DETERMINANTS OF TRADITIONAL TRAVEL AGENCIES VERSUS OTAS IN THE NEW MILLENNIUM

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ABSTRACT

The strong market competition between travel agencies and OTAs and the complex dynamic and uncertain environment where they operate, make necessary to develop survival strategies to improve their competitiveness. Despite the market size and economic impact of the travel intermediaries in the tourism sector there is a lack of studies that propose an integrated assessment of the industry and most of them only focused on certain parts of the demand or the supply from a quantitative perspective. The present study tries to fill this gap and provides a deeper insight into the trends affecting the traditional travel agencies and propose recommended strategies to improve their competitiveness in the future. This research integrates the different perspectives of customers, travel agency managers, and experts through a qualitative study, trying to understand the current situation of traditional travel agencies, the future scenarios they will have to face, and the possible actions they can take to succeed in the future. Finally, after identifying the main 14 trends of the industry and 23 recommended strategies, the study also proposes some future research topics useful for the industry.

Key Words: Travel agency; Qualitative study; Trends; Successful strategies.

1. INTRODUCTION

The tourism sector in general, and the traditional travel agency in particular, is currently going through a quite complex, dynamic and uncertain operating environment. This is due to factors such as technological innovations, increasingly demanding consumers, fierce competition, and changes in the tourist distribution system, with conflicts between channels and lower commissions being paid to agencies (Hatton, 2004). Faced with this situation, traditional travel agencies must study the market and its different segments in depth to find possible alternative survival strategies.

Unfortunately, these changes are detrimental to traditional travel agencies, which are highly fragmented. The situation is especially perturbing because Spain is one of the European countries with the highest number of closures (5,000 travel agencies approximately) between 2008 and 2013, representing a 40% decrease in the size of the sector (Hosteltur, 2014). Turnover growth of traditional travel agencies in 2015, compared to that of newcomers, indicates that new strategies must be developed to successfully compete in the future (see Table 1). In this context, the new on-line travel agencies are already taking an important market share (see Table 2), and the increase in online distribution (18% growth in 2015) has meant that many suppliers use the Internet to offer their products without the need for intermediaries (Hosteltur, 2016). This missing intermediation leads to ease of end-user access and involves the appearance of new competitors that achieve important cost reductions compared to traditional travel agencies. For this reason, this concentration is an alternative to reducing costs via business operations involving vertical and horizontal integration, and it implies having more information about the environment and making strategic management more dynamic in this sector (González and Martín, 2012).

Moreover, research on traditional travel agencies in Spain is scarce and, to date, only a few published articles have analyzed this industry (e.g., González and Martín, 2012; Fuentes, 2011; Martínez and Martínez, 2008; Moreno and Aguiar, 2006; Millán and Esteban, 2004). In the Global context, to date, most of the research is quantitative and tries to identify three strategies to improve travel agencies' competitiveness: (1) strategies related to service quality of the supplier (e.g. Ka Wai Lai, 2014; Kuo, et al., 2013; Martínez and Martínez, 2008; Millán and Esteban, 2004; Lam and Zhang, 1999; Ryan and Cliff, 1997); (2) strategies focused on the demand side (Del Chiappa, 2013; Ilbery et al., 2007); and (3) strategies related to the efficiency of the supplier (Lacalle, 2013; Fuentes, 2011; Köksal and Aksu, 2007; Barros and Matias, 2006). The need for strategic change in this industry, and the evolving role of travel agencies, is a key topic that deserves major research (Del Chiappa, 2013; Castillo-Manzano & López-Valpuesta, 2010; Galhanone, et al., 2010; Frías et al., 2008), and the existing research has pointed out a need to integrate demand and supply perspectives.

For this reason, this study integrates the different perspectives of customers, travel agency managers, and experts through a qualitative study, trying to precisely understand the current situation of traditional travel agencies, the future scenarios they will have to face, and the possible actions they can take to succeed in the future. Thus, the customer represents the demands and desires of the market, while the supply implies an internal vision of the business from a managerial point of view. Finally, the experts represent a neutral, overall, well-informed opinion of the travel agency industry that can integrate the demand and supply perspectives.

Following these objectives, this study first describes the recent evolution of the travel agency sector in Spain, and then it examines the current role of travel agencies and the main v. Different focus groups are developed to study the consumer and elements such as the motivations of the travel agency user, benefits sought by the user, barriers to the consumer's use of travel agencies, the travel agency's image, and possible mental associations about travel agencies. This analysis is conducted both for the corporate travel segment (which is one of the most important in terms of travel agency turnover and profit) and for the traditional holiday segment. It is followed by in-depth interviews with sector experts and managers, who participated in drawing conclusions from the previously obtained knowledge about the consumer to later identify possible future trends that could mark the evolution of the sector, as important gaps are usually found between customers and managers (Nick, et al., 2004). Finally, different strategies oriented toward the success of travel agencies in Spain were proposed, and several recommendations were grouped into actions focused on marketing and actions focused on the organizational and management structure. The results of this study may be useful to investors, creditors and international tour operators, as well as to travel agency management in assessing its own performance.

