



GLOBALIZATION AND CHANGES IN CONSUMER BEHAVIOR - IMPACT ON TRAVEL AGENCIES

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Abstract:

The development of globalization process has influenced tourism to become the industry with a fierce competition, both among tourism destinations, and tourism enterprises. The increase in the number of participants in the global tourism market triggers numerous changes in market approach of travel agencies. They are required to adapt to a new consumer profile in tourism, new tourist expectations in terms of technology and environmental protection, to the demand for new tourism products *etc.* The analysis of globalization process in the world tourism market and competitive marketing responses in business of travel agencies, are in the focus of this research. The research results should propose necessary marketing performances for better understanding of consumers and improving competitiveness in travel agencies in Serbia. The research methodology is based on the questionnaire and secondary research (desk research).

Key words:

travel agency,
globalization,
marketing,
consumer behavior.

1. INTRODUCTION

Competition in the tourism market has become much tougher over the last decades and it is not present only among the countries within a region, but also among regions on the global level. The competition growth is also a result of the expansion of services providing sector, which requires new business models in the tourism sector, including travel agencies.

According to the Tourism Law of the Republic of Serbia, the travel (tourist) agency is: "a company, other legal entity, or entrepreneur, which performs activities under the terms prescribed by the Law within the registered business activity of a travel, or tourist agency, in order to make a profit." In modern conditions of tourism development, tourism intermediaries, *i.e.* travel agencies provide the tourism consumers at their places of domicile with the information about a tourist destination and the comparison of destinations, improving this way the quality of offer.

Development of tour operator business in the late 20th century had a crucial impact on business orientation of traditional travel agencies. They have retained the role of traditional intermediaries in the tourism market, regardless of whether their business has a predominately emissive or receptive character. Furthermore, tour operators have kept their leading intermediary position in the tourism market and they have got a special place and importance in the international tourism market as companies - tourism

manufacturers. In modern circumstances big tour operators become the owners of hotel chains, airlines, transport companies, ship owners, *etc.*

It is worth noting that the information and communication technologies have stressed the importance of marketing approach and led to the improvements in the internal operations of travel agencies by integrating so called *back office* (*e.g.* accounting, human resources, quality control, *etc.*) with so-called *front office* (*e.g.* dossiers of the current consumers, preparation of itineraries, communication with suppliers, issuing airline tickets, *etc.*), which enables agencies to achieve the significant synergy, efficiency and cost savings. At any rate, the travel agencies operate in a strongly competitive environment, so that the success is also measured by the level of service quality.

2. RESULTS AND DISCUSSION

2.1. The impact of globalization on development and operations of travel agencies

Globalization as a trend has had a prevailing impact on the development of intermediaries in tourism, including travel agencies. From an economic point of view, globalization spurs productivity growth and the use of volume economy. On the other hand, it encourages the competition in the sense that business uncertainty and risks are getting higher and constant changes and adaptability are required

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(Dulčić, 2005). In general, the following positive aspects of this megatrend are cited: higher competitiveness, encouraging of technological innovations, higher accessibility of ideas, lower barriers for access to service exchange, *etc.* (Vitić-Četković, Jovanović & Krstić, 2012). As for the negative aspects of globalization, its impact on unemployment growth, environmental degradation, *etc.*, are also mentioned (Mandler & Goldsmith, 1996).

When we talk about travel agencies, the business globalization process has mainly developed through:

- ◆ the division of travel agencies to tour operators and traditional travel agencies;
- ◆ expansion of various forms of business interconnections: horizontal, vertical, conglomerate type.

It is considered that the travel agencies business globalization will mostly be influenced in the future by the following factors:

- ◆ faster tourism development;
- ◆ transport technology development;
- ◆ lifestyle changes;
- ◆ consumption structure changes *etc.*

Under the influence of globalization process, tourism turns into a world leading industry. The key factor is a fast development of information and communication technologies. Instead of mass production and mass tourism in a post-industrial society, a sophisticated and well educated consumer emerges with special demands. In that respect, globalization will affect travel agencies in the way that there will be a need of stronger specialization and differentiation of products and prices.

2.2. On-line agencies and understanding of a modern consumer in tourism

The priority in development of modern tourism belongs to IT support to tourism, but not necessarily in new investments, but in integration of knowledge and power of technology (Nuković *et al.*, 2010). With the expansion of Internet technologies, many traditional travel agencies have faced a serious competition in the form of online travel agencies, because the users of their services can plan their trips on their own and adjust them according to their own preferences. Furthermore, they can see the accommodation, read and / or post comments on a travel agency, location, accommodation, *etc.* which is important for understanding the current and future consumers. In addition to this, *online* selling of package tours eliminates various regulations which must be observed by the agencies when they are physically present in a foreign market (Shapiro, 2000).

It becomes harder and harder to meet the needs of modern consumers in tourism, because their demands and expectations are getting higher. In that

respect, some of innovative offers of online agencies include the following tourism products: adventure holidays, cultural holiday, bicycle tours, family holidays, honey-moon trips, luxury travels, safari, diving holidays, holidays in the wilderness, Robinson Crusoe tourism, *etc.* (Williams & Soutar, 2009). Competitiveness of online agencies is connected with their feature of enabling the creation of relationship with an individual consumer. They provide their services twenty-four hours a day throughout the entire year, so the consumers can get the required information at any time. However, regardless of fast growth of direct sales of travel services which has been particularly influenced by the Internet, the prevailing opinion is that the travel agencies will still be the most important intermediaries and organizers of tourist trips (Unković & Zečević, 2004).

2.3. Research of change monitoring in consumer behaviour by travel agencies in Serbia

It is well-known that changes in the global tourism market driven by globalization require a modern marketing approach to business of travel agencies. For the purposes of this paper, a questionnaire was completed by the representatives of tourism organizations in Serbia and representatives of travel agencies who are members of YUTA in order to determine the level of monitoring the changes in consumer behaviour by travel agencies in Serbia. Namely, 268 e-mails were sent to available e-mail addresses with an invitation to take part in the survey. For the purpose of processing the data obtained in this survey, the techniques of descriptive statistics were used, including calculation of frequency and percentage, calculation of the arithmetic mean and standard deviation of given answers, *etc.*

The results of research of the frequency of current tourist demand (Fig. 1):

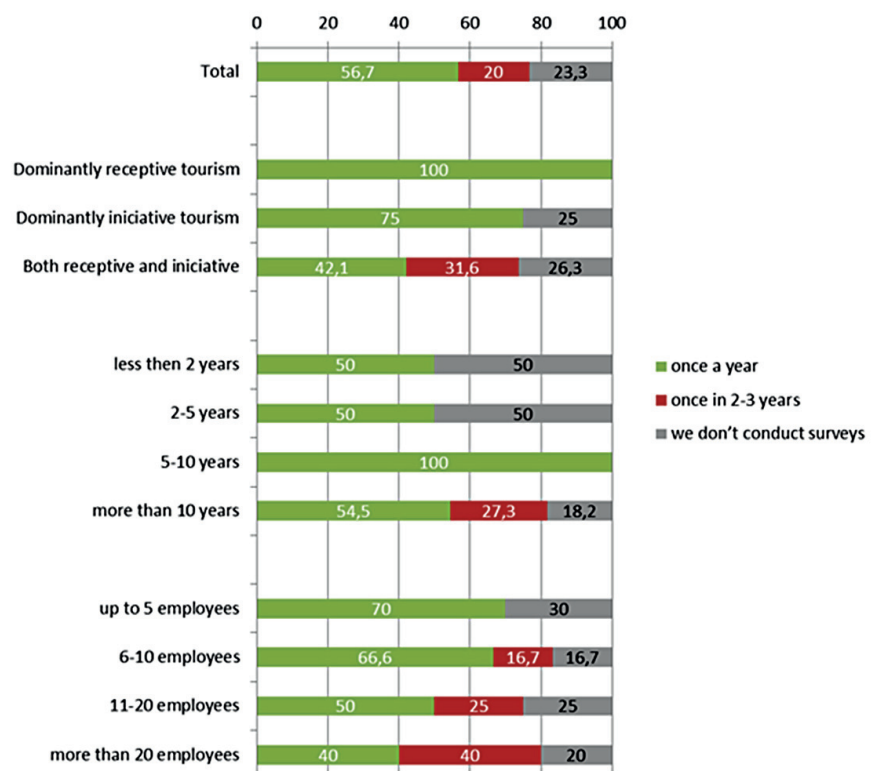


Figure 1: Research of current tourist demand - frequency



The positive results of research of the current tourist demand are related to the fact that more than one half of agencies conduct research of the current tourist demand once a year. However, there is space for business improvement regarding this aspect because almost 1/4 of them do not conduct demand research at all.

If the size of a company is taken into account, there are no differences in terms of non-conducting the research - smaller agencies give this answer just a little bit more often. However, if we look at the research conducting frequency, it seems that big systems tend to rely on other sources more than on research, because only 40% of these agencies conduct research of demand once a year.

When we look at the method they use for the current tourist demand research, 53% of the participants in the survey state that they talk with their colleagues, 50% conduct surveys with the participation of the service consumers after every trip, while 1/3 of them conduct surveys with consumers of services from the previous year - about their plans for the following year (Tab. 1). The comments and opinions of visitors in offices, comments in social networks (Facebook), and research requested by third persons, *i.e.* research agencies, are monitored to a lesser extent.

Table 1: Research of the current tourist demand - research method

	Frequency	Percentage (%)
We talk with our trade colleagues.	17	53,3
We conduct surveys with consumers of our services after each trip.	16	50,0
We monitor the forums about travels.	10	33,3
We conduct surveys with consumers of our services from the last year about their plans for the next year.	10	33,3
We keep updated with the technical literature in the country and abroad.	8	26,7
We conduct surveys with the visitors to our website.	7	23,3
We conduct surveys with the visitors to our offices.	3	10,0
We conduct surveys, in cooperation with agencies, about travels and plans for the next period.	2	6,7
We follow the opinions and comments of our representatives, collect comments of our visitors in our offices, monitor comments on Facebook, <i>etc.</i>	1	3,3

It is worth noting that the agencies whose dominant business includes initiative-based tourism state by far more often that they monitor forums on travels, which is actually logical, because this is exactly what their potential consumers of services do.

In the research related to specific topics of tourist demand, 66,7% of the surveyed participants have stated that

their satisfaction depends on the services provided, while a slightly smaller number of them (63,3%) have stated that it depends on the desired destination and 46,7% of them relate the level of satisfaction to a specific destination (Tab. 2). It seems that more specific topics such as: the type of service, additional services, as well as the time and duration of travel are less covered. This is in some way logical, taking into account that the internal materials of each of these agencies can be informative enough. However, it is doubtful if the agencies are ready to react to the global changes in consumer behavior in tourism, and if they could impose themselves in the market with their offer which is different from the usual one.

Table 2: Research of the current tourist demand - topics

	Frequency	Percentage (%)
Satisfaction with the services provided by the agency.	21	66,7
What are the desired destinations.	20	63,3
Satisfaction with a destination.	14	46,7
What type of services they expect - type of hotel, meals, <i>etc.</i>	12	40,0
What type of additional services they are interested in.	10	33,3
In what period of the year they plan their travels.	8	26,7
How much time would they spend on those destinations.	5	16,7
In what period of the year they go on their travels.	5	16,7

Research related to the availability of programs for frequent users of services - *Loyalty programs*, shows that this business practice is applied by almost half of the agencies (48,4%), while just a little bit more than a half of them (51,6%) do not have them (Tab. 3).

Table 3: Availability of Loyalty programs for frequent users of services

	Frequency	Percentage (%)
Do you have a Loyalty program (programs for frequent users of your services) in your travel agency	YES	15 48,4
	NO	16 51,6

Interestingly, there are no statistically significant differences in relation to independent variables, including the number of years of operation, number of employees, location of offices, *etc.*, although one would expect that an agency with a longer period of operation and a greater number of employees provides the capacities and the need to have permanent consumers of services, *i.e.* create bonds by loyalty programs.



3. SUMMARY

Under the influence of globalization, tourism has become the world's leading industry. The ever-growing competition in the global tourism market requires the application of innovative methods in the business of travel agencies.

Considering the research results, it can be said that travel agencies generally need to change their approach to business, and constantly adapt and learn about consumers in order to be more competitive. When talking about travel agencies in Serbia, their approach to business is still lagging behind the travel agencies from developed market economy countries, which are better integrated into the global technological, marketing, environmental and other processes.

It is necessary to take into account the limits, *i.e.* the number of survey participants and the fact what we are talking about the indications of differences rather than statistically important differences. So, agencies in Serbia keep up with the development trends in terms of familiarity with the changes in consumer behaviour, but the implementation of a new marketing approach in business goes at a slower pace due to the lack of funds or other factors, which could be the topic of some future research.

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