

## AN INVESTIGATION INTO THE SUSTAINABILITY OF INDEPENDENT TRAVEL AGENCIES IN ITALY

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*This summary paper is an attempt to indicate what the current situation of Italian independent travel agencies is in the light of the economic crisis and major changes that lately have affected the industry. The study is based on a strategic analysis of the industry to identify whether or not independent agencies are sustainable in the long term by adopting a strategy that includes the process of disintermediation, and, it will provide recommendations to the management of independent travel agencies regarding how such agencies should respond more proactively to the recent crisis, by taking advantage of opportunities rather than primarily responding defensively. The economic crisis in Italy is definitely creating huge concerns to travel agencies, causing sometimes agency closures. However, from the data collated and analysed the researchers noticed that the crisis is in part changing the industry in favour of travel agencies. In the researchers' opinion, agencies should be aware of such 'positive' changes and use them as the basis for their future success..*

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## **INTRODUCTION – THE TRAVEL AGENCY BUSINESS**

Like other travel sectors, the Italian travel agent industry is going through a period of unprecedented change. It operates in a complex and dynamic environment, where major challenges arise from technological advancements and the low cost airlines' popularity, changing customer buying patterns as well as stimulating rivalry levels within the industry. As a consequence, tourism enterprises, particularly intermediaries and tour operators, are changing their way of operating as innovative business models are introduced by organisations. Previous literature outlined how rapid IT developments (Bigné et al., 2008; Holloway, 2006; European Travel Commission, 2011), even though it provided huge opportunities for tourism intermediaries, has also led to the start of a disintermediation process.

According to Porter (1998), the fundamental purpose of strategy is to build a competitive advantage that is sustainable and therefore resists erosion by competitors' behaviour or industry evolution. The economic crisis in Italy is definitely creating huge concerns to travel agencies' revenue and profit, causing sometimes agency closures. However, from the data collated and analysed the researchers noticed that the crisis is in part changing the industry in favour of travel agencies. In the researchers' opinion, agencies should be aware of such 'positive' changes and use them as the basis for their future success.

## **LITERATURE IN THE SUBJECT DOMAIN**

### **Changing consumer behaviour - always difficult**

The tourist buying decision presents some unique aspects given that tourism is a service rather than a product and that production and value delivery happens concomitantly. Services are essentially intangible and do not result in the ownership of anything (Kotler and Armstrong 1994). It is an investment with no tangible rate of return, and the purchase is often prepared and planned through savings made over a considerable period of time (Moutinho, 1987). The travel agent plays a fundamental role in affecting determinants of tourism behaviour and possesses the means to create the antecedents of success or failure of the holiday (Ryan,

1997). Poor or inappropriate advice that leads to an unsatisfactory holiday determines the future behaviour of the customer.

Changing consumer buying patterns have been investigated by previous researchers, particularly in relation to the impact of the Internet (Riley et al., 2009; Lo et al., 2003; Law et al., 2004) and of the recent economic crisis (Purnell, 2010; Aidi, 2009). On the one hand, customers walking into a department store may have already researched their purchase online and come to the store armed with information about the product and the best available deals (The Economist, 2004) with the consequence sometimes of “deconstructing the purchasing process”. However, different countries have different cultures and habits and in Italy, for instance, people are twice as likely to buy offline as online after researching on the Internet (The Economist, 2004). On the other hand, according to Purnell (2010), since the recession set in, people are cutting back on travelling and staying at home to economise. Even if sometimes business travellers swap an overseas meeting with video conferencing, people are always going to travel; just they are now likely to do it differently. Customers have become more demanding and more technologically competent. They seek value for money with tourist destinations that are attractive and appealing (Stylos and Andronikidis, 2013), and are more critical and less loyal; they look for holidays tailored to individual requirements and there is a search for authenticity as well as for sustainable practices and ethical choices (Aidi, 2009).