Insert Table 1

Insert Table 2

2. LITERATURE REVIEW

2.1. The Role of the Travel Agency

The travel agent's role as intermediary requires a high degree of communication and cooperation between customers and suppliers. For this reason: "information must be transmitted about what suppliers have to order, what clients want to buy and about the economic conditions and transactions involved" (Gustafson, 2012, pp.280). Previously, the general perception was that travel agents were acting in the interest of the suppliers, as they received significant commissions from them based on sales volume. Today, travel agents receive most of their income from their clients, their business concepts include assisting their corporate clients in travel management work, and their role is mainly to act in their clients' interest vis-à-vis the suppliers (Davidson and Cope, 2003; Holma, 2009). As Holma (2009) points out, the business travel industry is characterized by triadic business relationships, with travel agencies acting as intermediaries between corporate clients and suppliers.

Initially, the role of travel agencies was expected to grow in importance because their greatest ability is "to collate, organize and interpret large amounts of data in a way that delivers the best value and the most exciting travel experiences for the customer" (O' Connor, 1999, p.114). Therefore, in order to remain secure in the distribution chain, travel agencies focused on their advice-giving capacity (Bennet, 1993). Recently, Ka Wai Lai (2014) pointed out that little empirical research has been conducted linking service quality, perceived value, and relationship quality to customer loyalty in the travel agency sector. He attempts to investigate the role of service quality, perceived value, and relationship quality in customer loyalty among tourists. His findings reveal that service quality and the perceived value of a travel package are antecedent factors of the relationship quality (customer satisfaction, customer trust, and customer commitment) with a travel agency. In addition, in the past decade, Internet has changed the role of travel agencies as information providers, and the development of the Internet has also prompted a growing number of studies that consider its role in the information search process (Del Chiappa, 2013; Bernardo, Marimon & Alonso-Almeida, 2012, Huang, Yung & Yang, 2011) and in creating a pre-visit destination image (Frías, Rodríguez and Castañeda, 2008).

In spite of the importance of travel agencies in tourist distribution, scant attention has been paid by researchers to their new challenges and possible success strategies to increase loyalty in the travel agency sector (Ka Wai Lai, 2014). Therefore, there is an imminent need to study different survival strategies for traditional travel agencies (González and Martín, 2012; Lacalle, 2013).

2.2. Strategies for travel agencies to improve their competitiveness

Specifically related to the travel agency business, the majority of the research on this topic has tried to identify the main components of travel agencies' competitiveness, as higher degrees of competitiveness are linked to adapting to changes in demand and obtaining a long-term competitive advantage (Ka Wai Lai, 2014; Ku, Yang and Huang, 2013; Millán and Esteban, 2004). Thus, three groups of strategies have been recommended by some authors to improve competitiveness and profitability in travel agencies' services: (1) to improve the quality of the services provided by the supplier (Ka Wai Lai, 2014; Millán and Esteban, 2004; Lam and Zhang, 1999; Ryan and Cliff, 1997); (2) to improve marketing strategies from the demand side (Ku, Yang and Huang, 2013; Huang, Yung & Yang, 2011; Martínez and Martínez, 2008; Moreno and Aguiar, 2006; Nick, et al., 2004; Heung and Chu, 2000; Goldsmith and Litvin, 1999; Heide, Grönhaug, and Engset, 1999; Lam and Zhang, 1999; Gee, Makens, and Choi, 1997; Le Blanc, 1992); and (3) to increase the efficiency of travel agencies (LaCalle, 2013; Fuentes, 2011; Barros and Dieke, 2007; Köksal and Aksu, 2007; Wöber, 2006; Barros and Matias, 2006; Anderson, Lewis and Parker, 1999).

Related to the first strategy, focused on improving the quality of services provided by travel agencies, most of the research related to travel agencies' service quality is quantitative and develops a multiple-item scale for measuring customer satisfaction with travel agencies (Ka Wai Lai, 2014; Millán and Esteban, 2004; Lam and Zhang, 1999; Ryan and Cliff, 1997). Reliability is the most important dimension in predicting customers' overall satisfaction, followed by the responsiveness and assurance of the travel agents. These two dimensions were especially crucial for excellent-service travel agencies (Lam and Zhang, 1999). However, according to Chumpitaz and Swaen (2002), the number and nature of service quality dimensions is directly related to the service under investigation. Thus, Martínez and Martínez (2008) carried out qualitative and quantitative research to identify the factors that determine the service quality perceptions of travel agency customers in Spain. Their results found three dimensions (personal interaction, physical environment and outcome) explained by seven sub-dimensions (conduct, expertise, problem-solving, equipment, ambient conditions, waiting time and valence). Nevertheless, the results of the research by Martínez and Martínez (2008) in Spain were different from LeBlanc's (1992) study in Canada. In this previous study, nine factors were identified that categorized travelers' perceptions of the service quality of travel agencies in Canada, and corporate image was the most significant driver in explaining overall customer satisfaction with travel agencies.

Related to the second strategy recommended to improve competitiveness, focused on improving marketing strategies, various qualitative and quantitative research studies have been conducted from the perspective of travel agency customers (Del Chiappa, 2013; Kuo, et al, 2013; Huang, 2012; Huang, Yung & Yang, 2011; Castillo-Manzano & López-Valpuesta, 2010; Moreno and Aguiar, 2006; Nick, et al., 2004; Heung and Chu, 2000; Goldsmith and Litvin, 1999; Heide, Grönhaug, and Engset, 1999; Gee, Makens, and Choy, 1997; Hruschka and Mazanec, 1990; Snepenger, Meged, Snelling and Worral, 1990; Capella and Greco, 1987). These studies aim to increase knowledge about customers and aspects such as motivations and attitudes, quality, and behavior toward travel agencies, as a prerequisite to improving their customer service.

