

THE IMPACT OF ONLINE BOOKING SYSTEMS ON CUSTOMER LOYALTY IN ROMANIA

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Abstract

The evolution of the Internet as a distribution channel is apparent in Romania as the number of Internet users and card holders increases. This paper discusses the results of questionnaire and interview based research on the perceptions of 65 managers' of "brick and mortar" as opposed to virtual travel agencies' of the so-called phenomenon of "disintermediation" and its expansion or, in other words, the competitive impact of online bookings on customer loyalty and business and communication strategies used to protect themselves from its consequences. In spite of the increase by 10% of the use of Internet each year, more than half of the respondents are convinced that they can adapt their services, products and operations to retain their loyal customers.

Key-words: *Disintermediation, Romania, Travel agents, Strategies for customer loyalty, Online booking.*

JEL Classification: *L83*

1. TOURISM CHALLENGES IN THE ERA OF INTERNET TRANSACTIONS: THE PHENOMENON OF "DISINTERMEDIATION"

Over the last decade, public access to and the use of online booking systems has increased globally. According to the Centre for Regional and Tourism Research, Denmark (Marcussen, 2009), the European tourism market online increased from 20% in 1998 to 65.2% in 2009 and the use of direct sales channels online reached 66%. The Internet, this great "intermediary", became "a new distribution channel for tourism", acknowledged for its ability to stock and distribute information (Xiang et al 2008, p.145) related to destinations, opportunities and tourist offers.) It was claimed that this situation had contributed not only to the launch of new products and services in tourism, but also to the changes in the offers of tour operators that strongly increased; this new channel "gives tourism business the chance to improve its level of competitiveness and performance" (Law et al, 2004, p.100). Business "development" with Internet transactions is also due to the structural elements of tourism industry: Lewis and Semeijn (1998, cited in Heung, 2003, p.371) claimed that "at present, this adopts the characteristics of a more decentralised market where any buyer has direct access to any seller". The Internet gives consumers the advantages they have not obtained from the other distribution channels so far (Dyché, 2002) including the possibility to communicate in a personalised manner with every consumer; "two-way communication" (interactivity and getting feedback); flexibility where information is updated at any time; the accessibility of information anytime by anyone, anywhere on the planet, irrespective of the number of

users; exhaustive information; low prices; discounts; and the possibility to save time and reduce costs are the benefits that not only tourists enjoy when choosing the online market, but also the tour operators that want to do business in this way. Moreover, the latter may find new unrestricted markets, especially when it comes to costs; an example in this sense would be social networks such as "Facebook" that has a high potential, being one of the tourism niches successfully approached by many tour operators online. Tourists enjoy the advantages of "self-service": comfort (they do not have to go to the tour operators as they can go on the websites at anytime and anywhere if they have access to a computer), the possibility to compare prices, make a reservation and receive confirmation (so that they feel they are in control of the situation), avoid the travel agency's commissions, and not feel "urged" to take a decision in front of the travel agent; they have enough time to consider and make their choices. Both partners – tour operators and tourists – may benefit from the friendly and communicative environment of *virtual communities*, "active supporters in the shadow" (as well as "destroyers) of tourism online as they reunite and update by web posts information, opinions, comments, experiences, useful and detailed pieces of advice from tourists and for tourists related to travelling or the offer and performance of tour operators. Travel agencies online may benefit (but also may suffer) from "word of mouth" advertising, without incurring any costs, thus saving time and money and attract tourists. The true "tricks" (the so-called "virtual experience", Dall'Olmo Riley et al, 2009), possible only due to the fact that 3D modern technology may be employed to make attractive offers such as virtual tours, short advertisements that will make the tourist feel the joy

of the trip and the magic of the exotic places and the merchandising techniques, and add to the business facilities of the online environment in its relationship with the consumer. Revenue management techniques can be easily applied by the suppliers of products and services in tourism taking into account the fact that the customer may be "helped" to make a choice by presenting him online the available rooms in a hotel, the means of transport or the vacant seats in a cruise ship, thus aiding and expediting the decision-making process. In this way, the consumer does not miss the chance to make a reservation (feeling the "time pressure") and in view of the aforementioned factors, s/he could compare prices so pressing the decision to buy (Pearce and Schott, 2005; Chih Chen and Schwartz, 2006; 2008).

