
INFLUENCE OF ONLINE SERVICES ON CONSUMER BEHAVIOUR AND ITS IMPACT ON TRAVEL AGENCIES

Hamdan Mansoor Saeed Moqbel.⁽¹⁾ Dr. Amulya M.⁽²⁾

ABSTRACT

The arrival of the Internet and in particular online services has radically reshaped the rules of engagement of the travel companies. Some scholars suggest that there will be no need for travel agents in the future as consumers are increasingly turning to the Internet. In the digital age, communication has become much more interactive (Hoffman & Novak, 1996). The online travel services have brought a fundamental change in the overall value chain whereby travel agencies understand that proper strategic and tactical use of technologies can bring a competitive added value to their business world. On the contrary, many are still hesitant to book online. It can be debated that consumers will drive the changes in the travel industry, and their utilization of the Internet will ultimately affect the implications for travel agents. Although the Internet provides benefits for information search and product purchase, there are barriers that customers meet while using the Internet for a travel purchase, which, impede the growth of online travel sales. This paper gives a framework for investigating the influence of online travel services on consumer behaviour, providing a holistic view of online consumer purchase decision-making process incorporating trust, culture and various supply/demand-side factors.

Keywords: online services, Internet, E-commerce, World Wide Services, Consumer Choice, Travel Agency. online travel services

¹ **Research Scholar** – B.N. Bahadur Institute of Management Sciences, Mysore, Karnataka
Email: H.m.saeed111@gmail.com Contact No: +91- 9663939531

² **Assistant Professor** – B.N. Bahadur Institute of Management Sciences, Mysore, Karnataka
Email: amulyabims@gmail.com Contact No: +91- 9886990917

INTRODUCTION:

The Internet has changed how people communicate today, search for information, make decisions and make purchases. Travelling products has many distinguishing features which make them particularly receptive to Internet benefits. With the advancement of communication technologies, the rate of internet use and web tools has increased dramatically. Over the years, the change of consumer behaviour has changed drastically that can be associated with the transformations that have occurred in the world towards digital communication. Over time, there has been a shift from technology leading consumers to consumers leading to technology.

Definitions of Concepts**Direct Providers**

Travel Agency business involved directly with tourist and whose jobs is to satisfy the needs of the people travelling.

Support Services

It is a side of the travel industry which is rarely seen. Their role is to support the functions of direct providers.

Online Service

The acquisition of information and the sale/purchase of tourism-related services through the use of the Internet:

OBJECTIVES:

1. To understand how online services influence the manner of consumer behaviour in travel agencies;
2. Examine consumer behaviour in the process of travel agency product purchasing;
3. Identify the factors influencing consumer choice of a travel agency; and
4. Identify the effects of online services on the business performance of the travel agency.

METHODOLOGY:

This article is a theoretical study based on the secondary data obtained from various sources of available literature coupled with facts obtained through several site visits, personal observation, and interviews.

REVIEW OF LITERATURE:

The organism is the consumer's cognitive judgement of the online experience expressed in the form of flow experience. According to previous studies (Hoffman and Novak, 1996), flow is a psychological state that is a cognitive episode that fluctuates with situational contexts and may be influenced by an individual's interaction with said situation. Floh and Madlberger (2013), for example, empirically demonstrate that an online website with appealing design and well-established organization pleases the customers, and eventually leads them to a compelling shopping experience, e.g., flow experience. Chang and Chen (2008), for example, demonstrated that online environmental cues (website quality and website brand) have positive impacts on cognitive judgements (consumers trust and perceived risk), both of which have a subsequent positive effect on consumer purchase intention. Organizations and firms in the travel agency benefit from the advent of the Internet, by having new marketing and selling outlets in which to present and sell their products (O'Connor & Frew 2002). On the other side, consumers who become much more exigent (Buhalis & Law, 2008), are in constant need of information and faced with the task of finding the right information in the online domain (Xiang & Gretzel, 2010; Xiang). The Internet has brought in a paradigm shift towards consumer buying behaviour, enlarging the choice of travel products and making the "one-click purchase" possible (O'Connor, 2008). According to Cantoni and Tardini (2006), the importance of online communication has grown over recent years and transformed the Internet into one of the primary communication tools, both at business and personal levels. Additionally, also thanks to the recent advent of the Web 2.0 (O'Reilly, 2007), the Internet is seen as an interactive media where communication is happening in a bidirectional way (Hoffman & Novak, 1996), enabling new business models (Inversini & Masiero, 2014).