Moreover, regarding this second strategy, focused on marketing from the customer's side, several studies have confirmed that an analysis of travel agency users must consider the different market segments and the differences between them (Kuo et al., 2013). Thus, one of the most commonly used segmentation criteria in the tourist sector is that of addressing the purpose of the visit or the benefit sought

Third, other studies analyze the relative efficiency of travel agencies in a specific country as another strategy to increase competitiveness, by studying travel agencies from the supply or internal perspective (Lacalle, 2013; González and Martin, 2012; Fuentes, 2011; Köksal and Aksu, 2007; Barros and Matias, 2006; Butler, et al., 2002; Palmer and Dunford, 2002; Anderson, Lewis and Parker, 1999). Despite the importance of travel agencies in the marketing and distribution of tourism products, it should be noted that most studies on efficiency in the tourism sector focus on the hospitality industry, with data on hotels in the USA, Portugal and Taiwan (Sellers and Más, 2009). In the past thirty years, only 6 articles have been detected that are specifically related to the estimation of efficiency in travel agencies. On the one hand, Bell and Morrey (1995), Köksal and Aksu (2007) and González and Martín (2012) evaluated the efficiency of travel agencies using the non-parametric DEA technique. On the other hand, Anderson, Lewis and Parker (1999) estimated the efficiency of travel agencies using both DEA and the stochastic frontier, whereas Barros and Matias (2006) only consider a cost frontier model, allowing for the incorporation of multiple inputs and outputs in determining relative efficiencies in 25 Portuguese travel agencies from 2000 to 2004. The results suggest that capital, labor, sales, and marketing activities are the main factors determining efficiency in this sector.

After analyzing the three groups of strategies used to improve competitiveness in travel agencies (based on the quality of the supply, the customer side, and the efficiency), it can be noted that most of these studies only focus on certain parts of the demand or the supply from a quantitative perspective. They do not consider a more overall analysis of the sector in a particular region, going beyond the customer side to analyze possible trends and strategies for success from the supply side and considering experts' opinions about future scenarios. Therefore, the in-depth customer perspective must be complemented by the perspective of managers and experts, as future decisions and strategies of travel agencies will ultimately be made by them. With this in mind, we developed three methodological phases in our research, and we explain them in the following paragraphs.

3. METHODOLOGY

The research was conducted in the main large cities in Spain, considering their number of inhabitants (See Table 3) during 2014, and it was developed in three complementary methodological phases. In the first phase, 15 focus groups with customers were developed in order to identify their personal and more psychological characteristics when using a travel agency. Individuals were chosen from different contexts and socio-demographic profiles to obtain an adequate representation of the Spanish population, and it was verified that individuals were participating in this type of dynamic for the first time. In any case, the researchers sought a variety of comments and motivational contributions, rather than merely the representativeness of the individuals.

All the individuals voluntarily agreed to speak about their travel-related behavior and motivations, and they were offered the incentive of entering a drawing for a holiday. The number of participants in each group ranged between seven and eleven, and some meetings contained a mixture of current travel agency customers and non-customers, whereas others only contained either corporate or holiday customers, given their special characteristics. The average length of each meeting was 80 minutes. The 15 meetings were held in the evening in hotel conference rooms in seven big and important tourist cities (Madrid, Barcelona, Valencia, Seville, Bilbao, Palma de Majorca and Las Palmas de Gran Canaria).

In the second methodological phase, 30 managers of various travel agencies and 12 sector experts were interviewed to obtain their opinions about possible future trends and scenarios for the sector. After confirming that they had read the previously provided conclusions of the group studies, the 42 individuals (experts and managers) were asked (open questions) for their opinions about possible sector trends. The proposed sector trends were grouped and sent back to managers and experts to achieve a certain consensus. Each trend was rated from 1 to 10, regarding the possibility of that trend becoming a reality. The authors selected the trends that obtained an average rating higher than 7 from the interviewees. This level of agreement guarantees certain agreement and realistic scenarios, while dropping emerging and uncertain trends.

In a second interview, after they had received a summary of the main trends they had identified by mail, managers and experts were asked (open questions) to identify the strategies they would recommend for the future success of the sector in Spain. The length of the interviews varied between 34 and 108 minutes, with the average length being 65 minutes. Finally, they were sent summaries of all the proposed strategies by mail, and asked to indicate their agreement or disagreement with each recommended action. The decision was made to include the grouped actions recommended by over 70% of the interviewees in this study as generic strategies for the travel agency sector in Spain.

Insert Table 3

4. ANALYSIS AND RESULTS

Next, there is a presentation of the conclusions of the dynamics of the corporate and holiday segment focus groups, followed by the results obtained in the analyses of the sector trends, as reflected by the managerial and expert interviewees, and concluding with the proposed strategies for success in the future.

Group dynamics: Corporate segment

This section presents comments about the most significant results obtained from the focus groups with individuals from the corporate segment. It contains descriptions of the benefits sought by using a travel agency, barriers and reluctance to using a travel agency, an evaluation of different aspects of the service, associations about the business and its services, and other important elements.

With regard to the benefits sought, the participants mostly considered that the benefits of using a travel agency are convenience, security, peace of mind, freedom from worry, usefulness, and trust. It was also clear that young people highlighted price and offers, whereas older customers were more demanding and attached more importance to time-saving and finding alternatives and solutions. This business segment is very special because the desired benefits do not refer to an explicitly expressed motivation or a desire for diversion; in fact, the benefits are the consequence of the socio-economic system, which obliges one to travel without really wanting to. At this point, the controversy about whether a firm should consider its employees' family situation before making them travel arises in the discussion.

