however, the Internet-only travel agents have acquired knowledge of customer buying trends and can now design services to meet their customer needs in a similar approach to B&M travel agents. In this study, 70% of B&M travel agents used a CRM to gain insight on their customers. Internet-only travel agents have access to a similar approach called ECRM (Electronic Customer Relationship Marketing). However, the percentage using ECRM is not known but this will enable Internet travel agents to compete with the B&M travel agents using similar data.

While the Internet-only travel agents could have obtained the data necessary to start in the business by observing and analysing the activities of the B&M industry, now the Internet-only travel agents are under the microscope. The B&M travel agents faced with losing market share to the new entrants (the Internet-only travel agents) realised the necessity of adopting an Internet presence. To start with businesses generally began with just a website, then progressed to using the Internet to offer customers the capability to request information or to download information, and then added the ability for customers to buy online, continuing to add more and more functionality and features as they became familiar with the technology (Srinivasan et al., 2002; Lin & Lee, 2005; Andreu, et al., 2011). The competitive advantage that the Internet-only travel agents had was slowly eroded by the B&M travel agents.

The one central area that Internet-only travel agents cannot access or provide, but that B&M businesses can, is one-to-one human contact. The Internet-only travel agencies have encroached on related areas such as personal service and customised services. The use of virtual sales staff that mimic human movements and voice have progressed enormously in recent years, a spin-off from the digital games industry, so that it is now possible to interact visually and verbally with a virtual person.

However, as findings from this research study show, the current users of B&M travel agents are predominately the older generations. As time moves on, this generation will be replaced by Internet-savvy customers. Will they still use B&M travel agents? This is discussed later.

### 5.1.2. The Future for B&M Travel Agencies

Internet-only travel agencies (or cybermediaries) pose a significant threat to B&M travel agencies (Barnett & Standing, 2001). To compete with Internet-only travel agencies Hatton (2004) emphasises the need for them to be proactive and extol their strengths and knowledge about customers, the travel market, and current offerings. Improving the shopping experience for customers is suggested by (Doolin et.al., 2005) as an approach to surviving in a world increasingly driven by consumers' use of the Internet to make their travelling arrangements.

According to Chakravarthi & Gopal (2012), Rajamma et.al (2007), and Zhang & Morrison (2007), Internet-only travel agents are unable to provide adequate and efficient CRM, after-sales service and customer information update and support. From the research findings in this study, personal services, human to human contact, and Internet security are all issues that travellers believe are reasons for using B&M travel agencies over Internet travel agents (please refer to Table X). By building on these core competencies, B&M travel agencies could progress and grow.

The rise of new players like budget airlines and Internet technologies that could enhance efficiency and information delivery and cut costs must affect traditional stakeholders and the existing supply chain. According to Applegate (2003) these technological innovations reduce the gap between the producer and the traveller, questioning traditional distribution channels and the cost efficiency of B&M travel agencies. Traditional B&M travel agencies, as the conventional intermediaries in the distribution of travel products between producers and end-users, suffer the worst consequences of the expansion of ICT and the Internet (Hatton, 2004).

Buhalis and Law (2008) noted that customers who used the Internet spent more money at their destinations compared to those who used other information sources. Cutting out the intermediary service allowed customers to customise and expand their desired activities. These actions resulted in the loss of earnings and business opportunities for traditional intermediaries, like the B&M travel agencies.

To identify the state of play from the view of those most affected by these changes and disruptive activities, the B&M travel agents were asked to have their say on how they saw the future (please refer to table 17 and figure 20)

121

**Table 17: Would you recommend starting a brick & mortar travel agent?**

| | A | B | C | D |
|---|---|---|---|---|
| **Counts** | 17 | 4 | 7 | 3 |
| **Percentage of column** | 55% | 12% | 23% | 10% |
| **Significance Levels** | A | B | C | D |
| A = Yes – regardless of the start-up option | | 0.000 | 0.011 | 0.000 |
| B = Yes - but only a franchise of an established group | | | 0.262 | 0.804 |
| C = Yes  - but only a buy-out an established travel agency | | | | 0.175 |
| D = No – under no circumstances | | | | |
| **Total** | 30 | 100% | | |

Notes
1. Significance tests results are shown as row and column combinations under the significance level table
2. Significant differences at 95% confidence level are shown in yellow

From the statistical evaluation, the B&M travel agents are significantly more likely (tested at 95% confidence level) to recommend starting a B&M travel agency regardless of the start-up option involved.

Analysing the findings depicted in Figure 20, the vast majority of respondents (90%) said they would recommend starting a B&M, travel agent. The 10% who stated that they did not recommend starting a B&M business said that their opinion was based on their business's performance being worse this year than last year, one adding that they were struggling to keep afloat. 55% were so convinced of the future of B&M travel agents that they had no qualms about how the business was set-up. When asked how well their companies were performing, these respondents said either "better" or "much better" than in previous years.
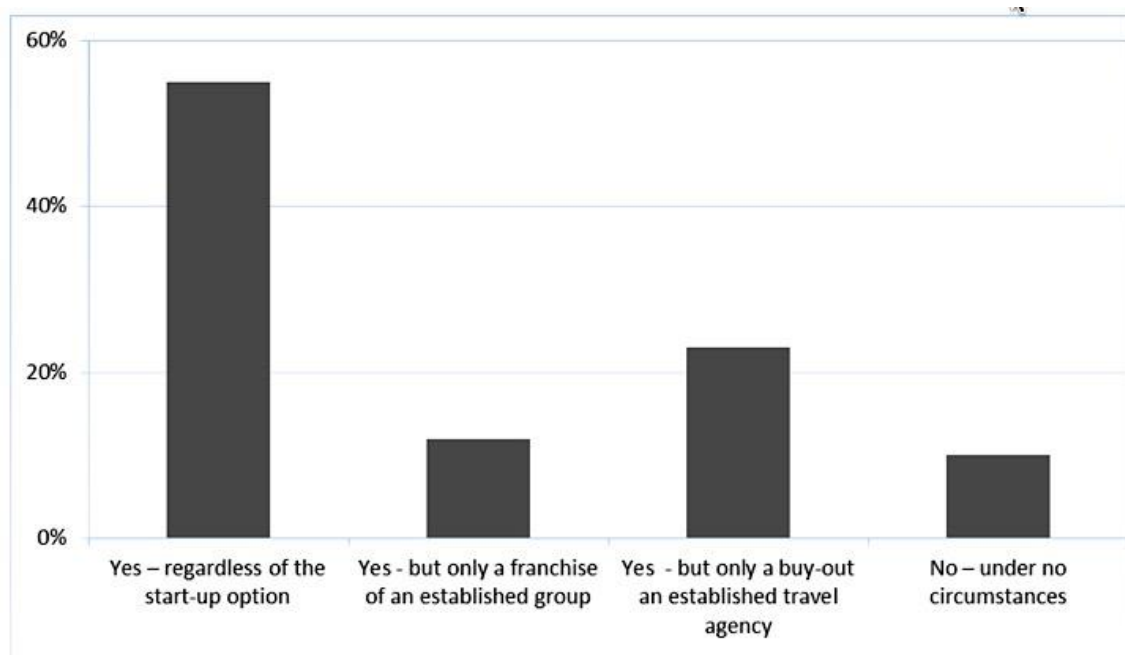
**Figure 20: Would you recommend starting a bricks & mortar travel agent?**

23% recommended buying out an established business to minimise risks while 12% thought a franchise was a wiser move. These two groups comprised of businesses performing much the same as in previous years, better or much better. The benefits of buying an established business revolved around having an established customer base, knowledgeable staff, and contacts. Of those suggesting buying into a franchise, additional comments included the benefits of having a brand image behind the business and the benefits of professional support.

The findings from this study suggest that those B&M travel agents that identified their core competencies and have expanded on them have shown improved performance and see the future to be a growth area.

### 5.1.3. Why Travellers Prefer B&M Travel Agencies

The research looked at why travellers use B&M travel agents rather than Internet-based travel agents. It is a widely held view that technologies result in cost savings, faster response, and are more reliable than humans. As such, technology (and that includes ICT) will alter the supply chains, a point noted by Porter (1998). ICT has opened up the marketplace on a global scale, requiring businesses to rethink their processes and supply chain positioning to benefit

the most from the new marketplace and to respond to and satisfy customers' demands (Sen, et al., 2004).

The preferred choice for planning and booking travel fell into three main areas: B&M travel agents accounted for 60%, then online travel agents at 29%, and then tickets direct from the travel provider accounted for the remaining 11%. Drilling down into the findings and examining who responded based on age range and education for each of the three options helps explain these findings (see table 18 and figure 21).

**Table 18: Age range and preferred travel booking service**

| Summary of significance levels | B & M vs. Web | Web vs. Direct | B & M vs. Direct |
|---|---|---|---|
| 65+ | 0.000 | | 0.000 |
| 51-64 | 0.065 | 0.361 | 0.008 |
| 36-50 | 0.686 | 0.000 | 0.000 |
| 20-35 | 0.611 | 0.193 | 0.076 |

Note: Significant differences at 95% confidence interval are shown in yellow

From an analysis of figure 21, there is a clear positive relationship between age and usage of B&M travel agencies, with usage of B&M travel agencies higher for older age groups.

All the travellers in the 65+ age range (25% of total respondents) opted to use B&M travel agencies rather than the Internet. Testing this for statistical significance reveals that 65+ travellers' group that are significantly more likely (tested at 95% confidence level) to use B&M travel agencies rather that Internet-only travel agents or Direct methods.

60% of those aged between 51 and 64 also preferred the B&M travel agents over Web and Direct methods. Statistical test of this reveals that 51-64 year old travellers are significantly more likely to use B&M travel agencies (tested at 95% confidence level) as compared to direct methods.

49% in the 36 to 50 age range preferred the B&M travel agencies over the other two options and are significantly less likely (tested at 95% confidence level) to use direct booking when compared to B&M travel agencies or Internet-only travel agents (stated as Web in the table).

Only 18% in the 20 to 35 ranges preferred the B&M travel agencies over the other two options. Further for this age group, no significant differences were found in the usage of the various methods of booking.

Figure 21 shows the breakdown for all the age ranges and the three options.
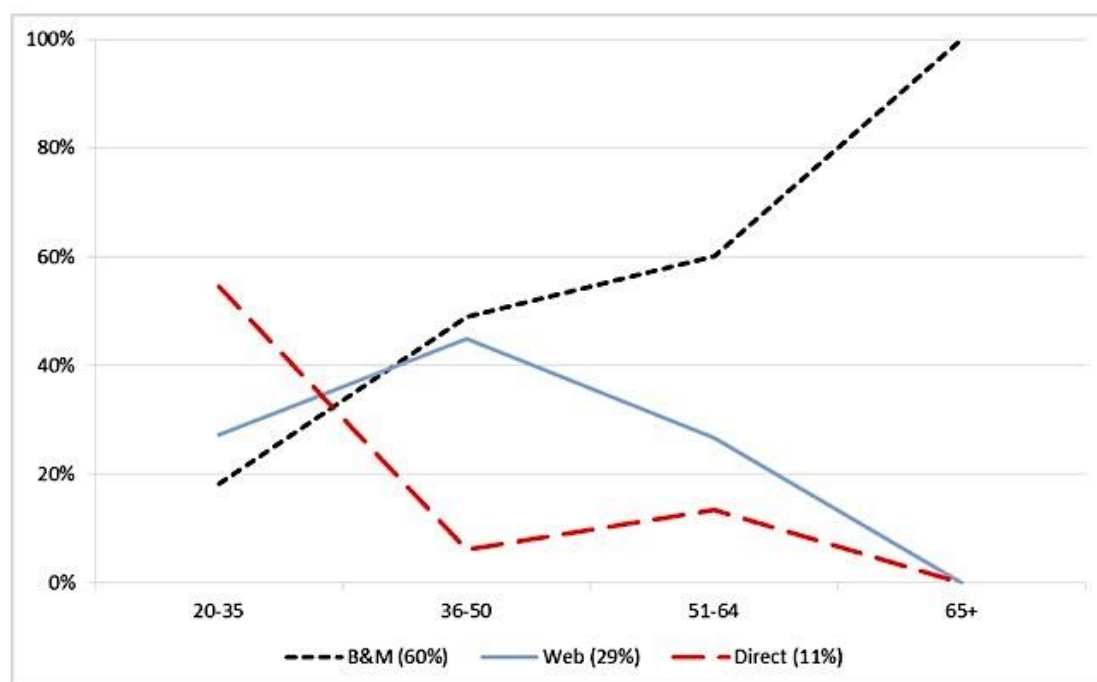


**Figure 21: Age range and preferred travel booking service**

From these detailed analyses, it is the older generation who are more likely to use B&M travel agents, especially those over 65. These findings support the findings of Castillo-Manzano and López-Valpuesta (2010) who found in their research into reasons for deciding on whether to use a B&M travel agency or a virtual travel agency that age matters. Manzano and López-Valpuesta (2010) found that those people aged over 65 years of age preferred to buy their tickets from a B&M travel agency, as opposed to those aged 15–30 who were more likely to use the Internet. In this research, the 20 to 35 years range was the least likely age

range to use Brick & Mortar. There were no respondents in the age range 15 to 19 years old included so a direct comparison cannot be made. However, Manzano and López-Valpuesta (2010) do suggest that the reason for the difference could be down to the new generation's greater comfort and trust regarding the use of ICT, which this research partially supports. Law and Wong (2003) and Yoon et al. (2006) also support these findings and go on to suggest that while younger people look for cheaper flights on the Internet, older people prefer the human touch offered in an office. In this research, there was a significant increase in the use of direct purchases amongst the 20 to 35-year old group, which could support such findings as direct purchases are often competitively priced.

