Online booking versus travel agents: Perspective of young tourists in Serbia

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Abstract: For several decades there has been a growing trend of a tourist getting informed about the destination and its aspects using the Internet and other media. Nowadays, this is increased to a higher level by the fact that, after initial search, more and more tourists start to arrange their trip, accommodation and additional services by themselves. These facts put a traditional travel agent in a very demanding position. Namely, he/she needs to be capable of performing all the activities in a much effective way, which would make them still competitive in the market. The main objective of this study is to investigate the behavior of contemporary young tourists in Serbia, in order to determine what aspects of business modern travel agents and online booking systems should improve to meet their needs. The results of this study could be used as a guideline by travel agents and designers of online services for their further development.

Keywords: travel agents, the Internet, young tourists, Serbia

JEL classification: O33, Z32

Online rezervacije ili turistički agenti: Perspektiva mladih turista u Srbiji

Sažetak: Nekoliko decenija unazad raste trend u kome se turista putem Interneta i drugih medija informiše o različitim aspektima destinacije. Usled činjenice da sve više turista nakon ove prve pretrage počinje sebi da organizuje putovanje, smeštaj i ostale neophodne usluge, značaj Interneta podignut je na još viši nivo. Napred navedena činjenica klasičnog turističkog agenta dovodi u veoma zahtevan položaj, jer se od njega zahteva sposobnost da sve poslove vezane za putovanje obavi na mnogo efikasniji način, kako bi bio konkurentan na turističkom tržištu. Cilj rada jeste da se istraži ponašanje savremenih mladih turista u Srbiji, kako bi se utvrdilo koje aspekte poslovanja bi trebalo da unaprede moderni turistički agenti i sistemi za onlajn rezervacije kako bi odgovorili njihovim potrebama. Rezultati istraživanja mogu poslužiti turističkim agencijama i kreatorima onlajn usluga kao smernice budućeg razvoja.

Ključne reči: turistički agenti, Internet, mladi turisti, Srbija

JEL klasifikacija: O33, Z32

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1. Introduction

Lubbe (2005) stated that booking channels (such as travel agencies and the Internet) are the basis of the tourism industry. Without their existence, tourists would have many difficulties purchasing the desired travel services. Offering tourists a range of services, from transportation, accommodation, and food to additional services, such as insurance, car rental, exchange office services, etc., travel agencies are recognised as the most widely used tourism intermediaries.

Statistics in the Republic of Serbia indicate that in the period 2009 to 2018, the percentage of households with a computer increased by 25.3%, while the number of the households with the Internet connection increased by 36.2% (Statistical Office of the Republic of Serbia, 2019). Such statistics show the increasing integration of modern technology into people’s daily lives. These new conditions have brought changes in the tourism market. One of the significant changes was the emergence of online booking systems that provide users with numerous options for booking travel services, thus reducing their need for travel agents.

These changes resulted in a growing academic interest in this topic (Morrison et al., 2001; Cheyne et al., 2006; Elhaj & Barakeh, 2015; Ferreira et al., 2016; Radivojević et al., 2018; Singh & Ranjan, 2019; Vojvodić, 2019). Bearing in mind that young people are certainly making the most of these new technologies, they have become a valuable source of information for tourism researchers (Richards & Wilson, 2003; Byrne et al., 2013; Spasić et al., 2015; Pavlović et al., 2016; Yunusovich, 2018).

Many authors have found that the use of modern technology for booking travel services is primarily characteristic of young college-educated people (Weber & Roehl, 1999; Jones, 2009). This tourist segment is estimated to be one of the fastest growing segments in the global tourism market (Chiu et al., 2015). The World Tourism Organization (2008) predicts that there will be around 500 million young tourists by 2025, and that they will be the main source of future tourism growth.

Hence, the goal of this paper is to investigate whether young tourists in Serbia prefer online reservations to travel agencies when booking travel services. More importantly, the paper aims at getting a more comprehensive insight into their opinions about various aspects of both modalities. The understanding of the motives underlining their choice could provide the insight into the different aspects that both traditional travel agents and online services need to improve in order to be competitive in the market.