On the other hand, the corporate segment displays a more rational and objective component than other segments, which may be due to the corporate traveler's work and conditions. There is a greater distance from the members of one's 'crowd' and usual social circle, with the level of the intervening 'ME' being rational, calculating, neither emotional nor impulsive, and oriented toward reality. Thus, this segment makes comments such as "The agencies signify time-saving, convenience, and a certain security, although they must toe the line". Members of this segment always give priority to the component of time, both psychological and chronological: "Time, punctuality, speed, gain, lose, effort, money". Furthermore, they always express the need to control in order to be sure, trusting neither the person nor the brand, and so there is never total freedom from worry. Consequently, their main motivation is the service, defined as attention, sensitivity, adaptability, trust, security, and flexibility to changes. The human element is highly valued: "They should be able to put themselves in my place", "They should know what I want", "They should be interested in me". Even though price is important, it is relegated to second place because "convenience must be paid for".

With regard to the main barriers and reluctance shown by corporate customers, whereas the open and more conscious words have a more positive nature, the latent and subconscious words stemming from the associations and projections made have a more negative nature. There are signs of fear, insecurity, and mistrust about possible non-compliance, lack of concern for the customer, misinformation, evading responsibility, rigidity, and constant staff turnover. "They pass the buck from one to the other"; "They can't take it for granted that you know something". Although most experiences are positive, the background debate is negative and often the result of comments they have heard and the social influence of their social and reference groups.

Regarding the comments and evaluation of certain aspects of the service, first, there is a clear problem with the perceptions of the information provided: "there is too little, it is bad, misleading, confusing, superficial, standard and typical", and it is linked to a lack of professionalism and the limited development of the business concept.

With regard to the evaluation of other service characteristics, technical knowledge about the reservations process and the products and services is patchy and confused. They believe that agencies could do a lot for them because all that knowledge and information is available to them, but "the agent's apathy does not help".

Finally, the associations the customers make with various elements of the travel agency is quite significant. For example, the location of the agency is of almost no importance to this segment; the size of the agency is not very important, although this segment normally works with large agencies whose brands give more security, professionalism, and choice of points of departure and arrival. "If they are large, at least you know that you can complain and they will take notice of you". This segment values the specialization of the agency very highly because they think that a large agency adapts better to personal requirements. Moreover, the person (the travel agent) is much more important than the organization (the agency), and he/she is really what promotes loyalty; however he/she can be counterproductive insofar as "When they get to know you, they take advantage and either ignore your needs or just sell you expensive products". The image of the agency and its brands is not obtained in a precise way; the products, airline tickets, hotels, etc. play a leading role, and the agencies are seen as mere dispensers.

Other aspects highlighted by corporate customers is that they do not know their rights and attempt to take precautions as far as possible by paying by credit card to protect themselves from what might happen. They also show clear disapproval of the practice used by many agencies of surveying firms or secretaries, etc. about the agency the firm works with because “It shows little competence”, “It’s not a professional thing to do”, or “I don’t like that”.

It can be concluded that the corporate customer’s behavior is based on a rational, non-impulsive decision, where the customer seeks service, is risk-averse, and is not interested in changing agencies. The reason for the choice of purchase normally lies in an established relationship, first with the person and then with the agency, as well as in the specific offers made by the agency or its products.

Group dynamics: Holiday segment

This segment comprises a homogeneous group of individuals. However, some differences were found that were basically explained by the variables age and socio-economic level. This section presents the most significant results obtained from the group discussions in which holiday customers took part. It describes the benefits sought in using a travel agency, the barriers and reluctance to using a travel agency, the evaluation of various aspects of the service, and the associations they make with the business and its services.

At the outset, it should be understood that, unlike the case of the corporate customer, the motivational context of these customers is very emotional, as the need that gives rise to the wish to travel may be pleasure-based, but also frustrating (as shown in the case of many ex-users), and where many stimulating elements, such as dreams, fantasies, associations, implications, imitation, prior knowledge, etc., play a part. In any case, the stimulus for this segment is extremely intense.

With regard to the benefits sought, the homogeneity of this segment stands out, and pleasure-seeking, enjoyment, play, fantasy, possession, knowledge, and a sense of the journey are all highly significant. Thus, the power of seduction lies precisely in these aspects, and the travel agency should focus on them. A holiday represents an important investment by the customer and involves significant economic effort accompanied by conflictive decisions and elements of cognitive dissonance, which explains the customers’ caution and reticence toward the agency, and their wish to “Let everything turn out as I have dreamed”.

With regard to differences within this segment, no differences related to geographic area were detected, whereas there were differences related to age. Older people are motivated mainly by price and offers, and they are less demanding, perhaps because of having fewer experiences and lower prior expectations. On the other hand, although price is still the priority factor for the younger segment, young people understand that the quality-price relationship has to be balanced, and they are more independent and put price before the accommodation’s quality: “It should be clean and decent, and then, with a bit of imagination, you can have a good time”.

Regarding the barriers and resistance, the main problem is that needs are not satisfied, with expectations related to trust, freedom from worry, compliance, usefulness, truthful information, professionalism, attention, waiting time, flexibility and available alternatives not being met. Some comments are: “You contract a certain quality and find you get a lower quality”; and “It’s as if you are annoying them when you ask for more information”. There is enormous frustration with the service “Even when they give you the money back”, and it is seen as a betrayal of one’s efforts and fantasies, leading to negative feelings toward the agency. These feelings are generalized to all agencies, and when the ‘word of mouth’ effect is considered, we can see how the travel agency image is surrounded by an aura of rejection and deception.