According to ISNART (National Institute of Tourism Research), in the 2011 first report about tourism behaviour, the number of Italians that have had a holiday has decreased from 17.7 million in 2007 to 15.6 million in 2010, with the lowest level in 2009 (14.8 million) and a sign of recovery in 2010 (16.1 million). Despite the reduction in the travellers' numbers, in 2011 the actual number of holidays has increased by 5%. However, the rise has concerned only Italian destinations (+ 8.1%), whereas travel abroad have fallen by 6.3%. The average holiday expenditure has shown a different trend related to destinations, with travellers spending less for holidays inside Italian borders and spending more for travelling abroad. The predominant information channels used in order to find a suitable holiday are word of mouth, personal experience and the World Wide Web, not only as an information channel but also as a vehicle of special offers (ISNART, 2011). Moreover, stays in private

houses (friends and family's houses or second houses) have risen significantly since the first quarter of 2010. It seems that the traditional intermediation is more valued by people that choose to go abroad. However, in the first quarter of 2011, only 2.5 % of travellers have chosen a holiday based upon the advice of travel agencies. For holidays in Italy, 24% of travellers have booked directly through the World Wide Web, and only 3% has booked through a travel agency. For holiday abroad, 14.4% has booked online. Additional information of the booking of holiday services is shown in Figure 1.

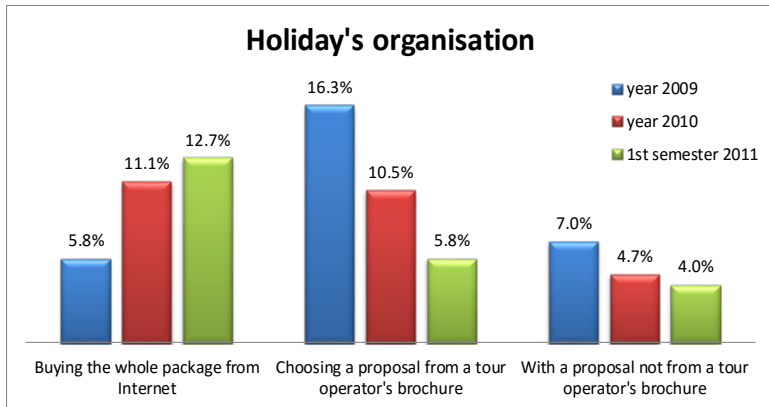
Total of services booked through the travel agency:

Year 2009: 29.1%

Year 2010: 26.2%

1st semester 2011: 22.6%

**Figure 1:** Way of organisation of the main holiday. Source: adapted from Turismo e Attualità, 2011.



Even if the drop in holidays purchased through the travel agency is minimal, it is clear that there is a market share that slips from travel agency in favour of the web or the direct booking with the accommodation provider (D'Amato, 2011).

### **Strategic management – always important**

The importance of strategic management (in all business disciplines) has never been greater (Enz, 2010). With the increasing environmental turbulence, the field of hospitality must provide strategic approaches that address challenges and opportunities into the future. Developing a strategy consists firstly of decisions regarding what the company is and what it wants to become, in other words defining the firm's objectives, its 'business definition', its mission statement and its vision for the future. Moreover, the company should align its objectives with the extant environment. The strategy implies therefore an analysis of the firm's environment, taking as central focus of attention customers, their needs and preferences (Van Looy, Gemmel, Van Dierdonck, 2003).

As suggested by Johnson, et al (2011) the macro-environment consists of broad environmental factors that impact to a greater or lesser extent on firms' performance within the market, such as issues in political, economic, social, technological, environmental and legal environments. An analysis of these factors provides broad data from which to identify "variables" or "drivers" that will impact the nature of the future environment in which a firm will be operating (Walsh, 2005) which Johnson et al (2011) has identified as key drivers for change.

The analysis of the macro-environment is a starting point to investigate how general environmental factors affect the firm's industry and therefore investigate industry's sustainability that is achievable by implementing a value creating strategy that is not simultaneously being implemented by competitors and when other firms are unable to duplicate the benefits of this strategy (Barney, 1991). Porter (2008), in the update of his revolutionary 1979 article, suggests that to sustain long-term profitability the firm must respond strategically to competition and that competition for profits goes beyond established industry rivals to include four other competitive forces: customers, suppliers, potential entrants and substitute products.

Competitor analysis of the Italian travel industry reveals that rivalry in the travel agent sector is becoming fiercer because of low barriers to entry that increase rivals' number; powerful buyers with low costs; and suppliers that are trying to re-organise in order to control distribution channels. Furthermore, there are many players of about the same size, they have similar strategies, the industry's margins are relatively low and the perishable nature of tourism products impacts to cut prices and sell the

product while it still has value so that competition often takes the form of price discounting (Porter, 2008) and it is very difficult for traditional travel agencies to compete in the same way.

Some analysts argue that industry analysis needs to include a 'sixth force' that is represented by complementors which puts pressure on profitability (Johnson et al. (2011). However, Porter (2008) suggested that they cannot be considered a sixth force determining industry profitability since the presence of strong complementors is not necessarily bad for industry profitability, as their presence may increase profits by increasing demand for an industry's products. Consistently, Johnson et al. (2011) claimed that complementors, even though competing, may cooperate to increase the total industry value available. Considering travel agencies, cross-selling of complementary travel products may include for example travel insurances, visas, transfers from airports to city centres, airport car park tickets, car rental, and sightseeing city cards.

### **Creating competitive advantage – always vital**

Analysis of the industry structure helps organisations identify a sustainable competitive strategy, offer value that gives the organisation advantage over its rivals (competitive advantage) which not only enables the firm to survive but also deliver superior performance. Amongst strategies proposed by Porter (cost leadership, differentiation and focus), the differentiation strategy is very popular in hospitality because of the huge opportunities for differentiation, given that hospitality services are often complex and satisfy self-identity and social affiliation needs (Enz, 2010). Attributes on which to differentiate need to be chosen carefully and first of all there must be clarity about the two key factors: the strategic customer, their lifestyle and aspirations (on whose needs the differentiation is based) and key competitors. Differentiation allows higher prices but usually involves additional investments, for instance in Research and Development (R&D), branding or staff quality (Johnson et al., 2011).

### **Sustainability – always now a must**

The fundamental purpose of any strategy is not just to build competitive advantage, but to build a competitive advantage that is 'sustainable'. According to Porter (1998), strategies' sustainability

requires that the competitive advantage of the company resists erosion by competitors' behaviour or industry evolution. Therefore, barriers that make imitation of the strategy difficult are required and because such barriers are never insurmountable the firm has to continually improve its position. The approach suggested by Andler (2011) is based on Porter's model discussed earlier and aims to reduce the power of the five competitive forces. Independent travel agencies in Italy can reduce the threat of new entrants by creating alliances (partnerships) with suppliers, developing retaliation tactics and creating alliance groupings with related products or services. However, in order to pursue the differentiation strategy, focusing on small, niche tour operators gives the chance to offer an added value to customers who are looking for something different from the more standardised products offered by large tour operators. Moreover, medium-sized tour operators are committed to travel agencies not having strong consumer brands of their own and are therefore willing to pay higher commissions than the industry average (Harris and Duckworth, 2005). Such action, increases also customers' loyalty and separate the purchase decision from the price, giving therefore a stronger structural negotiation position towards both buyers and suppliers. After that, the threat of substitutes can be reduced by keeping track of possible substitutes and by engaging in surveys to learn about customers' preferences so as to anticipate their needs.

