# THE TOURISM INTERMEDIATION SYSTEM: THE RELATIONSHIP BETWEEN TRAVEL AGENCIES AND TOUR OPERATORS

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***Abstract***

*The study aims to investigate the characteristics of the relationships between travel agencies (TA) and tour operators (TO). Through an empirical analysis, we highlight the weight, the number, and the duration of the relationships that are created in the Italian tourism intermediation system. An empirical research was conducted on a sample of Italian travel agencies (202, covering all of the regions in Italy). Results show that, although the products supplied by TOs are fundamental to the realization of TA turnover, in most cases channel relationships are of short duration and highly variable. This could mean that vertical channel relationships do not sufficiently exploit areas of potential cooperation.*

**Keywords:** Travel agencies; Tour operators; Tourism; Business to business; Disintermediation.

## 1. Introduction

Over the last decades, the growth of tourism consumption in the world has been constant and vigorous, pulling the development of the tourism industry and of the actors who are part of it, such as tour operators and travel agencies. This means that it has become more and more important to connect consumers' needs with the tourism service supply chain and to promote the international image of tourism destinations (Mariani, 2013). However, despite this important growth phase, the tourism industry and the tourism intermediation system, in particular, is undergoing a profound transformation by changing the dynamics of both the relationships and competitive positions among the major players in the system.

Therefore, the changed conditions of competition between the different intermediaries are leading to an evolution of the distribution channel's features which cannot be defined with certainty. This is especially due to the advent of new internet technologies and the web 2.0 era, that have profoundly changed consumer buying and tourist behavior, with a high impact

also on tourism supply (Bastakis *et al*., 2004; Pencarelli *et al*., 2005; Buhalis and Law, 2008; Sigala, 2012; Standing *et al*, 2014).

From the supply side, the advent of new information and communication technologies allows economic actors to facilitate the creation, the development, and the maintenance of intra- and inter-organizational relationships. For example, as a response to market changes, independent travel agents are increasing horizontal cooperation by creating various types of networks that can be ownership networks (direct ownership, association in participation) or associative forms of networks, such as franchising or buying groups (Gentile, 2003; Yevstafyev V. and Yevstafyev N., 2015).

Moreover, thanks to internet technologies, communication by tour operators is facilitated because they can send and receive catalogues and other promotional materials by e-mail, all along the supply chain. This reinforces vertical agreements both upstream and downstream of the value chain.

At the same time, the Internet reveals aspects of conflict behind each form of collaboration, creating the conditions for cancellation or reorganization of existing relationships. Indeed, new technologies can reduce transaction costs along the vertical chain (Malone *et al*, 1987; Martini, 2001), causing disintermediation processes where travel agents could disappear (Van Rekom *et al*., 1999), as well as the birth of new intermediaries (on-line travel agents, infomediaries, portals). Thus, potential conflict situations could reduce the cooperation areas along the value supply chain.

So, the relationship presents a dual nature and internet technologies are influencing the relational dynamics by changing the balance of power between the various actors in the tourism industry, especially in vertical channel brokerage, where collaboration and conflict intertwine and overlap.

## 2. Literature review and research questions

The recent dynamics manifested in situations that have occurred (e.g., economic crisis, political instability, etc.) in some tourist areas of primary importance, combined with the impact of new ICTs, have led to a profound change in the dynamics of the system of tourist intermediation. In recent years numerous publications have attempted to study the relationships among the various subjects that make up the tourism supply system (see Table 1) from several points of view. Nevertheless, there do not emerge from the literature analysis any outstanding studies that have focused attention on the relationship between travel agencies and tour operators which, besides representing two key players in the tourism network, have undergone deep relational changes dues to the recent changes in ICT.

The new information and communication technologies have created a more competitive environment in the tourism industry as they have become an indispensable element of business development, involving inter-organization, intra-organizations, and business-to-consumer relationships (Berné et al., 2015). The new ICTs have changed the decision-making and buying habits of tourists, and in particular, how they search for information and book their travel (Buhalis, 1998, 1999; Bertozzi, 2005; Pencarelli *et al.,* 2005, Sciarelli and Della Corte, 2005; Buhalis and Law, 2008; Abou-Shouk et al., 2016).

On the supply side, the historic role of the travel distribution sector has undergone profound changes: the conventional outgoing travel agents, tour operators, and incoming travel agents have been progressively integrated or replaced by new electronic intermediaries, namely GDS, e-Platforms, Internet portals or Vortals, interactive digital television and mobile devices (Buhalis and Licata, 2002). The new electronic intermediaries include a wide number of firms within the tourism value supply chain, such as airlines, hotels, cruise or railway companies, web-based travel agents, etc., all looking for direct contact with customers.

