The Role of Intermediaries in the Tourism of the European Union

Jordán Tütünk-Hrisztov 1*

1 Budapest Metropolitan University, Institute of Tourism and Marketing. Nagy Lajos király útja 1-9, 1148 Budapest, Hungary. Phone: 0036 20 365 4215. E-mail: htutunkov@metropolitan.hu

* Corresponding author

Supervisor: Professor Dr. Habil Antal Aubert CSc

Institution awarding the Ph. D. Degree: University of Pécs - Faculty of Science Doctoral School of Earth Sciences

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Goal and objectives of the dissertation
Globalization, the explosive development of information and communication technologies as well as the changes occurring in travel and booking habits have a combined effect on the development of the intermediary sector. In the past decade, the travel agency had to face serious challenges emerging from both within the sector (competing travel agencies, global online travel agencies) and outside the sector (e.g. low-cost airlines). Furthermore, how the European Union can retain its competitiveness in the face of global challenges is a theme worth analyzing.

The aim of the research is to reinterpret the narrow and broad definition of the intermediary sector, to analyse the development of the sector and the main factors influencing this transformation. Research questions have been identified as follows:
1. What is the impact of globalization, information and communications technologies on the development and accelerating transformation of the intermediary sector?
2. What are the potential trends and directions of development in the near future with regard to intermediaries?
3. What is the new consumer behaviour like and how are booking habits changing?
4. What regulations are there related to the intermediary sector in the European Union?

Methodology
For this study, both, primary and secondary sources of data were used.

Secondary Data:
Within the framework of secondary research, various definitions of the intermediary sector, national and international statistical figures and EU projects related to the sustainable development of tourism were reviewed:
1. The analysis and study of the various definitions of the intermediary sector based on relevant national and international articles. Data processed included the works of internationally and nationally renowned researchers: Holloway (2002), Lubbe (2000) as well as Lengyel (2004), Michalkó (2012) and Tasnádi (2006) respectively. The definitions of the package travel directive related to new forms of travel arrangements (effective as of 1 January 2018) were also included in the analysis;
2. The literature review focused on the investigation of the place and role of the intermediary sector within the tourism system and the analysis of the external environment of the sector using the STEEP method (analysis of Social, Technological, Economic, Ecological, Political factors);
3. The thesis draws on important international sources including the research findings and publications of leading international tourism organizations such as the World Tourism Organization (UNWTO), the European Travel Commission (ETC), and the European Travel Agents’ and Tour Operators’ Associations (ECTAA);
4. For the analysis of the competition environment of the travel agency sector, Porter’s Five Forces Framework was used on the basis of which a vision of the future of the travel agency sector was outlined

Primary Data:
Primary research was based on both quantitative and qualitative methods. First, the research objectives were set, then the hypotheses were formulated, followed by the compilation of online questionnaires for the quantitative research. Demand and supply trends were studied through quantitative and
qualitative analysis respectively. With regard to the collection of appropriate information, an important consideration was to study the research question from as many angles as possible.

The qualitative part of the research was based on the Delphi method, personal, in-depth and telephone interviews. Each panel member received the same two written questions: one on the definition of the intermediary sector and the other on the key factors that would influence the demand and supply of intermediaries within the upcoming ten years. The selected members of the panels were all experts both in theoretical and practical issues related to the travel sector. In order to reach a consensus about the reinterpretated definition of the term, two rounds of questions were needed.

We conducted a representative survey of the demand side of the intermediary sector and the booking habits of Hungarians by asking 14 questions. The participants were 133 graduating students at Budapest Metropolitan University who asked people who had travelled in the previous 5 years and also avoided asking members of the same family. The respondents were contacted in person, via phone and emails, it resulted a total of 1,525 people as a sample. The answers were summarized with the help of kerdoviem.hu website, the results are depicted graphically and evaluated using statistical methods. The total of 1,525 respondents comprised 670 males (44%) and 855 females (56%) with an average age of 33.2 years. The representative survey conducted with the help of students to investigate travel and booking habits.

The above mentioned website was used to analyse a sample of 133 participants of Z generation and their attitudes to the intermediary sector and travel agencies.

A SWOT analysis was drafted on the travel agency sector and the components of the intermediary sector from a single approach based on their operating and business models. The results of the analysis are in line with the findings of both the quantitative and qualitative research.

**Results**

As a result of the research based on academic literature and empirical research, the conceptual framework for the intermediary sector was updated:

> A broader understanding of the intermediary sector includes all natural and legal persons, enterprises, links and internet surfaces that connect tourism products and tourists as well as all those tools that may influence the decisions made by tourists. The narrow definition of the above term refers to all the tools that are directly related to commercial activities, i.e. travel organisations, bookings and arrangements.

By analysing the questionnaire conducted in the travel agency professionals’ circle regarding the present and the future of the Hungarian tourism industry, the supply and demand, it can be stated that the future of tourism will most likely be defined by the information and communications technology, as the market position of the traditional tourism sector has become firm, a kind of division of labour and cooperation has been created, mergers might occur in order to be able to address an even bigger target group, therefore creating new market concentrations.

A further result of the qualitative research is that in order to strengthen competitiveness in the European Union, an obvious tourism policy has to be pursued by the EU, by introducing obvious regulations, which means that the regulation of tourism should not be exercised through consumer
The Role of Intermediaries in the Tourism of the European Union

protection policy, and the EU should provide the small- and medium scale tourism businesses with higher level of subsidies and support in the digital transformation.

During the quantitative research we found that respondents are planning their next travel as follows: nearly half of them are planning to organize their holidays themselves using dynamic packaging, almost a quarter will be using a traditional travel agency, approximately a sixth will take advantage of online travel agencies, about twelfth will use the websites of low-cost airlines.

The analysis of the demand led to the conclusion that the Z-generation – the very first global and digital generation – rejects any form of organized, traditional package holidays. According to the results of the empirical research the Z-generation would use a traditional holiday package as a last resort. Unless the traditional tourism sector does not open to them and learn how to communicate in their language, the travel agency sector can rely on only the middle-aged and older passengers within ten years.

Theoretical conclusions
The literature review of the thesis and the results of the empirical research contribute to the interpretation and understanding of the operation and changing role of the intermediary sector. What makes the interpretation of the intermediary sector novel is that the thesis – while retaining a system approach – does not contrast its traditional and offline actors with new, online intermediaries. Instead, it treats the intermediary sector as a whole, bearing in mind the natural tendency that tourism, similarly to other industries, will also undergo a fundamental digital shift within the upcoming decades.

The traditional intermediary sector that links supply and demand within the tourism system needs to face several challenges posed by globalization, information and communications technology (ICT), the ongoing digital revolution and the new ways of travelling.

The thesis also highlights deficiencies and contradictions in EU and Hungarian legislation as well as giving a vision for the future of new development trends, which might be used in education as new material to be taught.

Practical application of the dissertation
The dissertation provides travel agencies with practical guidance about how to answer to the challenges of the present competitive market. By knowing the latest trends, tourism businesses could create their own strategies more easily as well as finding new directions for their proven business models. Exploring the intermediary sector based on Porter’s Five Forces Framework attracts attention to the importance of finding niche markets and the decrease of operating costs.

The future of tourism in the EU highly depends on eliminating the inconsistencies, shortcomings and contradictions of the regulations regarding the intermediary sector.

Content of the dissertation
The doctoral dissertation consists of seven main chapters and a summary.

Abstract of Chapter 1
The first chapter presents, broadly, the economic importance of tourism in the world and in the European Union, the definition of the intermediary sector, its players. According to the introductory chapter the opportunities offered by the internet together with the widespread application of
information and communications technologies (ICTs) have given rise to new business models, new types of enterprises, novel products and activities.

Abstract of Chapter 2
This chapter presents the research problem and also outlines purpose of the research. We also develop our hypotheses and presented them in this chapter.

Abstract of Chapter 3
It expounds the research methods. It explains the research questions, the tasks, the secondary data and information collection methods, the primary research methods. It shows the limits of the research and gives indications about the further direction of the research.

Abstract of Chapter 4
A critical summary of the literature introducing the basic concepts, the tourism system and the external and internal environment highlighting the importance of the technological environment and the place of the intermediary sector in the tourism system. The chapter analyses global tourism and tourism in Europe and the European Union through the statistical data of UNWTO, World Tourism & Travel Council (WTTC) and Eurostat.

Abstract of Chapter 5
The fifth chapter focuses on the tourism of the European Union, the history, functions and role of the intermediary sector. The EU directive on the new travel package is presented. The results of empirical research are presented together with the conclusions that led to the acceptance of hypotheses.

Abstract of Chapter 6
Chapter Six offers a summary of the current state of the intermediary sector and outlines a vision for the sector. The traditional travel agency sector will open to the online and the online travel agency sector will open to the traditional. The takeovers will create a new market concentration. The smaller travel agencies will either be integrated into the big ones or will concentrate on newer and newer niche markets.

Abstract of Chapter 7
The theoretical significance and practical applicability of the dissertation and the research are presented including suggestions for the direction of future research on the intermediary sector.

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