It is noteworthy that there is no clear perception of the usefulness of the travel agency, although its usefulness is sometimes recognized. “There’s no option but to use them”. There is a widespread opinion that “they don’t offer you all the possible alternatives, and the type of contract and the small print are a trick the agency uses to get out of its responsibilities”. Moreover, many users prefer to ignore the services of an agency, in order to not lose what they value most: the desire for pleasure, freedom and independence. Therefore, they seek freedom of movement, spontaneity and improvisation. “You learn much more if you travel without an agency”, “In Internet you get what you want”, and these aspects can be satisfied better by national tourist offices, the Internet, and directly by the service providers.

In terms of the evaluation of the service characteristics, the customers’ technical knowledge about the services offered by the agency is quite limited. Moreover, they blame this situation on the travel agency, which gives them insufficient, useless or irrelevant information, with the agency’s attitude toward information not being the most appropriate. One complaint is that “brochures are not the same as information” because, while necessary, they are very thick and low quality. “I don’t want loads of brochures because I don’t have to know more than they do in order for them to help me”. Only rarely do users receive personalized information about the customs or gastronomy of the holiday destination.

Finally, the customers made some comments about various aspects of the agency. In general, they are satisfied with the location of agencies because of their large number, and they value some specific attraction that draws them to the agency. They also mention that it is important that their travel and holiday habits are considered. The knowledge of the contact person at the agency, rather than the size of the agency, is the main element. In any case, the large agencies are associated with brand and seriousness, distance and coldness. On the other hand, small agencies are seen, especially by young people, as being more human, accessible and specialized, and as offering more illusion. With regard to technical quality, the technical knowledge of the agency itself and its employees and technical solutions are negatively evaluated, whereas technology is assessed positively. In relation to functional quality, personalized attention, accessibility, and attitude are not evaluated positively, but staff behavior is adequate. The travel agent, who has the dual role of technical management and relations management, is particularly weak in the latter factor. “It seems they are not interested in keeping their present customers”.

With regard to the image of the agency and its brands, the general impression is that all agencies are the same, with very little brand image. Although it is true that users prefer a well-known agency, they describe them as mercantilist, and as not being close to the user, with the contact person maintaining the relationship and receiving the trust of the user. Users associate travel agencies with banks (mercantilist, small print, and power), social security (queues, long waits, bad service) and supermarkets (you are buying rather than the agency selling). The users’ ideal image contemplates such aspects as “They should be specialists in you, human quality, loyalty, comprehensiveness, fairness, personalization, 24-hour service, protection and professionalism”.

In conclusion, it can be said that, in the purchase process, there is a strong initial impulse to seek one’s desires and gratification, with an attraction to hedonistic pleasure, although a significant initial barrier is price. Thus, there are two opposing stimuli leading to the search for information that justify the decision and even reinforce and rationalize it once it has been made.

Sector trends as expressed by professionals and experts

The comments of the experts and travel agency managers, based on their knowledge of the sector and the analysis of the customer comments in the previous sections, allow a prediction to be made about series of trends in the sector in the next few years. In general, the sector’s future is perceived as difficult, with many changes within an evolutionary adaptation, requiring traditional travel agencies to make changes in their management and actions in order to be able to compete successfully in the market. The following section presents the 14 most significant trends:

(1) A general increase in competitive pressure, which is basically due to factors such as the growth in the size of large tourism groups, the entry of companies from outside the tourist sector (banks, hypermarkets, insurance companies) that aim to optimize their infrastructure and customer portfolios, the intensification of direct customer contact, which will be maintained by many tourism product supply companies offering the customer special services at a lower cost to the company than the travel agency commission, a wide range of alternatives to the traditional travel agency (e-intermediaries, Internet, GDS changes, etc.) that are still in the process of consolidation, but involve significant changes in the sector. This leads to a marked competition in prices that is basically due to the low differentiation in the sector.

(2) Greater market concentration and a reduction in the number of travel agency branches, with large travel agency groups considering their business minimum at a national level in order to be competitive. This means that the large chains will enjoy previously unknown negotiating power in the market. Moreover, these large groups benefit from economies of scale that give them a considerable competitive advantage over independent agencies. Finally, the entrance of foreign capital into the sector is quite likely. This will presumably occur through the takeover of large national chains that will form part of large multinational groups.

(3) Associations of independent agencies and specialization will become more common. For example, the organization *Business Travel Contractors* has been working for years in the United States to pressure service providers, especially airlines, to obtain better negotiating conditions. In Europe, GEBTA is an association for corporate travel agencies that already has significant weight in the sector. There will also be greater specialization among independent agencies focusing on market niches.

(4) Lower margins and business profitability, mainly due to two factors: (1) the lowering, or even total elimination in some cases, of commissions paid by the supply companies, and (2) the reduction in the average price of tourist packages, along with the increase in discounted last-minute sales, will lead to a drop in income per reservation.

(5) Regulation that is less restrictive, but more protective of the customer. Current Spanish travel agency regulations impose significant entry barriers in the sector, although the trend is toward greater deregulation. Another aspect that is on the increase is the protection of the customer, with this responsibility falling on the travel agency and the supplier.

(6) Expansion of services provided via BSP (*Billing & Settlement Plan*) and GDSs, which will form a wide, integrated network of connections and systems among sector companies.