Table 1 – Publications that have addressed the relationships between entities in tourism distribution channels.

| Author, year | Relationship | Research method |
|---|---|---|
| Shi and Liao (2013) | Between hotels and restaurants | Social exchange theory and resource dependence theory |
| Guo and He (2012) | Between tourism hotel and tour operator | Stackelberg game model (Game theory) |
| Ford, Wang and Vestal (2012) | Within tourism distribution network including consumer, suppliers and travel trade intermediaries | Strategic contingencies theory perspective |
| Huang, Chen, Song and Zhang (2010) | Between three actors: theme park, hotel and accomodation provider and tour operators (does not distinguish between Tos and travel agents) | Sequential game (game theory) and sensitivity analyses |
| Andreu, Aldas, Bignè and Mattila (2010); | Between travel agencies and suppliers | Structural equation modelling (SEM) |
| Castillo-Manzano and Lopez-Valpuesta (2010) | Customers - travel agent and airlines (Spanish airline market) | Survey and multinominal logit model |
| Christodoulidou, Connolly and Brewer (2010); | Between online travel agencies, travel meta sites and suppliers | Multiple case study approach, data evidence came from field study interview and document analysis |
| Li and Tang (2009) | Between travel agency and tourist, between tour operator and transport system | Game theory and classical newsboy model |
| Pan (2003) | Between Chinese authorized travel agents whit Australian Nominated Inbound TO in the process of building up business network | Questionnaire and interview Chinese travel agencies and Australia inbound TOs |
| Wu and Chang (2006) | Bettween travel agencies (Taiwan) | Adapting TRA as the concept framework, Likert scale questions in the survey |
| Holma (2004) | Triadic business relationship in travel distribuition: buyers (travellers)-intermediaries (travel agencies) - sellers (service suppliers) | Re-constellation of triadic relationship |
| Bastakis, Buhalis and Butler (2004) | Between small and medium tourism enterprise (SMTEs) and European tour operators (Tos) | Exploratory study (interview) whit secondary research |
| Medina-Munoz, Medina Munoz and Garcia-Falcon (2003) | Tour operators and accommodation companies | Five-point Likert-type questionnaires - statistics data analysis |
| Tse (2003) | Travel agents and hotels | Discussion |
| Medina-Munoz, Garcia-Falcon and Medina-Munoz (2002) | Hotel and travel agencies | Survey, five-point Likert-type scale for questionnaires-statistics data analysis |
| Medina-Munoz and Garcia-Falcon (2000) | Hotels and agencies (US) | Statistics data analysis (F test, questionnaires) |
| Buhalis (2000) | Hotels and tour operators (Mediterranean region) | Interviews (Likert scale 1-5) |
| Garcia-Falcon and Medina-Munoz (1999) | Hotel companies and travel agencies (US market) | Empirical survey |

Source: Tran M., Jeeva A. S., Pourabedin Z. (2016)

The proliferation of new electronic tourism intermediaries has confused consumers and also many marketing managers who are now required to simultaneously manage a number of sales and communication channels.

A further effect of this has been the disintermediation in the value system of organized tourism, where many conventional travel agents are disappearing from the market (Lang, 2000, Buhalis and Laws, 2001; Buhalis and Licata; 2002; Kotler et al., 2010; Del Chiappa, 2013).

This restructuring process in the tourism industry is producing a negative impact on travel agents, who perceive service cannibalization. Perceived cannibalization reflects sales agents' attitudinal reactions to challenges created by the expansion of distribution channels, including the Internet. Extant research suggests that the psychological effects of perceived cannibalization are motivationally, emotionally, relationally, and financially detrimental to travel agents (Sharma and Gassenheimer, 2009). The impact is negative, namely in terms of job insecurity, job dissatisfaction, job alienation, risk-aversion, and required travel agent effort and training (Diaz et al., 2015).

Moreover, the advent of new ICTs is causing a surge in the on-line distribution channel, due to lower costs and more competitive performance. The on-line intermediaries are gaining market shares and competitive advantage against the more traditional competitors along the distribution channel (Maria et al., 2015). This happens above all for two reasons: first, because the online suppliers are more able to personalize tourism products in which operators and consumers can easily co-create value and second, because the conventional, independent travel agents are not exploiting the potential of the new technologies and Web 2.0.

Therefore, the process of disintermediation has not led to overcoming the traditional distinction between TOs and TAs, as some have argued (Baldarelli, 2000; Becheri and Biella, 2013), but has led to increased complexity in the relationships among the actors of the distribution channel. The structure of the distribution channel has become a complex global network where, in order to thrive in this environment, competing actors at all levels find themselves involved in collaboration, partnerships, and the continuing evolution of relationships (Kracht and Wang, 2010; Ruiz Molina et al., 2010). In addition to altering the balance of power in the distribution channel (Berné et al., 2012; 2015), this trend implies a context characterized by areas of cooperation and conflict[1], both upstream and downstream of the tourism industry, as well as at the intra-sector level (Pencarelli, 2010; Vasanth et al., 2012).

