



Study on the Customer preference between Travel agencies and Airline Websites and Marketing Strategies to improve Travel agencies customer base.

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Abstract

Aviation is a fast growing sector in which there are several players involved in facilitating the smooth movement of passengers between destinations. One such important relation is that of the Airlines and the Travel Agencies.

Travel agencies serve as a go-between for customers and Airlines. They guarantee that airline tickets are sold out in addition to assisting passengers with the booking of their tickets. But as the world is fast changing and technology is taking over in almost all the industries, Aviation is no exception.

Unlike before, nowadays passengers prefer to book their flight tickets on their own over the internet rather than depending on Travel agencies. As of 2023, 72% prefer internet bookings as against just 12% in favor of travel agencies, which was not the case earlier, (Armstrong, Martin. 2023). 70% of the flight bookings used to go from Travel Agencies.

As the Aviation sector has largely evolved over the years, passengers have also started to book tickets directly from the Airlines instead of going via Travel agencies. Talking about the Indian market, 68% of the passengers prefer airlines websites to directly book tickets instead of Travel Agencies (The Economic Times, 2015).

This being said, Travel Agencies still have connections with Airlines and they market flights tickets on behalf of the Airlines. Popular Travel Agencies like Makemytrip, Goibibo, Skyscanner India, Cleartrip and many more have their own flight bookings page for passengers to book their flight tickets. They even provide an end to end service inclusive of flights, accommodations, transfers and so on.

There are travelers who still book tickets using these platforms even today. But will this be enough for the travel agencies to generate more revenue? Or should they improve their marketing strategies to up their sales?

Travel agencies do get commission from Airlines for the ticket bookings. The commission percentage for domestic flight bookings is 0 to 5 percent whereas for international flight bookings it is 10 to 20 percent (Lee, Steph.

2023). But that's not all, Travel agencies also charge the customers a service fee for the booking of flight tickets. All this being said, there are two aspects, one, the passengers

moving towards direct flight bookings and two, travel agencies marketing flight tickets using their online booking pages. So, the main objective of this research paper is to find out whether Travel agencies are preferred by the majority of customers for flight bookings over Airline websites and what customers' opinion on pricing and marketing efforts taken by travel agencies.

Introduction

In today's world of aviation, when it comes to travel booking, customers are presented with so many options, ranging from travel agencies to direct airline websites, each having their own advantage. This study seeks to analyze the customer preferences between these two booking avenues, with a keen focus on knowing whether travelers favor travel agencies or airline websites for flight bookings. Moreover, the research will also throw light on areas where customers feel travel agencies can enhance their offerings to better cater to customers needs and preferences.

There are several factors that come into action when customers make decisions regarding flight bookings. Pricing stands out as a major consideration, with travelers often looking for the most cost-effective options available for booking their flight.

Secondly, customer service also holds a significant share, as individuals value hassle free and personalized assistance throughout the booking process. Additionally, both travel agencies and airline websites use unique marketing efforts to attract customers, from targeted promotions to loyalty programs, each approaching for customer attention and loyalty.

Moreover, exclusive deals offered by both these avenues play a crucial role in shaping consumer decisions, with travelers constantly looking for discounts and perks. Finally, trustworthiness is the foundation for building strong customer relationships, and travelers incline towards any of these two platforms that give them confidence and reliability.

By delving into pricing and marketing efforts taken by both the platforms of booking, this study aims to provide valuable suggestions into the dynamics of customer preferences when it comes to flight bookings, also suggesting strategies for travel agencies to better serve their customer base.

Literature Review

The Role of Convenience and Control in Booking Preferences

A study by (Smith and Johnson, 2019) explores the factors that influence customers' flight booking preferences. It throws light on the importance of convenience and control, suggesting that travelers prefer Airline websites for their flight bookings because it's easy to use and also provides the ability to directly manage the bookings. The study also acknowledged the fact that some customers still prefer the personalized assistance offered by travel agencies.

Price Sensitivity and Value Perception

Research by (Chen et al.2020) investigates the role of price sensitivity and value perception in customer decision making when it comes to flight bookings. The study shows that even though price is the main factor to be taken into account, customers also consider the overall value that they get, including factors like customized itineraries and loyalty rewards, when choosing between travel agencies and airline websites.

Trust and Reliability in Booking Platforms

A study conducted by (Lee and Kim, 2018) studies the influence of trust and reliability on booking platform preferences. This research suggests that trust in the accuracy of information and reliability of services provided to the customers significantly impact the overall customers' choices. Travel agencies often make use of their established reputation for providing personalized service, while on the other hand, airline websites focus on their direct connection to flight providers.