### **Review of related studies**

Literature in recent years has focused on the topic of the Internet impact on travel agencies. Law, Leung and Wong (2004) have indicated that the Internet enables businesses to improve their competitiveness and performance, the Internet being a new communication and distribution channel for e-travellers and suppliers of travel services and products. On the one hand, suppliers are enabled to sell their products globally to potential travellers at any time, achieving higher revenues, lower distribution costs, and a larger market share; although still the adoption of the Internet in use by small and medium sized hotels is low due to perceived problems with technology (Chan, 2012); on the other hand, the Internet allows travellers to communicate directly with suppliers to request information and to purchase products/services at any time and in

any place (Olmeda and Sheldon, 2001). Some tourism researchers have argued that traditional distribution systems will probably be replaced by electronic distribution systems (Sheldon, 1997; Buhalis, 1998) and that vertically integrated (re-organised) companies are increasingly taking control over supply and distribution (Harris and Duckworth, 2005); however, others suggest that travel agents still have a number of opportunities to provide on-going added value to customers in terms of convenience, flexibility, through dynamic packaging, security and expertise (Harris and Duckworth, 2005; Palmer and McCole, 1999).

An analysis carried out by FIAVET (Italian Association of Travel and Tourism Enterprises) in 2008 has outlined that travel agents felt threatened firstly by the economic situation and the consequent risk of losing clients, secondly by the Internet and customers organising travel in autonomy, whereas the competition by vertically integrated and re-organised tour operators didn't seem to worry agents, but interestingly the reasons for this are not given and therefore the present research has investigated this aspect as well.

## **METHODOLOGY – A HYBRID DESIGN**

### **Research design**

A mixed research method (hybrid) has been adopted by the authors. This choice has enabled triangulation to take place: semi-structured interview with travel agents were a valuable way to triangulate data collected through secondary analysis and through primary data collection via questionnaires to customers.

Analysis of secondary data has been adopted and has provided a background to the research, to give an initial picture of the context in which Italian travel agencies operate. After this qualitative data collection regarding industry experts' perception of major changes and semi-structured interviews with travel agencies' owners was carried out. Six interviews were conducted in the north-east of Italy. A list of themes and questions was set in advance and was divided into three sections: major environmental changes and their impact on the travel agency, major forces that are increasing competition and finally travel agency's strengths and opportunities. Furthermore, quantitative data was generated from primary data collected through questionnaires to Italian consumers about their opinions and behaviours towards travel agents, services

expected, and online travel purchases. A total of 64 respondents concentrated in the north-east of Italy participated in the questionnaire survey. 27 pre-coded closed/forced choice questions were asked. Questions were divided into behavioural variables, opinion variables and attribute variables and were translated from English to Italian.

## **Data analysis**

Quantitative data collected through questionnaires were analysed using the IBM SPSS Statistics, software package for survey analysis, version 20. Data collected was analysed and presented using SPSS main procedures that included reliability, descriptive and variance analysis. Reliability analysis was carried out using Cronbach's Alpha as a measure of internal consistency. Prior to using many statistical tests, the researcher established the distribution of values for the dependent variable questions in order to check if data were normally distributed or not. Descriptive analyses carried out in this research included frequency analysis for which tables and graphs were created. An analysis of variance (Anova) was then carried out to examine relationships between the independent and dependent variables from the questionnaire. Non-parametric tests (Mann-Whitney U test, Kruskal–Wallis) were used as data distributions were predominantly not normal.

The data collected through interviews was analysed using the qualitative data analysis software (CAQDAS) HyperRESEARCH version 3.0.3. Six cases were created; each interview assigned to a different case. After that, 23 codes (representing themes) were created divided into 8 groups; source materials were scanned for interesting ideas and concepts that were labelled with corresponding (thematic) codes. The analysis included also the quantification of some of qualitative data through the creation of the frequency report that showed how often codes were used and where. Such a report enabled also the creation of code maps representing major themes discussed during interviews.

## **RESULTS**

The aim of the current research was to find out whether Italian independent travel agencies are sustainable or not, in the light of major



Not only are consumers becoming very demanding, but also they are suspicious and wary and sometimes the advice of the agent is taken as an opportunity to sell a specific product. Nowadays consumers are very well informed: the client that goes to the agency very often has already researched the web, not only for places or accommodations, but also for comments, thanks to portals such as Tripadvisor. This sometimes creates confusion and non-realistic ideas: online prices are not always clear and this creates difficulties in the sale even with clients that truly want to buy in the agency because they consider the internet is not so safe.