[1] As regards the relationship between TOs and TAs, the new network technologies can accentuate phenomena of conflict and heighten the risk of disintermediation (Pencarelli, 2003), on the one hand. On the other hand, it can facilitate different areas of collaboration caused by the strong interdependence among a wide range of goods and services necessary for building the tourism product, the small size of many individual operators, and the spatial separation between the vacation and the home (Berné et al., 2015). The cooperation areas involve travel agents and tour operators, in the following ways :

- by strengthening cooperation and trade marketing activities between TOs and TAs, enabling both parties to communicate directly with end buyers (Suarez et al., 2007; Cioppi, 2013) by deepening and broadening the value of customer relationships in the long term, in terms of profitability and of customer loyalty due to the personal interactions made possible (Pencarelli et al., 2013);
- by improving the efficiency of trade (less time needed to research suppliers, fewer errors, reduced costs of research information, etc.), thus reducing transactional costs and improving mutual economic and competitive performances;
- by having a positive effect that is reflected in enhanced business performance and value creation for consumers, through the cooperation activities based on ICTs and carried out in a vertical integration approach (Bernè et al, 2015).

Thus, in pursuing a policy to strengthen one's own competitive market position, travel agencies must necessarily develop collaborative processes with the other stakeholders in the tourism supply system who, nevertheless, through the very process of overcoming the traditional tourism network roles are, in fact, their competitors, also. This phenomenon of contraposition has been coined coopetition (Bagdoniene and Hopeniene, 2015) in the literature on competition and cooperation in the tourism industry.

Nonetheless, as maintained by numerous scholars (Von Friedrichs Grängsjö, 2003; Kylänen and Mariani, 2012), within the tourism industry the relationships and the relations among the various interlocutors are paradoxical, thus making it difficult to identify the boundaries between competition, cooperation, and coopetition.

This paper aims to position itself in this space, attempting to make a theoretical contribution to filling this gap in the literature on the relationships between TOs and TAs. Moreover, at the empirical level, it aims to provide some elements that may help to identify the type of relationship that exists between travel agencies and tour operators in the Italian context.

Therefore, the objective of this exploratory research is threefold: to investigate the characteristics of the relationship between travel agencies and tour operators in terms of economic turnover, number and turnover of relationships; to try to define the critical success factors that are the basis for travel agencies' choice of tour operators; to assess whether the "image and reputation" effect transmitted by individual TO brands really help TAs to attract clients (Succurro, 2006).

In particular, this study seeks to answer the following research questions:

*What are the characteristics of the relationship between TAs and TOs, and in particular, how stable are they and how many distribution channel relationships are there? (§3.3.1)*

*What are the key factors in the selection of TOs by the travel agency? (§3.3.2)*

*What role does the TO Brand play in the choice of product made by those clients that use travel agencies? (§3.3.3)*

## 3. Paper Content

### *3.1. Methodology*

The study aims to answer the research questions through an empirical analysis. A structured questionnaire was administered on-line, to a selected sample of 2,000[2] Italian travel agencies, between September of 2013 and April of 2014. The respondents were contacted by e-mail.[3] A total of 202 travel agencies responded.

[2]The selection was made through the Google search engine, by keying in "Travel Agents" Region." The number of TAs in each region was chosen based on the percentage of TAs in that region. (Sourse: "II Rapporto sull' Intermediazione turistica in Italia 2011", for example, Trentino Alto Adige 1.2% of the Italian Travel Agencies, number 24/2000).

[3]The answers (202) are geographically distributed as follows: Friuli-Venezia Giulia (0.5%), Valle d'Aosta (0.5%), Molise (0.5%), Sardinia (1%), Abruzzo (1.4% ), Basilicata (1.9%), Trentino Alto Adige (1.9%), Liguria (2.0%), Calabria (2.4%), Puglia (3.0%), Umbria (3.9%), Sicily (5.9%), Veneto (5,9%), Tuscany (6.4%), Marche (7.9%), Campania (8.9%); Lazio (8.9%), Emilia Romagna (9.4%), Piedmont (11.8%), Lombardy (15.3%).

To create the questionnaire, the authors followed the main indications provided by the extant literature, along with semi-structured (or free, Cfr. Corbetta, 1999) interviews with the director of marketing and the director of sales[4] of Eden Viaggi of Pesaro, a leader in the sector of tourism intermediation in Italy[5]. As with any non-structured interview, the conversations did not include a set of pre-determined questions but followed a general guideline that served to highlight the main features of the relationship between TAs and TOs[6] as well as the critical success factors in the sector[7].

### *3.2. Characteristics of the sample*

In 65% of the TAs the turnover does not exceed 500,000 euros, 19% are positioned between 500,000 and 1 million euros, while the remaining 10% of the sample are over the 1 million mark, and 6% gave no response.

In terms of the number of employees, 86% have one or two employees, 6% have between three and five employees, while only 8% have more than five employees. As concerns the size of the premises, 70% of the travel agencies occupy an area not exceeding 60 m², 21% between 61 and 99 m², while only 6% a larger area of up to 100 m². The remaining 3% did not respond. The data indicates that the majority of the respondents are small travel agencies both in terms of turnover and in the other defining features.

