



Perceptions of service cannibalisation: The moderating effect of the type of travel agency

Estrella Díaz ^{a,*}, David Martín-Consuegra ^{a,b}, Águeda Esteban ^c

^a University of Castilla-La Mancha, Ronda de Toledo s/n, 13071 Ciudad Real, Spain

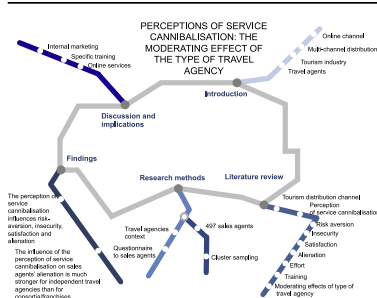
^b Universidad Autónoma de Chile, Chile

^c University of Castilla-La Mancha, Cobertizo San Pedro Mártir s/n, 45071 Toledo, Spain

HIGHLIGHTS

- Examines the consequences of perceptions of service cannibalisation on sales agents.
- Analyses moderation by travel agency type.
- Findings suggest high degrees of perceptions of service cannibalisation
- Makes practical recommendations for retail travel agencies.

GRAPHICAL ABSTRACT



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ABSTRACT

Restructuring in the tourism industry and distribution channels produced by development of online channels influence travel agents who perceive service cannibalisation. Sales agents' perceptions of declining sales lead to a series of consequences regarding risk-aversion, job insecurity, job satisfaction, job alienation, and travel agent effort and training. This study tests a model that analyses sales agents' perceptions of service cannibalisation and their consequences. It examines moderation by type of travel organisation (i.e., independent travel agencies and consortia/franchises) on service cannibalisation by sales agents and each of their consequences. Results suggest travel agents' perceptions of service cannibalisation correlate with some consequences for travel agents, and disparities in these relationships according to type of travel agency. This study provides recommendations to retail travel agencies to help them overcome negative effects of multi-channel distribution systems on sales agents.

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1. Introduction

Distribution channels respond rapidly to market dynamics, adapting to requirements of both industry and consumer. The most relevant changes in tourism distribution channels occurred when

information and communication technologies (ICTs) pervaded the industry (Buhalis & Law, 2008). Multi-channel distribution in the tourism industry resulting from online channels altered the role of offline channels (Berne, García-González, & Múgica, 2012), those that have a physical presence and offer face-to-face customer experiences. Prior to the Internet, suppliers and consumers had no choice but to use intermediaries such as travel agencies, but this changed principally because the Internet and other ICTs transformed the structure of the value chain. This transformation

* Corresponding author. Tel.: +34 902 204 100.

E-mail addresses: estrella.diaz@uclm.es (E. Díaz), david.martin@uclm.es (D. Martín-Consuegra), agueda.esteban@uclm.es (Á. Esteban).

affected various members of distribution channels unequally, and led to changes in each contribution to the tourism product.

This type of competition led directly to a threatening situation known as disintermediation, defined as the removal of intermediaries (e.g., tour operators and travel agencies) within the distribution channel, caused by electronic approaches that allow consumers to access and transact with suppliers and destinations directly (Bennett & Buhalis, 2003). Several studies suggest Internet disintermediation changes the purchasing landscape for target customers, questioning the certainty of the futures of sales agents who work in travel agencies (Gulati, Bristow, & Dou, 2002; Sharma & Gassenheimer, 2009). However, few studies address the cannibalistic tendencies of the Internet toward sales agents' perceptions. Perceived cannibalisation expands perceptions of business shrinkage because of the Internet, and such changes affect sales agents working in travel agencies, who perceive their sales, market shares, and roles are declining due to online channels. Sales agents' perceptions of changes to their roles and declining sales are conceptualised as perceptions of service cannibalisation (Sharma & Gassenheimer, 2009). Sales agents perceive both a reduction in their sales and uncertainty regarding continuation of their jobs when facing multiple channels available to consumers. Sales agents' perceptions of declining sales lead to several consequences. Fears concerning service cannibalisation and job security subdue their effort, reduce satisfaction, and render them anxious of an uncertain future.

Differences exist between disintermediation and perceptions of service cannibalisation. Perceived cannibalisation reflects sales agents' attitudinal reactions to challenges created by expansion of distribution channels, including the Internet. Extant research suggests that the psychological effects of perceived cannibalisation are motivationally, emotionally, relationally, and financially detrimental to travel agents (Sharma & Gassenheimer, 2009). Disintermediation occurs when Internet channels are added to entrenched channels, threatening to eliminate traditional channel partners (Alba et al., 1997; Coughlan, Anderson, Stern, & El-Ansary, 2001; Narayandas, Caravella, & Deighton, 2002).

Despite attention given to changing conditions in tourism distribution, no study addresses the influence of type of travel agency on sales agents' perceptions of service cannibalisation. Some authors argue that travel agencies respond to online markets disparately (Goldmanis, Hortaçsu, Syverson, & Emre, 2010). Characteristics of independent travel agencies (e.g., privately owned), and consortia or franchise travel agencies, might vary the intensity of the relation between sales agents' perceptions of service cannibalisation and their implications. This study empirically tests a model that analyses sales agents' perceptions of service cannibalisation and their consequences (i.e., risk-aversion, insecurity, satisfaction, alienation, effort, and training). It examines moderation of type of travel organisation (i.e., independent travel agencies and consortia/franchises) on perceptions of service cannibalisation by sales agents and each of their consequences.

2. Literature review

2.1. Tourism distribution channel

Tourism distribution channels have attracted tremendous attention during the last decade (Nicolau, 2013; Pearce & Schott, 2005). A tourism distribution channel is a system of intermediaries, or middlemen, that facilitates the sale and delivery of tourism services from suppliers to consumers (Buhalis & Laws, 2001). Therefore, multi-channel distribution in tourism is perceived as the combination of direct and indirect distribution channels that a hospitality and travel organisation uses to make

customers aware of and to reserve and deliver its services (Pearce, 2009; Pearce & Tan, 2006). According to Hudson (2008), a tourism distribution channel is direct when the supplier provides the point of sale (airlines, hotels, online channel, among others), whereas a distribution channel is indirect when intermediaries provide the point of sale (tour operators, travel agencies, virtual travel agencies, among others).

Since the rise of the World Wide Web, ICTs transformed the structure of tourism distribution (Wang & Qualls, 2007), with development of huge numbers of websites and applications, including reservation systems, online travel agencies and tour operators, and interactive product review sites. The structure of the tourism distribution system affects not only the choices available to consumers, but also business models and marketing strategies channel participants adopt (Pearce, Tan, & Schott, 2004). The travel industry has moved toward consolidation and integration, development of more flexible products, and use of the Web as a distribution channel for tourism suppliers. Fig. 1 depicts multi-channel distribution alternatives in the tourism industry.

The effects of ICTs when expanding tourism are evident; geographical barriers are becoming irrelevant, leading to a global tourism market and influencing both supply and demand. On the demand side, ICTs introduced consumers and travel agencies to a global market with unlimited product alternatives at low transaction costs. On the supply side, companies globalise operations more easily, accessing distant consumers. This ability implies low transaction costs and lower barriers to entry and exit. Most consumers enjoy more opportunities to access and purchase itineraries from multiple channels (Berne et al., 2012). This evolution of distribution channels, particularly those facilitated by ICTs, resulted in a greater array of choices for the consumer, increased competition for distribution participants, and more complex industry structures (Kracht & Wang, 2010).

Advances in ICTs introduced complexity into tourism distribution variously: incorporating additional intermediation players, disintermediating some players by bypassing traditional methods, and introducing re-intermediation, whereby existing players provide value-added services by adapting to changing markets and deploying new technology (Buhalis & Law, 2008). Although technology-induced structural changes offer more choices to consumers, it also fosters an environment of fiercer competition among channel participants (Pearce et al., 2004).

2.2. Travel agencies and sales agents' perceptions of service cannibalisation

Many industries implemented electronic business methods (Kollmann, Kuckertz, & Breugst, 2009), and introduced multi-channel strategies to counter the increasing importance of online channels; multi-channel distribution has become the norm (Frazier, 1999), but causes conflict among industry actors. The literature addresses conflict between distribution channels, suggesting sales agents perceive service cannibalisation and conflict between channels because of changes to their roles and a reduction in organisational turnover and sales (Canetta, Cheikhrouhou, & Glardon, 2013; Webb, 2002). Notwithstanding the importance of cannibalisation, few empirical studies address cannibalisation of distribution systems due to introduction of online channels (Table 1), and the majority analyses cannibalisation in an organisation's multi-channel distribution system, without examining the effects of cannibalisation on the industry.

Providing alternative distribution channels in the tourism industry (i.e., online [Web-based] and offline [store-based]) generates an advantage to customers regarding their choices of information or sales channels. Online channels allow tourism companies to

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