The statistical analysis of the highest level of education achieved versus the preferred travel booking service found that those travellers who are high school graduates, hold an associate degree, a graduate diploma or a bachelor's degree are significantly more likely (tested at 95% confidence level) to use B&M travel agencies as compared to the Internet-only (Web) or direct methods. Travellers who have a bachelor's degree are also significantly more likely (tested at 95% confidence level) to use the Internet-only (Web) travel agents than to book directly. No significant differences between the usage of different methods of booking were found for travellers who have a master's or a doctoral degree.

Looking at the highest levels of education achieved by the respondents and the preferred travel booking method (figure 22) shows that the findings mainly disagree with those of Castillo-Manzano and López-Valpuesta (2010), except for travellers with doctorates. Castillo-Manzano and López-Valpuesta found that people with a university education were more likely to use the Internet than people with only a primary education. The findings of Law and Wong (2003) reported that the percentage of visits to travel websites increased with the academic level of education, which is supported by this study, especially for the doctoral students. Hepburn (2011) stated that mobile phones outperformed PCs in terms of Internet searches and that analysts predict that in 2014 mobile Internet will take over desktop Internet usage.

**Table 19: Highest level of education achieved and preferred travel booking service**

| Summary of significance levels | B & M vs. Web | Web vs. Direct | B & M vs. Direct |
|---|---|---|---|
| High School | 0.030 | 1.000 | 0.030 |
| Associate Degree | 0.009 | 0.075 | 0.000 |
| Graduate Diploma | 0.002 | 0.078 | 0.000 |
| Bachelor's Degree | 0.002 | 0.038 | 0.000 |
| Masters | 0.193 | 0.611 | 0.076 |
| Doctoral | 0.106 | 0.614 | 0.248 |

Notes

1. Significant differences at 95% confidence level are shown in yellow
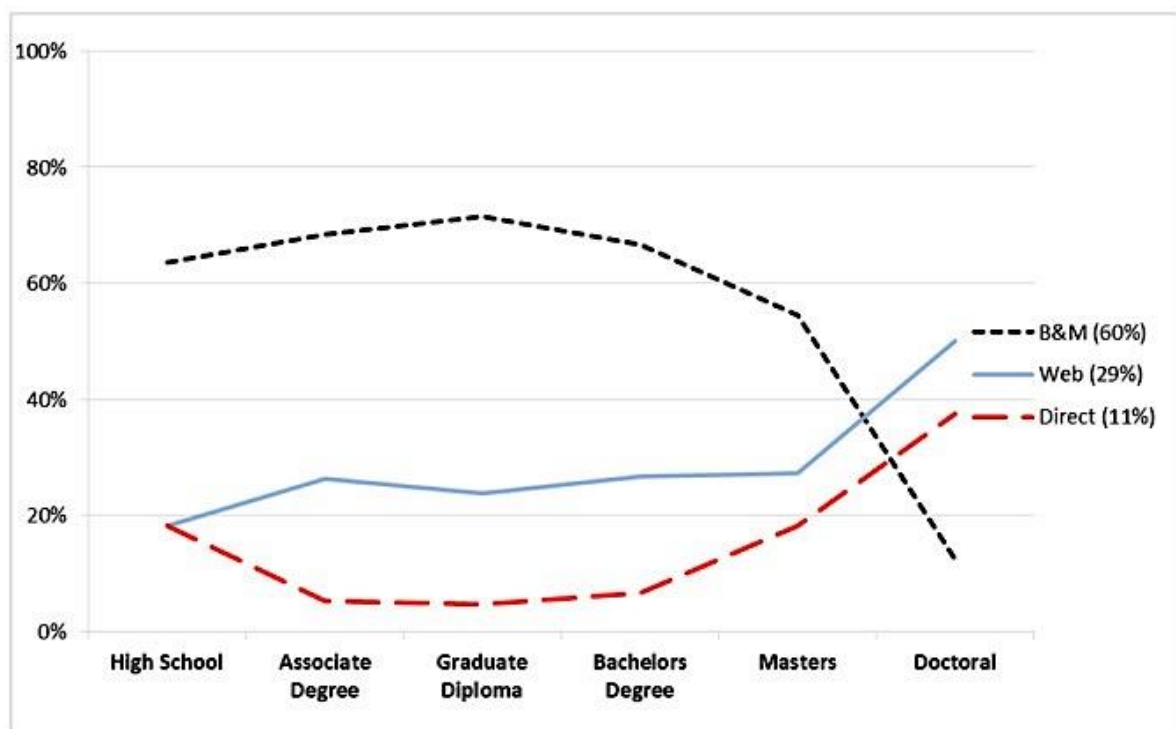


**Figure 22: Highest level of education achieved and preferred travel booking service**

The increase in the preference for tablets and smartphones over PCs is set to continue with DeMers (2014), stating "87% of connected device sales by 2017 will be tablets and smart-phones." Bearing in mind these increases in access to the Internet by mobile telephones and other handheld devices, it was expected that the use of the Internet would have been higher

127

than figure 22 suggests. However, the question asked which was the preferred booking method. While customers may do their research on the Internet, this research suggests that they still prefer to book via a B&M travel agents.

The ability of B&M travel agents to better handle the complexity of travel bookings than online only travel agents have been reported by Salkever (2002), Hatton (2004), and Castillo-Manzano and López-Valpuesta (2010). Although this was selected by some of the traveller respondents in this study as a reason for using B&M travel agents (see figure 16), there were other factors that were more influential.

When those factors relating to the human element were combined (i.e. personalised services, custom services and human to human services) they were the definite winners out of all the possible reasons for using B&M travel agents. The human element is the area where Internet-only travel agencies will struggle to compete. Although, there are virtual assistants (animated, computer-generated models, which are very lifelike), they cannot replace human beings. However, analysis of these three factors on an individual basis places a company's website as the factor of the highest importance to the travellers in using B&M travel agents. Further discussion of the reasoning behind this selection found that it was the duality factor that was significant: the ability to access a website to carry out preliminary research and then to be able to visit a travel agent and talk face to face with a real person. A new trend has emerged where a fully-fledged online travel booking giant, CheapAir.com, has realised (Trejos, 2014) the importance of the human factor in the supply chain and added a B&M setup to its online sales, thus hiring in-house sales advisors to help with reservations, itinerary changes and solving travel related problems of customers.

This again gives a lot of strength to the B&M travel agents from the online-only travel agents, as in Porter's (1998) five forces of competitive advantage there are some things that they cannot copy or substitute, providing B&M travel agents with a distinct advantage that should assure their future.

New destinations also featured highly in the travellers' reasons for using B&M travel agents. As has been suggested earlier in this thesis, the opportunity to discuss with actual people who have been there (and, therefore, have a personal understanding of a new destination) is a powerful tool. It is a tool so powerful that it is enough to override the customer reviews or

talk forums available on Internet-only travel agent websites, where previous customers have stated their experiences, both good and bad, and often have also rated the destination, services, hotels, and events. The findings from this study suggest that for some travellers that this is indeed the case.

Internet security was another factor that was noted by the travellers as an issue and one that could be over come by using a B&M travel agency. Elsewhere in the thesis Internet security has been linked with age of customers, previous experiences of Internet purchasing, and technophobia issues. There will no doubt always be some people who baulk at new methods and systems. The advances banks and other financial institutions are constantly making in improving the security of Internet transactions will inevitably lead more people and businesses to accept that this is the way of the future.

## 5.2. Conclusion

This research study evaluated the impact ICT has had on B&M travel agents and the changes in supply chain positioning in Australia. The travel industry in Australia is substantial, provides employment for many people in many different industries, and is a standard way to exchange wealth between nations. It has a wide array of stakeholders. For this study, the purpose of travel included both business travel and travel for recreation.

Chapter 1 provided an introduction to the thesis and the reasoning for the research. Chapter 2 provided a review of the literature in order to examine previous research and identify research gaps for further study. The chapter provided a description of the reasoning for the research covering reintermediation of B&M travel agents, Porter's five forces, competitive strategies, services marketing, and travel industry and travel agents in Australia. Chapter 3 described the methodological approach of the study. The thesis adopted a mixed-methods approach based on a combination of quantitative and qualitative methods (Tashakkori & Teddlie, 2010). The study included two stages of research one exploratory (identification of the central issues in the travel agencies market evolution and identification based on variables of interest) and the second confirmatory (testing of theoretical assumptions made via the exploratory study and field testing of the Porter's five forces model). In chapter 4, the results of the questionnaires and interviews with the B&M travel agents and travellers were reported. Chapter 5 discussed the findings from chapter 4 with past research in order to address the

gaps identified in Chapter 2. The chapter stated the conclusions reached in the thesis and provided an overview of the research, the findings and new material not canvassed previously in chapter 2. The chapter concluded with recommendations for further research.

An extensive literature review was conducted to identify previous research in the area of the travel industry. A point that arose time and again was the impact ICT is having on the traditional high street travel agencies – the B&M travel agents. These traditional businesses were under threat from the introduction of new technologies. ICT offered direct communication between supplier and customer, and in the process bypassing the B&M agency. ICT also enabled new entrants operating virtual or Internet travel agencies from anywhere in the world entering the sector and undercutting the prices of B&M agencies. Were the days of the B&M travel agents as intermediaries numbered? Had they become victims of disintermediation? Had they served their purpose and should they now be replaced by newer systems and approaches? Could they fight back and prove they were still a valuable and necessary part of the industry? Could they reinvent themselves and be examples of reintermediation? This research study sought to identify the current state of affairs and identify strategies that could assist other B&M travel agencies, not just to survive but to grow and prosper.

From the literature review into B&M travel agents, a number of gaps in current knowledge that needed to be addressed were found. By addressing these gaps, a significant contribution to knowledge would be made. These gaps lead to the formulation of three research questions:

*RQ1: What services and strategies do customers, and B&M travel agents believe have helped B&M travel agents in Australia to compete with Internet Only travel agencies?*

*RQ2: How do customers and traditional B&M travel agencies envisage the future of B&M travel agencies in the context of the industry and which should they concentrate on in the future?*

*RQ3: Why do some customers prefer to use the services of B&M travel agencies?*

To answer these research questions, email questionnaires and face-to-face interviews with sample populations of B&M travel agents and travellers based in Australia were undertaken.

165 travellers were sent questionnaires, of which 110 returned completed forms. 53 B&M travel agents were identified in and around Sydney and sent questionnaires, of which 30 were returned completed. The questionnaires for both groups included a question at the end enquiring if they would be willing to take part in follow-up interviews. 20 B&M travel agents and 24 travellers agreed to take part in these interviews, providing additional insights into the factors influencing the use of B&M travel agents and the strategies employed by the travel agents. A copy of the aide memoire used in these interviews can be found in the Appendix.

Analysis of the findings looked at the distribution and preferences of responses in the questionnaires and patterns of behaviour or common themes in the transcripts of the interview survey. The findings of the data collection methods are reviewed and reported in chapter 4 and discussed in relation to previous research in chapter 5. From these analyses, the three research questions were answered.

The strategies employed by B&M travel agencies revealed that when the level of ICT adoption was compared with the level of human interaction with customers and the financial performance over the last three years, there were distinct differences. These differences could be represented by a simple two by two matrix and formed the basis for identifying suggested strategies for future growth of B&M travel agents. The matrix shown in figure 19 is based on the Boston Consulting Group (BCG) matrix (Value Based Management, 2014).

The ICT versus human interface matrix shows that it is a balance between ICT adoption and human integration which dictates survival and growth for B&M travel agents. Concentrating on one aspect at the expense of the other causes performance to suffer. When you get the balance right, business performance grows. This was confirmed by the findings from the travellers where they stated that the one most strongly supported reasons for using B&M travel agents in preference to the Internet or buying direct was if B&M travel agents had a website too. It is this combination which is the important factor. Customers can do their research, check it with the B&M travel agent's website, and if they are still not sure then the traveller can visit the travel agent's premises and speak to a real, live person.