In spite of all the pros above, there are also cons which contribute to the so-called phenomenon of "disintermediation" (Hagel and Armstrong, 1997; Chircu and Kauffman, 2001; Buhalis, 2003; Law et al, 2004; Dolnicar and Laesser, 2007; Law, 2009), which are likely to change forever the business model of traditional ("brick and mortar") travel agencies or put them in jeopardy (Card et al, 2003). The latter are gradually losing their role of intermediaries between the suppliers of tourism products and services and the end consumer, i.e. the tourist (to whom the power was "transferred"); they are motivated to search new strategies to attract the tourist and gain his/her trust. The aforementioned advantages should worry the managers of traditional travel agencies and provoke them to seek countermeasures so as not to lose customers in favour of online agencies. Specialists in market and innovation strategies (Drucker, 2007) teach us that a competitive advantage may be achieved even starting from the weak points of the competitors. The universe of online agencies is not as "solid" as it seems. Many of them are not trying to understand in what the customer is interested, what does or does not please him/her or what else she/he would like; they rarely ask for feedback from their customers although it might be useful in implementing improvement measures. Gianforte (2003) noted that the consumer's lack of user experience may be a key issue for consideration. Not all online agencies are ready to or capable of setting up a well organised, easily accessible website that provides the user with the information a/he needs. Factors such as insufficient inaccessible, out-to-date and irrelevant information, lack of coordination and agreement amongst cross-channels (web, e-mail, telephone), lack of information in international languages or even the sometimes poor implementation of a software are elements that "weaken" the position of agencies online and discourage potential customers. In turn, such issues may be exploited to the advantage of traditional agencies. A general phenomenon, that has been observed recently due to the flow of information, products and services available online, is valid in the context of online hotel booking is consumer confusion

(Matzler and Waiguny, 2005), caused by too much information, unclear information or undifferentiated information. They found that although consumer confusion impacted negatively on potential online bookers' desire to seek further information and their decision-making processes, it was only unclear information that stopped them from booking online.

The demand for international travel has risen sharply since Romania joined the European Union in 2007. Not only are the numbers of Romanians studying and working abroad increasing, but they are also freer to visit friends and relatives. In line with the above, the introduction of low cost airlines to Romania, the infiltration of international business ventures and its developing tourism market potential have contributed to the very recent emergence of online booking systems in Romania. However during this period Romanians, the majority of whom had neither Internet access nor credit cards, continued to book their travel through travel agencies. In the last couple of years, the Internet and online banking have gained a strong presence in Romania, with 7.4 million users in 2009 (Internet World Stats, 2009), and developments in the banking sector have resulted in 10.9 million active cards and 14.33 million lei debit card transactions nationally – according data provided by BNR (Pop-Coman, 2009). Romania is ranked the fourth country in the world with respect to the average connection speed to the Internet, with approximately 7.2 Mbps; 49% of the Internet connections are connection speeds of over 5Mbps while the global average is 21% (Dobre, 2010). The CATIbus study carried out in February 2009 by Mercury Research (www.mercury.ro) on a sample of 860 persons showed that 62% of the Romanians living in cities use the Internet, and the most significant segment of users is represented by people aged between 18-24 years of age; 92% of them claim they use e-mail and chat for personal communication, 30% of them shop online and 11% carry out financial transactions online. Regarding persons over 55 years old, two-thirds do not use the Internet and only 3% carry out financial transactions on the Internet. The study recorded that online sales of tourism products in Romania increased by 280% in 2009 from the 2008 base of 100, and by 270% in the first trimester of 2010 from the 100 base of the first trimester of 2009. The specialists in the field remain optimistic assessing that, although the economic crisis diminished the Romanians' incomes, this will not affect the number of online requests (Neacșu, 2009a). According to INSOMAR (2009), 44% of the population of Romania intended to have a holiday in 2010, mainly persons aged between 18-50 years of age from cities and especially the capital of the country having access to the Internet. 37.7% of them stated they want to organise their holiday themselves without using the services of a tourism agency which could be a good sign for the online tourism agencies. Tourism consultant, Ciprian Enea (in Neacșu, 2009b), commented that online sales by