The Internet and the Travel Agency

It is widely acknowledged that the Internet and the travel agency are highly compatible. With the emergence of the Internet, the process of fast information transmission is addressed adequately at a low cost. Customers can receive comprehensive, timely and relevant

information in a virtual environment to assist their decision-making process. Apart from information channels, the Internet and online travel services represent a powerful communication tool for the travel industry. More specifically, travel suppliers eliminate the obstacles created by geography, time zones, and location by utilizing the Internet because it enables them to communicate directly with potential customers through web sites. The Internet also serves as a transaction channel for online customers to make a purchase. The Internet has been predicted to bring significant impacts for the travel industry since its advent in early 1990. Although some of the figures used seem outdated as travel is now one of the largest product/service sold on the Internet, it is further evidence how the Internet has changed the way businesses operate today and the way consumers purchase travel products. The focus in the future would move to the impacts of the Internet on travel distribution channels, which further leads to the way travel products are marketed and distributed.

The advancements of faster speed internet, mobile technology, apps, and numerous intuitive online technologies like virtual assistants have given consumers an unbridled sense of freedom and convenience. Once upon a time, consumers would book by walking through a travel agent. Now online travel agents (OTAs) and social media dominate. Technology allows consumers instant access to any information they are looking for on the Internet with mobile bookings experiencing constant growth. It gives the expectation that the history and preferences will be recollected which later can be of the higher level of assistance and personalization. Online spells danger for traditional travel agents and guides, but it is ideal for the consumers.

Online vs Offline Services

The travel agency is a unique area of business that the product cannot be observed or manipulated through the direct experience before the purchase. Customers have to rely on virtual experience purely. Hence appealing presentations are an essential factor of success for the travel agency. The various distribution channels could be through online or offline services. There are some differences between online and offline services. The differences are as follows:

Offline Service – Only people the employees involved in the interface of the service encounter; Customers can experience the service by using all their senses. However, it is restricted by distance and opening hours, whereas online service has removed all barriers.

Offline services are quite successful in the efforts of creating an illustrated catalogue that provides potential customers with a significant amount of information with highly aesthetic photos, useful tips, and maps.

Online Service – Information and communication technology (ICT) are involved in the interface, mediated by the Internet. The customers are restricted to hearing and viewing. It is described as a new way of doing business with fast communications, global accessibility and minimal cost. It has grown increasingly sophisticated through technological advances in software that have brought consumers and suppliers closer at the expense of distribution channels for managing the increasing volume. One of the main reasons for the increased number of people choosing online services is because online experience has potential in visualizing the destination.

While online travel sites have certain advantages in providing these services, characteristics that help traditional travel agencies differentiate from online travel agencies include:

- Personal knowledge and expertise of the Travel agent
- Face-to-face customer service during trip planning;
- Personal monitoring & notifying customers of price or schedule changes;
- Personal follow-up after completing the travel;
- Personal Relationship.

Why do People Book over the Internet

Customers mainly book over the Internet as it is convenient, cost-saving, and resourceful. It is more accessible and less expensive. Consumers can compare the prices offered by different service providers and make a better-informed choice. Online service suppliers provide more competitive rates and superior discounts due to low operational costs. Customers also access extensive amounts of information on the Internet. It is beneficial for working professionals who do not have time to meet the travel agents when they can make their booking from work or home. Customers can make all arrangements needed before travelling without involving any intermediary as long as one has access to the Internet. The advent of the Internet is coupled with people acquiring personal computers and internet providers, thus bringing the technology closer to the people. Customers will go to the same service provider if they have made the brand name of products, have built global marketing,

have low cost because of discounts, saves labour time with standardized processes, products, and service delivery.