(7) Travel agents will become true specialists and travel consultants, receiving continuous training and improving their knowledge. Companies will try to avoid high staff turnover and loss of talent. It is worth noting that there is a high turnover of agents, companies devote little effort to training, salaries are low, and employees have limited knowledge of the new technologies and are saturated with information from suppliers that they are unable to assimilate.

(8) Changes in customers, where, apart from those identified in the group sessions, the managers and experts have added that the new consumers are multi-consumers who have a greater environmental awareness and are accustomed to handling the new technologies. Moreover, while the seasonal character of the holidays in Spain continues to be quite marked, the tendency seems to denote a steady but slow change to year-round holidays.

(9) The expansion of the so-called "travel hypermarkets". The main tourism groups will develop these large centers in the city outskirts, where they will offer a wide range of services 7 days a week, free parking, etc. It is estimated that each of these centers can attain the business turnover of 15 traditional agencies. Some years ago, groups like Airtours, with its Holidayworld centers, and First Choice, with Holiday Hypermarkets, initiated this concept outside of Spain.

(10) The development of new technologies. Travel agencies have made large investments in computerized reservations systems, CRM, marketing, etc., which will give them better knowledge about the customer. TICs enhance the possibilities of communication with the customer through multiple devices. The new technologies allow quick, economical access to the information, while also bringing the agency closer to the customer and the supplier.

(11) The spread of direct sales. This can be seen clearly in the campaigns run by many companies, where the customer is urged to contact the supply company directly. This will oblige travel agencies to act as wholesalers, creating products and selling them directly to the customer, as well as specializing in specific segments or niches.

(12) New physical layout of the agencies. The zones of back office, reception, personal consultancy service, the computerized services area, rest area with product demonstrations, etc. will be separate. Processes will be redesigned to optimize space while best meeting customer needs.

(13) More power to the customer and social nets that allow them to communicate and influence other travelers. Internet 2.0 means, in many cases, that customers become the most reliable information source for other customers.

(14) Rise in sales of new products and new types of vacations, as well as a large number of niche markets. Some relatively new products maintain their sharp increase: cruises, nature-rural, etc. New circumstances, such as petrol prices, give rise to new types of vacations, with short haul destinations, all inclusive packets, etc. becoming more popular. Finally, there are a lot of niche markets (socially responsible trips in nature and the destination, learning vacations, etc.) growing in the market.

Strategies recommended for the sector by managers and experts

Finally, after analyzing the conclusions of the group sessions and the identified trends, the different managers and experts made a series of recommendations for future strategies for success to be undertaken by Spanish travel agencies. The following is a presentation of the 23 proposals grouped into marketing-related actions and actions addressing the organizational and management structure.

1. Actions focused on marketing.

(1) Make each different market segment aware of the advantages the travel agency can offer because the public is often completely unaware of them. Agencies must develop a stronger market approach, publicizing the added value they give the customer, and actively using public relations tools.

(2) Strengthen brand awareness, so that the user is truly a customer of the agency, and not of the tour operator or company providing the product, or even of a specific employee of the agency, due to the risk of staff changes. The customer decides to go to a certain agency based on the value received and the effort made, and the agency brand should make a significant contribution to this. This action will require reliable processes that guarantee the standard quality of the service provided.

(3) The independent agencies should mention their independence to the user and ensure that the customer knows the characteristics of their personal advice service, with no third-party interests, because they do not belong to any group or tour operator, which enables them to act more objectively. In turn, it would be appropriate for them to be integrated into purchase groups, which would allow them to improve their margins.

(4) Integrate into the distribution system service elements that consider customers' psychological factors that may have some effect, such as patriotism and a feeling toward local

or regional companies that may divert consumers to specific agencies and products (a common example is flag-carrier airlines).

(5) Exploit the new technologies, especially in the case of independent travel agencies. It should be emphasized that investments in technology must be made with caution, and only when the smooth running and profitability of the technology have been proven. TICs may also help the agency to systemize processes by reducing paperwork and improving the management of customer and supplier information, due to the use of multiple communication devices. In no case must the intensive use of technology produce coldness and insecurity for the customer; quite the contrary, it must complement human contact and enhance the warmth and trust contributed by the human touch. Develop regular, timely, and quick communication processes with customers, with support from alliances with other firms if necessary; this will enable agencies to obtain better knowledge about their customers. In this regard, it would be suitable for agencies to develop more innovative window-dressing and merchandising, as well as improvements in CRM, and especially in Internet 2.0, with newsletters, blogs, etc.

(6) Develop better social relations with the immediate environment, for example, by becoming the local, village or club travel agency, with a portfolio of members, friends, acquaintances and lifelong customers.

(7) Develop agreements with companies (that may already be corporate customers of the travel agency) to capture their employees' holiday business by making special offers, or even personalized offers, for the specific periods when each employee takes his/her holiday.

(8) Undertake more aggressive and creative sales actions. Imagination and the development of actions not based on price have still not made an appearance in the sector. In simple terms, it is not necessary to put a price on every element in the shop window. Moreover, the use and optimization of yield management (both by the travel agency and the supplier) can help to improve the management of discounts, rappels and offers. Travel agencies should pay more attention to the customer's overall sacrifice (not only the price) and the value, services and experience received in compensation.

(9) Charge the customer transparent and fair management fees. These rates charged per operation or service should be based on the contribution of real added value, such as information, consultations, offers or any other added service.

(10) Reinforce the sale of more profitable products (*e.g.,* cruises) and other related products, such as travel insurance, guidebooks, or specific material, which can make additional profit for the agency. On the other hand, increasing the number of services or functions the agency currently provides may also be a valid alternative.