customers paying by cards is under 3% as Romanians are "reluctant" to do so due to the fact that online tourism agencies are not well prepared in the field and do not offer their customers the possibility to carry out on the spot the transaction online (products are confirmed by telephone and payment is made at the bank or cash at the registered office of the agency, etc.). His view is that Romanians are satisfied with the simple search of information online about tourism offers, technical support and prefer to purchase online only if buying low-cost flights. It seems that Romania may be like the USA was 10 years ago when Lang (2000) pointed out that Americans hesitated to use online bookings as they felt insecure about online transactions and technology and they used the Internet only for information gathering. Lang (2000) also noted another reason why traditional face-to-face tourism agencies were preferred was the need for human contact and communication with the personnel. This closeness in behaviour is still apparent in Romanian tourists and may be attributed to the differences at European level in relation to the USA with respect to the online market share (50% USA, Neacșu, 2009b; 25,7% Europe, Marcussen, 2009). In 2008, the East European countries (the 12 new member states) had an online market of only 3%, UK holding only 30% and Germany 18%. The online market in Romania has not yet reached the maturity stage, which could be an advantage for travel agents who do not succeed in elaborating a counterattack strategy for the emergence of the online market. These strategies have to be quickly implemented because although the European market did not reach this stage, the practice of reservations online is rapidly increasing, even more rapidly than the system of reservation online (Conrady and Buck, 2008). The cultural dimensions analysed by Hofstede (2001) place Romanians with a relatively high uncertainty avoidance ranking suggesting that they do not accept change or novelty readily and are not prepared to take risks (Mihuț and Lungescu, 2006). Another strong Romanian cultural dimension is the high degree of collectivism (the existence of strong relations between the members of a community) which means that information circulates quickly between people and that people have an influence on each other; behaviours are "imitated", referred to as a sort of "social spread". These features of Romanians probably have their impact on the way in which online facilities have a smaller chance of being accepted by the masses. The fact that the online market is less developed in Romania than in other countries is also explained by: (i) the low standard of living. According Eurostat Newsrelease Euroindicators (2010) the comparative GDP per capita for Romania and decreased by 0.3% in the first quarter of 2010 and by 3.2% since the first quarter of 2009; and (ii) the relatively slow development of their banking sector. The present study, which examines the impact of online booking systems on customer loyalty, aims to identify the views of the managers of

traditional "brick and mortar" travel agencies in Romania regarding the competition of online bookings and their effect on their customers' loyalty. In order to achieve this aim, ways in which: (i) these managers believe the online competition has modified their portfolios is determined; and (ii) they plan to develop their business and communication strategies to counteract the competition from the Internet are discussed.

2. LITERATURE REVIEW

Research findings concerning the position of tourism agencies competing with online agencies and the efforts they make to grow confidence in their customers so as not to lose them in favour of online agencies are still inconsistent. The phenomenon of *disintermediation* is presented rather as a dead end for traditional travel agencies, that will surely be "victims" of the expansion of online bookings and who are given advice on the strategies they should apply. This review is rather "inversely" approached due to the advantages and disadvantages of online agencies, the information is obtained from the studies on the factors that determine the consumer to use the online booking system and not traditional agencies (Pearce and Schott, 2005; Law and Wong, 2003; Law et al, 2004; Law, 2009). Many authors (for example, Heung 2003; Law et al, 2004) have claimed that research is insufficient to ascertain whether the customer values traditional agencies more than online ones. However, there are pros and cons with respect to the expansion of the aforementioned phenomenon and facts show that for every booking made online, a corresponding number of searches are made on the Internet but some the bookings are made via a call to a travel agent, a central reservation centre, or a hotel, with 55% of the persons who searched online making the reservation at a travel agency (Carroll and Sigauw, 2003). They note that analysing the motives that determine customers' decisions to buy or not to buy online seems is a good starting point to identify the strategies that agencies should apply to preserve the visible location of their registered office. According to Law (2009, p.769) who measured customers' opinion about the *disintermediation* of hotel bookings in Hong Kong, travel agencies can "provide a better service in terms of human touch, professional counselling, and risk reduction"; yet they are believed to be profit driven rather than customer oriented.