An added advantage of travel agents with websites and premises is that having researched the Internet, the customers can visit the B&M travel agent's premises and try to negotiate a better deal than they could get purely going through an Internet-only travel agent. Human beings

can and often do negotiate; machines or virtual assistants are not capable of independent thought and, therefore, cannot negotiate! Such an example is representative of the power of buyers as stated by Porter (1998) in his five forces of competitive advantage.

Much of the evidence from the findings suggested that the B&M travel agents were looking to improve performance by adopting a competitive pricing strategy. Competitive pricing strategies are dangerous as although the winner may gain market share; the result could be significantly reduced profit margins (Porter 1998). Their answers to the questionnaires suggested they believed that the price was a major factor why customers used their services. However, on closer examination and from the follow-up interviews, it appeared that this was not the case. Yes, some of the B&M travel agents did market some of their products competitively, but this was only a marketing ploy. These B&M travel agents were convinced once they had attracted a customer to their premises, the staff were so well skilled and trained that they would convince even the most reluctant traveller to purchase a ticket or long haul holiday.

Through a comparative analysis, this research showed some discord between the reasons B&M travel agents believe travellers use their services and why the travellers themselves say they use B&M travel agencies. In fact, as figure 23 shows, the answers from the B&M travel agents and the answers from the travellers appear to be opposite one another.

Price has already been mentioned, but other differences were also evident. Reasons for these disagreements included the fact that the travellers who completed the questionnaire were not always the ones who had booked the tickets (especially when the journey related to business travel) and that there were differences between respondents from different age ranges – the older generation favoured B&M agents over the Internet, while the younger generations were more concerned with economy. However, another factor is the quality of the CRM (Customer Relationship Marketing). There are countless CRMs on the market, but for low sales revenue turnover businesses, a Microsoft Excel spreadsheet can serve as a suitable alternative, or so some of the B&M travel agents believed. This may well be the case if the Excel spreadsheet is maintained and updated on a regular basis, but not if used as a one-off or randomly accessed tool.

There were no significant differences found in the statistical tests, except for 'website' for the factors travellers thought were responsible for B&M travel agents' survival over the last five years and the reasons the B&M travel agents put down (Table XIII ) and the perceptions of B&M travel agents and travellers regarding why travellers brought their services rather than those of Internet or direct service providers (Table XIV ). However, reviewing the findings through comparative spider charts (see Figures 23 and 24) suggests that there might be three possible reasons; expert knowledge, customer technophobia, and personalised services.

Expert knowledge was once the sole preserve of the travel agent, gained through years of personal experience working on the job and visits to various destinations. With the advent of the Internet, news and magazine websites grew with reports from travel journalists giving details of travel destinations while Internet-only travel agents were offering customer reviews and forums. Suddenly anyone could give an account of a destination.
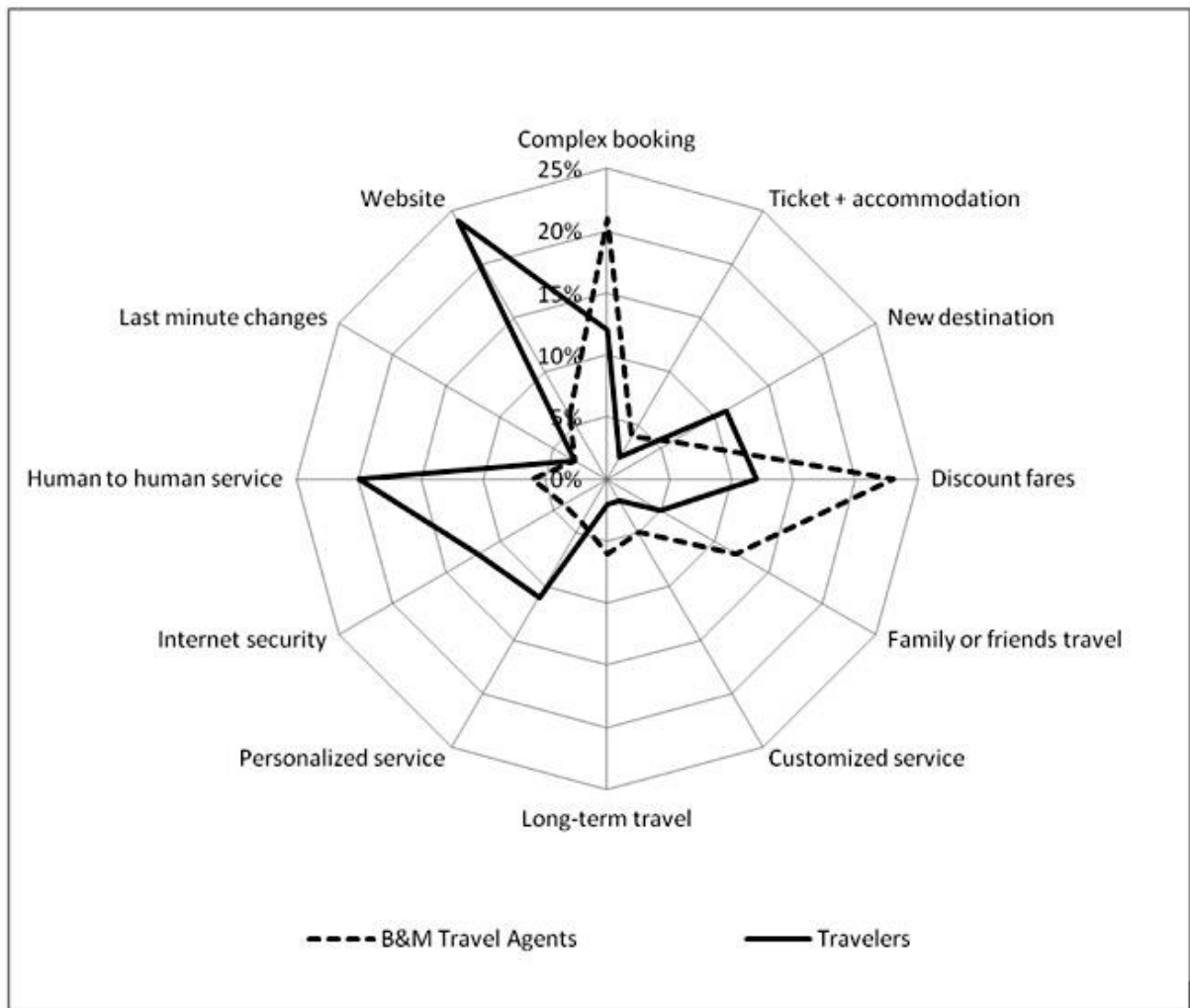
**Figure 23: Comparison of reasons why travellers use B&M travel agents based on perceptions of B&M travel agencies and travellers**

What is more, these forums have stated the dates of the visits, the age ranges of the reporters, and the person's status and the type of trip – single, couple, friends, family, and business trip etc. The customer now may know more than a B&M travel agent's salesperson. The customer could find reviews from people their age and in a similar setting.
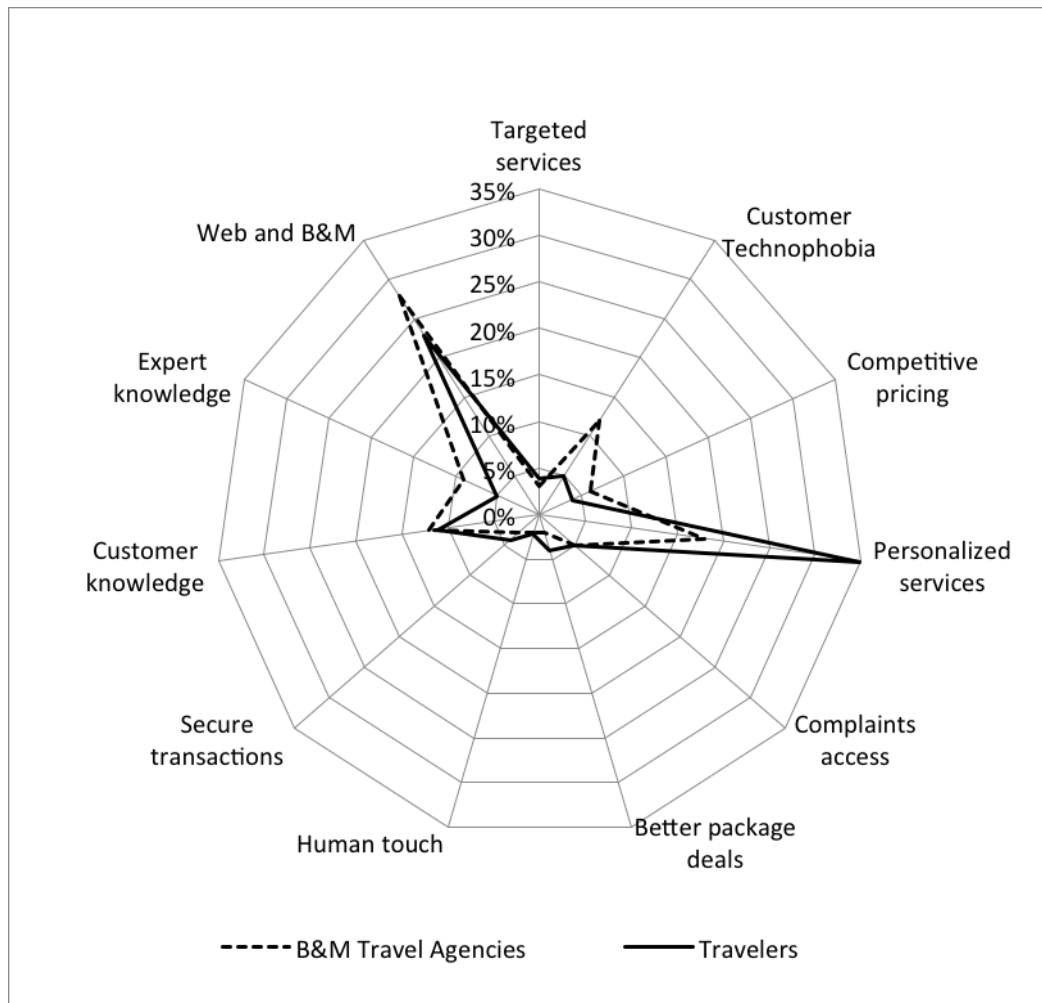
**Figure 24: Comparison of reasons for B&M survival over past five years**

Customer technophobia was seen as a common reason for the B&M travel agents as an area that they could address. In this research study, drilling down into the data available from the questionnaires, it soon became apparent that customer technophobia was predominately related to the age of the customer and their education level. These findings have serious implications in the long-term because the technological skills base of people in their 50s and 60s now is far greater than in those who were this age ten years ago. Advances in technology have made products such as mobile phones intuitive to use, and now most users of mobile phones can access the Internet. Consequently, customer technophobia is set to decline as time progresses.

Personalised services was by far the most important factor (Trejos, 2011) travellers saw in preferring to use B&M travel agents. Personalised services is an option that the Internet-only travel agents have great difficulty in matching. Virtual assistants, no matter how lifelike, are

135

not capable of negotiating as humans can. Of course, Internet-only travel agents can offer a 'chat to a real person' email link, but somehow that is not the same as real-time, face to face conversation or talking to someone on the telephone. Also, personalised services provide the customer with information on special offers, last minute bargains, and invitations to events. They are greeted by their first name when they enter the premises, and all those little touches that make the customer feel valued and special. The high use of CRM by the B&M travel agents suggests that they are intent on gathering customer information to improve their services, and this is a positive sign. However, the term CRM was interpreted loosely and did not always refer to commercial software packages but rather in-house variations on spreadsheets/databases.

The results of this study have serious implications for management within the tourism industry sector and B&M travel agents, in particular. Some of the core competencies of B&M travel agents cannot be replaced by Internet-only travel agents or the use of ICT. However, some of these core competencies will over time lose their potency, and so the owners and managers of B&M travel agents need to be aware of these high-risk competencies and work to identify new differentiators.

## 5.3. Limitations of Research

The research was based on the findings of two surveys in NSW, Australia; one targeted at B&M travel agents and the other on travellers. Questionnaire surveys and follow-on interviews were employed.

Email was the tool used in collecting the questionnaire data. In hindsight, this limited access to the survey populations who did not use email or who could be described as technophobes. In the process the study is biased towards those who are Internet literate.

In terms of selection of travellers, the research required respondents to travel at least twice a year on business or for leisure. For those that answered the questionnaires based on their business travel it could be argued that they would not have been aware of some of the implications of their answers. For example, complex booking arrangements for business users would probably be undertaken by secretaries or the finance department, which would mean the respondent would have no knowledge of the difficulty in arranging the itinerary. This

would also affect answers relating to the last minute changes and customer service. Consequently, the findings to these questions must be taken as tentative.

However, this potential bias also reveals why the feedback and CRM methods adopted by the travel agents could be providing misleading information: the B&M travel agents were asking for feedback from the wrong person. They should have surveyed the companies, not just the businessperson.

## 5.4. Further Research

The presence of a website in addition to a B&M premises was a significant reason proffered by travellers for opting to do business with B&M travel agents instead of via Internet-only travel agents. Personal services and human contact were also important factors. The facility of a website enabled the customers to check out options before visiting the actual B&M premises. Such a facility enabled the customer to discuss the options available and raise questions with the salesperson that they might not be able to articulate via ICT or the Internet. More research is required to identify the reasons and topics customers seek answers to in adopting such an approach. Although potentially detrimental to B&M travel agents, there also exists a need to identify if and how Internet software could meet these needs.

The findings from this study suggest that it is the older generation with their technophobia that prefers to use B&M travel agents. However, the increased access to the Internet via mobile phones and hand-held devices opens up new and exciting approaches to customer buying decisions. These devices are designed to be intuitive and useable across all age ranges. With these devices forecast to take over from the PC as the primary means for surfing the Internet in the near future, how might they change people's perceptions to purchasing? For example, a would-be customer sees an advertisement in a B&M travel agent's window. At the touch of the screen on their mobile, the would-be customer can check out the Internet and decide if the advertisement is a bargain or bettered elsewhere. Further research is needed to identify how these tools influence consumers' purchasing decisions.

69% of the survey respondents in this study were business travellers and of these most left the arrangement of travel and accommodation for their companies. Consequently, the respondents may not have been the most suitable people to provide information on the

137

organisational aspects of travel. Therefore, a research project needs to be conducted that evaluates how business travel is selected, and which travel methods are preferred, B&M businesses, Internet-only services, or direct contacts.

One final area for research that emerged from this study is the disparity between how the B&M travel agents perceived the reasons why travellers used their services and why the travellers themselves said they used the services of B&M travel agents. A number of reasons have been suggested in this research study, but a fuller in-depth research project is needed to understand the role of CRM and ECRM. There is much misunderstanding on the real definition of CRM amongst most travel agents. It varied from putting simple customer information into an Excel sheet to a full-scale, advanced software solution. There is a need to divide travel agents further on the quality and type of CRM they use. How do these tools work? What data is collected? How is it interpreted? How reliable is it? These questions are important because companies, not only in the tourism industry, but elsewhere use these tools to develop strategies for the future.

# References

Allwood, C. (2012). The distinction between qualitative and quantitative research methods is problematic. *Quality & Quantity, 46*(5), 1417-1429. doi: 10.1007/s11135-011-9455-8

Alvarez, L. S., Martin, A. M. D., & Rodolfo, V. C. (2007). Relationship Marketing and Information and Communication Technologies: Analysis of Retail Travel Agencies. *Journal of Travel Research, 45*(4), 453-463.

Amaro, S., & Duarte, P. (2013). Online travel purchasing: A literature review. *Journal of Travel & Tourism Marketing, 30*(8), 755-785.

Anckar, B. (2003). Consumer intentions in terms of electronic travel distribution: implications for future market structures. *E-service Journal, 2*(2), 68-86.

Anderson, P., & Anderson, E. (2002). The new e-commerce intermediaries. *MIT Sloan Management Review, 43*(4), 53-62.

Athiyaman, A. (2002). Internet users' intention to purchase air travel online: an empirical investigation. *Marketing Intelligence & Planning, 20*(4), 234-242.

Australia.gov.au. (2014). Our natural environment.   Retrieved November 14, 2014, from http://www.australia.gov.au/about-australia/our-country/our-natural-environment

Bakker, E., Zheng, J., Knight, L., & Harland, C. (2008). Putting e-commerce adoption in a supply chain context. *International Journal of Operations & Production Management, 28*(4), 313-330.

Barnett, M., & Standing, C. (2001). Repositioning travel agencies on the internet. *Journal of Vacation Marketing, 7*(2), 143-152.

Beldona, S. (2005). Cohort Analysis of Online Travel Information Search Behavior: 1995-2000. *Journal of Travel Research, 44*(1), 135-142.

Benjamin, R., & Wigand, R. (1995). Electronic markets and virtual value chains on the information superhighway. *Sloan Management Review (Winter, 1995)*.

Bennett, M., and Buhalis, D. (2003). The Future for Internet Travel Distribution: the travel agent perspective, Insights. *English Tourism Council*, 25-30.

Bennett, M. M., & Lai, C.-W. K. (2005). The Impact of the Internet on Travel Agencies in Taiwan. *Tourism and Hospitality Research, 6*(1), 8-23. doi: 10.1057/palgrave.thr.6040041

Berne, C., Garcia-Gonzalez, M., & Mugica, J. (2012). How ICT shifts the power balance of tourism distribution channels. *Tourism Management, 33*(1), 205-214. doi: 10.1016/j.tourman.2011.02.004

Beverland, M., & Lockshin, L. S. (2004). Crafting a competitive advantage: tempering entrepreneurial action with positioning - based values. *Qualitative Market Research: An International Journal, 7*(3), 172-182.

Bigne, J. E., Aldas, F., & Andreu, L. (2008). B2B services: IT adoption in travel agency supply chains. *Journal of Services Marketing, 22*(6), 454-464.

Blanke, J., & Chiesa, T. (2013). *The Travel & Tourism Competitiveness report 2013: Reducing barriers to economic growth and job creation.* Paper presented at The World Economic Forum.

Blum, B. S., & Goldfarb, A. (2006). Does the internet defy the law of gravity? *Journal of International Economics, 70*(2), 384-405. doi: 10.1016/j.jinteco.2005.10.002

Bogdan, S. T. a. R. (1984). Introduction to Qualitative Research Methods. *NY Wiley & Sons, 2nd*.

Boiţă, M., Ardelean, D., & Haiduc, C. (2011). Tourism role in economic growth. *Lucrări Ştiinţifice, Universitatea de Ştiinţe Agricole Şi Medicină Veterinară a Banatului, Timisoara, Seria I, Management Agricol, 13*(4), 227-232.

Bonn, M. A., Furr, H. L., & Susskind, A. M. (1998). Using the internet as a pleasure travel planning tool: an examination of the sociodemographic and behavioral characteristics among internet users and nonusers. *Journal of Hospitality & Tourism Research, 22*(3), 303-317. doi: 10.1177/109634809802200307

Bryman, A. (2014). *Triangulation*. Department of Social Sciences. Loughborough University. Leicestershire, UK. Retrieved from http://www.referenceworld.com/sage/socialscience/triangulation.pdf

Buhalis, D., & Law, R. (2008). Progress in information technology and tourism management: 20 years on and 10 years after the Internet—The state of eTourism research. *Tourism Management, 29*(4), 609-623. doi: http://dx.doi.org/10.1016/j.tourman.2008.01.005

Campbell, D. T., & Fiske, D. W. (1959). Convergent and discriminant validation by the multitrait-multimethod matrix. *Psychological Bulletin, 56*(2), 81.

Carbone, G., & Yunis, E. (2005). *Making tourism more sustainable: a guide for policy makers*. Paris: United Nations Environment Programme, Division of Technology, Industry and Economics.

Carr, L. T. (1994). The strengths and weaknesses of quantitative and qualitative research: what method for nursing? *Journal of Advanced Nursing, 20*(4), 716-721. doi: 10.1046/j.1365-2648.1994.20040716.x

Castillo-Manzano, J. I., & López-Valpuesta, L. (2010). The decline of the traditional travel agent model. *Transportation Research Part E: Logistics and Transportation Review, 46*(5), 639-649. doi: http://dx.doi.org/10.1016/j.tre.2009.12.009

Chakravarthi, J. S. K., & Gopal, V. (2012). Comparison of traditional and online travel services: A concept note. *IUP Journal of Business Strategy, 9*(1), 45-58.

Chen, Y. G., Chen, Z.-H., Ho, J. C., & Lee, C.-S. (2009). In-depth tourism's influences on service innovations. *International Journal of Culture, Tourism and Hospitality Research, 3*(4), 326-336.

Cheng, S., & Cho, V. (2011). An Integrated model of employees' behavioural intention toward innovative information and communication technologies in Travel Agencies. *Journal of Hospitality and Tourism Research, 35*(4), 488-510.

Cheung, R., & Lam, P. (2009). How travel agency survive in e-Business world. *Communications of the IBIMA, 10*, 85-92.

Cheyne, J., Downes, M., & Legg, S. (2006). Travel agent vs internet: What influences travel consumer choices? *Journal of Vacation Marketing, 12*(1), 41-57.

Chiam, M., Soutar, G., &, & Yea, A. (2009). Online and offline travel packages preferences. A conjoint analysis. *International Journal of Tourism Research, 11*(31-40).

Christodoulidou, N., Connolly, D. J., & Brewer, P. (2010). An examination of the transactional relationship between online travel agencies, travel meta sites, and suppliers. *International Journal of Contemporary Hospitality Management, 22*(7), 1048-1062.

Clemons, E. K., Hann, I. H., & Hitt, L. M. (2002). Price Dispersion and Differenciation in Online Travel : An Empirical Investigation. *management Science, 48*(4), 534-549.

Coulter, K. S. (2002). The effects of travel agent characteristics on the development of trust: A contingency view. *Journal of Travel & Tourism Marketing, 11*(4), 67-85.

Creswell, J. (2002). *Educational Research: Planning, Conducting, and Evaluating Quantitative and Qualitative Research.*: Saddle River, NJ: Prentice Hall.

Creswell, J. W., & Creswell, J. D. (2005). Mixed methods research: Developments, debates, and dilemmas. *Research in organizations: Foundations and methods of inquiry*, 313-326.

Crotts, J. C., Mason, P. R., & Davis, B. (2009). Measuring guest satisfaction and competitive position in the hospitality and tourism industry: An application of stance-shift analysis to travel blog narratives. *Journal of Travel Research, 48*(2), 139-151.

Cunnigham, L. F., Gerlach, J. H., Harper, M. D., & Young, C. E. (2005). Perceived risk and the consumer process: internet airline reservations. *International Journal of Service Industry Management, 16*(4), 357-372.

Dale, C. (2002). The competitive networks of tourism e-mediaries: New strategies, new advantages. *Journal of Vocation Marketing, 9*(2), 109-118.

Day, G. S., & Bens, K. F. (2005). Capitalizing on the internet opportunity. *Journal of Business & Industrial Marketing, 20*(4), 160-168.

DeMers, J. (2013). The Top 7 Online Marketing Trends That Will Dominate 2014.   Retrieved April 16, 2014, from http://www.forbes.com/sites/jaysondemers/2013/09/17/the-top-7-online-marketing-trends-that-will-dominate-2014/

Deng, S., & Lawson, R. (2000). Travel Agents' Attitudes Towards Automation and the Delivery of Service. *Asia Pasic Journal of Marketing and Logistic, 3*(5), 60 - 72.

Dolnicar, S., & Laesser, C. (2007). Travel agency marketing strategy: Insights from Switzerland. *Journal of Travel Research, 46*(2), 133-146. doi: 10.1177/0047287507299573

Doolin, B., Dillon, S., Thompson, F., & Corner, J. L. (2005). Perceived risk, the internet shopping experience and online purchasing behavior: A New Zealand perspective. *Journal of Global Information Management (JGIM), 13*(2), 66-88. doi: 10.4018/jgim.2005040104

Dorren, C., & Frew, A. (1997). A Qualitative Analysis of Hotel List Providers on the World Wide Web. In A. M. Tjoa (Ed.), *Information and Communication Technologies in Tourism 1997* (pp. 221-230): Springer Vienna

Dwyer, L., Edwards, D., Mistilis, N., Roman, C., & Scott, N. (2009). Destination and enterprise management for a tourism future. *Tourism Management, 30*(1), 63-74. doi: 10.1016/j.tourman.2008.04.002

141

eMarketer. (2008). Where have all the online travelers gone?   Retrieved October 22, 2014, from http://www.emarketer.com/Article/Where-Have-All-Online-Travelers-Gone/1006497

Euromonitor.    (2002).    Global    market    information    database.    from http://www.euromonitor.com/gmid/default.asp

Fien, J., Calder, M., & White, C. (2012). Sustainable tourism. *UNESCO.*   Retrieved November            03,            2014,            from http://www.unesco.org/education/tlsf/mods/theme_c/mod16.html

Font, X., Tapper, R., & Cochrane, J. (2006). Competitive strategy in a global industry: tourism. *Handbook of Business Strategy, 10*(11), 51-55.

Frost, F. A., & Shanka, T. (1999). Asian Australian student travel preferences: An empirical study. *Asia Pacific Journal of Tourism Research, 4*(2), 19-26.

Fu Tsang, N. K., Lai, M. T., & Law, R. (2010). Measuring e-service quality for online travel agencies. *Journal of Travel & Tourism Marketing, 27*(3), 306-323.

Fuentes, R., & Alvarez-Suarez, A. (2012). Productivity of travel agencies in Spain: the case of Alicante. *The Service Industries Journal, 32*(16), 2623-2640.