According to interviewees, nowadays the simplest products (such as low cost flights and single hotels) are disappearing from travel agencies. The general belief is that the Internet is cheaper but, according to agents, prices that are available online are the same that travel agencies apply. With flights, for example, agencies charge a fee in exchange for additional services that give an added value to the product. With hotels, agencies' networks usually have commercial agreements that enable them to have better rates than if the room were booked directly with the hotel.

However, from interviews and previous literature, it also emerged that Italians are still worried to use credit cards online and this is sometimes the impetus that makes them book through travel agencies.

Clearly the economic crisis as one of the major factors impacting on the industry came to light in the secondary data analysis. However, it was during the semi-structured interviews that the researchers had confirmation of the perception of the situation's severity. The agents interviewed made it really clear that the economic crisis was and is the major threat for travel agencies at the moment and the huge uncertainty for their future and their survival. The crisis is impacting on the whole industry: not only impacting on consumer behaviour but also the behaviour of competitors and suppliers. Considering consumer behaviour, people have changed their holiday's habits but are still travelling: only 5 respondents to questionnaires from 64 completed have claimed they have never booked a tourism service during the year. From the three sources of information used in the current research, it emerged that travellers are spending less on their holiday because of the economic crisis; although the agents interviewed were of the opinion that this was more a matter of prudence, fear and lack of confidence, than a real drop in available funds. However, it was a general feeling that middle class families were the most

affected by the situation. From the questionnaire responses it emerged also that people who travel alone or with their partners were booking tourism services more frequently than people travelling with friends and family. The researchers discovered also that a high proportion of questionnaire respondents (61%) were still visiting the travel agency to get information, advice or to book services. However, in agreement with the previous literature (ISNART, 2011; D'Amato, 2011), there is clearly a market share that slips from travel agencies in favour of the web and direct booking and from the questionnaire analysis it emerged that respondents with a higher level of IT competence travel more than others but rely less on travel agencies and contact more often service providers directly. Not all agencies in fact offer an adequate level of expertise and sometimes this might not be in line with graduates' higher expectations. Summarily, level of education was the variable with the strongest impact on questions asked concerning travel and holidays, whereas age influenced participants' answers only about access to online travel agencies: the younger the traveller, the more frequent the access to online travel agencies. Therefore the researchers forecast an increase of the market share that will slip from traditional agencies, given the generational change and the general higher level of IT competence in younger persons. Agencies have to take into consideration this aspect and find a way to differentiate with this kind of competition. Next, on one hand, gender also impacted on questionnaire responses suggesting that women enjoy visiting travel agencies more than men and also consider them a more secure way of booking services than using the web; on the other hand, there was no significant variance between differing occupational groups and the way participants answered the questionnaires. This absence of relations may have depended on the limited sample size compared to the number of options to choose from, and may be further investigated in future research.

### **Forces that drive competition – always to be considered**

To investigate major forces that drive competition in the industry, interviews with agents were inspiring. Forces driving competition have clearly changed under the influence of the economic crisis and latest events, making the 'travelling' scenario quite different from some years ago. As a consequence of the latest events, such as political tensions in different countries and the economic crisis that caused the failures of

numerous agencies and tour operators in Italy, customers want to feel more safeguarded when travelling, they are more cautious and more willing to rely on agencies for advice and to be guaranteed more even if they have to spend a bit more. In this way customers' bargaining power is sometimes reduced. From differing sources of information, the researchers noticed that the economic crisis, on the one hand, is surely creating huge problems for agencies' profits and surpluses, but on the other hand, it appeared that some "advantages" are coming from the situation that independent agencies should be aware of and use as a basis of future success. It emerged from the interviews that, if on one side customers are more afraid of booking on their own, suppliers (tour operators, airlines and hotels) are relying more on agencies because of the crisis, acknowledging economic benefits. As a consequence, the bargaining power of the suppliers appears not as strong as previously – this emerging from secondary data analysis when considering also the fact that tour operators are not so vertically integrated (re-organised) and that the agents interviewed were not afraid of networks of agencies linked to tour operators.