Experts discussing customers' loyalty, a problem that travel agencies focussed too much on price and discounts - they lack the "glow" and they should revise their strategy to create "a fulfilling environment" (Huxley, 2002). In a multicultural study on subjects from Italy and the UK conducted by Dall'Olmo Riley et al (2009), similar conclusions have been reached with respect to consumer's need for "face to face encounters" with the service provider,

familiarity with the latter, and the guarantee of security, quality and brand of the service before buying online. The influence of the accessed type of services and the user's experience of the online environment add up to the elements above. The study conducted by Card et al (2003) highlights the differences between customers that shop for touristic services online ("shopper") and the ones that do not do this ("non-shopper") for personal reasons: the former are more high-tech prone, more home-shopping prone and office-shopping prone than the latter, more involved in information seeking and had longer Internet use experience as opposed to the latter. Law et al (2004, pp.105-106) identify "short-haul travellers" and "long-haul travellers"; the former are less likely to shop online than the latter, yet there is a variation in costs, in the necessary information and time they have at their disposal and which influence the consumer's decision. Furthermore, there is a strong tendency towards online shopping for the segment that includes the young population (18-24 years old) who consider that there is not "cool" anymore to go on vacation with the help of a travel agency and also noticed among retired persons that have more time to search the Internet (Coulter, 2004).

In spite all these, many managers of traditional travel agencies *know* that not all tourists seek services online mainly because online offers are incomplete and the tourist should make a lot of searches by himself in order to obtain a good price for complex offers. Consequently, many agencies became members of a network or consortium (such as *Jurni Network*) that gives them the possibility to practice competitive discounts, inaccessible for online agencies; although not exclusively, they focused on the segment of "luxury" clients with offers that are impossible to find (and ensure from a qualitative point of view) on the Internet and that bring the customer's "memories" and make him loyal to the agency (Ivanko, 2005). According to Dolnicar and Laesser (2007), a big part of the agencies in Switzerland still face the phenomenon of *disintermediation* (which is already present in this country) due to the fact that they knew how to reposition on the market as travel consultants (and "trouble shooters") and because they became more technological driven. Besides, the last factor taken into consideration and which has an impact on reducing costs and on the increase in the quality of services provided to consumers is used for a long time by agencies in bookings, accountancy or inventory management with the help of GDS (Galileo, Sabre, Amadeus) and OIS systems (Standing and Vasudavan, 1999). Doganis (2006, p.217) assesses that in countries where Internet is not used on a large scale or where personal contact is still important in business, travel agencies will continue to use this booking system. A study carried out by the two aforementioned authors (Standing and Vasudavan, 1999) maintained that travel agencies were the favourites because they offer a variety of products that may be combined,

including transportation services (mostly by plane), types of leisure trips (along with the corresponding activities) such as seaside holidays or city trips and they can inform on less known destinations. Furthermore, the expenditure per customer tends to be greater in travel agents as preferences for certain hotels may imply higher daily costs, or incur longer stays due to packaging. When it comes to travel destinations, the customers' loyalty is not just in the tour operators' interest, but also in that of travel agencies and hotels (Hanefors, and Mossberg, 1999, p.190). Perkins (2006) defends traditional travel agencies stressing that they have the advantage of reservation systems to which the customers do not have access for cruises and tours, flights (directly distributed only by travel agencies or consortia to which they belong). They know the "tricks" and they can plan complicated trips for which they can seriously cut costs, especially when various currencies are implied and the hotel bill can be reduced by adding a one-day trip and booking a travel package, for example or they may find a better offer thus saving time for the customer or give specialist advice on travel destinations. The agencies can also be helpful if problems occur during the trip as they are the guarantee of professionalism. The Internet era should not determine just the lowering of prices, but also focus on the brand and the employees that reflect the values of this brand: the heart of any operation is the staff who run it and live the brand values (Endacott, 2005); the Internet will not totally replace traditional intermediaries.