### *3.3. Findings*

#### *3.3.1. Characteristics of the relationship between TAs and TOs*

In order to define the relationship between tour operators and travel agencies, three different questions, considered critical by the managers who were interviewed during the process of setting up the questionnaire. They regarded the following aspects:

- turnover achieved by travel agencies through the sale of TO products (§3.3.1.1);
- number of TOs with whom the travel agencies maintain contemporary relationships (§3.3.1.2);
- turnover rate in these relationships between TAs and TOs, defined as the number of accounts closed versus the number activated (§3.3.1.3).

*Turnover achieved by travel agencies through the sale of TO products*. The TA turnover resulting from the sale of TO products is fairly high on average, i.e. 50% of the sample declared that more than 70% of their turnover comes from these products, while only 17% of the sample stated that it is less than 40%. On average, 60% of the turnover is realized through the sales of TO products.

In addition, travel agents were asked to indicate how much of their turnover comes from the sale of TO products, derived from their relationships with the top six TOs.

The responses indicate that, of the total number of products sold, on average 70% comes from the relationship with just six tour operators. This information will be very useful for some final considerations.

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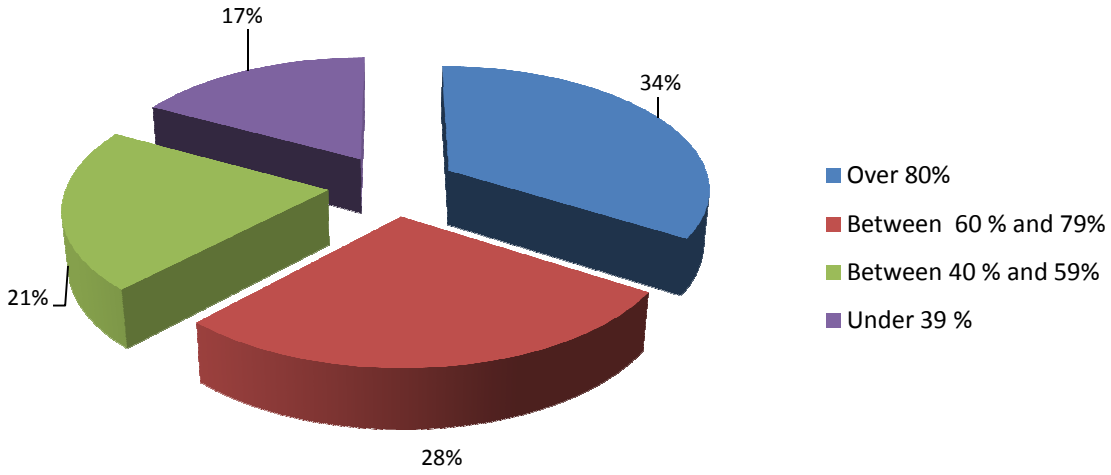
[4] The interviewees were: Angelo Cartelli (Director of Marketing and Sales) and Andrea Ancarani (Head of the Office of Marketing and Communication). The interviews took place on several occasions from March through June of 2013.

[5] Cfr. Pencarelli *et al.*, 2013.

[6] See par. 3.3.1.

[7] See par. 3.3.3.

Figure 1 – Percentages of turnover derived from the sale of TO products

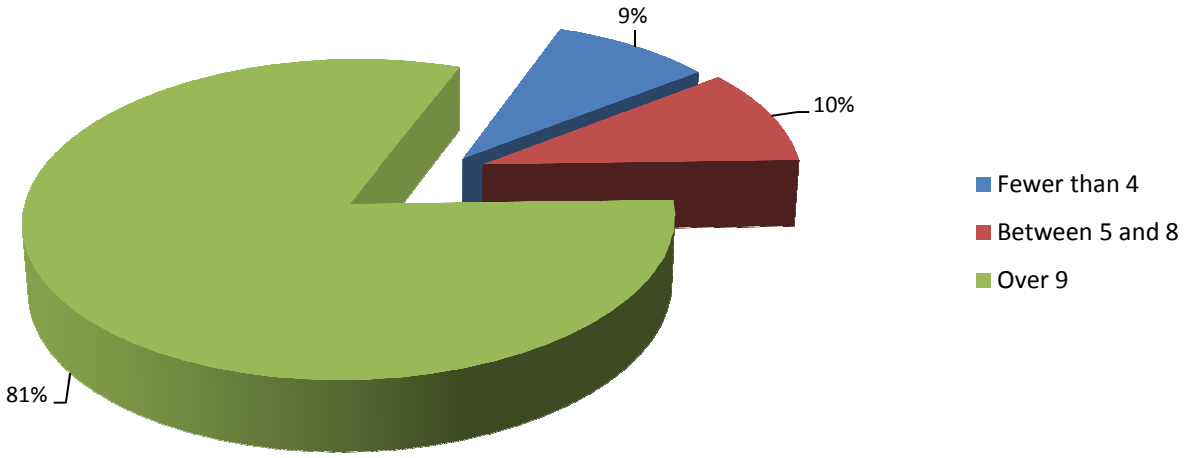



Source: our data

*Number of TOs with whom the travel agencies maintain contemporary relationships.* The second question seeks to define how many relationships travel agencies have with TOs in order to build their tourism offers. The results show that most of the travel agencies maintain a relationship with several different TOs at the same time (81% answered "more than nine relationships"). The large number of TOs with whom the TAs carry on contemporary relationships is symptomatic of a high level of competition among TAs and of their need to make use of numerous different suppliers in order to provide the tourism offer.