Why do People Book with the Travel Agency

The main reason why customers book via a travel agency is due to security concerns, interpersonal communication, i.e., face to face transactions and human contact. Travel agents can make arrangements for their clients, unlike online, for hotel bookings, sightseeing bookings, airport drop and pickup, and flight tickets. Most clients who go to travel agents are those who have build relationships with the facilitators and those who need the guarantee of the human element in the transactions. There are some circumstances where customers are left with no choice apart from going to the agents. It happens in situations when one has to pass through different destinations with several bookings. Customers book via travel agents due to the relationship that they have built with that travel agency. When a customer is satisfied with a travel plan of a particular travel agency, they prefer using the same travel agency to make all their future travelling plans. Thus providing excellent quality service generates repeat clientele for a travel agency.

The Future of the Internet in Travel

Many scholars have suggested what the future of e-commerce in the travel sector could become in a few years. Many explained that the conventional commerce might not exist anymore in a couple of years because of the awareness especially almost all the youth of nowadays can operate the computer at an average level and also the sound educated and informed customers seem to have new types of attitudes and tastes. In the nearest future, the advancement of information and communication technology (ICT) would lead to market expansion, resulting in a change in the arrangement of the travel industry which will see the emanation of online travel, destruction of traditional travel agencies and also business alliances distributing information and resources. Very soon, the request for diversification will be all over in the travel world and note due to personalization and apportionment of the travel consumer groups. The service-based travel e-commerce will provide the personalized and value-added service that could also enhance the quality, which can quickly turn travel to emerge as a fast economic growth area in the range of the national economy. Travel e-commerce is becoming popular nowadays and remains the future since the Internet, computer, electronic communication technologies development are improving yearly because travel e-

commerce is the only means that participates in a commercial enterprise whose main objectives are information publishing, electronic data exchange, online ordering, e-accounts and online payment services regarding tourism enterprises. It remains a key growth point in the travel economy.

Travel e-commerce is a new method of commercial enterprises, which practically involves publishing, electronic data transfer, online ordering, online accounts, and online payment services which are related to tourism enterprises. This kind of e-commerce has brought tremendous changes to nations in the 21st century and has since turned a new growth point of the tourism economy in the countries. Travel e-commerce application is the continuous process of logistics, customer succession and information run in tourism-related industries, in which all attendants have a different focus on business investment and access gain. It is also an area of e-commerce that mainly enhances internal and external connectivity of travel associates by advanced information technology, which equally means within different travel establishments, suppliers and tourists, effective communication and purchases could be augmented.

Interestingly at the same moment, the internal processes of the enterprises and knowledge distribution could also be bolstering. Travel e-commerce has got back in shape after ten years of continual development. However, it has severely affected the traditional travel enterprises, especially in the developed world. Yet, today not many of the conventional merchants have realized the need for internet marketing. At the same time, a high percentage still pays attention to offline advertisement modes, such as newspaper and distribution of travel brochure to various target groups which require a high expenditure, which has been a difficulty to the firm's good sales performances. With the lack of network understanding many of the traditional travel companies still prefer managing internal business with the usage of manual measurement, even though a couple of the agencies recognize the importance of network usage, it is quite preferable to many of these companies to stay in the primary stage with limitation to easy data processing and report processing which does not near advantages of the network.

The traditional travel agency industry still accounts for the majority of total travel sales. Airlines continue to acknowledge this fact that most of their ticket revenues are generated through the travel agency channel. In addition to distributing travel services, travel agencies provide other value-added services such as making travel recommendations,

managing corporate travel accounts, and in general, aiding customers with a variety of issues related to the purchase of travel services. These services are providing an increasingly important source of fee-based revenue to offset declining airline commission revenues. However, technology advances have begun reducing travel agencies exclusive role by giving many of these value-added services.