With respect to repositioning strategies, Hatton (2004), cited by Gibson (2006, p.19) considers that in a "volatile market", traditional travel agencies should accept change and become partners with travel companies, setting up with them "*in depth knowledge products*" (such as cruise companies that organise events for specialists in sales support and training for travel agencies), paying much attention to the needs of loyal consumers. Before the "danger" of competition from online operators, travel agencies may apply several strategies that are actually a "reengineering of the process" (Standing and Vasudavan, 1999) focussing on: *specialization* (specialised websites, oriented towards certain segments of tourists or destinations); *specialised information* (for instance, agencies can offer wellness travel packages and information on wellness); and *innovation* (in website design, the choice of multimedia applications), *strategic alliances with other business, register on leader research engines*. Chircu and Kauffman (2001, p.57) propose the "*reintermediation of travel agencies*" travel agencies could conclude license agreements with suppliers of electronic communication technologies that allow them to propose telephone bookings to their customers via the electronic booking system within the agency; its further role is to check the quality and proceed to ticketing. This strategy has its disadvantages in that

the revenues of the agency would diminish from online bookings (which may be preferred to telephone bookings) and to balance this deficit an analysis of pricing policies are required to show the volume of bookings necessary for the business to generate profit. Sigala (2007, p.345) believes that the Internet has the potential to increase customer satisfaction levels, particularly through customisation and personalisation of the technologically delivered service. Many "brick and mortar" travel agencies have already adjusted to the market and charge travellers and companies fees, using the Internet to reduce their costs or enjoying "simulation payments" from suppliers and hotels for the transfer of the market share (Carrol and Sigauw, 2003). Buhalis (2003, p.276) stressed that both types of travel agencies (traditional and online) have to integrate the Internet into their business to "communicate with customers and business partners, build online and off-line their brand and efficiently supply the travel product"; their role should be that of "travel advisers" in order to survive in the market.

The Internet gives travel agencies the possibility to approach their consumers via websites that provide detailed information on the services offered and, at the same time, seek information on what the customers are interested in and then use it for "one to one marketing", so building the customers' loyalty and increasing profits (Karake-Shalhoub, 2002, p.71). Travel agencies can take advantage of marketing with the help of the Internet that seemed to be an intruder at the beginning but now turned into an ally (Freyer and Molina, 2008): the concept of *multi-channel marketing* is reaching the consumer by means of several communication channels that are different and can be adjusted to the types of consumers. Freyer and Molina (2008, p.170) said that in the process of decision making, consumers have the possibility to choose amongst various communication and marketing channels (called "*customer touch points*") and it can be seen that within these phases, the traditional agency has its role: *attention-seeking phase* (online and classical advertising, posters at the agency's registered office, organisation of events); *information phase* (call centre, travel agency, online, etc.); *booking phase* (travel agency); carrying out the transaction - *pre-trip phase* (payment online or at the agency); trip phase (support from the services provider; support from the agency for complaints or other bookings); and post-trip phase (possible complaints at the travel agency or in writing to the tour operator). They maintain that efficient application implies an integrative strategy that would include the traditional travel agency, the online agency with Internet brands and a call-centre, but also catalogues and promotion brochures, direct marketing actions, organizing events and face-to-face meetings. All these create a link, personalised efficient and effective communication that build customer's confidence in the agency's offer. If traditional agencies take these steps, they should change their role from booking

agent to "travel planner" (Law, 2009). A strong relational market is needed in this situation, alongside the implementation of a Customer Relationship Marketing (CRM) system (Payne, 2006), preserving profitable consumers, marketing actions directed to all external and internal stakeholders (employees, customers, shareholders, suppliers, opinion leaders, mass media, recruiters, consortium members) and also the implementation of a cross-functional marketing. In a context in which "competition is just a mouse click away" (Dyché, 2002, p.4), CRM has the potential to restore the relationship of the company with its customers with a positive effect on its financial situation. According to Peel (2002, p.1), CRM is "the seller's reaction to a more and more unstable consumer", that has access to richer and more exhaustive information, a greater variety of products and services and can choose to communicate in new ways. This system is capable of reuniting information and integrates it towards all "customer touch points" (Reynolds, 2004, p.6). Apart from these strategies, there is also the "partnership" with virtual communities, yet, in order to have access to it, agencies have to apply and implement "lock-in strategies" (Baglieri and Consoli, 2009, p.358) which would facilitate the procurement of information on what the consumer thinks, wants and what are his plans "with the others". These communities are able to support the operational margin of the agency even if it "accepts disintermediation" (Hagel and Armstrong, 1997, p.69): the community can buy large quantities of travel tickets with important discounts from travel services providers which can be then transferred to the members of the community to be resold at a higher price. Besides personalised services, agencies have to invest in their own website which should be "more user-friendly, easier to access, and more price competitive" (Law, 2009, p.771). In this context, Nusair and Kandampully (2008, p.8) analyse six dimensions of websites related to service quality, the so-called "antecedents of consumer (e) satisfaction": navigability; playfulness; information quality; trust; personalisation; and responsiveness.