In fact, large tour operators in Italy don't have the means to have their own points of sales and recreate what is happening in Northern Europe. Attempts towards more vertical integration are made by the larger operators, however, at the moment, the majority of them are not selling directly and agencies are still offer the standard option. However, tour operators are trying to link themselves to groups of agencies and networks, where a number of agencies focus on the selling of particular brands. Two major groups currently exist, created in 2011: Welcome Travel which is a network controlled by Alpitour and Costa Cruises, and Bluvacanze/Cisalпина that now is owned in part by MSC Cruises. What is interesting to note is that the agents interviewed do not perceive such groups linked to tour operators as a threat: no one network, in fact, at the moment is so well structured to represent the only distribution channel. In Italy there is huge fragmentation in the agencies' industry. Apart from networks linked to tour operators, there are also others that count numerous agencies (such as Giramondo, BravoNet, etc.); therefore, no tour operator can choose to sell only through its agencies or give them preferential sale conditions, because other networks that represent a huge part of the distribution can decide easily not to sell a determined

operators' products. According to interviewees, a network to be strong enough should have at least a quarter of the agencies in Italy (around 3000) and have coverage over the territory. No one at the moment is so strong. For all these reasons, according to the respondents, in today's scenario the agency that is not part of a network doesn't make sense: independent travel agencies have to side with someone to be stronger, to have better commercial agreements and therefore to increase their commercial power. The power of 'partnerships' no less.

Moreover, 'low-cost networks' of agencies that were creating huge problems to traditional travel agencies seem to be having some problems since the economic crisis started. Their business model was based on price reduction thanks to an exploitation of scale economies (economy of scale) but, according to agents, with the reduction of customers' number, they are no longer able to sustain themselves with volumes and therefore have very low profit margins.

### **The way forward**

Overall, the researchers noticed that, when thinking about the future, interviewees are without certainties because of the economic crisis that has been impacting on the sector since 2008 and which peaked at the end of 2011, when this research was carried out. However, it appears to the researchers that a way forward for Italian independent travel agents exists in the light of analysis included in this study report. Of course, the process of disintermediation is going to continue and only agencies able to adapt will survive. Specific strengths to focus on have been identified: travel agencies perform better than travel websites in term of the human touch and personal service and the current research outlined that respondents believe that travel agencies offer more customised services than online travel agencies along with a higher level of expertise. Moreover, the research pointed out that a large percentage of respondents expect best guidance from a travel agency to the point that surprisingly up to 45% of participants claimed they would be willing to pay a fee to an expert travel agent in exchange for excellent services and valuable advice. The researchers therefore agree with Dall'Ara (2009) in saying that independent travel agencies might continue to add value to their activity acting as influential consultants with deep knowledge and experience. According to different authors, such as Johnson et al. (2011) and Enz (2010), a differentiation strategy allows higher prices but involves

additional investments and requires the company to distinguish its product or service on the basis of attributes such as employees' skills and experience, better service or complimentary services, intense marketing activities or better supplier relationships leading to better services. So differentiation on the basis of improved service thanks to deep knowledge and experience of employees is required in the case of independent Italian travel agencies. Interviewees seem to be conscious of this aspect and many claimed that knowledge, experience and professionalism are the real strength of independent travel agencies today.

