



What kind of marketing distribution mix can maximize revenues: The wholesaler travel agencies' perspective?

Leo Huang^{a,b,*}, Kaung-Hwa Chen^c, Ying-Wei Wu^b

^aTravel Management Department, National Kaohsiung Hospitality College, No. 1, Sung-Ho Rd., Hsiao-Kang, Kaohsiung 812, Taiwan

^bThe Graduate School of Travel Management, National Kaohsiung Hospitality College, No. 1, Sung-Ho Rd., Hsiao-Kang, Kaohsiung 812, Taiwan

^cDepartment of Tourism Management, National Kaohsiung University of Applied Sciences, Kaohsiung, Taiwan

ARTICLE INFO

Article history:

Received 19 June 2008

Accepted 6 October 2008

Keywords:

Channel management

Distribution mix

AHP

Travel agency

ABSTRACT

This study attempts to identify the variety of marketing channel efficiencies for marketing activities and sets up an optimal marketing distribution mix when using different distribution channels for wholesaler travel agencies. This research examines 12 large-scale travel agencies in Taiwan and offers seven direct and indirect distribution channels in order to establish an optimal marketing distribution mix and identifies the different forms of distribution involved. We also implement the analytic hierarchy process (AHP) to prioritize the seven main marketing distribution channels of travel agency: websites, cable TV, radios, professional magazines, retailer travel agencies, strategic alliances, and newspapers. Five criteria are categorized as a distribution channel selection: overall cost of the channel, target audience respondent rate, impression rates, transactional capabilities, and gross profit of the channel. The results show that Taiwan's wholesaler travel agencies adopt the retailer travel agency as their highest priority of channel selection, while travel agency websites hold it as their second priority. Transactional capabilities, gross profit of the channel, and overall cost of the channel are the top three favorable choices among the five criteria considered. This study proposes an innovative hierarchy model of marketing distribution mix to a wholesaler travel agency practitioner when making decisions in order to effectively exploit the different distribution mix, to maximize performances and revenues, and to overcome the traditional experience based on the shortcomings of the selection.

© 2008 Elsevier Ltd. All rights reserved.

1. Introduction

With the appearance of the Internet as a new distribution channel in recent years, the intermediation function that travel agencies have assumed is constantly changing (Alvarez, Martin, & Casielles, 2007). In an increasingly competitive market place, tourism products require an effective distribution strategy in order for a firm to reach its target tourists and local markets (Smith, 2007). Developing an effective distribution system in such a market requires carefully assessing these different factors to evaluate the performance of individual channels and the distribution mix as a whole (Pearce & Taniguchi, 2008). For travel agency practitioners, marketing channels are much more diversified, have high risk, and show significantly different efficiencies. As such, the increasing number of distribution channels makes it difficult for travel agency practitioners to control their inventory as well as creates confusion

for the different types of distribution channels' efficiencies, and hence successful organizations need to take advantage of all potential distribution channels in order to reach their target markets (Buhalis, 2000; Gensler, Dekimpe, & Skiera, 2007).

Many wholesaler travel agencies today use different distribution channels for marketing activities as well as employ them as a profit resource. Wholesaler travel agency practitioners should study and analyze the primary sources of their business in order to understand how to sell to them, through whom, and at what cost. If wholesaler travel agencies know the effectiveness of their marketing distribution mix, then they can implement strategies to enhance market share and profits for the most effective distribution channels. Facing such conditions, wholesaler travel agency practitioners must find an optimal marketing distribution mix to reduce costs, target their marketing resources, and monitor the effectiveness of their distribution channels so as to develop incremental revenues.

1.1. Purpose of this study

Tourism distribution channels have attracted a growing amount of attention lately, because their importance, albeit slowly, has been

* Corresponding author. Travel Management Department, National Kaohsiung Hospitality College, No. 1, Sung-Ho Rd., Hsiao-Kang, Kaohsiung 812, Taiwan. Tel.: +886 7 8060505x1500; fax: +886 7 8067489.

E-mail addresses: leo@mail.nkhc.edu.tw (L. Huang), naiting@seed.net.tw (K.-H. Chen), ryanwu@mail.nkhc.edu.tw (Y.-W. Wu).

recognized by researchers (Pearce & Schott, 2005). There ironically appears to be no empirical or theoretical development of the optimal marketing distribution mix for the travel agency industry, as it is done only for other industries (Coelho & Easingwood, 2005, 2008; Cooper, Wakefield, & Tanner, 2006; Easingwood & Coelho, 2003) in the literature. Most of those related and empirical studies on marketing distribution mix are constructed only from the customers' perspective (Ganesh, 2004; Gensler et al., 2007; Gupta, Su, & Walter, 2004; Neslin et al., 2006; Nicholson, Clarke, & Blakemore, 2002; Pearce & Schott, 2005; Vehoeft & Donkers, 2005) and from the retailers' perspective (Barlow, Siddiqui, & Mannion, 2004), but they fail to explore how wholesaler travel agency practitioners perceive and use different marketing distribution channels. Pearce (2008) presents a generalized tourism distribution model emphasizing the needs of tourists and the functions required to meet them, but the research lacks effective evaluation systems of a marketing distribution mix for travel wholesalers' perspective in order to allocate appropriate company resources and make correct strategic decisions. Therefore, this article explores the priorities for wholesaler travel agency practitioners' marketing distribution channels and efficiencies for marketing activities. The adoption of an objective monitor for marketing distribution channel performance could provide wholesaler travel agencies with a proactive means of distribution channel management. Specifically, the study targets the following.