3. METHODOLOGY

This research aim to identify the perceptions of the managers of traditional "brick and mortar" travel agencies in Romania with respect to the expansion of competition as far as online bookings and their effect on their customers' loyalty is concerned. The research method employed was questionnaire survey, followed by semi-structured interviews. In order to achieve the research aim, 10 multiple choice questions were developed from the literature plus one open-ended question. The content, design and structure of the survey instrument were tested and validated in meetings and discussion with several managers of local travel agencies. Survey respondents were

allowed to mark more than one option (reason) for the majority of the questions, the purpose of which was to find out the agency managers' opinions with respect to: what the Internet and its facilities of online booking represent for the agency; the impact of the expansion of the system of online booking on the loyal customers of the agency; profiling the Romanian customer; and business and communication strategies used to counter the effects of competition in online booking on loyal customers. The primary question put forward here is: *Is there a relationship between the way in which managers of Romanian travel agencies perceive the competition of online booking and the strategies they use to counteract the effects of this system on their customers?* The primary data were collected between March and September 2009. The questionnaire was accompanied by semi-structured interviews to obtain more complete information and clarify the answers. The questionnaire was posted on the Internet and distributed via e-mail to the 800 agencies of the ANAT (National Association of Travel Agencies in Romania) database. The response rate was 7.8% and the number of processed questionnaires was 65. This fairly small number of respondents is justified by the fragile dialogue between the academic world and the sphere of private business, the insufficient collaboration between the two parties in carrying out research to analyse business trends, the market and the role of universities in support and expertise, and the lack of specialists to meet the needs of society and economic agents. Some respondents wanted to mention the name of the agency although the requested information was confidential and did not held liable in any way the participants to the survey. The questionnaire was processed in SPSS. Due to the categorical nature of the variables, Cramer's V coefficient and the contingency (correlation) coefficient were used for testing the hypotheses. The research had the advantage of obtaining a considerable volume of *qualitative information*, which is used to expand on the survey responses.

4. FINDINGS AND DISCUSSION

The respondents and the agencies included in the sample are considered to be a reasonably representative sample as small businesses without branches predominate, the majority provide most of the possible and typical travel agency services and the gender distribution of the respondents is roughly equal. They have the following features: 72% of the agencies have > 10 employees, 28% have < 10 employees; 59% provide incoming services, 82% outgoing ones, 71% external travel services, 79% ticketing, 77% organise tours and events, 71% of the agencies do not have branches; 52% of the respondents were female.

As far as the competition of the online booking system, it was perceived to be not only a both threat

but also a challenge with 37% considering the Internet and current online booking options to be providing strong competition that provoked reduction and / adaptation of the business (Law et al, 2004; Dyché, 2002). In contrast, 23% of the managers use the online booking system as an opportunity as it offers novelty, more options for the agent, mobility, i.e. business off-site, *"diversity, speed, efficiency in solving requests is a noteworthy feature that we could turn into an instrument and not treat as competition"*. The strengths of a traditional travel agency (as opposed to online booking) mentioned are available information and complete travel packages (65%), personalised attention (60%), offers that guarantee the consumer's personal security, the certainty of reservation (55%) and ensuring damages and compensation for consumers in case problems occur during the access of the travel service (52%) (Perkins, 2006). Only 24% of the agency managers claim they have kept approximately the same number of customers: *"Although there was a clear tendency to access the systems of online booking, customers still do not feel enough assured to pay by credit card the services ordered online. Thus, these [electronic] systems help the client make a decision with respect to prices, and not the purchase itself. Our customers prefer face-to-face encounters"; agency customers prefer to seek information on prices on the systems online, but they return to the agency for further details and the purchase of travel services."* Over half of the travel agents estimate that the number of customers remains almost unchanged although 8% report major, and 49% report minor, variations.

Nineteen per cent admit they have lost customers: *"Because of the crisis, people search the Internet and for something cheaper and even 10 Euros count"; "We managed to keep almost 75% of the loyal customers we had so far. A part of the remaining 25% go for the services they cannot book by themselves or use them if they had problems before and want something sure and guaranteed. Certainly, online systems affect the activity of travel agencies. Their activity is also affected by the policy of airlines companies that post net prices on their websites. The agencies have the same prices, except for their commission. For this small commission, there are customers that book the service online but come back to the agency for further details and the effective purchase of the travel service".* "At present, there is only a minor impact but in the future, this will increase leaving agencies hopeless as there are no laws in their favour" (Card et al, 2003).

Customers who prefer online booking and offers, i.e. who would not exclusively use the services offered by travel agencies, are profiled as follows: wish to take responsibility for their own travel and planning (71%); young people that travel in a traditional way and prefer low prices (40%); with low incomes who want to find bargains (35%); and do not want complex trips (23%). *"Online bookings address*

a market segment, especially young customers who are *"less interested in human communication, the Internet being a part of their lives; they do not ask for quality and are ready to take risks"; "the most affected category is that of young tourists (20-50 years of age) that travel individually or in small groups and want to book in advance only basic services - transportation and accommodation. Business groups and older tourists prefer agencies."* Over two-thirds (70%) of the managers define their loyal customers according to the security they demand from products and services; these are people who fear bank fraud (Lang, 2000). Over half of them (53%) claim that their loyal customers also have high incomes and a 'high' social status (*"The system of online booking addresses mainly mass tourists and products of mass tourism"*), ask for specialised advice and detailed information and want to feel secure about the quality offered (Dall'Olmo Riley et al, 2009). *"There are customers who travel with their families and consequently want more complex offers and security with respect to their purchase; they want to travel in organised groups with an inclusive package of services and this arrangement cannot be made when choosing online booking"*. The provision of high quality services and products is considered to contribute to the promotion of customer loyalty (39%). Perceptions of the impact of the strength of online competition on agency customers' loyalty appears to be linked to the way in which travel agents assess the behaviour and financial situation of Romanian consumers: they cannot pay by card/do not have Internet access (48%), prefer "face-to-face" encounters (44%; Lang, 2000) and appreciate the details given by specialised personnel (41%). Although there are accessing online booking systems, customers are not thought to feel confident in paying online by credit card. *"Systems help the client make a decision with respect to prices, and not the purchase itself. Our customers prefer face-to-face encounters ... specialised personnel ... security ... still reluctant to [use] online services."* Some travel agency managers are confident that they can offer consumers advantages: *"... our loyal customers as they prefer our services ... there are also new customers who do not trust online booking ... most of the people using these systems by themselves are those who travel often and gained experience."* *"Loyal customers ... became faithful after having trouble with online booking ... come back to us for travel support and face-to-face encounters"* (Chircu and Kauffman, 2001; Ivanko, 2005). In contrast, 30% believe that Romanians adjust quickly to market trends.

Strategies adopted for reducing the negative effects of online booking include: complete travel products and services (65%), a good CRM system (55%), the quality of the agency's own website (55%), offers adapted to the buyer's profile (50%), specific techniques for increasing consumer loyalty (48%), making available products that cannot be found on the Internet (42%), off-line customer support (39%),

additional travel services (27%), exclusive partnerships with agencies and other low-cost (27%), website consortium (alliances) with competitors (24%) (Standing and Vasudavan, 1999; Chircu and Kauffman, 2001). Additional strategies mentioned by the interviewees are: counselling in choosing locations; guaranteeing that the agency will take care on the spot of any matter that might arise; creating a personal system of online booking; making business with other agencies; offering a larger diverse portfolio of services; and personalised tours with tour guides at the tourist's disposal. *"A professional agency will always have loyal customers, irrespective of the impact of online booking because tourism implies a long chain of intermediaries and the search engine will always provide an agency that may use online booking, in its turn so this is a close circle."* *"Loyal customers will not leave us because we made a selection of collaborators among the leading agencies we worked with; they offer diversified quality services and different prices. We also maintain our relation with the customers by text messaging them with new offers and by congratulating them on their birthdays."* *"Loyalty, having an important subjective component, will not resist to online bookings unless agencies will be preserved and obtain intangible advantages online."*

A series of cross-tabulations variables shows that the complete offer of tourist services (16% of total strategies) is the preferred strategy for respondents who consider online booking system as strong competition whilst the least favourites are consortia and partnerships (5% each). However, the considerable dispersion of the responses shows that there is not a clearly differentiated strategy. In terms of strategies used to counteract the negative effects of online booking system, as compared with male managers, females are more oriented to *relational strategies* (F/M; 46% / 32%): competitors web consortium (7% against 5%), an offer based on customer profile (14% against 10%), exclusive partnerships with agencies and other low cost suppliers and a stronger focus on the agency website. Moreover, compared with male managers, the percentage of women who think that online booking system is a strong competition is higher (M/F; 40% / 24%). Most managers (87%) trust the fact that satisfied customers bring other customers by word-of-mouth, 27% use public relations and 23% inform tourists about the risks of online bookings, referring them to the mass-media. Furthermore, 56% of the female managers are more optimistic regarding the existing number of loyal clients that will remain constant. In contrast, only 42% of male managers are convinced about this thing.

5. CONCLUSIONS

This research highlights the fact that in spite of the increase by 10% of the use of Internet each year, more than half of travel agency managers that participated at the survey are convinced that their customers will remain loyal. Many of them assume that Romanians search the Internet but in the end, they still purchase from their agency especially due to the comfort ensured by the tour operator, "face-to-face communication" and personalised services. Nevertheless, it is important to remember that, although the contact with an agency's employees might have a positive impact on the customer in the purchase process, the so-called phenomenon of "deconstructing the purchase process" may occur; thus, the client may search on the Internet, find an offer for a product, go to a tour operator and ask for information but finally purchase the service online. In the same way, s/he can search the Internet, yet prefer to buy the travel product or service from an agency (Dall'Olmo et al, 2009). Travel agents commented: *"There is no way to oppose developments, you MUST adapt to them"* by acknowledging several of the following. *"2009 was a year that, due to the economic crisis, allowed a stronger penetration of online booking on the Romanian market, so far dedicated to [purchasing] accommodation for business purposes [and] plane tickets / They penetrated the tourism sector due to its opportunities. Such an illustrative example is the website www.booking.com which offers holidays in Bulgaria, Croatia, Greece, etc."; the competition will extend beyond 2010.*

Romanian managers perceive the competition of the system online, yet their strategies to build loyalty in their customers are not formulated and implemented as a consequence of their strong concerns for this phenomenon; these are rather the strategies used so far. It might be deduced that tour operators are still not fully aware of globalisation and the world economic crisis that will lead Romania to this trend; furthermore, the lack of concern for taking action on time so as to ensure their survival on the market could bring them further unanticipated disadvantages. The Internet is at present the main way of communication for young people (the so-called Y Generation) that travel more than their parents did when they were young due to the many opportunities following Romania's integration to the EU in 2007. The rapid flow of information via Internet affects their behaviour and attracts them to knowledge and travel,

compounded by the fact that they no longer need visas, cheap travel offers abound, some parents working abroad and international scholarships. This generation is a dynamic, informed member" of virtual communities, and a present and future "source" of tourists, specialists and managers in the tourism industry, which may have unavoidable consequences their choice of online booking. Some travel agency managers tend to neglect this "young" important segment, and its penchant for "word of mouth" communication, hence advertising. However, many Romanians seem to remain reluctant to use online booking, giving traditional travel agencies the chance for timely market repositioning by innovating and diversifying their products, services and operations, searching new market niches or a new role such as in travel counselling or planning, setting up networks and promote business to business (B2B) and supporting other businesses in tourism industry (Sigala, 2007). As the travel agents stated: *"All categories of customers will use [online booking]. It will become unavoidable. Online booking addresses directly the consumer; it practises lower commissions by 10% and strongly affects Romanian tour operators."* *"Customers have already found out of these systems of online booking and many of them are satisfied with them so the number [using traditional agencies] will constantly decrease along the years. Soon, front-office travel agencies will disappear and become call centre back-offices. We are all heading for online booking and Romanians under 50 years of age will definitely use this option."* Although it is believed that the sample for the present research is representative it is fairly small. The results could be extended by carrying out complementary research based on the evaluation of the Romanian consumer's perceptions of the penetration of online booking in Romania and cross cultural research to determine and then compare the views of managers from other Eastern Europe countries from both EU member states and their non-EU counterparts.

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