Gharavi, H., & Roger, M. D. S. (2004). Population ecology, institutionalism and the internet - Travel agencies evolving into middlemen. *Journal of Organisational Change Management, 19*(2), 104-118.

Gharavi, H., & Sor, R. M. D. (2006). Population ecology, institutionalism and the internet - Travel agencies evolving into middlemen. *Journal of Organisational Change Management, 19*(2), 104-118.

Granados, N. F., Kauffman, R. J., & King, B. (2008, 7-10 Jan. 2008). *The emerging role of vertical search engines in travel distribution: A newly-vulnerable electronic markets perspective.* Paper presented at the Proceedings of the 41st IEEE Annual Hawaii International Conference on System Sciences.

Gronflaten, O. (2009). Predicting travelers' choice of information sources and information channels. *Journal of Travel Research, 48*(2), 230-244.

Guadagno, R. E., & Cialdini, R. B. (2007). Persuade him by email but see her in person: Online persuasion revisited. *Computers in Human Behavior, 23*(2), 999-1015. doi: 10.1016/j.chb.2005.08.006

Harris, L., & Duckworth, K. (2005). The future of the independent travel agent: The need for strategic choice. *Strategic Change, 14*(4), 209-218.

Harteveldt, H. H. (2012). The Future Of Airline Distribution, A look ahead in 2017 *A Special Report Commissioned by IATA*: Atmosphere Research Group.

Harvey, M. (2013). So you think you are doing action research? Indicators of enactment of participatory action research in higher education (Vol. Vol. 19, No. 1, pp. 115-134): ALAR: action learning and action research journal.

Hatton, M. (2004). Redefining the relationships - The future of travel agencies and the global agency contact in a changing distribution system. *Journal of Vacation Marketing, 10*(2), 101-108.

Heung, V. C. S. (2003). Internet usage by international travellers: reasons and barriers. *International Journal of Contemporary Hospitality Management, 15*(7), 370-378.

142

Hilletofth, P., & Lattila, L. (2012). Agent-based decision support in the supply chain context. *Industrial Management & Data Systems, 112*(8), 1217-1235.

Hinchcliff, R. G., D; Moldovan, M (2012). Evaluation of current Australian health service accreditation processes (ACCREDIT-CAP): protocol for a mixed-method research project. *BMJ open, 2*(4), 1-9.

Hoffman, J. D. (1994). Emerging technologies and their impact on travel distribution. *Journal of Vacation Marketing, 1*(1), 95-103.

Hoffman, R. C., & Hegarty, W. H. (1993). Top management influence on innovations: Effects of executive characteristics and social culture. *Journal of Management, 19*(3), 549-574. doi: 10.1177/014920639301900303

Huang, L., Yung, C. Y., & Yang, E. (2011). How do travel agencies obtain a competitive advantage?: Through a travel blog marketing channel. *Journal of Vacation Marketing, 17*(2), 139-149.

Huang, S. S., & Hsu, C. H. C. (2009). Travel motivation: linking theory to practice. *International Journal of Culture, Tourism and Hospitality Research, 3*(4), 287-295.

Huang, Y., Song, H., Huang, G. Q., & Lou, J. (2012). A comparative study of tourism supply chains with quantity competition. *Journal of Travel Research*, 0047287512451138.

Hudson, S., Snaith, T., Miller, G. A., & Hudson, P. (2001). Distribution Channels in the Travel Industry: Using Mystery Shoppers to Understand the Influence of Travel Agencies Recommendations. *Journal of Travel Research, 40*, 148-154.

Inkpen, G. (1998). *Information technology for travel and tourism* (2nd ed.): Addison Wesley Longman Ltd.

Iyer, G. R., Miyazaki, A. D., Grewal, D., & Giordano, M. (2002). Linking Web - based segmentation to pricing tactics. *Journal of Product and Brand Management, II*(5), 288 - 302.

Joelle, D., Magali, D., & Emmanuel, F. (2007). The Travel Agent: Delivering More Value by Becoming an Operational, Risk Manager. In T. r. v. o. t. p. p. i. t. p. o. t. t. I. R. S. i. S. Management (Ed.), *Haute Ecole de Gestion de Geneve*.

John, M. (2009). Airfare Wars - Internet vs. Travel Agencies - Where is the best place to find best fares? *The Travel Insider*. From http://thetravelinsider.info/2002/0614.htm

Johns, N., Avcí, T., & Karatepe, O. M. (2004). Measuring service quality of travel agents: evidence from Northern Cyprus. *The Service Industries Journal, 24*(3), 82-100.

Kadic-Maglajlic, S., Arslanagic, M., & Cicic, M. (2011). Traditional Travel Agencies are not Beaten by E-Commerce: The Case of Bosnia and Herzegovina. *Sustainable Tourism: Socio-Cultural, Environmental and Economics Impact*, 159-168.

Kendall, K. W., & Booms, B. H. (2012). Consumer Perceptions of Travel Agencies: Communications, Images, Needs, and Expectations. *Journal of Travel Research, 3*(5), 32-40.

Kim, J., Bojanic, D. C., & Warnick, R. B. (2002). Price bundling and travel product pricing practices used by online channels of distribution. *Journal of Travel Research, 47*(4), 403-414.

Kim, W. G., & Lee, H. Y. (2005). Comparison of web service quality between online travel agencies and online travel suppliers. *Journal of Travel & Tourism Marketing, 17*(2-3), 105-116.

Konovalova, A. A., & Vidishcheva, E. V. (2013). Elasticity of demand in tourism and hospitality. *European Journal of Economic Studies, 4*(2), 84-89. doi: 10.13187/es.2013.4.84

Kozak, N. (2007). Transformation of tourism distribution channels: implications of e-Commerce for Turkish travel agencies. *Journal of Hospitality & Leisure Marketing, 15*(2), 95-119.

Kracht, J., & Wang, Y. (2010). Examining the tourism distribution channel: evolution and transformation. *International Journal of Contemporary Hospitality Management, 22*(5), 736-757.

Ku, E. C. S. (2010). Recommendations from a virtual community as catalyst agent of travel decisions. *Internet Research, 21*(3), 282-308.

Law, R., Guillet, B. D., & Leung, R. (2010). An analysis of the lowest fares and shortest durations for air-tickets on travel agency websites. *Journal of Travel & Tourism Marketing, 27*(6), 635-644.

Law, R., Leung, K., & Wong, J. (2004). The Impact of the Internet on travel agencies. *International Journal of Contemporary Hospitality Management, 16*(2), 100-107.

Lee, J. J.-Y., Sung, H. H., Defranco, A. L., & Arnold, R. A. (2005). Developing, operating, and maintaining a travel agency website: Attending to e-consumers and Internet marketing issues. *Journal of Travel & Tourism Marketing, 17*(2-3), 205-223.

Lehmann, E. E. Pricing Behaviour on the WEB: Evidence from Online Travel Agencies *Discussion Paper Series in Economic and Management*: German Economic Association of Business Administration - GEABA.

Lewis, I., Semeijn, J., & Talalayevsky, A. (1998). The impact of information technology on travel agents. *Transportation Journal*, 20-25.

Lin, C.-T. L. (2010). Examining e-travel sites: an empirical study in Taiwan. *Online Information Review, 34*(2), 205-228.

Lin, T.-C., & Brown, G. (2010). Market orientation and performance outcomes: an empirical study of travel agencies in Taiwan. *Asia Pacific Journal of Tourism Research, 15*(1), 79-94.

Lincoln, Y. G., EG. (1985). Naturalistic Inquiry (2nd ed.). Sage Publications: Newbury Park, CA

Lo, A., Cheung, C., & Law, R. (2002). Information search behavior of Hong Kong's inbound travelers- a comparison of business and leisure travelers. *Journal of Travel & Tourism Marketing, 13*(3), 61-81.

Longhi, C. (2008). Usages of the internet and e-tourism. Towards a new economy of tourism. Valbonne, France: HAL Archive.

Louro, M. J., Pieters, R., & Zeelenberg, M. (2007). Dynamics of multiple-goal pursuit. *Journal of personality and social psychology, 93*(2), 174.

Lowengart, O., & Reichet, A. (1998). Defining opportunities and threats in a changing information technology environment: The case of the travel agent. *Journal of Hospitality & Leisure Marketing, 5*(4), 57-71.

Lucas, P., Baird, J., Arai, L., Law, C., & Roberts, H. (2007). Worked examples of alternative methods for the synthesis of qualitative and quantitative research in systematic reviews. *BMC Medical Research Methodology, 7*(1), 1-7. doi: 10.1186/1471-2288-7-4

Ma, J. X., Buhalis, D., & Song, H. (2003). ICTs and Internet adoption in China's tourism industry. *International Journal of Information Management, 23*(6), 451-467. doi: 10.1016/j.ijinfomgt.2003.09.002

Marchet, G., Perego, A., & Perotii, S. (2010). An exploratory study of ICT adoption in the Italian freight transportation industry. *International Journal of Physical Distribution & Logistics Management, 39*(9), 785-802.

Mathison, S. (1988). Why Triangulate? *Educational Researcher, 17*(2), 13-17. doi: 10.3102/0013189x017002013

Maykut, P. S. (1994). *Beginning qualitative research: a philosophic and practical guide / Pamela Maykut and Richard Morehouse.*

Mayr, T., & Zins, A. H. (2009). Acceptance of online vs. traditional travel agencies. *Anatolia, 20*(1), 164-177.

Meyer, A. D., & Goes, J. B. (1988). Organizational assimilation of innovations: a multilevel contextual analysis. *Academy of Management Journal, 31*(4), 897-923.

Miller, G., Rathouse, K., Scarles, C., Holmes, K., & Tribe, J.. (2010). Public understanding of Sustainable tourism. *Annals of Tourism Research, 37*(3), 626.

Netessine, S., & Rudi, N. (2006). Supply chain choice on the internet. *Management Science, 52*(6), 844-864.

Nicolau, J. L. (2013). Direct versus indirect channels: Differentiated loss aversion in a high-involvement, non frequently purchased hedonic product. *European Journal of Marketing, 47*(1/2), 260-278.

Nippon, K. (2005). Big in Japan: Internet adds a new dimension to the customer organisation. *Strategic Direction, 21*(4), 19-21.

Nishimura, S., King, B., & Waryszak, R. (2008). The use of travel guidebooks by packaged and non-packaged Japanese travellers: A comparative study. *Journal of Vacation Marketing, 13*(4), 291-310.

Novak, J., & Schwabe, G. (2009). Designing for reintermediation in the brick-and-mortar world: Towards the travel agency of the future. *Electronic Markets, 19*(1), 15-29. doi: 10.1007/s12525-009-0003-5

Nusair, K. K., & Kandmpully, J. (2008). The antecedents of customer satisfaction with online travel services: a conceptual model. *European Business Review, 20*(4), 4-19.

Nvivo. (2012). Defining the Constant Comparative Method. *Nvivo Training.* Retrieved October 16, 2014, from http://www.nvivotraining.eu/content/defining-constant-comparative-method

Olsen, D. (2007). A Quantitative Research Method in Reception Theory in International Theatre. *Caribbean Quarterly, 53*(1/2), 181-193.

Onwuegbuzie, A., & Johnson, R. B. (2004). Mixed Methods Research: A Research Paradigm Whose Time has come. *Educational Researcher, 2*(4), 20-26.

Oppermann, M. (1999). Databased Marketing by Travel Agencies. *Journal of Travel Research, 37*(3), 231-237.

Park, S., Tussyadiah, I. P., Mazanec, J. A., & Fesenmaier, D. R. (2010). Travel personae of American pleasure travelers: A network analysis. *Journal of Travel & Tourism Marketing, 27*(8), 797-811.

Park, S., Wang, D., & Fesenmaier, D. (2011). Assessing structure in American online purchase of travel products. *Anatolia, 22*(3), 401-417.

145

Park, Y. A., Gretzel, U., & Sirakaya-Turk, E. (2007). Measuring web site quality for online travel agencies. *Journal of Travel & Tourism Marketing, 23*(1), 15-30.

Pearce, D. G., Tan, R., & Schott, C. (2007). Distribution channels in international markets: a comparative analysis of the distribution of New Zealand tourism in Australia, Great Britain and the USA. *Current Issues in Tourism, 10*(1), 33-60.

Perez, S. (2012). Google acquiring Frommer's travel brand: Zagat integration, Google+ improvements to follow. *Tech Crunch.* From http://techcrunch.com/2012/08/13/google-acquiring-frommers-travel-brand-more-google-improvements-likely-to-follow/

Perry, C. (1998). A Structured Approach for Presenting Theses. *Australasian Marketing Journal (AMJ), 6*(1), 63-85. doi: 10.1016/S1441-3582(98)70240-X

Planing, P. (2014). Quantitative Research Approach *Innovation Acceptance* (pp. 141-247): Springer Fachmedien Wiesbaden

Plonsky, L., & Gass, S. (2011). Quantitative Research Methods, Study Quality, and Outcomes: The Case of Interaction Research. *Language Learning, 61*(2), 325-366. doi: 10.1111/j.1467-9922.2011.00640.x

Poon, A. (1993). *Tourism, technology and competitive strategies*: CAB International.

Porter, M. E. (1998). *Competitive strategies: Techniques for analyzing industries and competitors* (1st ed.): Free Press, New York.

Porter, M. E. (2008). The five competitive forces that shape strategy. *Harvard business review, 86*(1), 25-40.

Prieger, J., & Heil, D. (2014). Economic Implications of e-Business for Organizations. *Handbook of Strategic e-Business Management* (pp. 15-53): Springer Berlin Heidelberg

Priskin, J. (2001). Assessment of natural resources for nature-based tourism: the case of the Central Coast Region of Western Australia. *Tourism Management, 22*(6), 637-648. doi: 10.1016/S0261-5177(01)00039-5

PWC. (2010). *Review of consumer protection in the travel and travel related services market.* Department of the Treasury, Government of Australia.

Rajamma, R. K., Paswan, A. K., & Ganesh, G. (2007). Services purchased at brick and mortar versus online, and shopping motivation. *Journal of Services Marketing, 21*(3), 200-212.

Rajasekar, J., & Raee, M. A. (2013). An Analysis of the telecommunication industry in the Sultanate of Oman using Michael Porter's competitive strategy model. *Competitiveness Review: An International Business Journal, 23*(3), 234-259.

Richman, D. M. (1997). Using pretreatment and posttreatment assessments to enhance and evaluate existing treatment packages. *Journal of Applied Behavior Analysis, 30*(4), 709.

Rittichainuwat, B. N., Qu, H., & Mongkhonvanit, C. (2007). A study of the impact of travel inhibitors on the likelihood of travelers' revisiting Thailand. *Journal of Travel & Tourism Marketing, 21*(1), 77-87.

Rodriguez, M. R. G., & Sámper, R. M. (2012). Analysis of the efficiency of Spanish travel agencies. *Electronic Journal of Applied Statistical Analysis, 5*(1).

Roy-Morgan. (2014a). Asian-born Australians are heading overseas for holidays. *Roy Morgan Research.* Retrieved November 04, 2014, from http://www.roymorgan.com.au/findings/5558-asian-born-australians-heading-overseas-for-holiday-201404292240

Roy-Morgan. (2014b). Do bricks and mortar travel agents have a future? *Roy Morgan Research.* Retrieved November 04, 2014, from http://www.roymorgan.com/findings/5760-overseas-travel-booking-methods-australia-june-2014-201408270515

Roy-Morgan. (2014c). Online travel's new dynamic duo: Expedia and Wotif. *Roy Morgan Research.* Retrieved November 04, 2014, from http://www.roymorgan.com/findings/5673-online-travels-new-dynamic-duo-expedia-wotif-201407092352

Ruiqi, Z., & Adrian, P. (2009). USING SERVQUAL TO MEASURE THE SERVICE QUALITY OF TRAVEL AGENTS IN GUANGZHOU, SOUTH CHINA. *Journal of Services Research, 9*(1), 87-107.

Ruiz-Molina, M.-E., Gil-Saura, I., & Moliner-Velazquez, B. (2010). The role of information technology in relationships between travel agencies and their suppliers. *Journal of Hospitality and Tourism Technology, 1*(2), 144-162.

Saglietto, L. (2009). When competitiveness can be approached with specific social networks. *Competitiveness Review: An International Business Journal, 19*(4), 304-322.

Salkever, A. (2002). Where travel agents soar above the web. From http://www.businessweek.com/stories/2002-05-20/where-travel-agents-soar-above-the-web

Schiaffino, S., & Amandi, A. (2009). Building an expert travel agent as a software agent. *Expert Systems with Applications, 36*(2), 1291-1299.

Schmidt, A. M., Dolis, C. M., & Tolli, A. P. (2009). A matter of time: Individual differences, contextual dynamics, and goal progress effects on multiple-goal self-regulation. *Journal of Applied Psychology, 94*(3), 692.

Sekaran, U. (2000). *Research Methods for Business*: New York: John Wiley & Sons.

Sen, W., Pokharel, S., & YuLei, W. (2004). Supply chain positioning strategy integration, evaluation, simulation, and optimization. *Computers & Industrial Engineering, 46*(4), 781-792. doi: 10.1016/j.cie.2004.05.009

Sheldon, P. J. (1997). *Tourism information technology*: Cab International.

Siebenaler, C. T., & Groves, D. L. (2002). Travel Agents and Their Survival. *Journal of Human Resources in Hospitality & Tourism, 1*(1), 1-16.

Sigala, M. (2007). Investigating the interne's impact on interfirm relations: Evidence from the business travel management distribution chain. *Journal of Enterprise Information Management, 20*(3), 335-355.

Smith, K. A. (2007). Distribution channels for events: Supply and demand side perspectives. *Journal of Vacation Marketing, 13*(4), 321-338.

147

So, S.-I., & Lehto, X. Y. (2007). The situational influence of travel group composition: Contrasting Japanese family travelers with other travel parties. *Journal of Travel & Tourism Marketing, 20*(3-4), 79-91.

Soteriades, M. (2012). Tourism destination marketing: approaches improving effectiveness and efficiency. *Journal of Hospitality and Tourism Technology, 3*(2), 107-120.

Standing, C., & Vasudavan, T. (1999). Internet Marketing Strategies use by travel agencies in Australia. *Journal of Vacation Marketing, 6*(1), 21-32.

Standing, C., & Vasudavan, T. (2001). The impact of electronic commerce on the travel agency sector. *Journal of Information Technology Case and Application Research, 3*(1), 40-55.

Stephenson, P. L., & Taylor, M. V. (2013). Traveler's health information on the Internet. *Journal of Consumer Health On the Internet, 17*(4), 410-418.

Tarofder, A. K., Marthandan, G., Mohan, A. V., & Tarofder, P. (2013). Web Technology in supply chain: an empirical investigation. *Business Process Management, 19*(3), 431-458.

Tashakkori, A., & Teddlie, C. (2010). *Sage Handbook of mixed methods in social & behavioral research*: Sage.

Thao, H. T. P., & Swierczek, F. W. (2008). Internet use, customer relationships and loyalty in Vietnamese travel industry. *Asia Basic Journal of Marketing and Logistic, 20*(2), 190-210.

Thurau, T. H., Malthouse, E. C., Christian, F., Lobschat, L., Rangaswamy, A., & Skiera, B. (2010). The Impact of New Media on Customer Relationships. *Journal of Services Research, 13*(3), 311-330.

Tourism. (2014). *Merriam-Webster Dictionary.* Retrieved June 11, 2014, from http://www.merriam-webster.com/dictionary/tourism

TRA. (2014). *Tourism Update March Quarter 2014: Updated results to 'State of the Industry 2013'.* Canberra: Tourism Research Australia Retrieved from http://www.tra.gov.au/documents/State-of-the-industry/Tourism_Update_March_Qtr_2014_FINAL.pdf.

Trejos, N. (2011). Travelers turn back to travel agents. from http://www.washingtonpost.com/lifestyle/travel/travelers-turn-back-to-travel-agents/2011/04/25/AFZcLM8F_story.html

Trejos, N. (2014). Travel agents still play a vital role for business travelers. From http://www.usatoday.com/story/travel/2014/01/06/not-all-travelers-want-to-be-their-own-travel-agents/4329955/

Trivedi, M., Morgan, M. S., & Desie, K. K. (2008). Consumer's value for informational role of the agent in the service industry. *Journal of Services Marketing, 22*(2), 149-159.

Tsiotsou, R., & Ratten, V. (2010). Future research directions in tourism marketing. *Marketing Intelligence & Planning, 28*(4), 533-544.

UNWTO. (2001). Global Code of Ethics for Tourism. from http://www.unwto.org/ethics/index.php

UNWTO. (2011). World Tourism Barometer, Statistical Annex (Vol. 12).

UNWTO. (2013). International tourism receipts grew by 4% in 2012. From http://media.unwto.org/en/press-release/2013-05-15/international-tourism-receipts-grew-4-2012

Vasudavan, T., & Standing, C. (1999). The impact of the Internet on the role of travel consultants. *Participation & Empowerment: An International Journal, 7*(8), 213-236.

Vinod, B. (2011). The future of online travel. *Journal of Revenue & Pricing Management, 10*(1), 56-61. doi: 10.1057/rpm.2010.41

Vokins, D. (2010). Integrating perceptions of best practice: running an SME business in the distinctive COTS application software sector| Macquarie University ResearchOnline.

Vrana, V., & Costas, Z. (2006). Tourism agents' attitudes on internet adoption: an analysis from Greece. *International Journal of Contemporary Hospitality Management, 18*(7), 601-608.

Wei, J., & Ozok, A. (2005). Development of a web-based mobile airline ticketing model with usability features. *Industrial Management & Data Systems, 105*(9), 1261-1277.

Weinhardt, J. M., & Vancouver, J. B. (2012). Computational models and organizational psychology: Opportunities abound. *Organizational Psychology Review, 2*(4), 267-292. doi: 10.1177/2041386612450455

Wen, I. (2012). An empirical study of an online travel purchase intention model. *Journal of Travel & Tourism Marketing, 29*(1), 18-39.

Widdowson, M. (2012). Perceptions of psychotherapy trainees of psychotherapy research. *Counselling & Psychotherapy Research, 12*(3), 178-186. doi: 10.1080/14733145.2012.697473

Wong, K. K. F., & Kwan, C. (2001). An analysis of the competitive strategies of hotels and travel agents in Hong Kong and Singapore. *International Journal of Contemporary Hospitality Management, 13*(6), 293-303.

Wymbs, C. (2000). How e-commerce is transforming and internationalizing service industries. *Journal of Services Marketing, 14*(6), 463-478.

Xiang, Z., Gretzel, U., & Fesenmaier, D. R. (2009). Semantic Representation of Tourism on the Internet. *Journal of Travel Research, 47*(4), 440-4530.

Yakhlef, A. (2001). Does the Internet compete with or complement bricks and mortar bank branches? *International Journal of Retail & Distribution Management, 29*(6), 272-281.

Yang, S., Hauang, G. Q., Song, H., & Liang, L. (2009). Game- Theoretic Approach to Competition Dynamics in Tourism Supply Chains. *Journal of Travel Research, 47*(4), 425-439.

Yen, H. J. R., & Gwinner, K. P. (2003). Internet retail customer loyalty: the mediating role of relational benefits. *International Journal of Service Industry Management, 14*(5), 483-500.

Yihu, W., Jiajia, L., Dan, Y., & Haitao, C. (2011). Research on Quantitative Method about Driver Reliability. *Journal of Software (1796217X), 6*(6), 1110-1116. doi: 10.4304/jsw.6.6.1110-1116

149

Yoon, M. G., Yoon, D. Y., & Yang, T. W. (2006). Impact of e-business on air travel markets: Distribution of airline tickets in Korea. *Journal of Air Transport Management, 12*(5), 253-260. doi: 10.1016/j.jairtraman.2006.07.002

Zhang, Q. Z., & Morrison, A. (2007). How can the small to medium sized travel agents stay competitive in China's travel service sector? *International Journal of Contemporary Hospitality Management, 19*(4), 275-295.

Zhang, X., Song, H., & Huang, G. Q. (2009). Tourism supply chain management: A new research agenda. *Tourism Management, 30*(3), 345-358.

Zhang, Z. (2004). Organizing customers: Japanese travel agencies are marketing on the internet. *European Journal of Marketing, 38*(9), 1294-1303.

# Appendix A – Travel Agent Questionnaires

# Letters to Travel Agents

Dear Sir/Madam,

I am inviting you to participate in a research project that is a very important part of my Professional Doctoral degree at the Macquarie Graduate School of Management (MGSM) and focuses on the use of Information Technology (ICT) by Travel Agents in Australia and its impact on their businesses.

The travel and tourism business has changed dramatically in recent years due to the Internet. Over the last ten years much has altered in the travel business and this has resulted in the successful establishment of a new type of travel agents: specifically on-line agencies and airlines selling their tickets directly via the Internet. This shift has resulted in increased pressure on physically established traditional (B&M) agencies, forcing many closures and mergers into bigger groups.

At the same time, many large travel agencies have abandoned the plain B&M strategy and included on-line channels, providing both face-to-face and Internet-based consultation and sales to clients.

My research aims to identify the main competitive concerns of travel agents in Australia and preferences of their customers given the rich new range of options they now have for arranging their travel. In particular, I will be looking at the issue of which types of consumer still prefer to deal directly with travel agents face-to-face and why.

We randomly selected you as a potential participant to fill a questionnaire about your travel agency running experience for the last few years. I hope that you will kindly agree to be involved and answer questions to the best of your knowledge and understanding. All responses will be kept confidential and the returns will be held securely and accessed only by my University and myself. The questionnaire will take only approximately ten minutes to complete.

To thank you for your participation, I will hold a lucky draw at the end of the study. Three lucky winners will receive a free lunch/dinner voucher worth $50 for two at a premium

restaurant in your respective city. Should you have any enquiries or concerns about this survey, could you

Yours sincerely

**Kevin Kayani**

**Candidate, Doctor of Business Administrator**

**Macquarie University, Sydney**

# Consent Form

## Questionnaire for Travel Agents

I have read the introduction and information letter attached to this questionnaire and agreed to participate in the research study and give my consent freely. I fully understand that the study will be set out as stated in the information statement, a copy of which I have retained. I also realize that I can withdraw from the study at any time and that I do not have to give any reasons for withdrawing. I have to answer all questions to my agreement and satisfaction. I am confident that all information provided by me will be treated in strict confidential manner. Data will be aggregated, no names will be stated in any reports and results will only be used for academic purposes. All data collected will be securely stored on the premises of Macquarie University

Only the researcher and his supervisor will have access to the data collected.

(Participant) Signature: _____

Date: _____

If you have any enquiries or concerns about this survey, could you please contact MGSM Research office at 02-9850 9038 or Fax: 02 9850 9019.

Yours sincerely

Kevin Kayani

Student

Doctor of Business Administrator

Macquarie University, Sydney

## Travel Agent Personal Information:

Kindly fill out all the fields as this will help us to capture accurate data. Please tick ☑ your selected fields.

1.  Gender:        □ Male / □ Female

2.  Please specify your age group:

    a. □ 20 - 35 b.   □ 36 - 50 c.   □ 51 - 65 d.   □ > 65

3.    Please specify your highest <u>tourism</u> related education/ training (please tick all relevant)

    a.   □ Certificate Program b.   □ Diploma

    c.   □ Advanced Diploma

    d.   □ IATA approved Diploma e.   □ Graduate Diploma

    f.   □ Degree related to Tourism Industry g.   □ None

4.  Current or most recent job status?

    a.   □ Executive

b.  □ Non-executive manager

c.  □ Owner

d.  □ Employee

5.  Please indicate the number of years that you have been working in the travel industry? (tick one)

   a.  □ Less than 1 year  b.  □ 1 – 3 years  c.  □ 4 – 6 years  d.  □ Above 7 years

6.  Please indicate how long you have been working for the current travel agency?

   a.  □ Less than 1 year b.  □ 1 – 3 years  c.  □ 4 – 6 year  d.  □ Above 7 years

## Travel Agency (B&M) related Questionnaire

7. Where exactly is your travel agency located?

        a) □ CBD

        b) □ Inner-suburb

        c) □ Outer-suburb

        d) □ Rural town

8. How many travel bookings does your travel agency make in a day? (Those which actually convert into a sale, please tick one).

        a. □ 1 - 10 b. □ 11 - 20 c. □ 21 - 30

        d. □ Above 30

9. Please specify the total average sales per year of your travel agency for the last five years. (Please tick, in AUD).

        a. □ Less than 100K

        b. □ 100-499K

        c. □ 500-999K

        d. □ >=1M

10. How do you describe the present position of your Travel Agency? (is it still a profitable venture or struggling to breakeven, please tick one)

        a. □ Worse     b. □ About the same     c. □ Better    d. □ Much better

11. How is your travel agency situation in comparison to how it was 3 years ago?

    a. □ Worse    b. □ About the same    c. □ Better  d. □ Much better

12. For your customers, which travel related services do you offer?

    (please tick all relevant)

    a.  □ Travel tickets b.  □ Tour packages c.  □ Rent a car

    d.  □ Hotel accommodation

    e.  □ Coach tours

    f.  □ Adventure tours

    g.  □ Holiday packages (sight-seeing, etc.)

    h.  □ Travel insurance

    i.  □ Travel using other modes (e.g. cruises, ferries, train, bus, etc.)

    j.  □ Other

13. What travel related services has your travel agency added in the last three years?

(To retain existing customer base or attract new clientele, please tick all that are relevant)

    a.  □ Travel tickets

    b.  □ Tour packages

c.  □ Rent a car

d.  □ Hotel accommodation

e.  □ Coach tours

f.  □ Adventure tours

g.  □ Holiday packages (sight-seeing, etc.)

h.  □ Travel insurance

i.  □ Travel using other modes (e.g. cruises, ferries, train, bus, etc.)

j.  □ Other

14. Do you have a website? ( if No then go to question 17)

   a. □ Yes   b. □ No

15. Can your customers purchase your products directly through your website?

   a.  □ Yes   b.  □ No

16. What percentage of revenue is generated through your website?

   a.  □ 0 – 20%

   b.  □ 21 – 40%

   c.  □ 41% and above

17. What kind of trips do your customers mostly book?

   a.  □ Business

   b.  □ Private (e.g. for vacation or pleasure)

18. Which class do they mostly travel other than Economy? (tick one)

    a. □ First    b. □ Business    c. □ Economy Plus    d. □ Economy

19. For business customers, who makes the decision to use a Travel Agent, Online Website or an Airline to book their tickets? (tick one)

    a. □ The company always b.  □ The company mostly

    c. □ About 50:50 company and customer d.  □ The customer mostly

    e. The customer always

20. Which of the following associated services do you most often sell apart from selling tickets? (tick one)

    a. □ Rent a Car b.  □ Hotel

    c. □ Baggage Insurance d.  □ None

21. Which of the following are important to your clients selecting flights?

| Items | |
|---|---|
| Company loyalty? | |
| Schedule convenience [Covers | |
| Ticket price | |
| Airline Frequent flyer | |
| Airplane preference | |
| Cabin comfort | |
| Check-in ease | |
| Leg space between seats | |
| In-flight service quality | |
| Airline Lounge | |

22. To buy airline flight tickets, do you think more and more customers will move towards the Internet in future? (i.e., buy using online travel agencies, tick one)

    a.  □ Yes       b.  □ No

23. How likely is it that your existing customer base will move towards online travel agencies in future? ( based on your existing customer relations and performance of your travel agency in the last few years, tick one)

    a.   □ Very likely     b.   □ Quite likely     c.   □ Not sure

    d.   □ Quite unlikely    e.   □ Very unlikely

24. In which of the following circumstances do your customers generally purchase from you face-to-face over rather than from an online travel agent or airline? (tick all relevant)

    a.   □ Complex international (multi-sector) booking

    b.   □ Ticketing with accommodation

    c.   □ Traveling to a new destination  d.   □ Discount fares

    e.   □ Travelling with family or friends

    f.   □ Looking for more a customized service

    g.   □ Travelling for a longer period (e.g. for vacations)

    h.   □ A desire for personalized service

    i.   □ When not satisfied with Internet security

    j.   □ A desire to deal with a travel expert one-on-one

k.  □ When the customer is likely to make itinerary changes

l.  □ The agent has an online website as well.

25. Do you agree that the role of a travel agent has changed since the introduction of the Internet (e.g. they now offer significantly different services in order to remain competitive)?

a.  □ Yes

b.  □ No

c.  □ Not sure

26. Which of the following factors have helped travel agents survive the last five years? (tick only **three**)

    a.    □ Services targeted at specific (e.g ethnic or age-based) groups

    b.  □ Many people are still uncomfortable using computers or the Internet

    c.  □ Lower and more competitive fares and deals

    d.  □ Personalized services

    e.  □ Follow-up is easier with agents

    f.    □ Better package deals

    g.    □ Person to person communication (i.e. the "human touch")

    h.    □ Secure transactions

    i.  □ Clever use of customer knowledge (because they are in a position to know more about their customers)

    j.    □ Their expert knowledge of the travel and tourism industry

    k.  □ Both one-on-one and Web presence at the same time.

27. Do frequent flyer /cruise loyalty/ hotel membership cards influence a customer purchase decision?

    a.  □ Very likely    b.  □ Quite likely    c.  □ Not sure

    d.  □ Quite unlikely  e.    □ Very unlikely

163

28. What kinds of information about their destination do your customers expect to get from you? You may tick more than one answer.

    a.  □ About weather

    b.  □ About traditions

    c.  □ About local food, bars and restaurants

    d.  □ About security and potential dangers

    e.  □ About transport

    f.   □ About places to visit, attractions and activities

29. In your opinion, which of the following factors would most likely prompt a customer to purchase online rather than from an agency face-to-face?

a.  □ Better prices

b.  □ Better information online

c.  □ Guarantee of secure transaction processing

d.  □ Improved Internet connections and speed

e.  □ Improved computer usage skill

f.   □ Change of personnel (e.g. a person whom a customer was comfortable dealing with has resigned or transferred)

g.  □ Change of office location h.  □ Other

30. Once back from travel, do you record any post-trip information in customer files (e.g. information passed on to you regarding activities, restaurants etc. enjoyed or otherwise)?

a.  □ Yes      b.  □ No

31. Do you have a feedback system (i.e., you routinely contact customers post-trip to gather comments about travel, accommodation or anything else booked through you)?

a.  □ Yes b.  □ No

32. How often do you send marketing information (email messages) to your customers? (About new products, services, specials, etc. please tick one).

a.  □ Once a week b.  □ Once a month c.  □ Occasionally d.  □ Never

33. Do you have any CRM (customer relationship management) software* installed? (if Yes then go to question 35, please tick one)

a.  □ Yes b.  □ No

*CRM software is generally used to automatically match customer preferences (based, for example, on purchase history and/or feedback) to product offerings and alert the customer of purchase possibilities.

34. If you selected No, then do you plan to install such a system in the near future?

a.  □ Yes b.  □ No

35. In the current market situation would you advise anyone to start a new (traditional, bricks- and-mortar) travel agency? (Please select one)

a.  □ Yes – regardless of the start-up option

b.  □ Yes - but only a franchise of an established group

c.  □ Yes  - but only a buy-out an established travel agency

d.  □ No – under no circumstances

You have completed the survey. Thank you for your valuable time and opinions.

To study further, we will conduct in-depth interviews from few participants. Participation to that is totally non obligatory and voluntary. Each interview would take between thirty minutes to an hour and requires each participant to sign an Information and Consent form. Each interview would take between thirty minutes to an hour and requires each participant to sign an Information and Consent form. Furthermore, your interview will also be recorded (audio) to ensure quality purposes only.

Are you willing to participate in an in-depth interview?

      a. □ Yes

      b. □ No

Thank you very much for sparing your valuable time!

# Appendix B – Traveller Questionnaires

# Letters to Travellers / Consumers

Dear Sir/Madam,

I am inviting you to participate in a research project that is a very important part of my Professional Doctoral degree at the Macquarie Graduate School of Management (MGSM) and focuses on the use of Information Technology (ICT) by Travel Agents in Australia and its impact on their businesses.

The travel and tourism business has changed dramatically in recent years due to the Internet. Over the last ten years much has altered in the travel business and this has resulted in the successful establishment of a new type of travel agents: specifically on-line agencies and airlines selling their tickets directly via the Internet. This shift has resulted in increased pressure on physically established traditional (B&M) agencies, forcing many closures and mergers into bigger groups. At the same time many large travel agencies have abandoned the plain B&M strategy and included on-line channels, providing both face-to-face and Internet-based consultation and sales to clients.

My research aims to identify the main competitive concerns of travel agents in Australia and preferences of their customers given the rich new range of options they now have for arranging their travel. In particular, I will be looking at the issue of which types of consumer still prefer to deal directly with travel agents face-to-face and why.

We randomly selected you as a potential participant to fill a questionnaire about your travel related experience for the last few years. I hope that you will kindly agree to be involved and answer questions to the best of your knowledge and understanding. All responses will be kept confidential and the returns will be held securely and accessed only by myself and my University. The questionnaire will take only approximately ten minutes to complete.

To thank you for your participation, I will hold a lucky draw at the end of the study. Three lucky winners will receive a free lunch/dinner voucher worth $50 for two at a

premium restaurant in your respective city. Should you have any enquiries or concerns about this survey, could you please contact: MGSM Research office at 02-9850 9038 or Fax: 02 9850 9019.

Yours sincerely

Kevin Kayani

Candidate

Doctor of Business Administrator

Macquarie University, Sydney

# Consent Form

## Questionnaire for travel consumers

I have read the introduction and information letter attached to this questionnaire and agreed to participate in the research study and give my consent freely. I fully understand that the study will be set out as stated in the information statement, a copy of which I have retained. I also realize that I can withdraw from the study at any time and that I do not have to give any reasons for withdrawing. I have to answer all questions to my agreement and satisfaction. I am confident that all information provided by me will be treated in strict confidential manner. Data will be aggregated, no names will

be stated in any reports and results will only be used for academic purposes. All data collected will be securely stored on the premises of Macquarie University Only the researcher and his supervisor will have access to the data collected.

Participant Signature:_ _____

Date: _____

If you have any enquiries or concerns about this survey, could you please contact MGSM Research office at 02-9850 9038 or Fax: 02 9850 9019.

Yours sincerely


Kevin Kayani

Student

Doctor of Business Administrator

Macquarie University, Sydney

### Customer Personal Information:

Kindly fill all the fields, as this will help us to capture accurate data. Please tick ☑ your selected fields.

1. Gender:     □ Male / □ Female

2. Please specify your age group:

    a.  □ 20 - 35  b.  □ 36 – 50  c.  □ 51 - 65  d.  □ >65

3. Please specify your household income per year (please circle, in AUD):

    a.  □ Less than 18K

    b.  □ 18-50K

    c.  □ 51-100K

    d.  □ >100K

4. Please specify your highest education level:

    a.  □ High School

    b.  □ Associate Degree c.  □ Bachelors Degree

    d.  □ Graduate Diploma e.  □ Masters Degree

    f.  □ Doctoral Degree

5. Current or most recent job level?

    a.  □ Executive

b. □ Non-executive manager

c. □ Owner

d. □ Employee

## Traveling Experience:

6. How often do you travel (where travel involves a booking of some sort)?

a. □ Never

b. □ Once a year or less

c. □ Approximately monthly

d. □ More frequently than monthly

7. What kind of trips do you take most often?

a. □ Business

b. □ Private (e.g. for vacation or pleasure)

8. Which class do you usually travel?

    a. □ First Class   b. □ Business   c. □ Economy Plus   d. □ Economy

9. Are you a Frequent Flyer member?

    a. □ Yes b. □ No

10. Are you a member of an Airline lounge?

    a. □ Yes b. □ No

11. Who made the decision to use a travel Agent, Online Website or an Airline to book your tickets?

a.  □ My company     b.  □ My company but I can influence the choice

c.  □ I choose sometime     d.  □ I choose always

12. Which of the following associated services you often use apart from buying tickets from the same source?

    a.  □ Rent a Car     b.  □ Hotel

    c.  □ Baggage Insurance d.  □ None

13. What is the most important of the following to you selecting flights?

| Items | |
|---|---|
| Company loyalty? | |
| Schedule convenience [Covers | |
| Ticket price | |
| Airline Frequent flyer | |
| Airplane preference | |
| Cabin comfort | |
| Check-in ease | |
| Leg space between seats | |
| In-flight service quality | |
| Airline Lounge | |

14. Which of the following do you use when planning and booking your trip (tick all that apply)?

     a.  □ Travel Agent (B&M)

     b.  □ Online Agency

     c.  □ Directly from Airline

     d.  □ Other

15. Which of the following do you *mostly* use when planning and booking your trip (tick one only)?

     a.  □ Travel Agent (B&M)

     b.  □ Online Agency

     c.  □ Directly from Airline

     d.  □ Other

## Ticket buying experience (Online):

16. Have you ever purchased anything (e.g. airline tickets, movie tickets) online?

     a.  □ Yes b.  □ No

17. How was your online buying experience?

     a.  □ Extremely Poor

     b.  □ Poor

     c.  □ Average

d.   □ Good

e.   □ Excellent

18. In your opinion what is the single most important factor for using Internet to plan your trip?

| | |
|---|---|
| a. Ease of use (i.e. convenience) | 1 |
| b. Lower prices | 1 |
| c. Comparison between airlines  offerings | 1 |
| d. Better package deals | 1 |
| e. No travel agent in your vicinity | 1 |
| f. Better information about available products | 1 |
| g. Customized products | 1 |

19. To buy airline flight tickets, do you think more and more customers will move towards the

Internet in future?

a.   □ Yes    b.   □ No

## Ticket buying experience (Travel Agent B&M):

20. Have you ever purchased with a travel agent (B&M) before?

    a.  □ Yes

    b.  □ No

21. How frequently do you contact  a travel agency to arrange your vacation?

    a.  □ Always

    b.  □ Often

    c.  □ Sometimes

    d.  □ Rarely

    e.  □ Never

**Ticket buying experience (Travel Agent B&M):**

22. Which of the following you consider for buying with a (B&M) travel agent over a virtual travel agent or airline? (tick all relevant)

    a. ☐ Complex international (multi-sector) booking

    b. ☐ Ticketing with accommodation

    c. ☐ Traveling to a new destination

    d. ☐ When lower priced tickets are offered

    e. ☐ Travelling with family or friends

    f. ☐ Looking for more a customized service

    g. ☐ Travelling for a longer period (e.g. for vacations)

    h. ☐ Personalized service

    i. ☐ Not satisfied with Internet security

    j. ☐ Dealing with a travel expert one-on-one

    k. ☐ I can use the agent to make itinerary changes

    l. ☐ The agent has an online website as well

23. Do you agree that the role of a travel agent has changed since the introduction of the Internet (e.g. they now offer significantly different services in order to remain competitive)?

    a. ☐ Yes

    b. ☐ No

24. Which of the three most important factors helping Travel Agents survive in the last five years? (Circle only three)

a. □ Services targeted at specific (e.g ethnic or age-based) groups

b. □ Many people are still uncomfortable using computers or the Internet

c. □ Lower rates

d. □ Personalized services

e. □ Follow-up  is easier with agents

f. □ Better package deals

g. □ Person to person communication (i.e. the "human touch")

h. □ Secure transaction

i. □ Clever use of customer knowledge (because they are in a position to about their customers)

j. □ Their expert knowledge of the travel and tourism industry

k. □ Both one-on-one and Web presence at the same time.

25. What kind of information about the destination do you expect to get from a travel agent? You may choose more than one answer.

a. □ About weather

b. □ About traditions

c. □ About local food, bars and restaurants

d. □ About currency

e. □ About dangers

f. □ About transport

g. □ About places to visit, attractions and activities

26. Which of the following is the most important factor of buying a ticket from travel agent?

    Please select only one.

    a.  □ Has all your past information and uses them to customize offer

    b.  □ Has better prices than virtual agencies

    c.  □ Offers better information than virtual agencies

    d.  □ Other

27. How many times on average do you go online before booking the trip?

    a.  □ 1   b.  □ 2    c.  □ 3 or more

28. Before buying tickets from any source, do you use Internet to plan and prepare your trips?

    a.  □ Yes

    b.  □ No

    c.  □ Sometimes

29. Last time when you used a travel agent (person-to-person rather than online) how would you regard the following?

<div align="center">High                                                Low</div>

| | | | | | | |
|---|---|---|---|---|---|---|
| Speed in getting through to Agent | 2 | 3 | 4 | 5 | 6 | |
| Helpfulness of Agent | 2 | 3 | 4 | 5 | 6 | 7 |
| Courtesy of Reservation | 2 | 3 | 4 | 5 | 6 | |
| Accuracy of flight information | 2 | 3 | 4 | 5 | 6 | 7 |
| Accuracy of fare information | 2 | 3 | 4 | 5 | 6 | 7 |

30. Once back from travel, does your travel agent record any post-trip information in his/her files

(e.g. information you pass on regarding activities, restaurants etc. you enjoyed)?

    a.   □ Yes

    b.   □ No

31. Does your travel agent have a feedback system (i.e. are you contacted after a trip to see whether all went well)?

        a.   □ Yes        b.   □ No

32. How often do you receive marketing information (email messages) from your travel agent

    a. □ Once a week

    b. □ 2 to 3 times a month

    c. □ Once a month

    d. □ Never

(tick only one)

    a. □ Using smart phone (Ipad/Iphone/etc.)

    b. □ Person-to-person with travel agent

    c. □ Internet from home

    d. □ Internet (intranet) from work

    e. □ Airlines reservations (1-800)

    f. □ Electronic Ticket Delivery Machine (ETDM)

To study further, we will conduct in-depth interviews with few participants. Participation to that is totally non obligatory and voluntary. Each interview would take between thirty minutes to an hour and requires each participant to sign an Information and Consent form. Furthermore, your interview will also be recorded (audio) to ensure quality purposes only.

**Are you willing to participate in an in-depth interview?**

        a. □Yes

        b. □No

Thank you very much for sparing your valuable time!

*The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone [02] 9850 7854, fax [02] 9850 8799, email: ethics@mq.edu.au). Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.*

# Research Questionnaire

"Impact of ICT on Travel Agents in Australia
- a study of changes in their Supply Chain
Positioning"

| Can you spare 10 minutes? |
| --- |

If Yes then please fill out the form on any
computer in the classroom.
Simply go to www.nicon.com/travel-
questionnaire2.html (in hyperlink form)

**Win $50 Lunch/ Dinner Voucher for 2 at a place of your choice!**

Please fill out the form on voluntary basis
and you should be above 18years of age.

Thank you for your support!

Kevin Kayani
Doctor of Business Administration Student
Macquarie University, Sydney
Mobile: 0405330034

MGSM

HDR

MACQUARIE UNIVERSITY   NSW   2109

Phone: +61 (2) 98509038

Email:  research@ mq.edu.au

Kevin Kayani / Dr. Carmel Herington

Mr. / Dr.

## Information and Consent Form

"Impact of ICT on Travel Agents in Australia - a study of changes in their Supply Chain Positioning"

Dear Sir/Madam,

I take the privilege to remind you that last week while completing questionnaire on the impact of ICT on Travel Agents in Australia. You have shown interest to attend a half an hour semi structured in-depth interview.

I do understand that you have a very busy schedule; however I ensure you that your time and comments are of extremely importance to us and to understand changes in the travel industry. Therefore, your participation is highly appreciated.

In the study you will be asked simple questions about the past, present and future of travel agents, their changes in the supply chain positioning, etc. What strategies they are adopting to keep themselves competitive against online travel agents. About maintaining customer databases and also customer relationship management.

The research will be conducted by Kevin Kayani, student of Doctor of Business Administration Department, MGSM, Macquarie University, mobile: 0434043404, email: kkayani@hotmail.com and Chief investigator: Professor Carmel Herington, Associate Professor of Marketing, MGSM. Tel: 02 98508989  and email: Carmel.herington@mgsm.edu.au. The study is being conducted to meet the requirements of degree of Doctor of Business Administration.

All information gathered will be strictly treated confidential and anonymous. No individual will be identified in any publication of the results. Only concerned persons at MGSM will have access to the information. A summary of the results of the data can be made available to you on request after completion of the study and inform of a printed/ electronic thesis.

Participation in this study is entirely voluntary: you are not obliged to participate and if you decide to participate, you are free to withdraw at any time without having to give a reason and without consequence.

I,        *(participant's name)*                have read and understand the information above and any questions I have asked have been answered to my satisfaction.  I agree to participate in this research, knowing that I can withdraw from further participation in the research at any time without consequence.  I have been given a copy of this form to keep.

Participant's Name:_____

  (Block letters)

187

Participant's Signature: _____ Date:_____

Investigator's Name:_____

 (Block letters)

Investigator's Signature: _____ \_\_\_ Date:_____

I would really appreciate if you reply to this email and confirm an appointment at a time of your convenience.

The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee.  If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone (02) 9850 7854; email ethics@mq.edu.au).  Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

**(INVESTIGATOR'S [OR PARTICIPANT'S] COPY)**

Date: 8th Nov 2012

**To whom it may concern**

This is to confirm that we have allowed our Senior Trainer and Consultant Kevin Kayani to conduct educational survey on the future of travel agents at our premises. We understand that this survey is purely conducted as a requirement of his Doctorate degree and has no commercial motives. Participants will have full authority to refuse or accept to participate. Students will be randomly selected.

Furthermore, participation in the survey is purely on volunteer basis and has no compulsion of any kind on the participants who will be the students of our institution.

Lastly, all information gathered will be kept confidential by the researcher and University.

We wish Mr. Kayani best of luck with his doctorate degree.

Regards,

**Murli Rao**
General Manager
Dynamic Web Training Pty Ltd.

189

# Aide Memoire for Interviews

**B&M Travel Agents**

Which age range do most of your customers fall into? For example mainly students or families of the retired?

Do you find your customers are Internet savvy?

Looking at your answers to the email survey you state 'Discount Fares' as the main reason customers use your services? Can you enlarge on that?

Do you consider your travel agency to be 'customer centric' - offer alternative terms.

Can you enlarge on why ICT is so important to your business?

Schedule convenience - the ability to re-schedule a customer's journey at short notice - do you find that a valuable service?

How important is the web to your business and why?

Are there any additional services you think will help bring in the customers?


**Travellers**

From analysing the survey personal services are a critical reason for using B&M travel agents - why do you think that is?

Do you consider the travel agency you used to be 'customer centric' - offer alternative terms.

Do you do much research before going on holiday?

What would be your preferred source - Internet, library, travel agents, etc?

Are you concerned about Internet security and if so why?

Personal services seem to be important - why do you think that might be?

Do you always use the same travel agent - why - yes or no

Do you find the travel agents know you - so they can advise on trips, suggest destinations, etc?