2. Theoretical framework

2.1. Travel agents

In the beginning of tourism development, tourists themselves took care of the organisation of transportation, booking accommodation and all other travel needs. With the increasing development of tourism, the need for intermediaries to handle these jobs instead of tourists particularly gained on importance (Senić & Senić, 2016). This led to the emergence of travel agencies whose role is to mediate between tourism supply, on the one side, and tourism demand, on the other.

Many authors have pointed out that there are numerous advantages to using travel agencies as intermediaries in providing travel services. Some of the earliest papers that addressed this issue identified efficiency (Bettman, 1973), knowledge (Hirschman & Wallendorf, 1982), personalised service (Paulson, 1997), and access to information about the hidden cost of travel (Gee & Fayos-Solá, 1997) as the most important characteristics that influence tourists’
decision to book their travel with a particular travel agency. The studies conducted after 2000 have further found the main advantages of booking with travel agencies identified by tourists. These are employee competence \cite{Anckar2001}, trustworthiness \cite{Susskind2003}, time saving \cite{Card2003}, travel agents expertise \cite{Stewart2005}, personal counselling \cite{Anckar2001}, special offers \cite{Klahn2015}, and social interaction before making an important travel decision \cite{Tugulea2014}.

Some researchers have sought to discover the demographic characteristics of tourists that are using travel agency services. They found that women, unlike men, prefer to book their travel with a travel agency. Female respondents highlighted the possibility of social interaction with travel agents as one of the main reasons for their choice \cite{Bogdanovych2006}. This finding confirmed the results obtained by the previous studies that identified social interaction as a key opportunity to establish long-term relationships with clients \cite{Prasarnphanich2003, Lekovic2018}. Establishing such relationships with clients can lead to their loyalty to a travel agency. This view is supported by Bogdanovych et al. \cite{Bogdanovych2006} who found that 43% of travelers repeat booking a trip with the same travel agency.

However, the developments of modern technology, the availability of the Internet and the growth of online sales have negatively affected bookings with travel agencies \cite{DeJager2014}. Barnett and Standing \cite{Barnett2001} agreed that changes in information technology were not in favor of travel agencies but in favor of suppliers. It seems that the aim of these changes is to reduce the tourists’ use of travel agencies when purchasing travel services \cite{Loverseed1999}.

2.2. Role of the Internet in tourism

The Internet has changed the tourists’ behavior regarding travel reservations \cite{Mills2004, Ilic2018}. The main reason for this change is the fact that the Internet offers opportunity for easy and direct interaction and exchange of information between suppliers, on the one hand (such as hotels, airlines, car rentals), and tourists, on the other, thus bypassing traditional travel agencies \cite{Werthner1999, Cheyne2006}.

Using online bookings enable travellers to book their holidays online at home \cite{Gee1997}, compare prices \cite{Anckar2001, Bennett2003}, multitask \cite{Tugulea2014}, to access information about the travel destination more easily \cite{Zhang2006, Klahn2015}, and to access this information 24/7 \cite{Law2004}. Furthermore, it was found that the Internet provides quicker responses \cite{Anthes1997}, favourable payment conditions and better value for money \cite{Mayr2009}.

Research has shown that the use of modern technology for booking travel services is linked to the demographic characteristics of potential tourists. For example, a study conducted by Sommers \cite{Sommers2008} showed that males prefer online bookings, unlike female respondents. Convette \cite{Convette2011} found that in addition to demographic characteristics, the level of education influences the tourists’ decision to use modern technologies. This is supported by Ferreira et al. \cite{Ferreira2016} who found that more educated tourists were more prone to booking online. In addition, some authors have found that tourists usually find the first travel information using the Internet \cite{Kraguljac2017, Kraguljac2018}.

3. Research methodology

Young tourists (18-26 years of age) have proven to be a very important market segment, mainly because of their characteristics, such as adapting to contemporary trends, the ability
to influence other segments, and future financial potential (Shukla, 2009). In this group of young tourists, students were especially distinguished as an attractive group from the perspective of academic research. According to the study conducted by Enis et al. (1972), some of the reasons is a high response rate of the young and, at the same time, low research costs.

The aim of the conducted research was to gain insight into young tourists’ preferred way of booking travel services. As the main idea was to include young people (approximately 18-26 years old), the focus was on the students of the Faculty of Hotel Management and Tourism in Vrnjačka Banja. This choice was motivated by three main reasons. Firstly, it is assumed that students of this faculty have the most interest in this topic, and that they would be interested enough to participate in the survey in an objective way. Secondly, students are additionally interested because there is a strong link between tourism industry and (un)employment (Gnjatović & Leković, 2019). Finally, this is the only state-owned faculty in Serbia that is primary dealing with tourism.

For the purpose of the research, a questionnaire was created. The email addresses obtained from the Faculty Student Services were used to send questionnaire to the respondents. The items used within the questionnaire were created based on a review of relevant literature and earlier studies that addressed tourists’ motives for using either the Internet or travel agents for booking travel services (Cheyne et al., 2006; Mayr & Zins, 2009).

The survey included a total of 15 closed-ended questions. Reja et al. (2003) have pointed out that the advantage of using this type of question in a research is an easier analysis of answers due to standardised answer options. Nine questions were of multiple choice type and they related to the socio-demographic characteristics of the respondents and their travel habits. The remaining six questions were statements related to the selected booking method, and the participants were asked to respond using a five-point Likert scale (1- strongly disagree, 5 - strongly agree). Depending on the answer to the ninth question, each participant received selection of relevant questions concerning the preferred way of travel services booking.

Data was gathered from October 30 to November 2, 2019. The authors monitored the dynamics of survey response and change in results in the real time. After four days, the response rate of 84% was achieved and the answers were fairly stable, i.e. their variation was less than a few percent. In total, 126 out of 150 sent surveys were successfully completed and used for further data analysis. As all the questions in the survey were mandatory there were no missing data.

The collected data were analysed using SPSS statistical software (SPSS 20), frequency analysis and descriptive statistics. First, frequency analysis was used to identify the socio-demographic characteristics of the respondents and their preferred way of booking travel services. Then, descriptive statistics were used to obtain mean values and standard deviation of motives for using the selected booking method.

4. Results

In the sample of 126 respondents, 90 respondents or 75.4% were female. Most of the respondents (65.9%) belong to the age group 18-21, the rest are 22-26 years old. The largest percentage of respondents (90.5%) are students, while the employed and the unemployed were observed separately. As for the level of education, most respondents are at undergraduate studies (55.6%) and master studies (38.1%). According to the self-assessment of computer literacy, 60.3% of the respondents are at intermediate level, whereas 31%, i.e. 8.7% at advanced and basic level, respectively.
The research results show that in the observed sample of young people, the majority of respondents (61.90%) choose travel agencies when booking travel services, while a smaller percentage (38.10%) book online.

No significant correlation between the level of education and preferred booking method was found. The situation remained the same when the gender of the respondents and their preferred way of booking travel services were observed. Travel agencies proved to be a preferable option compared to the Internet for the majority of both female (61.1%) and male respondents (64.5%). However, the Pearson Correlation Coefficient \((r=-0.263)\) showed that there was a very weak relationship between the age of the respondents and the preferred way of booking travel services \((p=0.003)\).

Table 1 includes descriptive data regarding the respondents’ motivation to use travel agents for booking travel services. The results showed that safety is the most important reason why respondents prefer to use travel agencies.

Table 1: Descriptive statistics of using travel agents \((n=78)\)

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge and experience of travel agents</td>
<td>3.52</td>
<td>0.96</td>
</tr>
<tr>
<td>Safety</td>
<td>4.12</td>
<td>0.89</td>
</tr>
<tr>
<td>The ability of travel agents to find the right trip for me</td>
<td>3.96</td>
<td>0.93</td>
</tr>
<tr>
<td>Social interaction with travel agents</td>
<td>3.82</td>
<td>0.89</td>
</tr>
<tr>
<td>All travel organization activities are undertaken by a TA</td>
<td>3.96</td>
<td>0.97</td>
</tr>
<tr>
<td>Deferred payment option</td>
<td>4.05</td>
<td>1.35</td>
</tr>
</tbody>
</table>

Source: Research by the authors

Table 2 presents the findings regarding the respondents’ motivation to book online. Statement *Available 24/7* has proven to be the most important motive for booking via the Internet.

Table 2: Descriptive statistics of using the Internet \((n=48)\)

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of finding travel-related information</td>
<td>3.96</td>
<td>0.99</td>
</tr>
<tr>
<td>Easier comparison of prices of different entities on the side of the tourist offer</td>
<td>4.19</td>
<td>0.82</td>
</tr>
<tr>
<td>Easier to find your desired trip</td>
<td>4.31</td>
<td>0.80</td>
</tr>
<tr>
<td>Travel booked online is cheaper</td>
<td>3.98</td>
<td>0.81</td>
</tr>
<tr>
<td>Saving time</td>
<td>4.38</td>
<td>0.89</td>
</tr>
<tr>
<td>Available 24/7</td>
<td>4.63</td>
<td>0.73</td>
</tr>
</tbody>
</table>

Source: Research by the authors
5. Discussion

The Table 1 indicates several points which should be improved by travel agents. The parameters with the mean values below 4 that could be improved are:

Knowledge and experience of travel agents,
The ability of travel agents to find the right trip for me,
Social interaction with travel agents, and
All travel organization activities are undertaken by a TA.

The obtained results point to the obvious correlation among these aspects. It seems that as the possibilities of trip organisation for tourists evolve, the demands evolve as well. Modern tourists expectations concerning travel agent services are higher than they used to be. In order to fulfill these demands, a travel agent must be more prepared for the tasks. It is possible for an individual to improve all these aspects in a significant degree in the process of field-specific tertiary education. Although it goes without saying that anybody can improve himself/herself in any of these aspects by self-education, the authors expect that in the near future it will be less possible for a travel agent to work without formal higher education qualifications in the particular field.

There are more authors who have dealt with the same and/or similar issues (Spasić et al., 2015; Pavlović et al., 2016). In one particular study conducted by Spasić et al. (2015), a similar question was part of the questionnaire “How much do the expertise and professionalism of employees in travel agencies/tour operators affect your choice to book travel and tourism services at the offices of travel agency/tour operator instead of using the Internet?” (p. 534). Average age of students who participated in this survey was 21-25, but interestingly the mean value for this question was 3.94. This result is very similar to the one obtained in the study presented in this paper.

It is obvious that a large number of tourists nowadays arrange their trips, accommodation and other services by themselves. However, Table 2 shows that there is some space for improvement. According to the table, two statements are marked below 4:

Ease of finding travel related information, and
Travel booked online is cheaper.

In the author’s opinion, both of these statements are very important. It is a well known phenomenon that when a person has a large number of available choices, it could lead him/her to a problematic situation (Saltsman et al., 2019). Naturally, this depends on the particular person, but, regardless the aforementioned, the problem is more or less always present. That is why it is useful to have online aggregators of the touristic information on a particular subject, or region. These sites can significantly aid tourists in their searches, because there is much less sideways, which leads to decreased confusion.

If a company needs to have traditional travel agents, it has to pay their salaries and any other expenses related to its workers. However, in the case of online platforms, this is not the case. The expenses related to platform upkeep, the Internet hosting and development do exist, but are lower than in the first case. Thus it might be a wise business logic that in the case of online tourists’ self-service, companies should keep to the lower fees. In the larger scale, such a logic could lead to higher earnings in the end. One study showed (Spasić et al., 2015) that 76% of the respondents imply that booking over the Internet is cheaper, which also shows that there is room for improvement concerning lowering the costs.
6. Conclusion

Although for deeper analysis of the tourists’ behaviour it would be desirable to have at least some kind of their basic psychological profiles - in order to have more valid statements, the authors perspective is that in the contemporary tourism there is and should be room for both tourist agents and online self-services. There is a possibility that, depending on the personal attitudes of tourists, there will always be a need for both (even further in the future), but the percentage of the tourists that arrange their trips, accommodation and services by themselves, and by the travel agents is definitely (and will be) a function of the quality of service. Thus, in order to stay competitive on the market, each side has to keep the pace.

In this study, we used the results from conducted survey to show that there is a room for improvement both for travel agents, and online services. At this moment, the situation is such that neither side has a distinct advantage.

The limitation of the study is that only the perspective of young tourism professionals is examined. Future research should also include the opinions of other young people in Serbia in order to provide a deeper insight into the motivation of young people for using different methods for booking travel services.

References