Until some time ago it was more a race for price but, with the economic crisis and all the changes in the external environment, professionalism has become the real strength, and it is what clients are looking for. Professionalism is the way to retain; it was always the way, but in more wealthy periods (better times) clients were more attracted by the (cheaper) price whereas in the present situation security is more valued. Agents are well informed and have a perception of what is going on; therefore most professional agencies discourage customers from booking with a tour operator that has not a sound economic position, even if the risk is to lose clients. Fundamental is the understanding of clients' requirements, which is very often a difficult task. This is learned and acquired with experience, training, and sales techniques. Finding the right product for the client is what counts the most, and the recommendation of a safe product, which has been tested. If all these aspects are possible, the client will be satisfied and will be willing to go back to the agency. Nowadays customers tend to be less loyal; customer care is therefore essential. Giving the right advice, even when the product is a low cost flight, is fundamental to build loyalty but also to generate positive word of mouth that, according to interviewees, is the most effective way to communicate and attract customers. Therefore, agents all agreed that it is really important that they avail themselves of reliable staff who are well qualified and prepared to offer valid service. The strength of independent travel agencies is also the impartial advice that they offer to the client, something that is more uncertain when the advice comes from agencies linked to tour operators. After that, being selective with the thousands of tour operators and collaborating only with the dependable and serious ones is fundamental to keep agencies' business up and running as well as concentrating sales on some operators to receive economic advantages

and, finally, keeping an eye on small, niche tour operators to offer an added value to customers looking for something different.

According to Swarbrooke and Horner (2007), the travel agent still plays a fundamental role in affecting determinants of tourism behaviour. As said earlier a high proportion of people are still visiting the travel agency and it depends on the agent if customers will book through the agency or not, if they will use the same agency in the future and if they will give a positive or negative word of mouth to relatives and friends. Word of mouth is, in fact, the most powerful way to communicate with customers and to promote a business, according to agents canvassed.

## **CONCLUSIONS AND RECOMMENDATIONS**

The overall purpose of the research was to establish whether or not Italian independent travel agencies are sustainable. The economic crisis in Italy is definitely creating huge concerns to travel agencies' revenue and profit, causing sometimes their closure. However, from data analysis the researchers noticed that the crisis is in part changing the industry in favour of travel agencies. In the researchers' opinion, agencies should be aware of such 'positive' changes and use them as the basis for their future success. In other words, independent agencies should respond more proactively to the crisis, by taking advantage of opportunities rather than primarily responding defensively. According to Wilson and Eilertsen (2010), it is common to respond to economic and financial crisis by reducing operational costs, stopping new hiring, laying off employees and/or reducing training and development expenses. Contrarily, during such a crisis, organisations should take actions in order to pursue opportunities. The analyses carried out showed how competitive forces have changed with the economic crisis, therefore, it emerges clearly that many customers are worried about latest events and as suggested by agents canvassed they need to be reassured and safeguarded, something they cannot have when booking online. Tour operators, airlines and hotel chains also are offering to travel agencies better commercial agreement because of the difficulties to reach the customers directly. Moreover, the crisis also slowed down competition from 'low cost networks'.

In order to build a sustainable competitive advantage, at this particular moment, Italian independent travel agencies should try to improve their position by building barriers that make it difficult to erode or destroy the competitive advantage they have. The approach proposed

by Andler (2011) in the literature review is based on Porter's Five Forces model and aims to reduce the power of competitive forces. On the one hand, it is probably the right moment to create alliances (partnerships) with suppliers, to build better relationships, reducing suppliers' bargaining power. It was in fact highlighted that suppliers need travel agencies at this moment. It is crucial that the agent is aware of changes extant in the external environment, such as economic position of tour operators, countries' political and social situation, but also be well informed about destinations and infrastructures' details. Another tactic to consider is to focus on specialised niche tour operators which not only give better terms of sale but also give the chance to offer a more personalised service to customers. In this way agencies decrease bargaining power of customers by offering a valuable service, creating customers' loyalty and separating purchase decision from price. A last consideration is connected with the small size of Italian independent travel agencies described in the introduction, it should be remembered that small organisations have an advantage in terms of response speed and flexibility and have relatively less to gain from cost-cutting and are therefore forced to look outward during periods of crisis.

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## Endnotes

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