In sum, the majority of the TAs in the sample make the bulk of their turnover from having a large number of TO relationships contemporarily.

Figure 2 – Number of TOs with whom the travel agencies maintain contemporary relationships




Source: our data

Delving more deeply into the analysis (Table 2), if we cross two variables, i.e., the number of TOs with which TAs maintain contemporary relationships and the turnover rate, it is plain that those agencies that earn most of their turnover (60/100%) through TO product are also those that have the greatest number of relationships with TOs - 11% have between 5 and 8 and 89% have over 9.

This is highly significant in that it indicates that there is a directly proportional relationship between turnover earned from TO products and the number of TOs with which an agency maintains a business relationship. This tendency is probably attributable to the need to supply a wide and varied range of offers geared toward the many requests made by clients that could otherwise remain unfulfilled if there were too few TOs and/or too highly specialized products.

Table 2 – Number of TOs with whom the travel agencies maintain contemporary relationships in relation to the level of turnover in TAs

| | TA Turnover 0/59% | TA Turnover 60/100% | Average |
|---|---|---|---|
| Fewer than 4 | 24% | 0% | 9% |
| Between 5 and 8 | 9% | 11% | 10% |
| Over 9 | 67% | 89% | 81% |

Source: our data

*Turnover rate (defined as the number of accounts closed vs the number activated).* Another indicator that defines the relationship between travel agents and tour operators is the turnover rate (expressed in the number of TOs). This rate is defined as the number of accounts that are closed versus the number that are activated in a short period of time (three years).

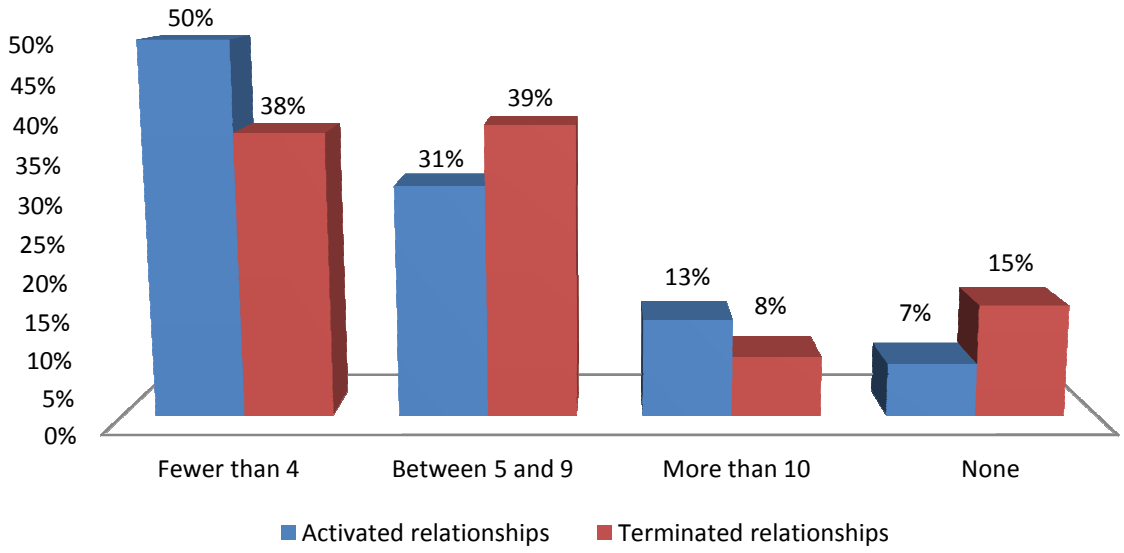
The time period considered for the purposes of this study is the last three years.

Regarding the relationships that were terminated, 38% of the TAs said they had put an end to working relationships with fewer than four TOs, 39% with between five and nine TOs, and 8% with more than ten TOs. It is worthy of note that there is also a minority (15%) who did not terminate any relationship.

As for the accounts that were activated, 50% said they had initiated up to four relationships, 31% between five and nine, and 13% over ten. The number of tour operators who did not foster any relationship is 7%.

The results show a high rate of turnover in terms of relationships that were either activated or terminated. This data is indicative of the high turbulence of the relationship between tour operators and travel agencies (Pencarelli *et al.*, 2013). It is likely that this turbulence is fueled by low entry barriers typical of this context, which result in the presence of numerous actors.

Figure 3 - Terminated and activated relationships over the last three years




Source: our data

In conclusion, the analysis shows that the relationship between tour operators and travel agencies displays the following characteristics:

- the widespread and generalized presence of multi-supply relationships;
- a very high interdependence between the turnover of travel agencies and the number of tour operators with which there are working relationships;
- a very high exchange rate in terms of the activation and termination of relationships between tour operators and travel agencies.

*3.3.2. Key factors in the selection of TOs by the travel agency*

In order to evaluate which factors have the highest impact on travel agencies' selection of tour operators[8], we asked the sample travel agents to select the three factors (among 10 proposed) they considered most important.

The factors that appear to carry the most weight in the selection of the TO are, in decreasing order, product quality and level of customization (51%), customer service to agencies and end users (44%), intermediation margin (44%), economic stability (43%), problem solving (37%), price and value (35%), prompt, effective and appropriate response (26%), incentives (24%), and image and reputation (24%), catalogue quality (12%).

The data highlights the tendency of TAs to give priority to the joint aspects of effectiveness and customer management, to require customized products to satisfy the increasingly more complex demand, to consider both efficiency and profitability by paying close attention to the intermediation margins and economic incentives.

It is worth pointing out how much attention the TOs put into assisting TAs in the daily processes of problem solving and management, which emphasizes how important is for TOs to develop effective CRM processes aimed at the retail network.

[8] The factors chosen were identified through the interviews conducted with the two managers of Eden Viaggi Tour Operator, see par. 3.1.

Table 3 – Key factors in the selection of TOs, as indicated by TAs, classified by level of turnover from TO products

| | Average | TA Turnover 0/59% | TA Turnover 60/100% |
|---|---|---|---|
| Product quality and level of customization | 51% | 45% | 53% |
| Customer service to agencies and end users | 44% | 49% | 40% |
| Intermediation margins | 44% | 36% | 48% |
| Economic stability | 43% | 37% | 46% |
| Problem solving | 37% | 47% | 30% |
| Price and value | 35% | 32% | 36% |
| Promt, effective and appropriate response | 26% | 29% | 23% |
| Incentives | 24% | 24% | 25% |
| Image and reputation | 24% | 28% | 22% |
| Catalogue quality | 12% | 17% | 9% |

Source: our data

When the individual factors driving the TA's choice of TO are compared and classified by amount of turnover earned from TO products, a number of interesting aspects come to light. First of all, economic factors as well as intermediation margins and the financial stability of suppliers (not counting incentives) are judged to be more important by those TAs that earn a high portion of their turnover from TO products. Thus, those travel agencies that are more heavily dependent on their business relationships with TOs are also those that are more sensitive to economic aspects.

Services like problem solving and customer service to agencies and users are considered important by those TAs that are less financially dependent on TO-generated turnover (up to 59%), while they are considered less significant by those agencies with a higher rate (over 60%). This difference in sensitivity to these services could be due to the fact that the former category of TA is seeking business relationships that can complement their own portfolio of offers and that can guarantee high levels of service to the agencies themselves and to their clientele. Instead, the latter category of TA may put lesser emphasis on services because most of their offer is based on the intermediation of their suppliers' products and so, these agencies are mainly looking to gain greater commission margins and to ensure a stable, high quality supply of products, with a highly personalized services.

This could help explain the fact that the quality of the product and the level of customization both represent critical success factors for those TAs with a higher percentage of TO-dependent turnover.

In order to investigate retailers' assessment of the major Italian tour operators and to verify whether tour operators meet the critical factors for a strong partnership, the TO market leaders were evaluated (and given a score of 1 to 5) according to the critical success factors considered important by the TAs.

Table 4 – Evaluation of the TO market leaders for the critical success factors considered most important by the TAs

| Tour operator | Image and reputation | Economic stability | Customization of products | Assistance to agencyes and end customers | Problem solving | Price | Intermediation margin | Incentives |
|---|---|---|---|---|---|---|---|---|
| A | 3.78 | 3.53 | 2.94 | 2.98 | 2.92 | 2.52 | 2.32 | 2.47 |
| B | 3.46 | 3.32 | 3.17 | 3.20 | 3.05 | 3.13 | 2.89 | 2.88 |
| C | 2.81 | 3.01 | 2.68 | 2.89 | 2.81 | 3.35 | 2.83 | 2.92 |
| D | 3.26 | 3.29 | 3.40 | 3.05 | 3.14 | 3.03 | 2.88 | 2.50 |
| E | 3.46 | 3.37 | 3.15 | 3.09 | 3.05 | 2.80 | 2.81 | 2.83 |
| F | 3.79 | 3.74 | 3.40 | 3.20 | 3.16 | 2.98 | 2.93 | 3.08 |
| AVG | 3.43 | 3.38 | 3.13 | 3.07 | 3.02 | 2.97 | 2.78 | 2.78 |

Source: our data

The average scores are positioned in an intermediate zone of the scale from 1 to 5 (minimum 2.78, maximum 3.43), showing that the level of TA satisfaction is not high. This first fact could explain why TAs have a very incidence of multi-supplier relationships, as they are not completely satisfied by the market leaders (especially as regards the intermediation margins and economic incentives). Among the six TOs no dominant position emerges, showing the existence of a very competitive environment.