1. Explore the criteria of the marketing distribution channel selection.
2. Examine if any different weight vectors exist in all the marketing distribution channels.
3. Assess if an optimal marketing distribution mix exists for using the different marketing channels for wholesaler travel agency practitioners.

1.2. Literature review

Distribution channels are the paths by which tourism organizations communicate and sell their products and services. To varying degrees, all tourism product suppliers depend on these channels for the distribution of their products (Bitner & Booms, 1982; Gartner & Bachri, 1994; Williams & Richter, 2002). A distribution channel is defined as a mechanism that provides sufficient information to the right people at the right time and in the right place to allow a purchase decision to be made, and this permits the consumer to make a reservation and pay for the required product (Buhalis, 2000). The distribution mix in tourism is seen as "the combination of the direct and indirect distribution channels that a hospitality and travel organization uses to make customers aware of, to reserve and deliver its services" (Morrison, 1989; Pearce & Tan, 2006).

The distribution channel is one of the most dynamic elements within the tourism industry and is one of the few elements of the marketing mix that contributes to the competitiveness of enterprises and also influences other aspects of the marketing mix such as price, product, and promotion (Pearce, 2002). Distribution channels play a critical role in cost formulation, as well as in differentiation strategies, and affect the profitability of all members of the tourism value chain (Buhalis, 2000; Coelho & Easingwood, 2008). Tour operators are often the distribution link and the channel between producers and consumers of tourism products. Since tourism products are to be experienced and consumed on site, tour operators are an integral link in the distribution system (Morrison, 1989).

Tour wholesalers play three roles in Taiwan. First, they assemble tour packages that are then sold to consumers through retailer travel agencies. Second, they directly sell their travel products and

services to customers through their own distribution channels. Third, they coordinate ground service at the travel destination with the related travel industry. Some wholesaler travel agencies even build up their own overseas branch office in order to offer the features of a tour operator. Hence, Taiwan's wholesaler travel agencies act in both the roles of supplier and distributor.

Travel agencies develop a distribution channel mix that makes up an effective portfolio toward determining the patterns of marketing activities, target markets, tangibility, and trust created for travel shoppers. Brand awareness and brand image influence the strategies of distribution channel management (Woodward, 2000). With the rapid growth of Internet-based distribution channels, the relationship among these channels is becoming more complicated, and in order to maximize revenue wholesaler travel agencies may adopt different marketing distribution channels for different types of guests. A key component of developing an effective distribution strategy is formulating an appropriate marketing distribution mix.

1.3. Traditional travel distribution channels

Different distribution channels are known to have their own strengths and weaknesses in delivering various types of services or products, with traditional distribution channels often separated between broadcast and print media. Broadcast media requires low and emotional involvement for the channels, whereas print media generally requires high and rational involvement (Chaudhuri & Buck, 1995). Television, for example, is based on action and therefore is more appropriate for those products requiring physical demonstrations, whereas radio is based on sound and thus offers a different platform with which to communicate to potential customers (Kim, Hwang, & Fesenmaier, 2005). While there are expensive distribution costs associated with remote TV, few travel agencies adopt this channel, even though cable TV has been well established in Taiwan. Print media, by contrast, enables the reader to set the pace and therefore provides the opportunity for making connections while dwelling on points of interest (Assael, 1992). For example, magazines offer high-quality reproduction and good color, but most importantly they are a self-interest medium for readers and they offer longer life than most media (Nylen, 1986). Newspapers are perceived as more informative, reliable, and believable (Kim et al., 2005).

Bitner and Booms (1982) observe that retailer travel agents play a pivotal role in the tourism distribution channel, and despite the impact of technology and the advent of online bookings, this observation still stands. Walle (1996) argues that a key strength of travel agencies is their ability to provide personal information and advice to travelers on a continuous basis. The role of travel agencies consequently remains secure if their advice-offering capability is strengthened by the Internet, rather than if they function according to the more negative image of being simply a "booking agency" (Law, Leung, & Wong, 2004). While it is likely that more complex products will continue to be distributed through traditional distribution channels, nevertheless, more and more consumers continue to gain information through the Internet, even as they still prefer to use traditional distribution channels and continue to appreciate things done in the old, traditional way (Kim, Lehto, & Morrison, 2007; Lang, 2000).

1.4. New birth of the electronic distribution channels

E-commerce provides a boundless platform for marketing and advertising and is a channel of distribution to generate additional sales (Connolly, 2003; Heung, 2003), which means travel agencies need to adjust to change quickly and respond to new audiences through e-commerce (Siebenaler & Groves, 2002). E-commerce offers travel agencies a business opportunity by enabling them to

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات