Examining the Travel consumer's Perception of the Effect of the Internet on Travel Agencies: Evidence from Northern Cyprus

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Abstract

There has been an ongoing debate about the future of traditional brick and mortar travel agencies due to the increasing influence of the internet in the travel industry. This influence which has seen an increase in the number of online travel websites within the last decade has been seen by some schools of thought as constituting a threat to traditional travel agents. While previous studies had focused on understanding the perception of scholars and practitioners with regard to the relevance of travel agents in the future of the industry, very few research has concentrated on understanding the perception of the travel consumers themselves. Moreover, there is an absence of literature focusing on this phenomenon from any of the many travel destinations in the Mediterranean. This study thus set out to fill this gap in literature by conducting an empirical examination of travel consumers from the four biggest nations from which non- Turkish travelers to North Cyprus originate; using a 5 point, 10 item likert scale questionnaire. Findings show that the participants patronized traditional travel agents more, but saw the future as one in which most travel purchases will be done online. They also affirmed the relevance of traditional travel agents and saw them playing a significant role in the internet influenced future of the travel industry.

Key words: Travel Industry. Travel Agencies. Tourism. Internet Travel Services.

1. Introduction

The travel sector is an important sector of the tourism industry and extant studies point to the fact that this sector is not only experiencing fast paced growth (Law et al., 2004) but also a higher demand for quality services from contemporary travel consumers (Lubetkin, 1999; Samenfink, 1999 and Christian, 2001). This increasing demand being witnessed by the industry has led to the development of different novel tourism and travel products but most significantly has seen the rapid deployment of technology especially the internet and related social media platforms. Indeed the advent of the internet has not only provided tourism and travel agencies a novel channel for the promotion and distribution of their products thereby increasing their competitive positions; it has also given rise to the development of tourism and travel agencies who operate wholly online, while giving consumers of tourism and travel products the opportunity to conveniently search for, compare and purchase travel products online (Law et al., 2004).

While the benefits of the internet to both the tourism and travel service provider is clearly acknowledged, it is indeed the immense benefits it provides to tourism or travel consumers that have become somewhat of a topic of debate with regard to the impact of these benefits on the consumer's perception of the relevancy of traditional 'brick and mortar' travel agencies, thus directly questioning the future existence of such organizations (Law et al., 2004).

One school of thought is of the view that the existence and rapid rate of increase of wholly online travel websites diminishes the utility travel consumers derive from traditional brick and mortar agencies thus diminishing their importance in the long run, setting the stage for a future when travel consumers will completely abandon their dependence on traditional travel agencies, and rely wholly on websites that offer sophisticated search, comparison and purchasing tools (Law et al., 2004; Barnett & Standing , 2001; Buhalis, 1998).

On the other side of the argument is a second school of thought which is of the view that although the advent of the internet seem to have changed the game in the tourism and travel industry, the place and relevance of traditional travel agencies will still be important to travel consumers (Walle, 1996; Palmer &McCole, 1999). This they argue is due to the important role they play in advising and counseling travel consumers- a feature travel websites are incapable of. This school of thought went further to insinuate that the position of traditional travel agencies will remain valuable protected if they maintain in addition to their brick and mortar ventures, an online presence where their counseling and advice-giving services can be provided to travel consumers as well.

A lot of attempts have been made to understand the stakeholder perspective of this crucial debate of a future without intermediating agencies in the travel industry, and consequently a lot of research has been conducted. Most of the extant research has however focused on understanding the perception of travel agencies as well as the viewpoints of tourism and travel industry scholars and consultants. There has been very little attempt to understand the perception of travel consumers on this ongoing argument. In fact there is total absence of prior studies focusing on perceptions from travelers to the major travel destinations in the Mediterranean, a geographic region with a very high yearly volume of travel visitors.

To fill this gap in literature, this study aims to understand the general view of travelers with regard to their perception of not only the possibility of a future without traditional brick and mortar travel agencies, and one in which all travel services and products will be accessible through online travel websites but also their perception of the importance of these traditional agencies based on their prior travel experiences.

Cyprus has been an important travel destination for over many decades, North Cyprus in particular started becoming an important travel destination almost a decade after the separation of the North and South of Cyprus in 1974. The Island nation only recognized by Turkey, has been witnessing a yearly surge in the volume of visitors it has been playing host to, in almost every tourism and travel segment. This is due in part to its strategic location on the crossroads of Europe, the Middle East, Asia and Africa (KITOB, 2011). According to the KITOB, the highest number of non-Turkish tourists visiting North Cyprus originates from the UK, Russia, Germany and Australia (KITOB, 2011). Thus in view of the study objective as stated earlier, this study aims to bridge the gap in literature by studying the perception of travel consumers to the Mediterranean, specifically, travelers visiting North Cyprus, on their view of a future of organizing travel arrangements wholly online, without intermediary brick and mortar travel agencies.

2. Methodology and Results

In selecting a suitable sample for this study, a simple sampling method which involved the interview of 970 visiting tourists who were pre-checked for their transit status. Only visitors from countries outside the TRNC, and who were not on transit were allowed to participate in the study. The 970 international visitors were from the TRNC’s four major tourist originating markets: the UK, Russia, Germany and Australia; and were individually interviewed at the departure area of the Ercan International Airport in Lefkosa. The interview questionnaire administered to this sample population consisted of ten structured questions which were researched, and adapted consistent with previous studies and most importantly after pretesting them during a pilot study carried out with select members of the target population. To maintain the integrity of the research and to remain within the scope and bounds of the study, only travelers who had had some prior experience arranging their travels online were included in the study, and this is because according to Law and Wong (2003), for a researcher to be certain that meaningful insights can be obtained from a study of this nature, only travelers who are experienced in organizing their travels online should be interviewed, as they are the only group qualified to provide such insights. Thus in adherence to this principle, all potential participants were made to undergo a short preliminary qualifying test which sought to understand if they had any prior experiences or if they had the habit of arranging their travels online. Out of the 970 participants, only 520 participants passed the qualifying test and were included in the actual study proper.

Of the 520 actual participants in the study, three of them inaccurately filled out the questionnaire, which led to their exclusion from further stages of the study. Thus all in all, 517 qualified participants participated in the study. So in essence, 517 participants passed the qualifying test which primarily sought to determine if they have ever visited the website of any tourism or travel agency. However of the 517 qualified participants only 202 of them had actually bought travel or tourist services in the past. A close analysis of the empirical results obtained from the study revealed that of the total number of travel visitors who visit travel websites (in this case n=520); the percentage of visitors who actually purchase tourism or travel services is actually small (in this case 39% or n=202) as represented in Figure 1:

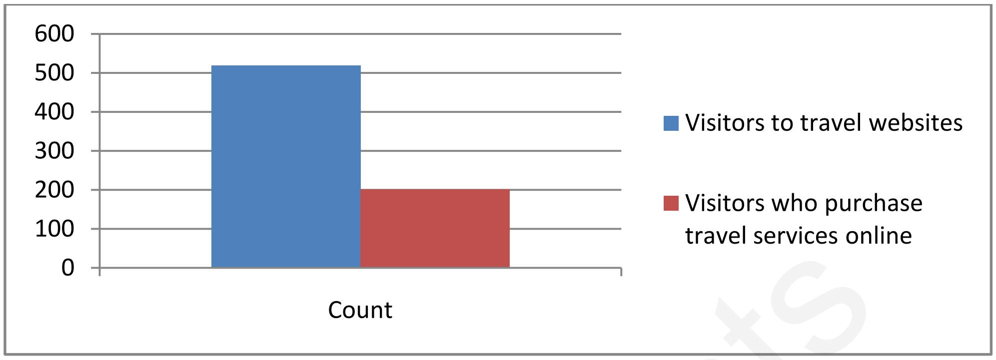

Figure 1: A Comparison of visitors to and actual purchasers of services on travel websites

To obtain a clearer picture of the sample population, a descriptive table is presented in Table 1 which describes the demographic features of the sample consisting of all qualified participants who took part in this study.

Table 1: Demographics of the qualified participants and their online purchasing behavior

Variable	Ever bought any travel service from a travel Website? Yes Number	%	No Number	%
Sex (n = 517)				
Male	150	45.4	180	54.5
Female	52	27.8	135	72.1
Age (n = 517)				
25 or below	32	33.6	63	66.3
26-45	126	39.8	190	60.1
46-65	40	44.4	50	55.5
66 or above	4	25.0	12	75.0
Education (n = 517)				
Secondary or lower	11	16.6	55	83.3
University undergraduate or lower	130	40.3	192	59.6
University postgraduate or higher	61	47.2	68	52.7
Marital status (n = 517)				
Single	68	41.9	94	58.0
Married	101	35.3	185	64.6
Widow-divorced-separated	33	47.8	36	52.1
Income Level (n = 437)[i] *(US$)*				
Below 10,000	9	21.9	32	78.0
10,000-29,999	22	23.9	70	76.0
30,000-49,999	49	49.4	50	50.5
50,000-69,999	27	41.5	38	58.4
70,000-99,999	40	66.6	20	33.3
100,000 or above	50	62.5	30	37.5
Employment status (n = 517)				
Employed	168	41.1	240	58.8
Unemployed	11	15.4	60	84.5
Retired	15	28.3	38	71.6
Not applicable	8	32.0	17	68.0
Nationality (n = 517)				
British	63	50.8	61	49.1
Russian	54	60.6	35	39.3
German	50	64.9	27	35.0
Australian	35	66.3	18	33.9
Travel Intention (n = 517)				
Vacation/leisure	55	41.9	76	58.8
Business/meeting	107	42.9	142	57.0
Visiting friends	22	42.3	30	57.6
Visiting relatives	11	18.0	50	81.9
Others	12	41.3	17	58.6
Mode of travel (n = 517)				
Fully packaged tour	10	22.7	34	77.2
Partially packaged tour	25	32.0	53	67.9
Non-packaged/independent	167	42.2	228	57.7

[i]some of the respondents did not complete this section of the questionnaire.

An analysis of the table reveals that participants with higher education and income levels were more likely to patronize online travel websites than participants with lower education or income levels. These demographic findings are no different from the conclusions drawn by prior studies, such as the works of Law et al., (2004); Roehl, (1999) and Brown et al., (1998).

Employed as well as retired participants were also more likely to purchase online than unemployed participants, and this could be as a result of the convenience of purchasing online which the employed participants derive as work obligations may leave them with little or no time to visit traditional brick and mortar travel agents. Also, the convenience of not having to move around which may sometimes be a problem for retired people who are often advanced in age; may be an explanation for their propensity to purchase travel products online.

From a traveler originating nation perspective, travelers to North Cyprus from Australia, Germany and Russia were more likely to patronize online travel websites than travelers from Britain, as can be seen in the table. Taking it a step further, it can be seen that from the perspective of travel intentions, travelers whose reason for travelling to North Cyprus was for the purpose of vacationing or engaging in leisure activities; business transactions or attending meetings; and visiting friends, were more likely to patronize online travel websites than those whose intention is just to visit their relatives. Finally, Table 1 shows that independent travelerswere more likely to purchase travel products or services via online travel websites than travelers visiting North Cyprus in groups on fully or partially packaged tours.

In trying to understand the perception of participants with regard to the relevance of traditional brick and mortar travel agencies in relation to the ongoing increase in online travel websites, the second part of the questionnaire administered posited 10 key statements on a 5-item likert scale. An aggregation of the responses obtained revealed that the participants all agreed that the advent of the internet and consequently online travel websites provides a very convenient medium for travelers to search for, compare and purchase travel products. However, they generally agreed that traditional brick and mortar travel agencies were still very relevant as going through them, eliminated the inconvenience associated with having to deal with the rigid computer programs, normally used by online travel websites to provide information and services. Another significant finding was that the participants generally disagreed on the position that the utility of tourism products or services are not enhanced by travel agents. Their disagreement with this statement implies that a majority of visitors to North Cyprus believe that the advice and counseling received from traditional travel agencies were valuable and enhanced in the long run, the tourism or travel service the travelers purchase. They also disagreed with the position that the future of travel counseling is bleak due to high computer illiteracy, implying that traditional travel agencies still have a role to play in the increasing shift towards internet based provision of travel products and services.

Table 2: Perception of Travel Participants on the Role of Intermediaries

Individual questions	Mean[c] (n = 517)	SD
1. Travel agents eliminates the inconvenience of dealing with machines or programs	4.09	0.83
2. The internet conveniently allows consumers to find compare and purchase	4.07	0.92
3. Valuable time and cost saving advice can be obtained from travel agents	3.83	0.91
4. In the end the traveler shoulders the commission costs of using the travel agent	3.68	1.09
5. Travel agents make biased recommendations occasionally due to self interest	3.56	1.10
6. Risks associated with travelling are minimized as a result of the efforts of travel agents	3.55	1.10
7. Travelers benefit from more options through online travel agencies than traditional travel agents	3.47	1.10
8. It is easier to receive advice from travel agents than online travel agencies	3.29	1.08
9. The utility of tourism products or services are not enhanced by travel agents	2.98	1.25
10. The future of online travel counseling services is bleak, due to high computer illiteracy	2.83	1.16
Notes: [c] 1 = strongly disagree; 2 = disagree; 3 = neutral/no opinion; 4 = agree; 5 = strongly agree		

3. Conclusions

At the onset of this study, we set out to examine the perception of travelers to North Cyprus on the relevance of traditional travel agents in relation to the increasing number of online internet travel websites. Empirical results obtained from the study revealed that the participants did show any preference for any one over the other.

Despite the increase in the number of online travel websites, of the total participants (n=517) who have visited travel websites, the majority (n=315) had never purchased any travel products online, thus it is not surprising that they consider the general services of traditional travel agents to be very important as shown in Table II. All in all, the findings from this study show that while more travelers to North Cyprus, use the traditional brick and mortar travel agencies, all of the participants view online travel website as being the most convenient mode of purchasing tourism or travel products in the future, however, they also view traditional travel agencies as having a greater role to play in that future as they view the human touch or the personal advice and counseling offered by these agents as instrumental to the elimination of the inherent problems associated with interacting or transacting business with the software programs used by a lot of the existing online travel websites. The potential for generalizing the findings in this study is very low due to the very limited time frame within which the study was conducted as well as the limited sample size used. However, irrespective of the aforementioned limitations, these findings are important to practice, as it serves as a clear indicator to travel agents that the future of their industry is not in any way threatened by the presence of online travel websites. They should also adjust their product offerings to suit the new travel industry landscape which is currently, and will continue to be highly influenced by the internet. Travels agents should also consider their role in mediating and providing the human touch to complement services provided by online travel websites. In light of the limitations mentioned earlier, it is recommended that further, wider and large scale studies be conducted across geographical boundaries and deploying more sophisticated tools in order to obtain generalizable findings

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