CONCLUSION:

The main obstacle stopping consumers from booking travel via the Internet is the apparent lack of a safe, secure payment method and the lack of confidence in the technology and a need for a personal service with the human interface. Through the literature gathered the "value for money" was the most crucial factor affecting one's choice of a travel agency, followed by "reputation of the travel agency. It is concluded that the Internet is essential in two stages of the buying decisions - evaluation of alternatives and purchasing decision. Much of the effort during the purchase decision occurs at the stage where a choice must be made from the available options as the consumer can compare the products and assess them in the best way, which is one of the advantages that the Internet and electronic marketing have to offer to consumers, leading to the purchasing act stage. During this stage, the consumers are subjected to powerful promotional stimuli and feel pressured to decide at the moment.

The Internet plays an essential element in consumer behaviour in the decision-making process. The factors influencing the buying behaviour are convenience and satisfaction, availability, information and planning, and evaluation of alternatives, also, to having a bad experience on the Internet. Since so many different online market choices are offered, travel companies should focus on disseminating information and increasing the online website and search engines, leading to a more in-depth knowledge of consumer preferences. From a marketing strategy perspective, the travel companies should invest in adequate prices for the right audience, meaning that consumers will choose the best value they can find (i.e., the best quality/ price relationship) and this should be the central message in all communication efforts.

REFERENCES:

Buhalis, D., & Schertler, W. (1999). Information and Communication Technologies in Tourism 1999. International Conference, Innsbruck, Austria, 1999.

Buhalis, D. (2003). Ecotourism: Information technology for strategic tourism management. Harlow, UK: Financial Times Prentice Hall.

Buhalis, D., & Law, R. (2008). The Progress in Information Technology and Tourism Management: 20 years on and ten years after the Internet. The state of e-Tourism research. *Tourism Management*, 29(4), 609–623. DOI: <http://dx.doi.org/10.1016/j.tourman.2008.01.005>.

Cantoni, L., & Tardini, S. (2006). Internet. New York: Routledge.

Floh and Madlberger (2013), The Role of Atmospheric cues in Online Impulse-Buying Behavior. <https://doi.org/10.1016/j.elerap.2013.06.001>.

Hassan Selim, Critical Factors Classification for Firm Adoption of E-Commerce, College of Business & Economics, UAE University, Al Ain, United Arab Emirates.

Hoffman, D. L., & Novak, T. P. (1996). Marketing in the Hypermedia Computer-mediated Environments: Conceptual foundations. *The Journal of Marketing*, 60(3), 50–68.

Hsu-Kuan Jonathan Liu and Liwen Chen, The perception of travel agents in Taiwan regarding travel website and training needs for adopting E-commerce, *African Journal of Business Management* Vol.5 (26), pp. 10800-10820.

Inversini, A., & Masiero, L. (2014). The Selling Rooms Online: Use of Social Media and Online Travel Agents. *International Journal of Contemporary Hospitality Management*, 26(2), 272-292. DOI: <http://dx.doi.org/10.1108/IJCHM-03-2013-0140>.

Kotler, P. (2000). *Marketing management: Millennium edition* (10 ed.). Upper Saddle River, NJ: Prentice-Hall.

Mairaj Salim, *The Impact Of E-Commerce On Business Value In Service Organisations*, Aligarh Muslim University Aligarh (India), 2002.

O'Connor, P., & Frew, A. J. (2002). *Future of Hotel Electronic Distribution: Expert and Industry Perspectives*. *The Cornell Hotel and Restaurant Administration Quarterly*, 43(3), 33-45.

O'Connor, P. (2008). *Electronic Distribution*. *Handbook of Hospitality Operations and IT*, 139-139.

O'Reilly, T. (2007). *What is Web 2.0: The Design Patterns and Business Models for the Next Generation of Software*. *Communications & Strategies*, 1, 17.

Xiang, Z., & Gretzel, U. (2010). *The Role of Social Media in Online Travel Information Search*. *Tourism Management*, 31(2), 179-188. <http://dx.doi.org/10.1016/j.tourman.2009.02.016>.