



# Motivation for ‘Consumer-Producer’ Interactions in Tourism: Disintermediation and Scope for Travel Agencies

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## Abstract

Increase in accessibility to the internet and consumer’s faith in conducting online transactions, have paved way for a steady change in how consumers plan and buy their holidays. The role of traditional travel agents and online travel portals, as sources most knowledgeable about holiday destinations is on the wane due to the emergence of online reviewing platforms, and easily accessible and first-hand information from the service producers. Consumers today prefer to approach service producers such as resorts, restaurants, transport providers and guides to book their services. Given this scenario, this paper attempts to determine the catalyst for the changing trends in tourist buying behavior, the role of the internet and whether travel agents are aware of the said changes. The paper also looks at possible opportunities for travel agents to expand their products’ portfolio to maintain or

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increase their revenue in tandem with the changes in the industry. The study takes into consideration responses received from 75 tourists and structured interviews conducted with sixteen travel agents.

**Keywords:** Tourism, trends, disintermediation, direct buying, online travel portals, tourist behavior, tourism industry and change.

## **Introduction**

Travel is an intrinsic part of human nature, right from the pre-historic times when human beings were forced to travel in search of food, shelter and good living conditions. Travel is a necessity and it could be one of the reasons for the survival of the human race across time. Even after millions of years, the basic needs during travels remain the same – food, shelter and good living conditions – and it is to cater to these that we rely on the tourism industry. The study of tourism and its definition will be incomplete without the amalgamation of its major components: the tourist, tourism goods and service providers, the Governments and the host community (Goeldner and Ritchie, 2012). This study will focus mainly on the relationship between the tourist and the tourism goods and service providers.

Tourism products form the ‘pull’ factors responsible for increasing tourist’s motivation to travel (Dann,1977). Luxurious hotel stays, fine dining restaurants, snow-capped mountains, historic monuments and tranquil beaches are examples of tourism products. It is however, not prudent for us to brand all the tourism goods and service providers as the ‘producers’ of these tourism products. The general public is sometimes under the misconception that these tourism products originate at the travel agency or Online Travel Portals (OTP). It is true, that travel agents book a tourist’s holiday and help to make it as smooth an experience as possible, but it is necessary to understand the difference between the producers of the product and the intermediaries in its distribution channel. According to Jafari (2002) the intermediaries in a tourism channel of distribution consist of tour packagers, retail travel agents and specialty channels.

A noticeable shift has been observed in the interactions between the consumer and the intermediaries in the tourism channel (Law, Law and Wai, 2002). Generation X and Millennial have become more discerning, as they prefer to research the product before the actual purchase (Kotler, Bowen, and Makens, 2006). This gives them access to multiple choices and consumers are more aware of what to expect from a purchased product. The modern tourist has the internet at his disposal and information once known only to travel experts is now available and accessible through the World Wide Web. Travel formalities such as passport, visa and Foreign exchange have become easier to organize, mainly because governments have realized the contribution of tourism to their economy and have made the fulfillment of the aforementioned travel formalities less bureaucratic. Tourism businesses such as hotels, resorts and restaurants are going online with the aim to reach out to a wider clientele. Also, by selling their products online, these businesses are able to save the commission that they would have otherwise paid to the middle men in their distribution channel (Buhalis,1998). Tourism businesses are also able to ensure that their service quality is not compromised due to reliance on a third party seller.

The future of travel intermediaries seems to be uncertain under the above conditions. Although, some research may point out that traditional travel agencies can co-exist with the Internet (Law, Law, and Wai, 2002) this will decrease their revenue generation capacity. The authors, therefore, examine the possibility of travel agencies taking on the role of destination managers, provided their region of operation has scope for inbound tourism. The paper looks at the responses given by consumers of tourism about their buying behavior and why they are ready to bypass the travel intermediaries when planning a holiday.

### **Conceptual Framework**

It is observed, globally, that the travel industry is undergoing disintermediation due to the emergence of online travel portals (Kotler, P., Bowen, J. and Makens, J., 2006). Traditional travel agents who are not able to match the cut-throat prices by these e-

mediaries have to suffer loss, and many had to cease operations. The true reason for this occurrence, however, was not the entry of e-mediaries in the travel business, but rather it was the travel agents' unwillingness to accept and adapt to the changing trends.

The increase in the number of tourists organizing holidays themselves poses a similar threat to the intermediaries in the travel business. It would be prudent for the travel agencies to understand the motivations behind this phenomenon to be prepared for the future.

So, why do some tourists prefer to book holidays on their own? Why do they prefer to bypass the travel intermediaries who can simplify the holiday booking process? What are the anticipated benefits of this behavior? The paper attempts to answer these questions by looking at the several theories of travel motivation and tries to ascertain if the motivations responsible for direct booking fall under similar categories.

The researchers also interviewed travel agents, to find out their perception of this phenomenon, on their awareness of the trends in travel motivations, the role played by the internet to bridge the gap between the tourists and producers and their contingency plans for the future.

### **Research Objectives and Supporting Review of Literature**

The main objective of this research is to determine the motivations for tourism consumers to plan and organize their travel on own, rather than through travel intermediaries. Through this literature review, the paper looks to establish similarities between the motivational theories for travel put forward in the existing literature with those that were discovered through the survey. The secondary objective of this paper is to explore the ideal direction for traditional travel agents to expand their product portfolios, keeping in mind a future where large numbers of tourists would book their travels directly. The paper also wants to determine the role played by the internet in facilitating the consumer - producer interaction.

### **Travel Motivation Typologies**

Motivation is not the same as demand; the latter is said to be an output of motivation (Sharples, 2006). When a potential tourism consumer decides to purchase goods and services, the decision-making process is made up of five stages – recognition of need, information searching, evaluation of alternatives and post-purchase behavior (Robinson, Heitmann, and Dieke, 2011). During the second stage of information searching, the extent to which the consumer is willing to go depends on the strength of the drive to buy, the amount of initial information, the ease of obtaining new information, the significance of the additional information and the satisfaction the consumer derives from searching (Kotler, Bowen, and Makens, 2006). With the advent of the internet and consumers increasing faith in web sources, (Buhalis and Licata, 2002) it is convenient and easy to collect vast information about destinations to visit and also about tourism producers at these destinations.

One of the well-known tourist typologies based on their motivation to travel was given by Cohen (1974). The typology divides tourists into organized mass and individual tourists, explorers, and drifters. According to Cohen (1974) the explorers and drifters prefer to plan holidays on their own. The essential motivations of this category of tourists are:

1. The experience seeking tourist who looks for genuine experiences
2. The experimental tourist who wants gets in touch with local people, to gain firsthand knowledge
3. The existential tourist who wants to be part of the culture and lifestyle of his/her vacation destination and seeks adventure and has an appetite for risks

As suggested by Dalen (1989), in his study of tourist typology, modern idea lists are those who seek excitement and entertainment and want to be more intellectual in their travel by avoiding mass tourism or fixed itineraries. Similarly, Plog (1977) has linked personality traits directly with the behavior of tourists and has divided his study into two groups – Psycho centric and All centric. While the former group was less adventurous and inward-looking, the latter was found to be outward-looking people who like to take

risks and seek more adventurous holidays. The survey was undertaken by American Express (1989) also resulted in the analysis of the popular tourist classification called adventurers, who are freethinkers and self-assured and who prefer new activities. All these statements help in a further understanding of tourists who are more financially prudent and exploratory in nature.

In the recent years the term 'post-tourist', which had evolved in the early 1990s, was made popular by Urry (1990). Post-tourists represent the 'postmodern' age, and they disagree with the authentic tourism product or experience. The traveler has matured and evolved into a tourist who likes to take control of his tours as well as experiences. A modern analysis of the ancient practice of tourism as put forward by Poon (1994) states that modern day tourists act as catalysts of changing population demographics and are found to be more experienced, flexible and independent minded. This has prompted the tourism industry to cater to the increasing demands and changing trends of a modern day tourist. A vivid shift is observed from the 1970s and 1980s mass tourism, with its rigid standardized packages, to the present competitive operational and technology driven environment. He sums up that technology and innovation are creating new best practices of flexibility, market segmentation and diagonal integration within tourism. Horner and Swarbrooke (1996) in their study divided the survey group as tourists and travelers. They stated that a tourist is someone who depends on a tour operator while a traveler mostly makes his or her independent travel arrangements. The traveler is, therefore, categorized to be superior to a tourist. Their study proved that many tourists yearn to become 'travelers'.

The above compilation of typologies of tourist motivations is important as they help to gather information about consumer behavior in tourism as well as predict future trends in tourist behavior. (Typologies of Tourist Behavior, 2009)

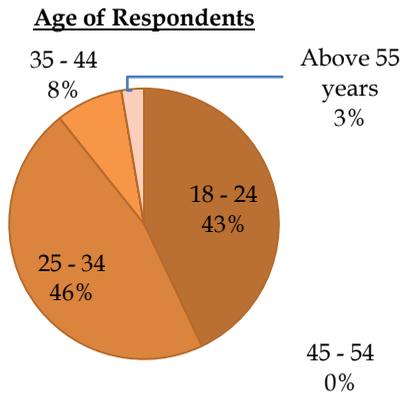
### **Scope for Travel Agencies**

As the first half of the literature review shows an inclination among tourists to be independent or in making choices for their travel, travel agencies seem to experience an unprecedented fall in volume

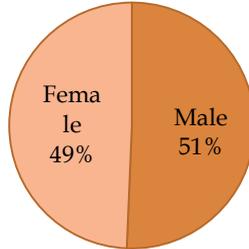
and revenue generation. Nevertheless, the travel agencies are changing and adapting to the shifting trends in the industry. This can be explicated through the recent example of the acquisition of Sita (The largest Inbound Company in India) by Fairfax-owned Thomas Cook in August 2015. The Swiss tour operator Kuoni Group's business in India (Sita) and Hong Kong (Kuoni Travel (China) Ltd.) was bought over by Thomas Cook with the sole intention of scaling up the inbound tour business, which will help them expand their foreign markets. It had also acquired Luxe Asia, a Destination Management company in Sri Lanka just a week before this acquisition as stated by Business Standard. These pioneering acquisitions in the inbound sector enhanced the company's stronghold in the outbound sector. The source stated that Thomas Cook to faces challenges from online travel portals that are growing at a fast rate. Therefore, such acquisitions and expansions towards destination management would prove to be a solution.

### Methodology and Observations

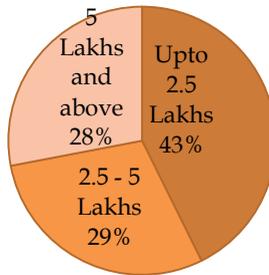
To understand the tourists' motivations in booking their travels by themselves, a survey was created that used a Likert Scale to judge the degree to which tourists' motivations matched the motivational typologies. 75 tourists took the survey and their responses were subjected to statistical analysis. A separate structured interview was conducted with 16 travel agents to understand their views on the observed trends.



**Gender**



**Income levels of Respondents**



**Education of Respondents**

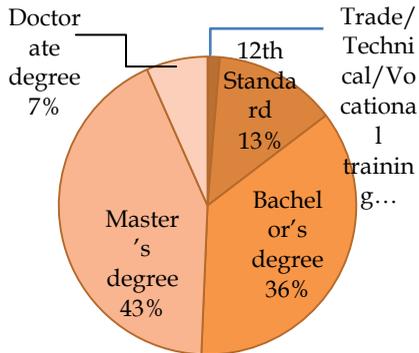
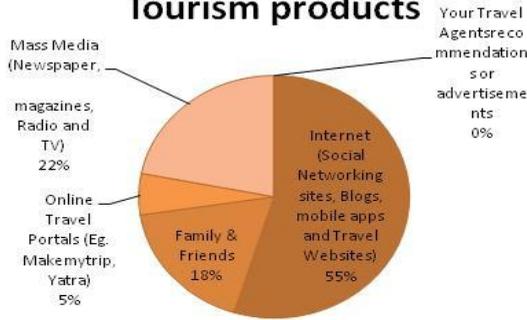


Chart 4.1: Demographics of respondents (Tourism Consumers)

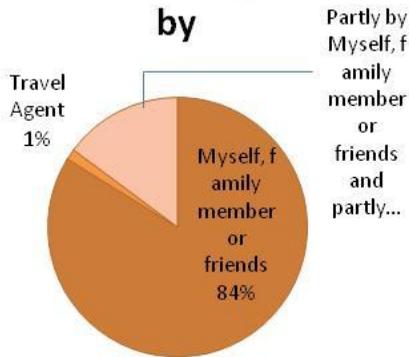
From the above demographics, we observe that the number of male respondents was almost equal to female respondents, and the majority of respondents belonged to the age group of 25–34. The majority of respondents earned up to Rs2.5 lakhs as annual income, suggesting that a good portion of the respondents were at the beginning of their careers. A large portion of the respondents have a Master’s degree, signifying the modern traveler is well educated.

For the purpose of this research, the respondents were shortlisted by those who had a higher probability of making a direct booking based on their past travel patterns and tour preferences in the future. The questions determined their buying behavior for local, domestic and international travel and their initial source of information on tourism products.

### Source of Information on Tourism products



### Local travels organised by



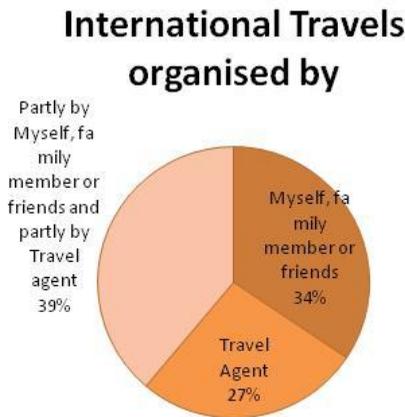
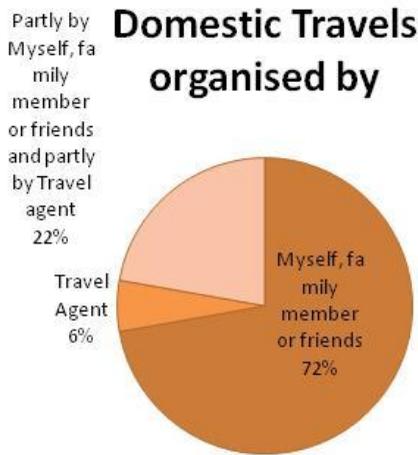


Chart 4.2: How respondents organized their travel

From the above pie charts, it can be observed that more than half the respondents found out about a new tourism product through the internet. This reaffirms observations of previous researchers that Information and Communication Technology (ICT) has a definite impact on tourism and the tourist. This was then followed by mass media (22%), family and friends (18%) and Online Travel Portals at a meager (5%). Surprisingly, none of the respondents chose 'Travel agents recommendations and advertisements', which tells us that travel agents need to be more aggressive in their marketing

strategies. We asked the respondents about their travel booking methods for visits within their state (local), within their country (domestic) and outside the country (international). As expected, the majority (84%) preferred to organize their local travels on their own. Reliance on a travel agent increased in tandem with the distances of their travel. However, 72% of the respondents still preferred to organize their domestic travel themselves and about 34% of the respondents preferred to organize their international travel on their own. This data underlines the importance of this research paper and reaffirms the changing trends in tourist buying behavior.

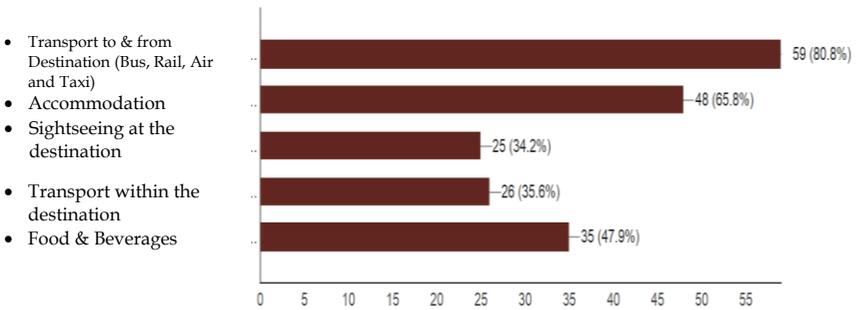


Chart 4.3: The Components of Travel, the Respondents Are Willing to Book on Their Own

The above chart shows us the components of their holiday that the respondents were comfortable booking on their own. 80% of the respondents preferred to book their transportation to and from the destination on their own; this could be attributed to the increasing number of online air-ticketing portals, railway ticket booking portals, and apps available to book buses and taxis. About 66% of the respondents preferred to book their accommodation by themselves, either by directly contacting the hotel or through online portals. Arranging for sightseeing (34%) and transportation within the destination (36%) seemed to be a hurdle and these statistics leads us to the possibility that travel agents at such destinations can take on the role of destination managers to facilitate such services.

### Behavioural Segmentation of Sample

The sample was segmented based on their travel buying behavior, i.e., those who preferred to rely on travel agents and those who preferred to book their travels on their own (Direct Buyers). The responses of the direct buyers were analyzed to find out what kind of motivations persuaded them in their buying decision.

A series of questions were asked to respondents, with responses ranging in Likert scale from Strongly Disagree (1) to Strongly Agree (5). The survey was designed in such a way that four or more Likert-type items that represent common themes were combined into a single composite variable (as given in the below table). The Likert Scale data was then analyzed as interval data, and the Mean was obtained as a measure of central tendency. Each theme was designed keeping in mind the contributing motivations for travel as defined in the conceptual framework of this paper. It can be observed that these direct buyers scored high on the themes developed from contributing motivations.

Table 4.4: Likert Scale Data Analysis

Question Themes (n=20)	Contributing Motivation	Mean	Mode
Use ICT for information on tourism products	Skill Enhancement	4.49	5
Lack of information and choices with travel agent	Exploratory Nature	4.07	5
Not economical to book with travel agent	Financial Prudence	4.20	5
Direct booking led to better travel experience	Travel Experience and Knowledge Enrichment	4.47	5
Preferred to bypass travel professionals	Adventure Quotient	4.52	5

### Interview with Tourism Professionals

The researchers conducted interviews with sixteen tourism professionals to ascertain their perspectives on the changing trends in customer buying behavior. The interviews were semi-structured in nature. The interviewees were asked leading open-ended questions, and their responses noted.

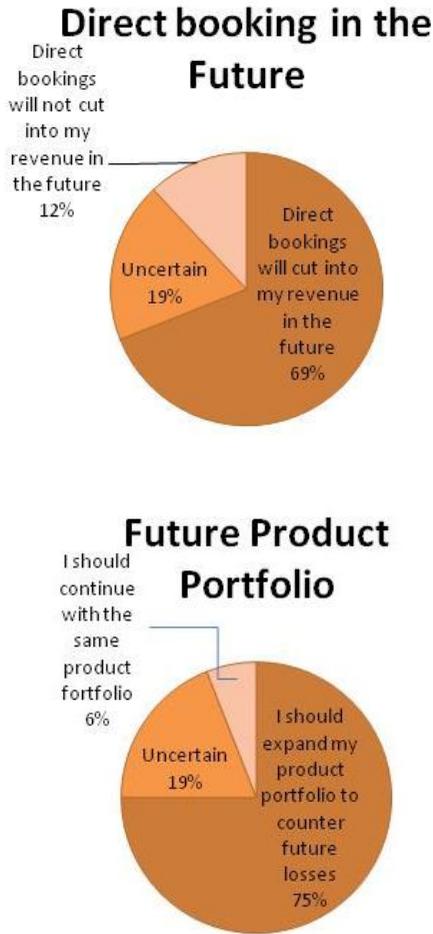


Chart 4.5: Future Trends in the Travel Business

The majority of the travel agents agreed that direct bookings will have an impact on their business in the future and that the best alternative to maintain business was to expand their current product portfolio. They agreed that destination management and personalized customer services could be added to their product portfolio to compensate for the potential losses that could be incurred in the future due to direct booking. The travel agents were of the view that, at destinations where local expertise was required to handle ground operations, the existing travel agents in these locations could take on the role of destination managers. The role of

internet and telecommunication was credited for the substantial increase in direct buyers in the past few years.

## Conclusion

This paper suggests that travel motivations in tourism consumers have an influence on their direct buying behavior. It was found that direct buyers have a strong set of explorative and all centric motivations, and this is a reason for the changing trends in buying behavior. Information technology has played the role of a catalyst to expedite the said changes by bringing the producers of tourism closer to the direct buyers. The geographic limitations faced by travel agents and decreasing margins from tourism producers coupled with the increase in direct buyers will lead to losses in their revenue. Remodeling the traditional travel agents' roles into ground handler/destination managerial roles would be an ideal solution to survive in the tourism business.

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