MARKET TRENDS FOR TOUR OPERATORS AND TRAVEL AGENCIES BOOKING CHANNELS - PREFERENCES OF YOUNG PEOPLE IN SERBIA

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Abstract:
ICT technologies have led to significant changes in the tourism and travel market. This has also triggered the emergence of online travel agencies and other portals that tourists use for booking tourism and travel related services. The question imposes as to how these changes affected the traditional distribution systems of tour operators and travel agencies. In this paper, special attention is devoted to such trends in Serbia, and the young population (aged between 15-24 years) was selected as a target group of respondents for the study conducted herein. The results indicate that traditional distribution systems for tour operators and travel agencies in Serbia still dominate in most of the activities of the young population, and especially for booking tourism and travel services. Based on the research results, the paper presents the statistical data that show the importance of Internet and traditional distribution systems in the process of seeking information and booking for the young population.

Keywords:
tour operators and travel agencies, young population, traditional distribution, Internet.

INTRODUCTION[1]

The emergence of online tourism market has opened up new dimensions, especially those referring to booking channels. Changes in tourism demand, information technology application in tourism and travel services booking, have caused particular turbulence for travel agencies and tour operators. New online travel agencies have emerged and they use the advantages provided by the online market and the Internet as a tool for the promotion and distribution of tourism and travel services. It is based primarily on the increased number of tourists who use technology for collecting information, trip planning and booking of services related to travel and tourist stay at the destinations. “Understanding how travellers adapt to this change is essential in that technological development not only supports access to and use of information, but also is driven by traveller’s needs and wants” (Xiang *et al.*, 2014, p. 514). Therefore, needs

1 This paper is a continuation of the previously conducted and published research. Spasić, D. Pavlović, N. Stanić, Distributing Tourism and Travel Services in Serbia - Traditional Travel Agencies/Tour operators vs. Online Distribution, *Synthesis 2015 - International Scientific Conference of IT and Business-Related Research*, pp. 531 - 536, 2015

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and wants of the tourism demand and the increasing use of the Internet are the key factors affecting the tour operators and travel agencies' adjustment process to the market. These processes have led to the process of disintermediation (Liach *et al.*, 2013), but also to the process of re-intermediation in the market (Cheung & Lam, 2009). Tour operators and travel agencies will adopt this change as much as travellers adopt this change, which is crucial for development of effective communication strategies (Xiang *et al.*, 2014, p. 514).

A precondition for the emergence of these trends and online market development is information market intensity, or primarily the number of Internet users among the general population. According to the available the data of the Internet World Stats, 46.4% of the world's population uses the Internet. The largest percentage goes to North America, which generates the largest number of Internet users (87.9% of the population). The second is Europe with 73.5%, immediately followed by Australia/Oceania with 73.2%. With somewhat less frequent number of Internet users stands out Latin America/Caribbean (55.9%), Middle East (52.2%), Asia (40.2%) and Africa (28.6%) (The Internet World Stats, 2015). For the purposes of this research and with the aim to define market information intensity, we compared the Internet users in Serbia with the selected neighbouring countries (Slovenia, Hungary, Croatia, Macedonia, Bosnia and Herzegovina, Romania, Bulgaria, Montenegro and Albania).

With the intensive development of ICT and online market, more tourists are using the Internet for information, reservation of services using the web tools and booking via third party websites *e.g.* online travel agencies (Wu *et al.*, 2013; Toh *et al.*, 2011; Ling *et al.*, 2014). The Internet and ICT have transformed the structure of the tourism value chain and eliminated restrictions on the agents to perform functions beyond the preset restrictions (Berne *et al.*, 2012, p. 205). Some author also state that the virtual value chain offers value-added services to customers regarding the transformation of value added services through the virtual value chain (Bhatt & Emdad, 2001, pp. 80-81).

The aim of this paper is to examine the tourism demand trends, specifically among the student population, regarding the use of the Internet and attitudes towards the choice of booking tourism services in Serbia. The basic question, as the starting point in the analysis, is the method of booking selection: Internet use vs. traditional distribution in booking tour operators and travel agencies services.

Starting from the premise that the use of the Internet and modern ICT depends on the market intensity, our aim is to present the data on the use of the Internet in the total population in Serbia compared to the selected countries. The sample countries were selected based on the following criteria: neighbouring countries belonging to relatively the same region with similar geographic characteristics. Based on the data shown in Table 1, it can be concluded that regarding the percentage of the Internet users, with respect to the total population, Serbia is ahead of Romania, Bulgaria, Albania and Montenegro, while it is lagging behind Romania and Hungary in terms of the total number of Internet users. In accordance with these data, we can conclude that the Serbian market is relatively information intensive unlike those in the neighbouring countries. These data create the basis for further analysis.