The Influence of Digital Technology being Adopted

Being in the digital age, adapting new technology plays an important role in shaping customer preferences. **Research by (Wang et al.2021)** shows how factors such as user friendly mobile apps and website interface design influence flight booking platform choices. The study also highlights the importance of smooth digital experiences in attracting and retaining customers in both travel agency and airline website domains.

Emerging Trends in Customer Behavior

Recent work by (Gupta and Sharma, 2023) talks about the emerging trends in customer behavior, indicating that there is a gradual shift towards online booking channels which is driven by advancements in latest technology and constantly changing consumer preferences. However, the study also emphasizes on the long-lasting appeal that travel agencies have for certain demographics, highlighting the importance of personalized service and expert advice.

Objective of the Research

This research aims to investigate the customer preferences between utilizing travel agencies and Airline websites for flight bookings. The primary objective of this study is to determine which platform customers prefer for booking their flight tickets and also to identify potential areas under marketing for improvement in the services offered by travel agencies. By clearly analyzing the factors influencing customer's choice, especially pricing and marketing efforts taken by both platforms, the study seeks to provide insights into the comparative advantages of both the booking channels. Additionally, the research aims to bring to light specific aspects where customers believe travel agencies could enhance their offerings to better meet the customers needs and preferences in the field of flight bookings.

Scope of Research

This research paper aims to find out customer preferences between utilizing travel agencies and airline websites for flight bookings. The study will focus on understanding whether travelers favor one booking platform over the other and also in identifying specific areas where customers believe travel agencies can better their services. Key factors to be examined include pricing and marketing efforts like the availability of exclusive deals and offers provided by both Travel agencies and Airline websites. Through a clear analysis of these factors, the research paper seeks

to provide understanding into the factors influencing customer choice and provide actionable suggestions for improving the customer experience within the travel agency sector.

Limitations of the Research

The primary limitation of this research is the small sample size utilized for data collection. The findings or results from this research may not be fully representing the broader population of travelers. Also, the scope of the study is limited to only knowing the customer preferences between travel agencies and airline websites for flight ticket bookings and exploring ways to increase the customer base for travel agencies. So, factors such as regional variations, demographic differences and evolving market trends are not addressed within the constrained sample size. Therefore, it is to be ensured that the results of the study are not generalized beyond the specific context or scope of the study.

Research Methodology

The methodology adopted for this study is qualitative research. This study involved interviews with travelers to explore customer preferences between travel agencies and airline websites for flight bookings. Participants were asked about their booking habits, factors influencing their choice for flight bookings, especially how price and marketing efforts impact their decision making and suggestions for improvement in travel agency services.

Source of Data Collection

The primary source of data for this study was collected by way of questionnaire distributed to a sample size of 167 travelers. The sample includes both business and leisure travelers from domestic as well as international arena.

Sampling Method

Random sampling was utilized for this research to ensure a representative sample of 167 travelers. A list of potential participants were compiled and individuals were randomly selected from this pool to participate in this research. By employing random sampling, the study aims to gather different perspectives and suggestions into customer preferences between travel agencies and airline websites for flight bookings.

Tools for Analysis

Three Statistical tools were used for this study. Scale reliability, ANOVA and Multiple regression were respectively used to understand what customers prefer, whether Travel agencies or Airline websites for flight bookings and how pricing and marketing affects their decision making process.

Scale Reliability: Studying about the Measurement scale, its properties and the factors the Measurement scale consists of is called scale reliability.

ANOVA: A statistical tool used to analyze the difference between two or more groups. Either one independent variable or two independent variables taken under ANOVA analysis.

Multiple Regression: A statistical tool for analyzing the relationship between two more variables is called multiple regression.

Discussions and Inferences

Scale Reliability

Hypothesis Framework

Framing (H0) Null Hypothesis for this study: There is a significant relationship between price and marketing efforts taken by Travel agencies and Airlines when it comes to frequency of travel by passengers.

Framing (H1) Alternative Hypothesis for this study: There is no significant relationship between price and marketing efforts taken by Travel agencies and Airlines when it comes to frequency of travel by passengers.

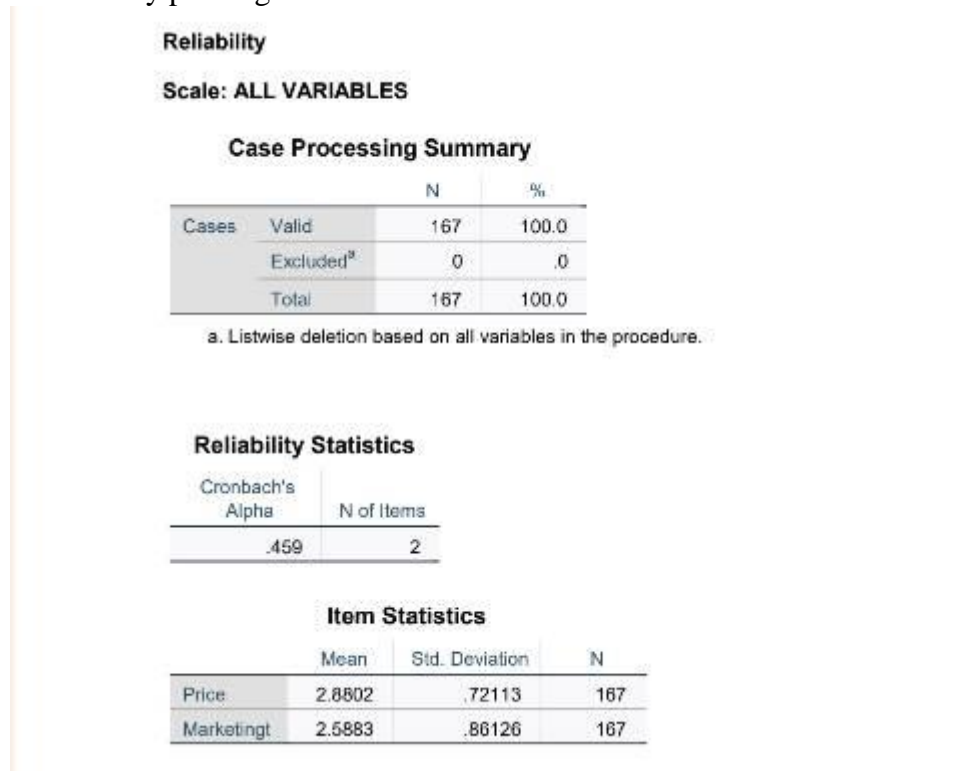


Figure 1: Scale Reliability

Interpretation: From the above given Scale reliability, Cronbach’s Alpha is 0.459. The value is less than 0.05. So we reject the Null Hypothesis. Therefore, we accept the Alternative Hypothesis which states that there is no significant relationship between Price and marketing efforts taken by Travel agencies and Airlines with respect to the frequency of Travel by passengers.

ANOVA

Hypothesis Framework

Framing (H0) Null Hypothesis for this study: There is a significant relationship between price and marketing efforts taken by Travel agencies and Airlines when it comes to frequency of travel by passengers.

Framing (H1) Alternative Hypothesis for this study: There is no significant relationship between price and marketing efforts taken by Travel agencies and Airlines when it comes to frequency of travel by passengers.

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1 | Regression | 10.508 | 2 | 5.254 | 7.781 | .001 ^b |
| | Residual | 110.737 | 164 | .675 | | |
| | Total | 121.246 | 166 | | | |

a. Dependent Variable: 3. Frequency of Travel
 b. Predictors: (Constant), Marketingt, Price

Figure 2: ANOVA

Interpretation: The significance value is 0.001. R square value is 0.087. It suggests that 8.7% of the variation in the frequency of travel by passengers can be explained by marketing and pricing variables. There is a statistical significant relation between marketing efforts and pricing at a significant level of 0.01. So we accept the Null Hypothesis which states that there is a significant relationship between Price, marketing efforts taken by Travel agencies and Airline Websites and the frequency of travel by passengers.

Multiple Regression

Hypothesis Framework

Framing (H0) Null Hypothesis for this study: There is a significant relationship between price charged by Travel agencies and Airlines, and the frequency of travel by passengers.

Framing (H1) Alternative Hypothesis for this study: There is no significant relationship between price charged by Travel agencies and Airlines, and the frequency of travel by passengers.

Framing (H0) Null Hypothesis for this study: There is a significant relationship between marketing efforts taken by Travel agencies and Airlines, and the frequency of travel by passengers.

Framing (H1) Alternative Hypothesis for this study: There is no significant relationship between marketing efforts taken by Travel agencies and Airlines, and the frequency of travel by passengers.

| SUMMARY OUTPUT | | | | | | | | |
|-----------------------|---------------|----------------|--------------|-----------------|-----------------|--------------|---------------|--------------|
| Regression Statistics | | | | | | | | |
| Multiple R | 0.2943990314 | | | | | | | |
| R Square | 0.08667078969 | | | | | | | |
| Adjusted R Square | 0.07553262859 | | | | | | | |
| Standard Error | 0.8217213676 | | | | | | | |
| Observations | 167 | | | | | | | |
| ANOVA | | | | | | | | |
| | df | SS | MS | F | Significance F | | | |
| Regression | 2 | 10.50844401 | 5.254222005 | 7.781427195 | 0.0005908027407 | | | |
| Residual | 164 | 110.737065 | 0.6752260059 | | | | | |
| Total | 166 | 121.245509 | | | | | | |
| | Coefficients | Standard Error | t Stat | P-value | Lower 95% | Upper 95% | Lower 95.0% | Upper 95.0% |
| Intercept | 0.9100193989 | 0.2887951791 | 3.1510893 | 0.001933961004 | 0.3397833324 | 1.480255465 | 0.3397833324 | 1.480255465 |
| Price | 0.07354218542 | 0.0927824989 | 0.792629928 | 0.4291385867 | -0.1096600667 | 0.2567444375 | -0.1096600667 | 0.2567444375 |
| Marketing | 0.2675603683 | 0.0776861411 | 3.444119691 | 0.0007273818825 | 0.1141663966 | 0.42095434 | 0.1141663966 | 0.42095434 |

Figure 3: Multiple Regression

Interpretation: The R square value is 0.087. It indicates that 8.7% of the variation in the frequency of travel by passengers can be explained by the marketing and pricing variable. This is

a relatively low R square value, suggesting other factors not included in the model which can also influence the frequency of travel. The P value under F statistics is indicated at 0.001 which indicates a statistical relationship between the variables. However the P value for price is less than or equal to 0.005. In this case the price charged by Travel agencies and Airlines is not having any significant relation with the frequency of travel by passengers. At the same time, the P value for marketing efforts taken is less than or equal to 0.005. In this case the marketing efforts by Travel agencies and Airlines are having a significant relation with the frequency of travel by passengers.

Key Findings and Suggestions

- 1) Based upon the survey, 45.7% of the customers prefer to use Airline Websites for flight bookings compared to 37.8% of the customers who prefer Travel Agencies. Another notable point is that the majority of the customers preferring Travel Agencies are business travelers who travel for business purposes, while for personal use they prefer Airline websites.
- 2) Irrespective of whether customers prefer Travel agencies or Airline websites for flight bookings, survey shows that price is the major factor that is taken into consideration while booking flights. While for customers opting Travel agencies, Exclusive deals and promotions offered stands as the second major factor for choosing a particular Travel Agency. On the other hand for those preferring Airline websites, Airlines reputation is another major component while booking a flight apart from price.
- 3) When it comes to the service charges and fees levied by both Travel agencies as well as Airlines, customers feel they are being on the expensive side. 74% of the customers opt that the transparency of charges and the breakdown of fees would play a major role in influencing their decision while booking a flight ticket.
- 4) Almost 48% of the customers always compare the prices of flight tickets between Travel agencies and Airline websites before taking the decision of purchasing the ticket.
- 5) It can be found from the survey that most of the customers prefer the Frequent flier programs over the loyalty programs offered by Travel Agencies. A notable thing to be taken into consideration by both Travel Agencies as well as Airlines while initiating the marketing efforts is to focus more on giving detailed information to the customers regarding the flight experience, amenities and additional services provided. Customers want to be informed well about those aspects before booking their flight ticket.
- 6) Survey also suggests that social media and the official websites of the Travel Agencies or Airlines are the two most preferred platforms to attract the attention of customers regarding any offers, deals and promotions.

Suggestions to improve Travel Agencies customer base

- 7) Majority of the customers, up to 70.1% state that, if Travel Agencies are ready to offer exclusive deals and promotions that are not focused by Airlines, then customers would prefer to book flight tickets via Travel Agencies.
- 8) The most preferred platforms through which customers want to receive information from Travel Agencies are: Travel Agencies official websites, Social Media, Emails and Phone Text Messages.

- 9) Based on the survey, customers suggest that Online Advertisements, word of mouth and Social Media are the major platforms through which they become aware about the Travel Agencies. Another crucial aspect for Travel agencies to focus upon is to get into more tie ups with large MNCs and big corporations for increasing their customer base for business travel.
- 10) Majority of the customers prefer Travel Agencies because of 4 major factors:
 - Hotels and stay along with flights
 - Tour packages with flights
 - Visa Formalities for foreign travel
 - Multiple Destination Bookings
- 11) Finally, about 25% of the customers stated that they will recommend the Travel Agency to their friends and family members if all these aspects are satisfied.
- 12) So if the Travel Agencies are able to focus more on these aspects, they will be able to increase their customer base.

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