(11) Obtain better performance in peak season: Christmas, Easter, summer and bank-holiday weekends. These periods are sometimes "ignored" because high activity is guaranteed, but agencies do not achieve the results they could with optimum management.

(12) Design shop and point-of-sale layouts that facilitate the product sales process, with comfort for the agent and customer, and work processes integrated into the physical layout of the furnishings and other equipment. Thus, an agent should not have to get up from his/her seat for any reason, and the customer should not have to lean forward to see the agent's computer screen.

(13) Become true specialists and travel consultants rather than providing travel at the customer's request. This makes it necessary to have thorough knowledge about one's products. It must be emphasized that being a travel consultant is not the same thing as being a travel agent. It has to do with transmitting better quality information and, above all, keeping one's

promises and showing interest in the customer. The consultant must design a travel experience that is completely tailored to the needs of the customer.

(14) Improve the employees' training in attitude and aptitude because some aspects, such as sales techniques, reservations system management (Amadeus), and telephone assistance techniques, are crucial to the agency. The employees represent the image of the agency and, therefore, are one of its most valuable assets.

(15) Reinforce the customer relations and contacts service when the customer is highly involved: the level of customer involvement depends on the nature of the product purchased (it is not the same for long-haul holidays as it is for a simple airline ticket), the circumstances of the customer (e.g., a honeymoon), and the personality of the customer. In low involvement situations, however, quick, non-intensive, homogenized service may be sufficient. In this case, automation is an interesting solution (e.g., automatic dispensers) because the customer is not willing to pay a service fee for these services, and the agency can avoid repetitive actions. In high involvement situations, it is advisable to promote differentiation through relations with the customer (e.g., professionalism, availability, follow-up), structuring of the service (e.g., accessibility, efficiency, speed), and offering highly specialized own-brand products adapted to the customer, etc.

(16) Specialize, either in the product (e.g., cruises, adventure, a specific destination), the market (corporate, singles, families) or both (adventures for young people), in order to provide better customer attention. In the case of large agencies, the specialist department must be intensified, with specialists for each product and market. It is important to choose the right customers, focusing on those who generate high sales turnover with adequate profitability and consistent loyalty levels.

2. *Actions focused on the organizational and management structure.*

(17) Increase size to obtain economies of scale in purchases, image, training and logistics. Growth can be achieved through expansion, takeover, merger, franchising, associations or vertical development.

(18) Cut operating and structure costs. It is necessary to develop cost accounting and reduce some costs, such as communications, messengers, etc. The application of other actions, such as reducing credit card charges in favor of electronic payment, should also be considered.

(19) Increase sales per employee. Since employees represent one of the agency's main costs, agencies should keep employees from spending time on administrative tasks that do not add value to the customer, so that they can devote time to sales.

(20) Develop better management of products and stocks, with better planning and designing of internal processes. In many cases, it is necessary to create own-brand products that allow the agency to operate with interesting margins.

(21) Concentrate sales on the most profitable suppliers, based on the commissions offered and discounts for purchase volume. In return for these higher profits, agencies give preferential treatment and support to the products offered by those suppliers. Strengthen collaboration with preferred suppliers, so that they provide more brochures, front-page covers on the agency's catalogues, financial contributions for advertising, etc., which facilitate the operating process or improve commercial assistance.

(22) Charge the supply companies and tourist destinations a fixed amount of money for the monthly display of their brochures and promotional material, with an extra charge for eye-level display or shop-window space. Obviously, the commissions paid by these companies

would be lower, but agencies would be able to convert part of their variable incomes into fixed incomes.

(23) Sign exclusive distribution contracts with small, specialist supply companies and tour operators that do not have good opportunities in the large travel agency chains.

5. CONCLUSIONS AND IMPLICATIONS

This section highlights the most noteworthy conclusions of the study, as well as some research streams that could be of interest to the travel agency sector in the future.

The focus groups revealed various internal aspects of customers related to their motivations during the relationship with the travel agency. Thus, it can be said that the customer seeks higher quality and a better quality/price relationship, as well as a wider variety of products and services, more assistance in different aspects, trust, more information, convenience, greater security, and speed. The desired service is characterized by high attention, sensitivity, adaptability, trust, security and flexibility, with the human aspect being highly valued. Travel agencies are better perceived in their technical management role than in their management of relations with customers. In the case of both segments (corporate and holiday), while the open and more conscious debate had a more positive character, the underlying, subconscious debate was more negative, with mention of fear, insecurity and mistrust. Moreover, customers do not have a clear perception of the usefulness of travel agencies, although this usefulness is sometimes recognized. Finally, and regarding the image of the agency and its brands, there is a generalized impression that all agencies are the same, with little brand image, whereas the brands of the products offered have a prominent role.

The following differences between the two segments stand out. The corporate segment displays a rational, objective, calculating component that is neither emotional nor impulsive: they seek service and are risk-averse, and so they are not interested in changing agencies. On the other hand, the holiday customer displays a much more emotional motivational approach to the service, where the need that leads to the wish can be strongly pleasure-based, but also frustrating, due to the economic and emotional investment. The stimulus for this segment is intense and involves a search for pleasure, and the elements of enjoyment, play, fantasy, possession, knowledge, and sense of journey play a significant part. Therefore, there are two contrasting stimuli: a strong initial impulse to seek one’s desires and gratification, while price is a significant initial barrier. Price is another differentiating element. The corporate customer’s purchase decision originates in established relationships, first with the person and then with the agency, then in specific offers by the agency or for its products, and finally in the price. By contrast, the holiday customer, especially the elderly and younger segments, attach much more importance to price. Other differentiating factors have to do with the evaluation of service attributes by both segments, holiday and corporate. Thus, location is more important to the holiday customer, while size and degree of specialization are more important to the corporate customer.