Online tourism and travel market have become very intense with an increase in the number of Internet users worldwide. It further contributed to more successful linking of tourism supply and demand, thus allowing tourists to book services individually or even create their own packages.

Table 1. Internet users in selected countries

Country	Population (2015 Est.)	Internet Users, 30-Nov-2015	Penetration (% Population)	Users % Europe
Serbia	7 111 973	4 705 141	66.2 %	0.8 %
Slovenia	2 062 874	1 501 039	72.8 %	0.2 %
Hungary	9 849 000	7 498 044	76.1 %	1.2 %
Croatia	4 225 316	3 167 838	75.0 %	0.5 %
Macedonia	2 069 172	1 408 278	68.1 %	0.2 %
Bosnia and Herzegovina	3 825 334	2 628 846	68.7 %	0.4 %
Romania	19 861 408	11 178 477	56.3 %	1.9 %
Bulgaria	7 202 198	4 083 950	56.7 %	0.7 %
Montenegro	622 099	379 480	61.0 %	0.1 %
Albania	2 893 005	1 815 146	62.7 %	0.3 %

Source: Internet World Stats, 2015

The online channel plays a crucial role in the tourism and hospitality industry (Ling *et al*., 2014, p. 234). One of the channels that appeared on the online market are online travel agencies (OTA's), which also cooperate with tour operators and other third party tourism industry enterprises (hotel, rent-a-car companies *etc.*) offering their products using the Internet as a tool for promotion and distribution.

Another question that arises is related to the compromising positions of traditional tour operators and travel agencies as well as to how such trends can really affect compromising operations of these entities. In addition, it is important to pay attention to the factors on the tourism demand side, which define those elements that contribute to the significance of traditional tour operators and travel agencies. For the purpose of finding answers to these questions, the survey was conducted among the student population. Accordingly, the results shall be presented in the remaining part of the paper.

SURVEY ON EUROPEANS PREFERENCES TOWARDS TOURISM – SERBIA'S NEIGHBOURING COUNTRIES

A survey on the preferences of Europeans towards tourism is conducted in January 2015 (Flash Barometer 414, 2015). Certain results of these studies indicate some questions related to the herein conducted research. Accordingly, an important trend among European tourists is shown.

The results of this survey, which are relevant for this paper, are related to two important questions: Most-used sources of information by European tourists for planning a holiday in 2014, and Methods used to organize a holiday in 2014. The results indicate the following (Flash Barometer 414, 2015):

The most important source of information for European tourists is word-of -mouth, *i.e.*, recommendations by friends and relatives (55%), but they also very often use the Internet websites (46%). Only 18% of all respondents said that travel agencies or tourism offices represent an important source for the decision-making process. Social-media sites are marked by 8% of respondents. There is a distinction in the results concerning the sources of information used by the young population (aged between 15-24 years): Internet websites with 51%, social media sites with 13%, travel agencies and tourism offices with 14%. The results of Serbia's neighbouring countries are illustrated in Table 2.

According to the research results, it is important to emphasise that Internet web sites are an important source of information for 18% of the respondents in the Former Yugoslav Republic of Macedonia and for 20% of respondents in Romania. On the other hand, travel agencies and tourism offices are an important source of information only for 7% and 8% of respondents in Bulgaria and Hungary, respectively.

The second important question refers to the methods that tourists use for holiday organisation. The Internet, as a growing trend, is most commonly used around Europe for searching information and organizing holidays. According to the results of the survey in 2014, 66% of European tourists use the Internet for organizing their holidays with an increasing trend of 8% compared to the previous year. At the same time, only 19% of respondents refer to travel agencies for organizing their holidays (-3% compared to the previous year). For young population (aged between 15-24 years), the Internet is a lot more common tool for holiday organization (69%). On the other hand, 19% of young population uses travel agencies for such purposes.

Table 2. Source of information - the results for neighbouring countries (in %)

Country	Recommend. of friends	Internet websites	Personal experience	Travel agencies and offices	Catalogue brochures	Social media sites	Paid guide books	News-paper TW
Bulgaria	56	40	25	7	4	6	2	8
Croatia	62	32	33	12	8	6	3	8
Romania	47	20	26	15	6	8	4	8
Slovenia	45	26	33	14	11	12	3	6
Hungary	60	43	32	8	11	6	4	7
Macedonia	36	18	52	20	2	10	0	6
Montenegro	54	33	35	15	4	8	2	7

Source: Flash Eurobarometer 414, 2015

There were also certain changes in European tourists' behaviour referring to the type of holiday, especially in the cases of package tours or separate products. The general trend is that booking tourism and travel services separately, avoiding the travel agencies and tour operators, is being more popular among Europeans unlike the package holidays booking. According to the results in 2014, 41% of respondents went on at least one holiday where they bought services separately, 36% went on a traditional package holiday, while 30% opted for all-inclusive holidays. When we talk about these trends in Serbia's neighbouring countries, it can be observed that the Internet is also the most common tool, as shown in Table 3.

It is important to emphasise that in the case of Macedonia, the level of Internet use is the lowest among all of the neighbouring countries. Serbia didn't participate in the survey in 2014. As regards the most important and frequently used information sources, 54% of respondents highlighted friends and relatives, 26% opted for Internet web sites, while 14% of respondents mentioned travel agencies and tourism offices. The Internet was the main method of holiday arrangement for 25% of respondents, while 29% stated that they organise holidays with the assistance of travel agencies. When it comes to types of holidays, services purchased separately are represented in 32%, package travel – 48%, all-inclusive holidays – 27%.

SURVEY ON PREFERENCES AMONG YOUNG POPULATION IN SERBIA

The study is based on the following questions: What are the preferences of young people towards booking holidays in Serbia? Which trends are significant in Serbia? What is the relationship between the traditional distribution and Internet use in booking tourism and travel services in Serbia? A questionnaire was used as a research instrument (Zikmund *et al.*, 2010, p. 232). The respondents were surveyed in late December 2014 and mid-February 2015 and in December 2015.

Out of the total of 86 respondents, 62.8% were female and 37.2% male. The respondent's years are classified into categories and the analysis indicates the following structure: 69.8% of respondents belong to the group aged between 21-25 years, 24.4% belongs to the group aged between18-21 years, while only 5.8% respondents belong to age group exceeding 25 years. When we talk about how often per year the respondents go on a journey that lasts more than 2 (two) days, 43% of respondents said they travelled 1 to 2 times per year, 29.1% of respondents were travelling 3-4 times, 17%, was travelling 5-6 times, while % of respondents travelled more than 6 times. Three respondents (3.5%) did not travel even once a year. The results have shown that, among the respondents, 53.5% generally prefer organised travel (using the package holidays), while others are mostly travelling individually.

As the main reason influencing the choice of a specific travel agency for organising a holiday, the respondents indicated that they choose the agencies whose services they have already used (54.7% of respondents), 24.4% decide to change the travel agencies, 4.7% tend to choose the nearest location and 14% avoided using the services of travel agencies and tour operators.

The second part of the survey is related to the Internet use in booking services and information collection. The results indicate that the information about travel and services is regularly collected over the Internet by 41.9% of respondents, while 25.6% of respondents do it often, 18.6% sometimes, 12.8% use only the Internet, while 1.2% of respondents do not use it at all. The results indicate that, in a large percentage, the respondents use the Internet for collecting information about services related to tourism and travel.

Table 3. Methods used for holiday organisation in neighbouring countries (in %)

Country	Internet	Through someone you know	Travel agencies	Over the phone	On-site	Transport company	By post
Bulgaria	51	18	16	12	8	4	2
Croatia	36	25	18	13	6	11	1
Romania	38	21	18	10	14	3	0
Slovenia	54	17	21	8	7	1	2
Hungary	48	27	23	11	7	1	2
Macedonia	27	21	27	15	32	10	1
Montenegro	29	17	20	14	21	10	1

Source: Flash Eurobarometer 414, 2015

When it comes to buying airline tickets over the Internet, the data slightly differ. Namely, 47.7% of respondents do not use the Internet to purchase tickets, 31.4% do it sometimes, 14% often and 7% regularly and exclusively. Although there is a presumption of high market information intensity, it is clear that the purchase of air tickets over the Internet is not represented to a large extent when we compare it with the use of the Internet to collect information. As regards accommodation booking via the Internet, the data indicate a strong similarity to the previous question. Specifically, 47.7% of respondents do not book accommodation via the Internet, 37.2% do it sometimes, 10.5% often, while a total of 4.7% of respondents do it regularly and exclusively. When it comes to booking package tours via the Internet, the situation is quite “dramatic”: 61.6% of respondents do not buy packages in this way, 30.2% do it so sometimes, 4.7% often, while 3.7% of respondents do it regularly and exclusively. Based on the analysis of these issues, it is possible to assume that the respondents have more confidence in booking services and packages directly by going to the travel agency or directly with the service providers. On the other hand, there is the question of advantages and disadvantages of booking services via the Internet as a tool. Also, the question imposes as to whether travel agencies and tour operators allow bookings through their websites. The survey, which was conducted in 2014 among receptive travel agencies (DMC’s) in Serbia (Spasić *et al*., 2013, p. 774) points out that 50% of respondents use mainly traditional “tools” to promote their products / services (fairs, advertising *etc*.) while the other half uses electronic media (websites, portals, banners *etc*.) for promotion. On the other hand, 63% of the surveyed DMCs use information technologies and sales operations (accepting queries, requests for service reservation *etc*.) while 37% are selling products / services in the traditional way. The analysis concluded that the payment over the Internet is not a common option, and it cannot be found on the websites of these agencies. These results, along with certain research limitations, surely indicate the common practice in the use of Internet in business operations among receptive travel agencies in Serbia. The results can also be an indicator of demand behaviour, which probably refers to the lack of trust in online payment systems.

In this paper, we also tried to find the respondents’ opinion on whether the booking of tourist services/packages over the Internet is cheaper or more expensive. The results showed that 77.9% considered it a tool through which the booking of services/package tours is cheaper, while 22.1% considered it more expensive. Notwithstanding this position, the results imply that above answers imply that they do use the Internet in such a percentage for booking. The difference among respondents can also be observed for the question related to whether they use the Internet or travel agencies for booking tourism and travel services abroad and in the country. The results indicate that for booking services abroad, 81.4% of respondents are using travel agencies/tour operators, while the Internet is used by 18.6%. As regards booking in Serbia, the situation is a bit different: 51.2% use travel agencies/tour operators and 48.8% use the Internet. Here we can express the conclusion that there is greater confidence in booking service over the Internet when respondents are travelling within the country, while when travelling abroad when they more often turn to travel agencies/tour operators.

Regarding the type of interaction that respondents favoured with travel agencies/tour operators, interaction face to face with the agent is preferred by 95.3% of respondents, 2.3% preferred phone, while e-mail correspondence and internet-chat are preferred by 1.2% of respondents. We can assume that the information and advisory role of travel agencies retained an important factor as a benefit for the existence of travel agencies in the market. Therefore, the respondents were asked how often they are consulting with other tourists on the Internet about tourism and travel services. The results show that 40.7% of respondents do not consult and seek advice from other tourists over the Internet, 39.5% does it sometimes 15.1% does it frequently, and 4.7% does it regularly. Such findings raise a question of vulnerability of the traditional business of tour operators/travel agencies under the influence of the Internet. Consequently, the respondents were asked (in the form of the optional questions) whether the classical travel agency - retailers and the traditional tour operators will “survive” in the market in accordance with the changes brought by the Internet. A large percentage of respondents are those who were not able to give an answer (23.3% of them for travel agencies and tour operators for 33.7%). On the other hand, 64% of respondents are of the opinion that travel agencies will survive in the market (12.8% is not considered); while for the tour operators that percentage is 69.3% (7% is not considered).

CONCLUSION

This research points to several questions of which the most important are: Has the Internet, as a booking tool in Serbia, developed in line with the present trends, and how much does it affect travel agencies and tour operators? On the other hand, the question imposes as to whether the traditional booking channels in Serbia are still predominant. The paper points out to certain conclusions that indicate the following features of tour operators and travel agencies market in Serbia. Young population in Serbia (age 15-24) places their trust in traditional agencies and tour operators more than they do in booking over the Internet. For travel agencies and tour operators in Serbia, an important fact is that among the young population, 53.5% of respondents generally travel in an organized way, using their services, and the main reason for that is the confidence gained during their previous travelling (54.7% of respondents). Booking accommodation, as also buying airline tickets via the Internet, is not that frequent as it would be expected. Booking package tours via the Internet is not that frequent, and we can conclude that traditional travel agencies and tour operators have an advantage in the Serbian market, unlike booking online, if we take into consideration the assumption that there is more confidence in booking services and packages by going directly to the travel agency or tour operator. Although the respondents think that booking services / package tours is cheaper via the Internet, it does not affect their decision to, in a large percentage, choose traditional booking in travel agency/tour operator. A quite interesting conclusion is that the vast majority of young population does not use the Internet for booking services abroad, but on the contrary, they go to the travel agency / tour operator. On the other hand, when travelling in Serbia, the Internet is more used, but still less than the traditional channels. This is further supported by the fact that the interaction face to face with the agent is preferred by 95.3% of respondents. Accordingly, this paper involved the issue of information market intensity, and the conclusion that could eventually be derived from the results and the analysis may be that information intensity is only one of the grou of factors that influence the level of participation of electronic commerce in distributing packages and tourism and travel services. On the other hand, this study does not include other age populations and views of tour operators and travel agencies about traditional and online distribution relation in Serbia, so we cannot apply these conclusions to the entire Serbian market.

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