The factors that are scored highest are Image and reputation (3.43), Economic stability (3.38), and Customization of products (3.13). The economic factors that get the lowest scores are Intermediation margin and Incentives (2.78).

The factor that was most appreciated in the TO market leaders is image and reputation, linked to the economic soundness of the same. One can reasonably deduce that the recent crisis in northern Africa, with the resulting failure of TOs, has shifted the focus of TAs on these factors; thus, they consider them a priority in the selection of their supplier relationships. A similar finding emerged in the recent study by Yevstafyev and Yevstafyev (2015) referred to the Russian market, in which the authors highlight that tour operators with a high brand reputation and a high index of geographical concentration of their agent network are more likely to create partnerships with travel agencies, rather than with other tour operators.

We can say that in this historically turbulent time period, TAs are prepared to choose products with lower profit margins, as long as they are organized by TOs that offer greater guarantees, in order to avoid reputational and financial damage deriving from the possible cancellation of the holiday package sold. However, TAs cannot be totally satisfied with the TO offers and this can also explain the high rotation of the relationships between TOs and TAs.

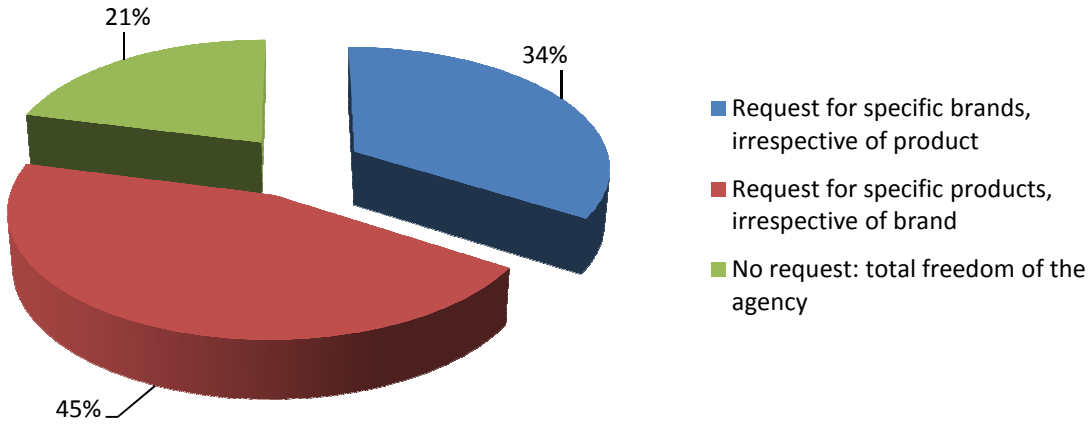
*3.3.3. Role that the TO brand plays in the choice of product made by those clients that use travel agencies*

The aim of the question is to understand the attitude of the client who goes to travel agencies, in order to assess the role played by the brand of Tour Operator in the selection of tourism products.

For this question the respondent could select one of the following three answer options: "Request for specific brands, irrespective of product", "Request for specific products, irrespective of brand", "No request: total freedom of the agency."

The questionnaire findings show that only 34% of customers request a specific brand.

Figure 4 – Client attitude towards the TO brand in choosing a product




Source: our data

In most cases the buying behavior of customers (79%) is not bound to the TO brand, thus leaving TAs the opportunity to guide them in their choices. In fact, 34% of clients "do not have a clear idea of the product or of the brand" and leave the decision completely to the travel agent, whereas 45% of the clients' requests are focused exclusively on the type of product. This consumer behavior gives important contractual power to retail agents along the distribution channel of the "intermingled tourism" market. This happens because in the Internet era the role TAs play in providing truthful and credible information concerning the quality of the tourist products remains important. A TA is able to credibly provide a signal of quality to tourists, thereby increasing informational efficiency both in quality and content, because of its role as a reputation provider. Thus, the TA's main role in the vertical tourism chain is and should be the transmission of credible and reliable information to customers (Calveras, 2006).

It follows that the TOs that are able to establish solid relationships with TAs and make ICT investments downstream can gain considerable competitive advantage over their competitors. This is because consumers demonstrate store loyalty to TAs rather than brand loyalty to TOs.

## 4. Conclusions and implications

The study was exploratory, aiming to investigate the characteristics of the relationship between TOs and TAs, the role of the TO brand in the process of selling tourism products to the consumer, as well as the critical success factors for the selection TOs, in order to truly assess the potential conflicts and collaborative processes in place between the two actors. From the analysis of the relationship between TAs and TOs divergent aspects come to light.

On the one hand, there is a high interdependency between the turnover of the travel agency and the number of tour operators with which they have relationships of supply at the same time. This dynamic indicating the need for both parties to establish cooperation geared

towards increasing the value for both customers and businesses. On the other hand, there is a generalized and widely diffused presence of multi-supplier relationships with a very high turnover rate, showing a conflictual context that is more closely related to market dynamics than to the processes of deepening and broadening the value of the relationship. These issues lead us to hypothesize that the relationship between TAs and TOs is characterized by elements that can foster areas of collaboration as well as conflict (Pencarelli, 2010; Vasanth et al., 2012).

In particular, the fact that in most cases the channel relationships are of short duration and highly variable probably means that the travel intermediaries do not sufficiently exploit the areas of potential cooperation along vertical channel relationships. The research findings lead us to believe, in keeping with the outcome of other studies (Bagdoniene and Hopeniene, 2015), that the relationships between TAs and TOs are potentially more conflictual that they are collaborative, thereby indicating that said relationships show little cohesion and interdependence (Tran *et al*, 2016).

The factors that are central to TAs' selection of TOs are, above all, the quality and level of customization of products, followed by the customer service provided to TOs and TA end customer and intermediation margin. The possibility of customizing products shows the strong need for TAs to respond to new demand trends (Sambri and Pegan, 2007; Fabris, 2008; Dalli and Romani, 2011) through a wide and diversified tourism offer which requires multi-supplier relationships. The high attention to intermediation margins is a classic factor which can lead to conflict between TAs and TOs, who pursue opposite financial objectives in the division of the value in the distribution channel. So, tour operators are obliged to pay great attention to these key factors in order to create and maintain strong and durable relationships with travel agents. This is also due to the fact that, as our study shows, sensitivity to financial aspects is expressed more markedly by the travel agencies that report higher turnover volumes thanks to their intermediation for package deals supplied by tour operators.

From this point of view, it has been useful to compare the main critical success factors with respect to the assessment, for the same factors, of the six TOs market leaders. The results show that in addition to collaboration, there is also a "context of conflict" and a "relationship distance" between the TAs interviewed and the leading TOs. The factors considered most important by the TAs in their relationships with TOs only receive a medium-low evaluation from the market leader TOs, (especially those related to the financial aspects of the relationship, i.e., "intermediation margins/ economic incentives"). This could explain why TAs show a high incidence of multi-supply relationships, as they are not completely satisfied with the TO market leaders and therefore, continuously seek new relationships that can provide the best conditions.

The factors that receive the highest rating by the TAs, are " image and reputation", related to the economic solidity of the TOs. This aspect would let one assume that agencies are prepared to overlook the profitability of the products in their portfolio, provided that the offers are proposed by TOs of high reputation and high credit standing, in order to avoid reputational or financial damage resulting from either the low quality or the cancellation of the holiday sold.

With reference to the role played by TO brands in the choice of product by clients who use travel agencies, this study highlights that in most cases (about 80%), during the process of purchasing the product, customers are little swayed by the brand reputation of the TO, leaving a lot of room for the TA to influence their choices. Therefore, consumers recognize the fact that it is the agents, not the TO brand, that act as guarantors of the quality of the tourist offer. Nevertheless, the reputation of the producers of these package deals is, instead, important to travel agents.

This aspect highlights the importance of TAs in the competitiveness of organized tourism. Therefore, the TOs that can establish collaborative relationships with TAs have the opportunity to gain a competitive advantage of no small importance compared to their competitors. This also emerges from the study carried out by Pencarelli *et al.* (2013) which showed how the success of a leading TO in the Italian tourism market is strongly based on a relational marketing approach geared toward creating loyalty from the network of travel agents.

In summary, the relationship between TAs and TOs is complex and ambivalent, one that is pushed both towards collaboration and towards channel conflict (Von Friedrichs Grängsjö, 2003; Kylänen and Mariani, 2012). Some managerial challenges emerge for TOs who should aim to retain the TA, by implementing policies of relationship marketing and making use of new ICTs (Pencarelli *et al.*, 2013).

In this perspective, it is particularly important for TOs to invest in the expansion of CRM (Customer Relationship Management), which may allow them to improve relationships with TAs who are the true "ambassadors" of the TOs (Silvestrelli and Gregori; 1998), because they contribute to enhancing the image and reputation of TOs, in addition to ensuring them a certain level of sales.

However, the presence of multi-supply relationships highlights how the type of relationship between TAs and TOs is characterized by poor stability and scarce loyalty, making certain aspects of channel conflict prevalent (Pencarelli, 2010).

Despite the limitation resulting from the fact that most of the questionnaires were self-compiled on-line, leading to a phenomenon of self-selection of respondents, the research highlights some interesting findings and managerial challenges for Italian TOs.

In line with these considerations, research must continue to delve into the characteristics of the relationship between TAs and TOs, looking to validate the hypotheses through more complex and reliable statistical tools.

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