Moreover, based on their knowledge of the sector and the analysis of the results of the focus groups, the experts and managers interviewed identified 14 principal trends that will affect the sector: A general increase in competitive pressure, greater market concentration, and a reduction in the number of travel agency branches; Associations of independent agencies and specialization will become more common; Lower margins and business profitability; Regulation will become less restrictive, but more protective of the customer; Expansion of services provided via BSP and GDS; Travel agents will become true specialists and travel consultants; Changes in customers and new behaviors; The expansion of the so-called “travel hypermarkets”; The development of new technologies; The spread of direct sales; New physical layout of the agencies; More power for the customer and social nets that allow them to communicate and influence other travelers (Internet 2.0); and an Increase in sales of new products and new types of vacations, as well as a high number of niche markets.

The experts and managers also made a series of recommendations about generic strategies and actions to be undertaken by travel agencies in Spain. These 23 strategies fall into two large categories, (1) actions focused on marketing: Make each different market segment aware of the advantages that the travel agency can offer; Strengthen brand awareness; The independent agencies should mention their independence to the user; Integrate service elements into the distribution system that consider any of their customers' psychological factors; Exploit the new technologies; Develop better social relations with the immediate environment; Develop agreements with companies to capture their employees' holiday business; Engage in more aggressive and creative sales actions; Charge the customers transparent and fair management fees; Reinforce the sale of more profitable products and other related products; Obtain better performance during the peak season; Design shop and point-of-sale layouts that facilitate the product sales process, with comfort for the agent and customer; Become true specialists and travel consultants rather than providing travel at the customer's request; Improve the employees' training in attitude and aptitude; Reinforce the customer relations and contact service where the customer is highly involved; Specialize, either in the product, the market or both; and (2) actions focused on the organizational structure and aspects of management: Increase size to obtain economies of scale; Cut operating and structure costs; Increase sales per employee; Develop better management of products and stocks, with better planning and design of internal processes; Concentrate sales on the most profitable suppliers; Charge supply companies and tourist destinations a fixed amount of money for the monthly display of their brochures and promotion material; Sign exclusive distribution contracts with small, specialist operators.

Better knowledge about the travel agency customer in Spain, in addition to identifying the main trends affecting the sector in the future, adds important and useful information for managers of travel agencies to use to make better decisions. Nevertheless, the different strategies proposed are intended to offer a generic orientation to the industry.

Finally, there are many interesting aspects of customer behavior and perceptions that have come to light during this research that require further study before suitable strategies for travel agencies can be defined in greater detail in the future. There is a need for more research in the different regions to provide managers with better knowledge about the market that can help them in developing successful strategies. Some of these aspects are: (1) a feeling of distance from their group and usual circle that creates isolation in corporate customers when travelling; (2) the importance of both the psychological and chronological aspects of the time component for the business customer; (3) the role of travel agents in their relationship with the customer; (4) the feelings of a large number of non-users who do not use travel agency services in order to maintain freedom and independence; (5) the fact that many customers associate new technologies with coldness and insecurity, whereas human contact is associated with warmth and trust; and (6) the need to differentiate the previously mentioned aspects across regions. Research should help to integrate these customer aspects with future trends in order to propose specific and practical actions.

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Table 1. Ranking of traditional travel agencies in Spain by annual turnover

AGENCY	TURNOVER 2015 (millions €)	TURNOVER 2014(millions €)	% GROWTH
1. Viajes El Corte Inglés	2.460	2.350	5%
2. Viajes Halcón Ecuador	1.148	1.093	7%
3. Barceló Viajes	810	736	6%
4. Carlson Wagonlit Travel	480	463	4%
5. Nautalia	279	227	23%
Total	5.177	4.869	6%

Source: Hosteltur (2016)

Table 2. Ranking of on line travel agencies in Spain by annual turnover

AGENCY	TURNOVER 2015 (millions €)	TURNOVER 2014 (millions €)	% GROWTH
1. eDreams	4.550	4.470	2%
2. Bravofly – Rumbo	2.355	1.311	79%
3. Logitravel	572	514	11%
4. Travelgenio	449	340	31%
5. Atrapalo	330	315	5%
Total	8.256	6.950	18%

Source: Hosteltur (2016)

Table 3. Methodology of the study

PHASE	OBJECTIVE	METHOD	RESULTS
1	Understand internal and psychological characteristics of the customer.	15 focus groups with customers: corporate and holiday.	Benefits sought by using a travel agency Barriers and reluctance to using a travel agency Image of different aspects of the service Associations regarding the business and its services Other elements
2	Identify trends and future scenarios.	1. Send conclusions of focus groups to managers and experts. 2. Interviews with managers (30) and experts (12). 3. Interviewees rate trends according to their possibility of becoming real.	14 Trends affecting the travel agency sector
3	Propose recommendations to succeed.	1. Send conclusions of trends to managers and experts. 2. Interviews with managers (27) and experts (10). 3. Interviewees recommend the strategies or not.	23 strategies grouped into two large categories, (1) actions focused on marketing; and (2) actions focused on the organizational structure and aspects of management: